



NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at 6:00 p.m. on March 9, 2022 via Livestream/Zoom.

Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 4:00 p.m. on March 9, 2022) or via telephone (the telephone number will be posted to our website on the day of the meeting). The meeting will be available for viewing at <https://livestream.com/accounts/3411104>.

In addition, if a member of the public wishes to hear, observe, participate in and provide public comment at the meeting, using Livestream/Zoom, they may do so by coming to the Boardroom at 893 Southwood Boulevard, Incline Village, Nevada. A notification of this attendance would be greatly appreciated by telephoning the District Clerk at (775) 832-1207 or sending an e-mail to info@ivgid.org. We appreciate your help with this process. (Reference is made to Assembly No. 253)

A. PLEDGE OF ALLEGIANCE*

B. ROLL CALL OF TRUSTEES*

C. INITIAL PUBLIC COMMENTS* - *Unless otherwise determined, the time limit shall be three (3) minutes for each person wishing to make a public comment. Unless otherwise permitted by the Chair, no person shall be allowed to speak more than once on any single agenda item. Not to include comments on General Business items with scheduled public comment. The Board of Trustees may address matters brought up during public comment at the conclusion of the comment period but may not deliberate on any non-agendized item.*

D. APPROVAL OF AGENDA (*for possible action*)

The Board of Trustees may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Board of Trustees may make a motion to accept and follow the agenda as submitted/posted.

E. DISTRICT GENERAL MANAGER REPORT* - **pages 5 - 9**

F. REVIEW OF THE LONG RANGE CALENDAR (*for possible action*) – **page 10**

G. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.

1. **SUBJECT: DISCUSSION ON MOVING TOWARD IN PERSON BOARD MEETINGS –**
Discussion will be led by Board Chairman Tim Callicrate

2. **SUBJECT: DISCUSSION OF REACTIVATING THE CRYSTAL BAY WATER PUMP STATION FOR A POTENTIAL PUBLIC/PRIVATE PARTNERSHIP –** Presenters: Marsha Berkbigger and Steve Decea (Requesting Trustee: Board Chairman Tim Callicrate) – **page 11**

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

www.yourtahoeplace.com

NOTICE OF MEETING

Agenda for the Board Meeting of March 9, 2022 - Page 2

H. CONSENT CALENDAR (*for possible action*)

1. **SUBJECT: SNOWBOARD EQUIPMENT PURCHASE:** Award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Project Type Equipment & Software; Vendor: Burton Snowboards in the amount of \$170,488.50 – *pages 12 - 41*

Recommendation for Action: Award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Project Type; Equipment & Software; Vendor: Burton Snowboards in the amount of \$170,488.50 and authorize Staff to execute all purchase documents based on a review by General Counsel and Staff (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin)

2. **SUBJECT:** Effluent Pond Lining Project – Approve agreement amendments for the Design and CMAR team vendors for the Effluent Pipeline and Pond Lining Project - Fund: Utilities; Division: Sewer; Vendor: Jacobs Engineering (*scope only, no cost*) and Granite Construction Company in the amount of \$40,526. – *pages 42 - 61*

Recommendation for Action: Award a contract agreement amendment for Effluent Pond Lining Project – 2599SS2010 - Fund: Utilities; Division: Sewer; Vendor: Jacobs Engineering Group Inc. (Jacobs). The request is for a change in scope only; no change in contract fees; Award a contract agreement amendment for Effluent Pond Lining Project – 2524SS1010 and for Effluent Pipeline Replacement Project – 2524SS2010 - Fund: Utilities; Division: Sewer; Vendor: Granite Construction Company (Granite), in the amount of \$40,526.; and Authorize Staff to approve the Amendments (Requesting Staff Member: Director of Public Works Brad Underwood)

3. **SUBJECT:** Approve a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project – 2299WS1706 - Fund: Utilities; Division: Water; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.00; plus 10% contingency, Washoe County Permit Fees of \$42,500 plus 25% contingency – *pages 62 - 74*

Recommendation for Action: Award a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project – 2299WS1706 - Fund: Water; Division: Supply & Distribution; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.; Authorize Staff to pay Washoe County Encroachment/Excavation Permit (E/E Permit, formerly Street Cut Permit) administrative fees and permanent pavement patch restoration costs in the amount of \$42,500.; Authorize Staff to execute change orders for additional work not anticipated at this time of approximately 10% of the construction contract value and 25% of the Washoe County Permit fees; up to the amount of \$20,000 (11.3%) and \$10,625, respectively (total contingency of \$30,625).; and Authorize Chair and Secretary to execute the contract with RaPiD Construction, Inc., based on a review by General Counsel and Staff (Requesting Staff Member: Director of Public Works Brad Underwood)

NOTICE OF MEETING

Agenda for the Board Meeting of March 9, 2022 - Page 3

I. GENERAL BUSINESS (*for possible action*)

1. **SUBJECT:** Review, discuss and provide direction and comment to staff on the draft IVGID Utility Rate Study. Direct staff to prepare documents and Utility Rate Schedules for a Fiscal Year 2022/23 Water utility rate increase, a Sewer utility rate increase, and increase charges on the Public Works Fee Schedule – *pages 75 - 267*

Recommendation for Action: Provide direction (Requesting Staff Member: Director of Public Works Brad Underwood)

2. **SUBJECT:** Set the date/time of April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Service Charges, Fee Schedule, and to publish the notice in accordance with the NRS 318.199 – *pages 75 - 267*

Recommendation for Action: Set the date/time for April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Services, Fee Schedule; and to publish the notice in the accordance with Nevada Revised Statutes 318.199 (Requesting Staff Member: Director of Public Works Brad Underwood)

3. **SUBJECT:** Review, discuss and possibly approve Diamond Peak Ski Resort's 2022-2023 Picture Pass holder daily ticket rates including Picture Pass holders and Non-Picture Pass holder season pass rate proposal – *pages 268 - 286*

Recommendation for Action: Approve a zero-dollar increase to all Picture Pass holder season passes and daily ticket products for fiscal year 2022-2023; Approve a five-dollar increase to all Non-Picture Pass holder season pass products for fiscal year 2022-2023 as shown within the memorandum; and Authorize Staff to adjust pricing included in (Tier 3) for Non-Picture Pass holder season pass products (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin)

4. **SUBJECT:** Review, discuss, and possibly take action on the written annual Audit Committee Report to the District's Board of Trustees (Exhibit One) in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (subparagraph 2.4.6) – *pages 287 - 308*

Recommendation for Action: That the Board of Trustees makes a motion to accept some or all of the five (5) recommendations as listed in the memorandum (Requested by Audit Committee Chairman Raymond Tulloch)

J. MEETING MINUTES (*for possible action*)

1. Meeting Minutes of February 3, 2022 – *pages 309 - 355*
2. Meeting Minutes of February 9, 2022 – *pages 356 - 388*

K. FINAL PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.

NOTICE OF MEETING

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L. ADJOURNMENT (*for possible action*)

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, March 4, 2022 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of March 9, 2022) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were e-mailed to those people who have requested; and a copy was posted, physically or electronically, at the following locations in accordance with Assembly Bill 253:

1. IVGID Anne Vorderbruggen Building (893 Southwood Boulevard, Incline Village, Nevada; Administrative Offices)
2. IVGID's website (www.yourtahoeplace.com/Board of Trustees/Meetings and Agendas)
3. State of Nevada public noticing website (<https://notice.nv.gov/>)

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

District Clerk (e-mail: sah@ivgid.org/phone # 775-832-1207)

Board of Trustees: Tim Callicrate - Chairman, Matthew Dent, Sara Schmitz, Kendra Wong, and Michaela Tonking.

Notes: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. IVGID'S agenda packets are available at IVGID's website, www.yourtahoeplace.com; go to "Board Meetings and Agendas".

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winquest
District General Manager

SUBJECT: General Manager's Status Report
Prepared for the meeting of March 9, 2022

DATE: March 2, 2022

General Manager & Board of Trustees Priority Projects & Tasks

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Effluent Pond Lining Project	90% Design Documents anticipated end-January 2022	GM Winquest/Director PW Underwood/ Trustee Dent	CMAR team is working on preparing 30% design alternatives for the permanent effluent Pond #1 storage. PW Staff has a meeting with TRPA, Coverage Consultant and Granite 3/9/2022.
Effluent Pipeline Project	Phase I ongoing	GM Winquest/ Director PW Underwood/ Trustee Dent	HDR is continuing work on the 30% design documents.
Burnt Cedar Pool Project	Completion Date scheduled for June 2022	Engineering Manager Nelson/GM Winquest	Core is returning to the site in March. Work to include finish piping in mechanical room, CMU walls, fencing, landscaping, pool embeds and concrete deck.
<u>Internal Controls Project(s)</u> Review of Internal Control Policies and Procedures	Ongoing	Director of Finance Navazio	Staff has engaged the services of Management Partners, LLC to assist in the review and update of the District's Purchasing policy and finance and accounting procedures manual.
Consultant review of four (4) Accounting Practices – Moss Adams 2	Completed	GM Winquest/Director of Finance Navazio/Audit Committee	Final Report by Moss Adams presented at the 1/28/21 BOT meeting. Board approved updated Capitalization policy on 1/12/21.
Project & Contract Consultant Review - Moss Adams 1	Ongoing Implementation of Recommendations	GM Winquest/Director of Finance Navazio	Final Moss Adams report presented at BOT meeting held on 1/13/21. Implementation plan for management responses presented at 3/10 BOT mtg.

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Review of Board Policies re Budget and Fiscal Management Capitalization (8.1 / 9.1) Fund Balance / Reserves (7.1) Capital Program (12.1 / 13.1)	Fall/Winter 2021 Draft Moss Adams report due 11/21; final report to BOT 1/12/22.	Director of Finance Navazio	New Capitalization and Reserve policies completed – approved by BOT 1/12/22. Moss Adams presented final report re Capital Program Planning and Budgeting policies 1/12/22; staff is drafting updated policies, practices as well as updating Capital Project reporting informed my recommendations in Moss Adams report. Return to BOT in March/April.
2020-21 Annual Audit	Completed	Audit Committee / Director of Finance/Controller	Audit completed 12/3/21; Audit Committee (AC) reviewed draft report 12/8/21; Board received audit report on 12/14/21.
Ordinance 7 GM Advisory Committee	Winter 2022	GM Winquest/Board Chairman Callicrate	Formal recommendations currently being reviewed by special counsel. Final scheduled meeting with the Committee will be mid-March. Special Meeting will need to be scheduled to deliver recommendations to the Board of Trustees targeted for Early April.
Special Counsel to Review Beach Deed, potential revisions to Ordinance 7, Employee use of District Beaches, Policy 16.1.1, Commercial Operations on District Beaches	Winter 2022	GM Winquest, Trustee Schmitz, Legal Counsel Nelson	Special Counsel Finalizing review of Ordinance 7 Committee Recommendations.
Smith vs IVGID Litigation	Ongoing	Legal Counsel/Board of Trustees/GM Winquest	Update pending
Utilities Performance/Asset Management Review	Final Report Received	GM Winquest/Board	Staff has made recommendations for staffing additions to the General Manager.

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
USFS Parcel Acquisition – Potential Dog Park	Ongoing	GM Winqest	USFS has transitioned the request to the formal review process. IVGID Staff is working to schedule community outreach to neighboring residents and larger community including development of a GM Advisory Committee.
USACE Grant Funding for Pond Lining/Pipeline Projects	TBD	GM Winqest/ Director PW Underwood	USACE shared new model agreements. Agreements have been reviewed by legal. IVGID Staff will provide necessary documentation for the agreement upon determination of the chosen alternative for Pond #1.
Utility Rate Study	Winter 2021-22	Director of Finance Navazio/Director of PW Underwood	HDR has provided the Preliminary Draft Report. Returning to the Board for discussion, input and to set the Public Hearing on 4/27/22.

Diamond Peak Ski Resort Update

The ski venue completed its 75th day of operation at the end of February. We recorded the first .5” of a total of 6” of snowfall for the month on February 21st after 48 days of no snowfall since December 29, 2021. Through February, the year to date total daily visit count was 75,475 as compared to 96,254 visits through the end of February last season, noting that last season included 12 more operating days as the ski area opened in December 4th 2020.

Visits for the month of February were 31,313, 12% below 35,609 visit count for February 2021, the month included visits 7% below the 5 year average and 2% below the 10 year average. During the 9 day Saturday through Sunday period of Presidents week we saw 16,216 visits as compared to 15,467 in 2021, the 5 year average for Ski week includes 16,785 skier visits. Child and adult lessons taught for the month totaled 4,358 units as compared to 3,146 during February 2021. Equipment rental units provided for the month totaled 5,437 units nearly identical or 24% of the visitation for the month.

During February the ski venue also hosted our IVGID Community Appreciation week beginning Monday January 31st through February 6, 2022. Total complimentary daily lift tickets provided for the week were 1,623 as compared to 2,428 during the previous season appreciation week.

We have some events planned during March including the 20th annual Dummy Downhill on Sunday March 20th, please visit diamondpeak.com for details on events that are scheduled and as always please contact Mike Bandelin at mlb@ivgid.org for any questions you may have.

Key Project Updates

For more information on current district capital projects.

Webpage Link:

<https://www.yourtahoepace.com/ivgid/resources/construction-updates>

Risk and Resilience Assessments and Emergency Response Plan

The Risk and Resilience Assessments (RRA) and emergency response plans (ERPs) for the sanitary sewer system was kicked off with the consultant, Farr West Engineering, on February 24, 2022. PW Staff is gathering required information to provide the consultant.

Burnt Cedar Swimming Pool Improvements – 3970BD2601

A 2021 Capital Improvement and Board of Trustees Priority Project, this project will reconstruct the two (2) existing pools (full size and toddler) at Burnt Cedar Beach. CORE Construction has secured the site for winter. ADG is working on-site to complete piping and equipment work within the mechanical pit. Core is returning to the site in March.

CORE Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$3,845,865.00	\$96,896.59	\$3,94,760.59	\$3,012,266.37	\$1,081,107.58

Effluent Pipeline Project – 2524SS2010

The project consists of replacing all of the remaining Segment 3 pipeline (12,385 linear feet) and all Segment 2 pipeline (17,314 linear feet) to mitigate a potential future leaks. The design team has completed the hydraulic analysis and are continuing to work with Granite Inliner to determine probable areas for pipelining. HDR delivered the final Basis of Design Report and is working on the 30% design documents. The Team provided a detailed update for the project at the Board of Trustees meeting on March 1, 2022.

Effluent Pond Lining Project – 2599SS2010

The Team provided an update to the Board on March 1, 2022. The Team is working on the 30% design alternatives identified in the update to the Board with a goal to finish the 30% design by mid-May 2022.

Recreation Center Upstairs Lobby Restroom Remodel – 4484BD1902

A 2021 Capital Improvement project has been completed and the final payment has been made to the contractor.

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$159,832.40	\$15,901.88	\$175,734.28	\$175,734.28	\$0

Financial Transparency

The District's finance and accounting staff has completed the close for the period ending January 31, 2021, and presented the Mid-Year Budget Update at the Board meeting of March 1st, to include updated projections through the end of the fiscal year. These projections will also significantly inform ongoing development of the District's FY2022/23 budget.

Other significant projects currently underway include:

Review and update of selected Board Policies and Practices – new Capitalization, Reserve and Central Services Overhead Allocation policies were approved by the Board on 1/12/22; Pricing Practice was approved by the Board on 3/1/22; Capital Planning and Budgeting Policies/Practices currently being updated, informed by recommendations from Moss Adams.

Ongoing update of Internal Control policies and procedures – staff has engaged the services of Management Partners, LLC to assist management in the review and update of the District's Purchasing Policy and Accounting/Finance Procedures Manual. Consultant completed interviews with Trustees and staff; reviewing existing procedures against best practices.

Implementation of Tyler/Munis Financial System - the transition to the District's new enterprise-wide financial system (Tyler/Munis) remains on track for a July 1, 2022 "go-live" date. Among the goal of the new financial system project is to streamline budgeting and accounting processes, improve financial reporting capabilities and strengthen internal controls. Recent activities focused on module and workflow set-up.

Policy 3.1.0, Subparagraph 0.4 – Report to the Board on Contracts Signed by the District General Manager

This will be updated in the next report.

Public Records Requests

This will be updated in the next report.

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2022	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS/STAFF DUE DATES	ITEMS SLATED FOR CONSIDERATION
				2022		
TBD	TBD	TBD		Special Board Meeting		GM's Ordinance 7 Committee recommendations
03/30	Wednesday	6.p.m.	Zoom		03/21/2022, 8 a.m.	Closed Session – Union Negotiations – Start of the meeting Report on the processing of issuing bonds and going to a vote of the people (Navazio) Preview FY2022/23 Tentative Budget / Facility Fee Allocations Effluent Pipeline Project – Contract Amendment with HDR (Requesting Staff Member: Director of Public Works Brad Underwood) Award Contract for Water Reservoir Coating Projects (CIP #2299DI1204) Requesting Staff Member: Director of Public Works Brad Underwood
04/13	Wednesday				04/04/2022, 8 a.m.	Approval of Tentative budget and setting of public hearings
04/27	Wednesday				04/18/2022, 8 a.m.	
05/11	Wednesday				05/02/2022, 8 a.m.	
05/25	Wednesday				05/16/2022, 8 a.m.	Public Hearings: Budget and Facility Fees Budget Adoption Approval of Facility Fees Resolution
06/08	Wednesday				05/30/2022, 8 a.m.	General Manager's Performance Evaluation
06/29	Wednesday				06/20/2022, 8 a.m.	
07/13	Wednesday				07/04/2022, 8 a.m.	
07/27	Wednesday				07/18/2022, 8 a.m.	
08/10	Wednesday				08/01/2022, 8 a.m.	<i>Trustee Dent is unavailable to attend this meeting.</i>
08/31	Wednesday				08/22/2022, 8 a.m.	
09/14	Wednesday				09/05/2022, 8 a.m.	
09/28	Wednesday				09/19/2022, 8 a.m.	
10/12	Wednesday				10/03/2022, 8 a.m.	
10/26	Wednesday				10/17/2022, 8 a.m.	
11/09	Wednesday				10/31/2022, 8 a.m.	
12/14	Wednesday				12/05/2022, 8 a.m.	

<i>Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar</i>
Revisions to Ordinance 7 (allow 45 days ahead of action) – Staff added reminder
Possible discussion on IVGID needs as it relates to potential land use agreement with DPSEF (Request by Trustee Schmitz – 01/18/2021)
Develop a policy and criteria for Professional Services (see Moss Adams 1 Report) (Request by Trustee Schmitz – 03/10/2021; asked again on 4/29/2021)
Tax implications for benefits for employees (Request by Trustee Schmitz – 03/10/2021 – District General Counsel Nelson is working on an opinion)
Review of service levels – Golf will be coming first – maybe on 01/26/2022 agenda) – Date Requested:
Policy 3.1.0 review (Request by Trustee Tonking - 5/26/2021)
Next step on Diamond Peak parking lot/Ski Way – Staff added reminder
Incline Beach House – revisit where we have been, revisit financing options and how does the Board want to move forward (tentative) – Staff added reminder
Code of Conduct – Date Requested:
List of contracts, etc. that need annual Board Review – District General Manager and District Clerk – Date Requested:
Request that the Board discuss a strategy for dealing with e-mails and correspondence that the Board receives. Need to have a strategy and approach on who responded – come up with a consensus by the Board on who responds. (Request by Trustee Schmitz – 11/03/2021) Related to Policy 20.
Retaining special legal counsel for construction contracts, Staff member suggested, review and discuss as a Board and decide how to move (Request by Trustee Schmitz – 11/03/2021)
Meeting Minutes: Do we want our meeting minutes to have more alignment with what is said at the meeting or are these summaries acceptable? (Request by Trustee Schmitz – 11/03/2021)
Board of Trustees Handbook – awaiting Dr. Mathis' feedback
Board packet material requirements – Date Requested:

*Budget approval is required after the third Monday however whatever date is selected, a 10-day notice must be given. Must accomplish no later than June 1, 2022.

M E M O R A N D U M

TO: Board of Trustees

FROM: Tim Callicrate
Chairman, Board of Trustees

SUBJECT: Discussion of reactivating the Crystal Bay Water Pump Station for a potential public/private partnership - Presenters: Marsha Berkbigler and Steve Decea

DATE: March 2, 2022

The presenters shown above have asked to come before the Board to make a presentation about the interest in a private entity partnering with IVGID to reactivate the Crystal Bay Water Pump Station for the purposes of public/private partnership. **This is informational only** and the presentation should take no more than 10 minutes. Board members will be allowed to ask questions of the presenters but that time will be limited to no more than 10 minutes in total.

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

Paul Navazio
Director of Finance

FROM: Mike Bandelin
Diamond Peak Ski Resort General Manager

SUBJECT: Review, discuss and possibly award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Project Type Equipment & Software; Vendor: Burton Snowboards in the amount of \$170,488.50

STRATEGIC PLAN: Long Range Principle #4 – Service
Long Range Principle #5 – Assets and Infrastructure

DATE: March 9, 2022

I. RECOMMENDATIONS

That the Board of Trustees makes a motion to:

1. Authorize and award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Project Type; Equipment & Software; Vendor: Burton Snowboards in the amount of \$170,488.50
2. Authorize Staff to execute all purchase documents based on a review by General Counsel and Staff.

II. DISTRIC STRATEGIC PLAN

Long Range Principle #1 – Service – The District will provide superior quality service through responsible stewardship of District resources and assets with an emphasis on the parcel owner and customer experience.

Long Range Principle #5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement and improvement to provide safe and superior long term utility services and recreation venues, facilities, and services.

III. BACKGROUND

In accordance with Board Policy 3.1.0., 0.15 Consent Calendar, this item is included on the Consent Calendar as it is routine business of the District and within the currently approved District Budget.

The general purpose of this project is to maintain District operations through the necessary maintenance and replacement cycles. The contract proposed for award addresses the end of life cycle replacement of the rental snowboards, snowboard boots, and snowboard bindings utilized by Diamond Peak customers.

At the April 14, 2020 Board of Trustees meeting, Staff provided an alternative to defer the agenized staff recommendation to award a procurement contract for replacement ski, boots and bindings until the 2021 fiscal year. The Board of Trustees were in favor of the Staff recommendation to defer as the District was in the beginning of a uncertain times related to the pandemic.

At your meeting on March 31, 2021 the Board of Trustees approved the Staff recommendation to authorize a procurement contract for replacement skis, boots and bindings to Vendor - Salomon in the amount of \$264,840. The deferred ski rental equipment purchase in April 2020 and approved in March 2021 coincidentally moved forward the replacement snowboard rental equipment project from the budgeted Fiscal Year 2020/2021.

Diamond Peak currently maintains a fleet of 1,119 skis and bindings (ranging in size from 70cm to 188cm), 1,400 ski boots (ranging in size from Youth 15 to Men's 15), 365 snowboards (ranging in size from 80 cm to 168 cm), 596 pairs of snowboard boots (ranging in size from Junior 10c to Men's 15), and 288 pairs of snowboard bindings (ranging in size from junior to large) in its rental shop. The rental shop equipment replacement purchases are part of a comprehensive program to maintain a functional and reliable rental fleet at Diamond Peak. This ongoing program replaces rental equipment on a four year cycle and is vital to ensuring a safe and enjoyable experience for the guests at Diamond Peak that utilize the rental shop.

The proposed contract will replace the entire inventory of snowboards, snowboard boots, and snowboard bindings. The current inventory was purchased in 2017 and has been utilized for five seasons. The proposed contract also represents a change in inventory from 365 to 320 snowboards, from 596 to 615 pairs of boots, and from 475 to 375 pairs of bindings.

If the proposed contract is awarded, delivery is guaranteed by November 1, 2022, the equipment comes with a two year manufacturer’s warranty, and the contract guarantees availability of replacement stock. The District places its order with the snowboard equipment manufacturer in the spring and takes delivery of the equipment in the fall in order to accommodate manufacturing lead time.

IV. BID RESULTS

The District publicly advertised this project for bidding and specifications were sent out to four potential bidders. Four bids were received and opened on January 19, 2022. The bid results are as follows:

Vendor	Total Bid Amount
Burton	\$170,488.50
Rossignol	Non-responsive
Elan	Non-responsive
Salomon	Non-responsive

Rossignol’s bid was deemed non-responsive for failure to meet bid technical specifications and design details by submitting a product non-compatible with the District’s rental equipment storage racks and failure to meet the pricing and availability guarantee.

Elan’s bid was deemed non-responsive for failure to meet bid technical specifications and design details by submitting a product non-compatible with the District’s rental equipment storage racks and inventory tracking system.

Salomon’s bid was deemed non-responsive for failure to meet bid technical specifications and design details by submitting a product non-compatible with the District’s rental equipment storage racks.

The low responsive bidder is Burton Snowboards. District Staff reviewed the bid and checked references for the vendor and has recommended award of this procurement to Burton.

V. FINANCIAL IMPACT AND BUDGET

A total of \$514,840 is included in the recommended carry-forward Capital Budget for the purchase of replacement Ski rental equipment of which, \$264,840 was awarded for the ski, boots and bindings on March 31, 2021.

See attached Popular CIP Status Report through December 31, 2021 presented at the Board of Trustees meeting on March 1, 2022

VI. ALTERNATIVE

Not award the procurement contract and defer the replacement of the snowboard rental equipment to a future date. Doing so leaves a District asset in an aging and failing condition, impacts service levels to Diamond Peak customers.

VII. COMMENTS

The Equipment Rental shop is a major revenue contributor to Diamond Peak's annual operating budget and maintaining the condition of the rental fleet is critical to that revenue stream. A reliable and well functioning rental fleet is also an important component of providing a great customer experience at Diamond Peak.

The Board of Trustees approved a procurement contract for replacement Snowboard rental equipment to; Vendor; Burton Snowboards in the amount of \$178,104.83 at your meeting on March 31, 2017. The table below provides a detail on the return on investment of the replacement snowboard equipment.

Review, discuss and possibly award a Procurement Contract for Replacement Snowboard Rental Equipment – 2021/2022 Capital Improvement Project: Fund: Community Services; Division: Ski; Project # 3468RE0002; Vendor: Burton Snowboards in the amount of \$170,488.50

Fiscal Year	Actual Rented Units Snowboard	Actual Revenue Snowboards	Total Equipment Rental Revenue	Snowboard / Total Revenue
2017 - 2018	5,476	\$215,892	\$1,171,524	18.43%
2018 - 2019	5,235	\$219,881	\$1,298,697	16.93%
2019 - 2020	3,145	\$145,656	\$1,076,310	13.53%
2020 - 2021	5,216	\$198,646	\$1,024,372	19.39%
2021 - 2022	TBD	TBD	TBD	TBD
Total	19,072	\$780,075	\$4,570,903	17.07%

VIII. BUSINESS IMPACT

This item is not a “rule” within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement

The table below provides previous and planned data relevant to Project - #3468RE0002 Equipment & Software - Replace Rental Equipment.

DATA SHEET	Project Number	Project Type	Asset Type	Division
	3468RE0002	G-Equipment-Software	RE - Rental Equipment	Community Services
Title - Replace Ski Venue Rental Equipment				
	Ski Equipment	Ski Equipment	Snowboard Equipment	Snowboard Equipment
Fiscal Year	BOT - Action	Expense/Funding	BOT - Action	Expense/Funding
2016 - 2017			Approved - March	\$178,104.00
2017 - 2018			In Service - December	
2018 - 2019				
2019 - 2020	Deferred - March	\$285,834.00		
2020 - 2021	Approved - March	\$264,840.00		
2021 - 2022	In Service - December		Propose - March	\$170,488.00
2022 - 2023			Pending - In Service	
2023 - 2024				
2024 - 2025	Propose - March	\$340,000.00		
2025 - 2026	Pending - In Service		Propose - March	\$210,000.00
2026 - 2027			Pending - In Service	
2027 - 2028				
2028 - 2029	Propose - March	\$340,000.00		
2029 - 2030	Pending - In Service		Propose - March	\$210,000.00
2029 - 2031			Pending - In Service	

Review, discuss and possibly award a
Procurement Contract for Replacement
Snowboard Rental Equipment – 2021/2022
Capital Improvement Project: Fund:
Community Services; Division: Ski;
Project # 3468RE0002; Vendor: Burton
Snowboards in the amount of \$170,488.50

-6-

March 9, 2022

ATTACHMENTS

- A. Equipment Purchase Agreement – Request for Proposal Burton Snowboards
- B. Capital Improvement Projects - Report FY 2021/22
- C. Project #3436RE0002 Datasheet

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT EQUIPMENT PURCHASE AGREEMENT

This Equipment Purchase Agreement (“Agreement”) is entered into on **date** by and between the Incline Village General Improvement District, a Nevada general improvement district (“District”), and **The Burton Corporation, dba Burton Snowboards**, a Vermont Corporation, with its principal place of business at 180 Queen City Park Rd., Burlington, Vermont (“Contractor”). District and Contractor are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

Section 1 - Definitions.

- A. “Equipment” means all machinery, equipment, items, parts, materials, labor or other services, including design, engineering and installation services, provided by Contractor as specified in Exhibit A, attached hereto and incorporated herein by reference.
- B. “Delivery Date(s)” means that date or dates upon which the Equipment is to be delivered to District, ready for approval, testing and/or use as specified in Exhibit A.

Section 2 - Materials and Workmanship.

When Exhibit A specifies machinery, equipment or material by manufacturer, model or trade name, no substitution will be made without District’s written approval. Machinery, equipment or material installed in the Equipment without the approval required by this Section 2 - will be deemed to be defective material for purposes of Section 4 - . Where machinery, equipment or materials are referred to in Exhibit A as equal to any particular standard, District will decide the question of equality. When requested by District, Contractor will furnish District with the name of the manufacturer, the performance capabilities and other pertinent information necessary to properly determine the quality and suitability of any machines, equipment and material to be incorporated in the Equipment. Material samples will be submitted at District’s request.

Section 3 - Inspections and Tests.

District shall have the right to inspect and/or test the Equipment prior to acceptance. If upon inspection or testing the Equipment or any portion thereof are found to be nonconforming, unsatisfactory, defective, of inferior quality or workmanship, or fail to meet any requirements or specifications contained in Exhibit A, then without prejudice to any other rights or remedies, District may reject the Equipment or exercise any of its rights under Section 4 - C. The inspection, failure to make inspection, acceptance of goods, or payment for goods shall not impair District’s right to reject nonconforming goods, irrespective of District’s failure to notify Contractor of a rejection of nonconforming goods or revocation of acceptance thereof or to specify with particularity any defect in nonconforming goods after rejection or acceptance thereof.

Section 4 - Warranty.

- A.** Contractor warrants that the Equipment will be of merchantable quality and free from defects in design, engineering, material and workmanship for a period of one year, or such longer period as provided by a manufacturer's warranty or set forth in Exhibit A, from the date of final written acceptance of the Equipment by District as required for final payment under Section 7 - . Contractor further warrants that any services provided in connection with the Equipment will be performed in a professional and workmanlike manner and in accordance with the highest industry standards.
- B.** Contractor further warrants that all machinery, equipment or process included in the Equipment will meet the performance requirements and specifications specified in Exhibit A and shall be fit for the purpose intended. District's inspection, testing, approval or acceptance of any such machinery, equipment or process will not relieve Contractor of its obligations under this Section 4 - B.
- C.** For any breach of the warranties contained in Section 4 - A and Section 4 - B, Contractor will, immediately after receiving notice from District, at the option of District, and at Contractor's own expense and without cost to District:

 - 1. Repair the defective Equipment;
 - 2. Replace the defective Equipment with conforming Equipment, F.O.B. District's plant, office or other location of District where the Equipment was originally performed or delivered; or
- D.** Repay to District the purchase price of the defective Equipment.
- E.** If District selects repair or replacement, any defects will be remedied without cost to District, including but not limited to, the costs of removal, repair and replacement of the defective Equipment, and reinstallation of new Equipment. All such defective Equipment that is so remedied will be similarly warranted as stated above. In addition, Contractor will repair or replace other items of the Equipment which may have been damaged by such defects or the repairing of the same, all at its own expense and without cost to District.
- F.** Contractor also warrants that the Equipment is free and clear of all liens and encumbrances whatsoever, that Contractor has a good and marketable title to same, and that Contractor owns or has a valid license for all of the proprietary technology and intellectual property incorporated within the Equipment. Contractor agrees to indemnify, defend and hold District harmless against any and all third party claims resulting from the breach or inaccuracy of any of the foregoing warranties.
- G.** In the event of a breach by Contractor of its obligations under this Section 4 - , District will not be limited to the remedies set forth in this Section 4 - , but will have all the rights and remedies permitted by applicable law.

Section 5 - Prices.

- A. Unless expressly provided otherwise, all prices and fees specified in Exhibit A, attached hereto and incorporated herein by reference, are firm and shall not be subject to change without the written approval of District. No extra charges of any kind will be allowed unless specifically agreed to in writing by District's authorized representative. Compensation shall be as indicated in Exhibit A, with a total amount of **One Hundred Seventy Thousand Four Hundred Eighty-Eight Dollars and Fifty Cents (\$170,488.50)**, to be billed as a fixed fee based on percentage complete measured against the estimated time schedule set forth in Exhibit A. In no event shall compensation for any Activity identified in Exhibit A exceed the amount set forth in the attachment. The fixed fee shall include Reimbursable Expenses and all charges for packing, freight and transportation to destination, and Contractor shall not request or receive any additional payments for such expenses.

Section 6 - Changes.

District, at any time, by a written order, and without notice to any surety, may make changes in the Equipment, including but not limited to, District's requirements and specifications. If such changes affect the cost of the Equipment or time required for its performance, an equitable adjustment will be made in the price or time for performance or both. Any change in the price necessitated by such change will be agreed upon between District and Contractor and such change will be authorized by a change order document signed by District and accepted by Contractor.

Section 7 - Payments.

- A. Terms of payment, are net thirty (30) days, less any applicable retention, after receipt of invoice, or completion of applicable Progress Milestones. Final payment shall be made by District after Contractor has satisfied all contractual requirements. Payment of invoices shall not constitute acceptance of Equipment. All invoices shall be sent to ap@ivgid.org, with a copy to rlr@ivgid.org.
- B. If Progress Milestones have been specified Exhibit A, then payments for the Equipment will be made as the requirements of such Progress Milestones are met. Progress payments for the Equipment will be made by District upon proper application by Contractor during the progress of the Equipment and according to the terms of payment as specified in Exhibit A. Contractor's progress billing invoice will include progress payments due for the original scope of work and changes. Each "Item for Payment" shown in Exhibit A and each change order will be itemized on the invoice. Invoices for cost plus work, whether part of Exhibit A or a change order, must have subcontractor and/or supplier invoices attached to Contractor's invoice. Other format and support documents for invoices will be determined by District in advance of the first invoice cycle.
- C. Payments otherwise due may be withheld by District on account of defective Equipment not remedied, liens or other claims filed, reasonable evidence

indicating probable filing of liens or other claims, failure of Contractor to make payments properly to its subcontractors or for material or labor, the failure of Contractor to perform any of its other obligations under the Agreement, or to protect District against any liability arising out of Contractor's failure to pay or discharge taxes or other obligations. If the causes for which payment is withheld are removed, the withheld payments will be made promptly. If the said causes are not removed within a reasonable period after written notice, District may remove them at Contractor's expense.

- D.** Payment of the final Progress Milestone payment or any retention will be made by District upon:
1. Submission of an invoice for satisfactory completion of the requirements of a Progress Milestone as defined in Exhibit A and in the amount associated with the Progress Milestone;
 2. Written acceptance of the Equipment by District;
 3. Delivery of all drawings and specifications, if required by District;
 4. Delivery of executed full releases of any and all liens arising out of this Agreement; and
 5. Delivery of an affidavit listing all persons who might otherwise be entitled to file, claim or maintain a lien of any kind or character, and containing an averment that all of the said persons have been paid in full.
 6. If any person refuses to furnish an actual release or receipt in full, Contractor may furnish a bond satisfactory to District to indemnify District against any claim or lien at no cost to District.
- E.** Acceptance by Contractor of payment of the final Progress Milestone payment pursuant to Section 7 - D will constitute a waiver, release and discharge of any and all claims and demands of any kind or character which Contractor then has, or can subsequently acquire against District, its successors and assigns, for or on account of any matter or thing arising out of, or in any manner connected with, the performance of this Agreement. However, payment for the final Progress Milestone by District will not constitute a waiver, release or discharge of any claims or demands which District then has, or can subsequently acquire, against Contractor, its successors and assigns, for or on account of any matter or thing arising out of, or in any manner connected with, the performance of this Agreement.

Section 8 - Schedule for Delivery.

- A.** The time of Contractor's performance is of the essence for this Agreement. The Equipment will be delivered in accordance with the schedule set forth in Exhibit A. Contractor must immediately notify District in writing any time delivery is behind schedule or may not be completed on schedule.

- B. In the event that the Equipment is part of a larger project or projects that require the coordination of multiple contractors or suppliers, then Contractor will fully cooperate in scheduling the delivery so that District can maximize the efficient completion of such project(s).

Section 9 - Taxes.

- A. Per Section 2.B.9, prices quoted for the Equipment must be exclusive of Federal and State taxes, as the District is exempt from such taxes.
- B. Contractor will withhold, and require its subcontractors, where applicable, to withhold all required taxes and contributions of any federal, state or local taxing authority which is measured by wages, salaries or other remuneration of its employees or the employees of its subcontractors. Contractor will deposit, or cause to be deposited, in a timely manner with the appropriate taxing authorities all amounts required to be withheld.
- C. All other taxes, however denominated or measured, imposed upon the price of the Equipment provided hereunder, will be the responsibility of Contractor. In addition, all taxes assessed by any taxing jurisdiction based on Contractor property used or consumed in the provision of the Equipment such as and including ad valorem, use, personal property and inventory taxes will be the responsibility of Contractor.
- D. Contractor will, upon written request, submit to District written evidence of any filings or payments of all taxes required to be paid by Contractor hereunder.

Section 10 - Independent Contractor.

Contractor enters into this Agreement as an independent contractor and not as an employee of District. Contractor shall have no power or authority by this Agreement to bind District in any respect. Nothing in this Agreement shall be construed to be inconsistent with this relationship or status. All employees, agents, contractors or subcontractors hired or retained by the Contractor are employees, agents, contractors or subcontractors of the Contractor and not of District. District shall not be obligated in any way to pay any wage claims or other claims made against Contractor by any such employees, agents, contractors or subcontractors or any other person resulting from performance of this Agreement.

Section 11 - Subcontracts.

Unless otherwise specified, Contractor must obtain District's written permission before subcontracting any portion of the Equipment. Except for the insurance requirements in Section 13 - A, all subcontracts and orders for the purchase or rental of supplies, materials or equipment, or any other part of the Equipment, will require that the subcontractor be bound by and subject to all of the terms and conditions of the Agreement. No subcontract or order will relieve Contractor from its obligations to District, including, but not limited to Contractor's insurance and indemnification obligations. No subcontract or order will bind District.

Section 12 - Title and Risk of Loss.

Unless otherwise agreed, District will have title to, and risk of loss of, all completed and partially completed portions of the Equipment upon delivery, as well as materials delivered to and stored on District property which are intended to become a part of the Equipment. However, Contractor will be liable for any loss or damage to the Equipment and/or the materials caused by Contractor or its subcontractors, their agents or employees, and Contractor will replace or repair said Equipment or materials at its own cost to the complete satisfaction of District. Notwithstanding the foregoing, in the event that the District has paid Contractor for all or a portion of the Equipment which remains in the possession of Contractor, then District shall have title to, and the right to take possession of, such Equipment at any time following payment therefor. Risk of loss for any Equipment which remains in the possession of Contractor shall remain with Contractor until such Equipment has been delivered or District has taken possession thereof. Contractor will have risk of loss or damage to Contractor's property used in the construction of the Equipment but which does not become a part of the Equipment.

Section 13 - Indemnification.

- A. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold the District, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions, negligence or willful misconduct of Contractor, its officials, officers, employees, agents, subcontractors and subconsultants arising out of or in connection with the Equipment or the performance of this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses except such loss or damage which was caused by the sole negligence or willful misconduct of the District.
- B. Contractor's defense obligation for any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against the District, its officials, officers, employees, agents or volunteers shall be at Contractor's own cost, expense and risk. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against District or its officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Contractor shall reimburse District and its officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.
- C. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the District, its officials, officers, employees, agents or volunteers.

Section 14 - Insurance.

- A. General.** Contractor shall take out and maintain:
1. Commercial General Liability Insurance, of at least \$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury and property damage;
 2. Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, of at least \$1,000,000 per accident for bodily injury and property damage;
 3. Workers' Compensation in compliance with applicable statutory requirements; and
 4. If Contractor is also the manufacturer of any equipment included in the Equipment, Contractor shall carry Product Liability and/or Errors and Omissions Insurance which covers said equipment with limits of not less than \$1,000,000.
- B. Additional Insured; Primary; Waiver of Subrogation; No Limitation on Coverage.** The policies required under this Section shall give District, its officials, officers, employees, agents or volunteers additional insured status. Such policies shall contain a provision stating that Contractor's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the District or any additional insureds shall not be called upon to contribute to any loss, and shall contain or be endorsed with a waiver of subrogation in favor of the District, its officials, officers, employees, agents, and volunteers. The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as additional insured pursuant to this Agreement.
- C. Insurance Carrier.** All insurance required under this Section is to be placed with insurers with a current A.M. Best's rating no less than A-VII, licensed to do business in Nevada, and satisfactory to the District.
- D. Evidence of Insurance.** Contractor shall furnish District with original certificates of insurance and endorsements effecting coverage required by the Agreement. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the District. All certificates and endorsements must be received and approved by the District before delivery commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- E. Subcontractors. All subcontractors shall meet the requirements of this Section before commencing work. In addition, Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
- F. Freight. Contractor shall ensure that third party shippers contracted by Contractor have adequate insurance coverage for the shipped Equipment.

Section 15 - Liens.

- A. Contractor, subcontractors and suppliers will not make, file or maintain a mechanic's or other lien or claim of any kind or character against the Equipment, for or on account of any labor, materials, fixtures, tools, machinery, equipment, or any other things furnished, or any other work done or performance given under, arising out of, or in any manner connected with the Agreement (such liens or claims referred to as "Claims"); and Contractor, subcontractor and suppliers expressly waive and relinquish any and all rights which they now have, or may subsequently acquire, to file or maintain any Claim and Contractor, subcontractor and suppliers agree that this provision waiving the right of Claims will be an independent covenant.
- B. Contractor will save and hold District harmless from and against any and all Claims that may be filed by a subcontractor, supplier or any other person or entity and Contractor will, at its own expense, defend any and all actions based upon such Claims and will pay all charges of attorneys and all costs and other expenses arising from such Claims.

Section 16 - Termination of Agreement by District.

- A. Should Contractor at any time refuse or fail to deliver the Equipment with promptness and diligence, or to perform any of its other obligations under the Agreement, District may terminate Contractor's right to proceed with the delivery of the Equipment by written notice to Contractor. In such event District may obtain the Equipment by whatever method it may deem expedient, including the hiring of another contractor or other contractors and, for that purpose, may take possession of all materials, machinery, equipment, tools and appliances and exercise all rights, options and privileges of Contractor. In such case Contractor will not be entitled to receive any further payments until the Equipment is delivered. If District's cost of obtaining the Equipment, including compensation for additional managerial and administrative services, will exceed the unpaid balance of the Agreement, Contractor will be liable for and will pay the difference to District.
- B. District may, for its own convenience, terminate Contractor's right to proceed with the delivery of any portion or all of the Equipment by written notice to Contractor. Such termination will be effective in the manner specified in such notice, will be without prejudice to any claims which District may have against Contractor, and

will not affect the obligations and duties of Contractor under the Agreement with respect to portions of the Equipment not terminated.

- C. On receipt of notice under Section 16 - B, Contractor will, with respect to the portion of the Equipment terminated, unless the notice states otherwise,
1. Immediately discontinue such portion of the Equipment and the placing of orders for materials, facilities, and supplies in connection with the Equipment,
 2. Unless otherwise directed by District, make every reasonable effort to procure cancellation of all existing orders or contracts upon terms satisfactory to District; and
 3. Deliver only such portions of the Equipment which District deems necessary to preserve and protect those portions of the Equipment already in progress and to protect material, plant and equipment at the Equipment site or in transit to the Equipment site.
- D. Upon termination pursuant to Section 16 - B, Contractor will be paid a pro rata portion of the compensation in the Agreement for any portion of the terminated Equipment already delivered, including material and services for which it has made firm contracts which are not canceled, it being understood that District will be entitled to such material and services. Upon determination of the amount of said pro rata compensation, District will promptly pay such amount to Contractor upon delivery by Contractor of the releases of liens and affidavit, pursuant to Section 7 - C.

Section 17 - Miscellaneous Provisions.

- A. Assignment or Transfer. Contractor shall not assign or transfer any interest in this Agreement whether by assignment or novation, without the prior written consent of the District, which will not be unreasonably withheld. Provided, however, that claims for money due or to become due Contractor from the District under this Agreement may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer, whether voluntary or involuntary, shall be furnished promptly to the District.
- B. Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.
- C. Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.
- D. Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

- E. Governing Law. This Agreement shall be governed by the laws of the State of Nevada. Venue shall be in Washoe County.
- F. Interpretation. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party.
- G. No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.
- H. Authority to Enter Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right and authority to make this Agreement and bind each respective Party.
- I. Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.
- J. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.
- K. District's Right to Employ Other Contractors. District reserves its right to employ other contractors in connection with the Equipment.
- L. Entire Agreement. This Agreement constitutes the entire agreement between the Parties relative to the Equipment specified herein. There are no understandings, agreements, conditions, representations, warranties or promises with respect to this Agreement, except those contained in or referred to in the writing.
- M. Limitation of Liability. In no event shall this Agreement be interpreted to waive the limitations of liability applicable to the District set forth in NRS Chapter 41 or other applicable law.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and date of the year first set forth above.

**OWNER:
INCLINE VILLAGE G. I. D.**

**Contractor:
BURTON SNOWBOARDS**

By: _____
Michael Bandelin
Diamond Peak General Manager

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date
Approve as to Form:

Date

Joshua Nelson
District General Counsel

If Contractor is a corporation, attach evidence of authority to sign.

Date

Owner's address for giving notice:
INCLINE VILLAGE G. I. D.
893 Southwood Boulevard
Incline Village, Nevada 89451
775-832-1267- Engineering Div.

Contractor's address for giving notice:
BURTON SNOWBOARDS
180 Queen City Park Road
Burlington, Vermont 05401
310-339-2718

EXHIBIT A



**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT (IVGID)
dba
DIAMOND PEAK SKI RESORT
REQUEST FOR PROPOSALS
Diamond Peak Ski Resort 2022 Rental Shop Snowboard Equipment Procurement
CIP 3468RE0002**

January 3, 2022

SECTION 1 – REQUEST FOR PROPOSALS

IVGID is accepting proposals to provide new rental snowboard equipment for use at the District's Diamond Peak Ski Resort. The procurement includes Adult and Junior snowboards, snowboard bindings and snowboard boots. Sealed proposals will be received at the offices of the Engineering Division, Incline Village General Improvement District (IVGID or District), 1220 Sweetwater Road, Incline Village, Nevada 89451, until **2:00 p.m., January 19, 2022**, at which time they will be publicly opened and read for:

2022 Rental Shop Snowboard Equipment Procurement

Submission of samples for proposed snowboards, bindings and boots in advance of bid opening is required. Samples shall be delivered and picked up at the sole cost of the Bidder.

Complete Proposal Documents may be obtained at the IVGID Engineering office, or downloaded from our website at <https://www.yourtahoeplace.com/ivgid/resources/purchasing>. It is the Bidder's sole responsibility to obtain a complete set of documents.

All proposals will be evaluated by District Staff for responsiveness in accordance with the Proposal Evaluation Checklist, which is included with the Proposal Documents. Following this evaluation, District Staff will make a recommendation to the IVGID Board of Trustees at its next regularly scheduled Board Meeting, anticipated to be on February 9, 2022, to award a procurement contract to the most qualified lowest responsive bidder.

The District reserves the right to reject any or all proposals and to waive any irregularities therein.

To request a copy of the Proposal Documents or if you have any questions concerning this procurement bid, contact the District Engineering Office at 775-832-1267.

SECTION 2 INSTRUCTIONS AND GENERAL CONDITIONS

A. GENERAL PROPOSAL INFORMATION

1. SCOPE AND INTENT:

- a. It shall be the intent of this Request for Proposal to select a vendor to provide new rental snowboard equipment for use at Diamond Peak Ski Resort.

- b. In the space provided on the Proposal Form, bidders shall indicate the minimum order quantities that may apply to additional orders placed during the term of the resultant agreement.
 - c. There shall be no guarantee beyond initial awarded quantities as to any additional quantities to be purchased during the period of time for which a resultant agreement shall be in effect.
2. **PROPOSAL RESPONSES:** It is assumed that all responses to this proposal specification are on behalf of the Bidder acting either as an authorized dealer or distributor for the manufacturer of the items being proposed and that these responses are supplied by the manufacturer. If this is not the case, Bidder shall explain, in writing, in a statement to be included with the proposal.
3. **PROPOSAL EVALUATION:** All proposals will be evaluated to determine the most qualified lowest responsive proposal. Proposal exceptions are permissible, provided that what the Bidder is offering meets the intent of the proposal specifications, as determined by the Buyer.

B. SUBMISSION OF PROPOSALS

1. Proposals shall be submitted in a **sealed opaque envelope**, with the outside clearly marked as follows:

"Diamond Peak Rental Snowboard Equipment Bid"

 - Bidders are cautioned to mark their envelopes clearly and plainly. If the envelope is not so marked and the Proposal is opened by mistake prior to the specified date and time, the Proposal will **NOT** be considered.
 - All Proposals must be sealed. Proposals submitted unsealed, by telephone, email or facsimile will **NOT** be accepted.
2. Sealed proposals will be received at the offices of the IVGID Engineering Division, 1220 Sweetwater Road, Incline Village, Nevada 89451, until the date and time specified in Section 1, at which time they will be publicly opened and read.
3. Late, incomplete or unsigned Proposals shall receive no consideration.
4. Proposals shall be made on the forms provided herein and all blank spaces in the forms shall be filled in. The Bidder or an authorized agent must sign all Proposals.
5. The District assumes no responsibility for errant delivery of Proposals, including those relegated to a courier agent who fails to deliver in accordance with the time and receiving point specified.
6. Proposals may be withdrawn by written notice, provided the notice of withdrawal is received prior to the Proposal opening time.
7. Proposals are subject to acceptance at any time within sixty (60) days after the Proposal opening.
8. Prices must be stated in units specified. Prices for initial purchase quantities must be effective until delivery.
9. Prices quoted must be exclusive of Federal and State taxes, as IVGID is exempt from such taxes.

C. DELIVERY INFORMATION:

1. Shipping is FOB Destination. Merchandise purchased shall be delivered to the Diamond Peak Ski Resort preferably no later than November 1, 2022. Diamond Peak is located at 1210 Ski Way, Incline Village, Washoe County, Nevada 89451.
2. Liquidated Damages: Supplier and IVGID recognize that time is of the essence with this procurement and that the District will suffer financial loss if delivery of equipment is not completed within the time specified in Paragraph C.1., above. The parties also recognize the delays, expense and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by the District if equipment is not received in time. Accordingly, instead of requiring any such proof, District and Supplier agree that, as liquidated damages for delay (but not as a penalty), Supplier shall pay District \$250 for each day that expires after the time specified in Paragraph C.1., above, until the complete order is delivered.

D. COMPLETE PROPOSAL PACKAGE:

1. A complete Proposal shall include this document, pages 1 through 10 inclusive, together with the following:
 - a. Warranty information per Section 5 of this Proposal Package.
 - b. A list of references for a minimum of three (3) ski resorts in the last five (5) years supplied with a snowboard rental fleet of an equivalent contract size and scope to that requested in this request for proposals.
 - c. A guarantee to provide additional equipment in the same style in unlimited quantities for three (3) years.
2. To aid in the proposal evaluation process, the proposal package submitted by Bidder should also include product specifications, brochures, pictures and other support data for the merchandise proposed.
3. Bidder is required to submit samples of its proposed product to IVGID by end-of-business January 10, 2022, with pick up on or after January 24, 2022.
 - a. All samples submitted for evaluation shall be made available to Diamond Peak Ski Resort for a minimum of ten (10) days to allow for a thorough evaluation. All samples shall be submitted, delivered, and picked up at Bidder's own expense.
 - b. A minimum of one (1) sample of each bid item must be provided in the adult and junior equipment. Each sample item shall be conspicuously marked as to which bid item it represents and the name of the vendor providing the sample.
 - c. Delivery and pick-up of samples shall be at a mutually agreed-upon time and date during the period of time referenced in Section 2.D.3 above. Deliveries of samples must be coordinated with Diamond Peak Rental Manager, Tatiana Montabello at 775-832-1161. Samples shall be delivered to Diamond Peak Ski Resort 1210 Ski Way, Incline Village, Nevada. 89451. Attn. Tatiana Montabello.

- E. ADDITIONAL ORDERS:** Additional orders that meet the successful bidder's minimum order requirements shall include coordination of delivery as specified above. Pricing for shipment shall be itemized at the time of placement of additional orders.

- F. FIRM PRICING REQUIRED:** Prices submitted shall remain firm for all deliveries specified in this Invitation and Proposal. For any additional orders, bidders shall guarantee their prices for a minimum of one (1) year from proposal award exclusive of itemized shipping costs. District reserves the right to purchase additional items at any point during the three (3) year product availability guarantee.
- G. EXCEPTIONS:**
1. Proposals shall note any and all exceptions to the specifications and/or the terms and conditions that are contained herein.
 2. All exceptions to the proposal must be stated in writing on the Proposal Form, so that they may be considered. If exceptions are not stated, it will be assumed that the bidder meets all requirements.
- H. DAMAGED GOODS:** Damaged goods shall be replaced by the successful bidder at no cost to the District, whether damage is observed at time of delivery or upon the unpacking of the equipment. District is to notify supplier within 2 weeks of discovery of any damaged or faulty goods. Such notice shall be provided in writing.
- I. TERMS AND CONDITIONS:** Bidders shall be aware of, and agree to abide by, the terms and conditions contained in this Invitation and Proposal.
- J. OPEN MEETING LAW:** The Incline Village General Improvement District shall adhere to NRS 241 which provides that public business shall be conducted in an open meeting.
- K. DISCLOSURE OF PRINCIPALS:** Bidders shall complete and return with their Proposal response, the attached copy of the form titled "Disclosure of Principals."
- L. ACCEPTANCE AND/OR REJECTION OF PROPOSALS:** IVGID agencies shall reserve the right to accept or reject any or all resultant proposal response, or parts thereof, including but not necessarily limited to, alternatives offered. Such acceptance and/or rejection shall be based solely on the considered value of such offers to the District.

SECTION 3 PROPOSAL EVALUATION CHECKLIST

- A.** Proposals shall be reviewed for responsiveness by District staff on the following parameters:
- Proposal conditions met
 - Conformance to the Specifications
 - Unit Pricing – 1-Year Guarantee
 - Additional Quantities – 3-Year Availability Guarantee
 - Warranty
 - Defined Exceptions
 - Environmental and Social Responsibility

SECTION 4 – SNOWBOARD EQUIPMENT TECHNICAL SPECIFICATIONS:

A. GENERAL INFORMATION

- All proposals will be evaluated by District Staff for responsiveness in accordance with the Proposal Evaluation Checklist included in Section 3. Following this evaluation, District Staff will make a recommendation to the IVGID Board of Trustees at its next regularly scheduled Board Meeting to award a procurement contract to the lowest responsive bidder.
- Products that feature one or more of the following environmentally friendly materials and socially responsible manufacturing processes will be given priority in the bid selection process:
 - FSC (Forest Stewardship Council) Certified sustainable wood cores.
 - Recycled content sidewalls or core materials.
 - Low VOC resins and/or glues.
 - Alternative inks, printing and/or laminating processes.
 - Factory wax without chlorofluorocarbon chemicals (PFCs or PFOAs)
 - End of use recycling or take-back program.
 - Fair Trade Certified or other independent fair labor assessment of manufacturing facilities.
 - Manufacturing facilities are powered by renewable energy.
 - Zero waste program at manufacturing facilities.
 - Hazardous waste management program at manufacturing facilities.
 - Product and/or manufacturing emissions are offset with carbon credits.

SECTION 5 - PRODUCT WARRANTY

- A. General:** All warranty offerings from the manufacturer shall cover the quality of labor, workmanship and materials that go into the combination of components that make up the rental snowboards, bindings and boots equipment. Warranty conditions and limitations considered standard in this equipment's manufacturing industry are acceptable.

As a condition of product final acceptance, all warranties offered from all manufacturers shall be available in written form and be included, properly filled out, with the merchandise when delivered. All warranties shall be directly from the appropriate manufacturer of that portion of the merchandise, and not modified or backed by a subsequent manufacturer who performed work on the merchandise at a later stage in the manufacturing process.

- B. Basic Warranty:** Total shall be covered for materials and workmanship for a minimum of one (1) year from the date of the Buyer's first use.

All warranty work required during the operating season shall be completed in a time period not to exceed two (2) weeks. All warranty work stated above shall be at no cost to IVGID, including materials, labor, travel time, and travel expense and/or equipment transportation.

SECTION 6 PROPOSAL FORM

Multiple bids may be submitted based on Bidder's proposed equipment, and must be provided separately, using additional copies of this Form.

The undersigned vendor shall provide new rental snowboard equipment for the Diamond Peak Ski Resort meeting the attached specifications.

A price should be stated in both numbers and in words in the spaces provided on this form.

Proposals returned on a form other than this one will **not** be accepted.

Description	Unit	Est. Qty.	Unit Price	Total Price
Adult Snowboards, Size 130cm to 163cm	Ea.	185	\$ 186.55	\$ 34,511.75
Junior Snowboards, Size 80cm to 125cm	Ea.	135	\$ 141.05	\$ 19,041.75
Adult Snowboard Boot, Size 6 to 15	Pair	500	\$ 118.30	\$ 59,150.00
Junior Snowboard Boot, Size 10c to 3k	Pair	115	\$ 63.70	\$ 7,325.50
Adult Snowboard Bindings	Pair	325	\$ 136.50	\$ 44,362.50
Junior Snowboard Bindings	Pair	50 ^{40 units} 10 units	\$ 11c-3k - \$136.50 10c - \$63.70	\$ 6,097.00
Total Price in Numbers:	\$ 170,488.50			
Total Price in Words:	One Hundred Seventy Thousand Four Hundred Eighty Eight Dollars & Fifty Cents			

Bidder can meet the required November 1, 2022 delivery date: Yes No

If "No," what delivery date does Bidder propose: _____

Exceptions (attached additional pages if necessary): Exception to Section 2, Paragraph C.2. - Burton and all purchase orders associated with this proposal are exempt from Section 2, Paragraph C.2. Liquidated Damages.

Reason: The current Global Supply Chain contains too many challenging obstacles outside of Burton's control, making it not reasonable to offer a guaranteed delivery date.

List any additional merchandise or options that may be included with this purchase at no additional cost to IVGID dba Diamond Peak Ski Resort:


Lowstack II Binding Parts Kit, Boot Inner Lace lock Kit,

REFERENCES

A list of references for a minimum of three (3) ski resorts in the last five (5) years supplied with a snowboard rental fleet of an equivalent contract size and scope to that requested in this request for proposals.

Contact Name & Phone Number	Description of Items	Contract Value	Date Complete
Ben Stranger Mammoth Mountain 760-914-0879	Men's Radius Snowboard	\$ 161,510	January 2022
	Progression Lowstack II Binding		
	Progression BOA Boot		
	Kid's Radius Snowboard		
Mathew Joyce Palisades Tahoe 530-448-1408	Men's Radius Snowboard	\$ 312,000	January 2022
	Men's LTR Snowboard		
	Progression Lowstack II Binding		
	Progression BOA Snowboard Boot		
Max Gaal - Boreal Woodward Soda Springs 650-520-7428	Men's Radius Snowboard	\$ 255,000	January 2022
	Men's LTR Snowboard		
	Progression Lowstack II Binding		
	Progression BOA Snowboard Boot		

Firm Name: Burton Snowboards

Signature of Bidder: Brad Fisher 

Date: January 18th, 2022

Phone # (310)-339-2718

Title: Sr. Area Manager Burton Snowboards

Email: bradf@burton.com

SECTION 7 DISCLOSURE OF PRINCIPALS

PRINT OR TYPE:

Firm Name: Burton Snowboards

Address: 180 Queen City Park Rd

City, St, Zip: Burlington, VT, 05401

Date Business Started: December 1977

Principal Address of Company: 180 Queen City Park Rd, Burlington, VT, 05401

NAMES OF OFFICERS, MEMBERS, OR OWNERS OF CONCERN, PARTNERSHIP

Name: John Lacy Official Capacity: CEO Burton Snowboards

Address: 180 Queen City Park Rd, Burlington, VT, 05401

Name: Pierre Ricard Official Capacity: GM & VP Sales and Marketing - Americas
Burton Snowboards

Address: 180 Queen City Park Rd, Burlington, VT, 05401

Name: Josh Fisher Official Capacity: Territory Business Director - Western US
Burton Snowboards

Address: 180 Queen City Park Rd, Burlington, VT, 05401

SECTION 8 – Snowboard Equipment Technical Specifications

1. GENERAL INFORMATION

- Provide a training program to train Diamond Peak staff on use and application of equipment for both Adults and Juniors.
- Products may not include graphics which discriminate on the basis of an individual's race, color, religion, sex, nation origin, height weight, marital status, political belief, genetic information, disability, and/or handicap. Graphics shall not be sexual or profane in nature.
- Adult and Junior specific snowboard and snowboard bindings available.
- Unisex and Junior specific snowboard boots available.
- An Integrated bar code system on snowboards and boots shall be available.
- Snowboard and binding configuration shall be of a low profile design to fit into an existing Wintersteiger snowboard rack with a total height allowance of 3.25-inches (binding attached to the snowboard). Removal of bindings for storage in the existing snowboard rack is not acceptable.
- Shall include a color coordinated snowboard boot and binding sizing system.

2. EQUIPMENT

a. Snowboards:

- All snowboards shall be a symmetrical beginner specific model/type.
- All snowboards shall include an integrated stomp pad.

b. Snowboard Bindings:

- Shall include a high back binding with tool free forward lean adjustment (i.e. not step in design).
- Shall be a disk mounted binding system
- Shall include ratchet strap adjustment system

- ☑ Shall include a tool-free binding adjustment. An ability to change binding size, angle and stance without the use of any tools.
- ☑ Shall include Junior specific bindings. Junior bindings shall meet same storage height requirements and shall not exceed the total height allowance of 3.25-inches.
- ☑ Shall include a color coordinated boot and binding sizing system.

c. Snowboard Boots:

- ☑ Shall include a color coordinated boot and binding sizing system.
- ☑ Shall include a laced inner boot
- ☑ Shall include a laced outer boot
- ☑ Shall include a factory integrated barcode on each pair of boots
- ☑ Shall include the size of the boot easily identifiable on boot exterior
- ☑ Shall include metal hook eyelets on top part of the lacing on the outer boot.

3. ESTIMATED QUANTITIES

a. Snowboards:

185 Adult Snowboards:

26 = 130cm	26 = 135cm	26 = 140cm	26 = 144cm
26 = 150cm	26 = 155cm	22 = 160cm	7 = 164cm

135 Junior Snowboards:

15 = 80cm	20 = 90cm	25 = 100cm	25 = 110cm
25 = 120cm	25 = 125cm		

b. Snowboard Boots:

500 Pairs of Adult Boots, Unisex Sizes:

4 = 25 pairs	5 = 30 pairs	6 = 45 pairs	7 = 65 pairs
8 = 75 pairs	9 = 85 pairs	10 = 75 pairs	11 = 52 pairs
12 = 30 pairs	13 = 10 pairs	14 = 5 pairs	15 = 3 pairs

115 Pairs of Junior Boots:

10c = 10 pairs	11c = 10 pairs	12c = 10 pairs	13c = 10 pairs
1 = 25 pairs	2 = 25 pairs	3 = 25 pairs	

c. Snowboard bindings:

325 Pairs of Adult Bindings:

Large bindings, accommodating boot sizes 11-15 = 65 pairs

Medium bindings, accommodating boot sizes 7-10 = 130 pairs

Small bindings, accommodating boot sizes 4-6 = 130 pairs

50 Pairs Junior Bindings:

X-Small bindings, accommodating boot sizes 10c - 3 = 50 pairs

END OF PROPOSAL DOCUMENT

Burton Snowboards – Americas
180 Queen City Park Rd.
Burlington, VT 05401

Resorts - Rental Product

Diamond Peak Snowboard Rental Equipment Bid – January 18, 2022

3 Year Additional Quantities Guarantee:

At Once Purchase Orders

For the following 3 years, at any point in the year, Diamond Peak/IGVID can place at once orders for additional equipment, based on equipment availability, for immediate delivery. Diamond Peak/IGVID will have access to all Burton dealer inventory in order to fulfil additional equipment needs.

Preseason Purchase Orders

For the following 3 years, Burton guarantees Diamond Peak/IGVID the opportunity to pre-order for the following season additional equipment in the same style in unlimited quantities during the Preseason period(December 1st -April 1st) for delivery the following November 1st.

Attachment B:
Capital Improvement Projects - Report FY2021/22

ATTACHMENT A CAPITAL PROJECTS - CAPITAL ASSETS												
Incline Village General Improvement District		Capital Improvement Projects Report to the Board of Trustees					FY2021/22 CP Status Report for the Quarter Ending December 31, 2021					
DESCRIPTION	PROJECT #	FY2021/22	Estimated	FY2021/22	Prior Year	Projects	Adjustments	Reallocation	FY2021/22	Fiscal Year	Variance	Status
		Original Budget	Carry Forward	Adopted Budget	Carry Forward				Cancelled	Adjusted Budget		
Diamond Peak Ski Resort:												
Base Lodge Walk In Cooler and Food Prep Reconfiguration	3435ED1820	-	-	-	40,000	-	-	-	40,000	-	40,000	Delayed
Crystal Express Ski Lift Maintenance and Improvements	3402HE1908	49,000	-	49,000	-	-	-	-	49,000	-	49,000	In Progress
Lakeview Ski Lift Maintenance and Improvements	3402HE1902	75,000	-	75,000	-	-	-	-	75,000	27,600	47,400	In Progress
Lungwilde Ski Lift Maintenance and Improvements	3402HE1711	55,000	-	55,000	-	-	100,000	-	155,000	70,146	84,854	In Progress
Leader Tire Chairs (1-5air)	3405HE1722	9,750	-	9,750	-	-	-	-	9,750	-	9,750	In Progress
2002 Caspian 550G Loader #534	3405HE1723	265,000	-	265,000	-	-	-	-	265,000	-	265,000	In Progress
Replacement of 2011 Grooming Vehicle # 645	3405HE1729	400,000	-	400,000	-	-	-	-	400,000	-	400,000	In Progress
Ski Resort Snowmobile Fleet Replacement	3404LE1601	16,500	-	16,500	-	-	-	-	16,500	-	16,500	In Progress
Snowflot #304A	3404LE1720	19,000	-	19,000	-	-	-	-	19,000	-	19,000	In Progress
2014 Yamaha ATV #035	3404LE1720	19,000	-	19,000	-	-	-	-	19,000	17,895	1,105	Completed
2013 Yamaha Rhino (ATV) #074	3404LE1720	19,000	-	19,000	-	-	-	-	19,000	17,525	1,475	Completed
Snowmaking Infrastructure Replacement	3404SI1002	160,000	-	160,000	-	-	-	-	160,000	154,159	5,841	In Progress
Replace Child Ski Center Surface Lift	3407LE1703	75,000	-	75,000	-	-	-	-	75,000	-	75,000	In Progress
Replace Ski Rental Equipment	3405RE0302	-	-	-	514,840	-	-	-	514,840	-	514,840	In Progress
Replace Ski Lodge Facility Equipment	3405ED2101	115,000	-	115,000	-	-	-	-	115,000	-	115,000	In Progress
Ski Way and Diamond Peak Parking Lot Reconstruction	3405LI1635	-	-	-	500,000	-	-	-	500,000	-	500,000	Delayed
Ski Services Administration Printer Copier	3405OE1502	10,000	-	10,000	-	-	-	-	10,000	-	10,000	In Progress
Total Diamond Peak		\$ 1,288,250	\$ -	\$ 1,268,250	\$ 1,054,840	\$ -	\$ 100,000	\$ -	\$ 2,423,090	\$ 287,326	\$ 2,135,764	



Project Summary

Project Number:	3468RE0002
Title:	Replace Ski Rental Equipment
Project Type:	G - Equipment & Software
Division:	68 - Rental & Repair
Budget Year:	2021
Finance Option:	
Asset Type:	RE - Rental Equipment
Active:	Yes

Project Description				
The District owns and maintains a fleet of 1,365 skis and bindings (ranging in size from 70cm to 188cm), 1,550 ski boots, 330 snowboards, and 400 snowboard boots in its rental shop. The rental shop equipment replacement purchases are part of a comprehensive program to maintain a functional and reliable rental fleet at Diamond Peak. This ongoing program replaces rental equipment on a four year cycle and is vital to ensuring a safe and enjoyable experience for the guests at Diamond Peak that utilize the rental shop.				
Project Internal Staff				
Project Justification				
The general purpose of this project is to improve our facilities through required maintenance and replacement improvements that directly or indirectly reflect on our guest's experience. This project is designed to maintain the value of the Diamond Peak Ski Resort asset and customer service.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2021				
Snowboard equipment	200,000	0	200,000	
Year Total	200,000	0	200,000	
2024				
Adult / Child skis, bindings and boots	360,000	0	360,000	
Year Total	360,000	0	360,000	
2025				
Snowboard equipment	210,000	0	210,000	
Year Total	210,000	0	210,000	
2028				
Adult / Child skis, bindings and boots	380,000	0	380,000	
Year Total	380,000	0	380,000	
2029				
Snowboard equipment	240,000	0	240,000	
Year Total	240,000	0	240,000	
	1,390,000	0	1,390,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2016	Jul 1, 2020	Dec 1, 2020	Director of Skier Services	

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winquest
District General Manager

FROM: Brad Underwood, P.E.
Director of Public Works

SUBJECT: Review, discuss, and possibly approve agreement amendments for the Design and CMAR team vendors for the Effluent Pipeline and Pond Lining Project - Fund: Utilities; Division: Sewer; Vendor: Jacobs Engineering (scope only, no cost) and Granite Construction Company, in the amount of \$40,526.

STRATEGIC PLAN: Long Range Principle 5 – Assets and Infrastructure

DATE: March 9, 2022

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Award a contract agreement amendment for Effluent Pond Lining Project – 2599SS2010 - Fund: Utilities; Division: Sewer; Vendor: Jacobs Engineering Group Inc. (Jacobs). The request is for a change in scope only; no change in contract fees.
2. Award a contract agreement amendment for Effluent Pond Lining Project – 2524SS1010 and for Effluent Pipeline Replacement Project – 2524SS2010 - Fund: Utilities; Division: Sewer; Vendor: Granite Construction Company (Granite), in the amount of \$40,526.
3. Authorize Staff to approve the Amendments.

II. DISTRICT STRATEGIC PLAN

Long Range Principle 5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation venues, facilities and services.

- Maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.

- Maintain, procure, and construct District assets to ensure safe and accessible operations for the public and the District's workforce.

III. **BACKGROUND**

The Board approved design contracts for HDR and Jacobs in June 2021. Since then the team of IVGID PW Staff, Granite Construction, HDR, Jacobs and other Agency partners have been working on each project with initial expectation of starting pond lining construction in summer 2022. However, as described in the recent March 1, 2022 memorandum, the pond lining project was advanced to 60% design. Nevada Division of Water Resources (DWR) reviewed the design and notified the project team that structural and hydraulic engineering analyses would be required as part of an Approval of Dam Plans application process.

The pond lining project is necessary to meet the permit requirements from the Nevada Division of Environmental Protection (NDEP) for permanent storage of effluent in an emergency situation. The lining of Pond 2 has been viewed as integral with the effluent export pipeline (EEP) project as it would store up to 6 million gallons (MG) of effluent. This amount of storage allows work on the EEP replacement to occur for up to four consecutive days, providing more efficiencies for construction activity to take place.

The original agreements with Jacobs and Granite did not include allowance for a detailed investigation and evaluation of several storage options and configurations for temporary and/or permanent storage of the effluent water. The Jacobs agreement was for the permanent lining design of Pond 2. The Granite Construction agreement combined CMAR tasks for both the pond lining and the pipeline replacement projects.

The project team has completed preliminary design analyses for alternative permanent effluent storage options, as presented at the March 1, 2022 Board meeting.

The project team recommends that three of the preliminary options for effluent storage facilities should be progressed to a design level of 30%. This represents appropriate due diligence to analyze the technical, construction, and regulatory elements and risks. These three selected options are:

1. Permanent HDPE liner system in Pond 1
2. 2-MG welded steel tank
3. 2-MG pre-stressed concrete tank

The following are summaries of the scope and cost changes for the amendments to the Jacobs and Granite agreements:

Jacobs Engineering:

The proposed Jacobs agreement amendment includes allowance for:

1. 30% design exhibits for permanent options (three separate exhibits)
2. Technical Memorandum summarizing each alternative, risk analysis, construction cost comparisons
3. Engineer's Estimate (three separate estimates)

A budget of \$26,200 is proposed for Jacobs services for these amended/additional tasks. However, this is a no cost amendment as the \$26,200 will utilize the amount currently remaining from ASA 2.

Granite Construction Company:

As noted above, the Granite agreement covers both the pond lining project and the pipeline replacement project. Therefore, the proposed agreement amendment includes additional tasks that span each individual project. The proposed Granite agreement amendment includes allowance for:

1. Develop New Engineers Estimate (Pipeline) – Granite completed the cost estimate and construction schedule in the Fall of 2021 based upon the preliminary design plans from 2012. Granite will need to complete this task again upon delivery of the 30% design drawings from HDR. Additional contract amount for this item is \$14,294.
2. Pond #2 Temporary Storage (Pipeline) – This is a new task to further evaluate the use of Pond #2 in support of EEP construction efforts. Additional contract amount for this item is \$8,804.
3. Trenchless Technology Evaluations (Pipeline) While assessment of alternative technologies is within the original scope, efforts on other items within Task 3 required additional effort utilizing the budget. Additional contract amount for this item is \$6,302.
4. Pond #1 Design Options (Effluent Storage) – This is a new task to further evaluate three design options for permanent effluent storage at Pond #1. Additional contract amount for this item is \$11,126.

A total contract amendment with Granite of \$40,526.00 is proposed for these amended/additional tasks.

Review, discuss, and possibly approve agreement amendments for the CMAR and Design team vendors for the Effluent Pipeline and Pond Lining Project - Fund: Water; Division: Supply & Distribution; Vendor: Jacobs (Scope only, no cost) and Granite Construction Company in the amount of \$45,000

IV. BID RESULTS

There are no bid results associated with this item.

V. FINANCIAL IMPACT AND BUDGET

Funding exists within the FY 2021-22 CIP Budget for the Effluent Pond Lining Project 2599SS2010 (see attached data sheet) in the amount of \$1,550,000 and for the Effluent Pipeline Project 2524SS1010 (see attached data sheet) in the amount of \$2,000,000.

Following is a summary of the Jacobs contract amounts, associated with the Effluent Pond Lining Project, upon approval of Amendment 4:

Contract	Amount	Total Amount
Original	\$36,000	\$36,000
ASA 1 (Scope Change)	\$0	\$36,000
ASA 2	\$425,339 *	\$461,339
Amendment 3	\$18,800 **	\$480,139
Amendment 4	\$0 ***	\$480,139

- * A \$40,000 contingency was authorized by the Board with ASA 2
- ** The amount of contingency remaining with the approval of Amendment 3 is \$21,200.
- *** This is a scope change reallocating \$26,200 of the amount currently remaining from ASA 2.

Following is a summary of the Granite contract amounts, associated with the Effluent Pond Lining Project and the Effluent Pipeline Project, upon approval of ASA 1:

Contract	Amount	Total Amount
Original	\$369,218	\$369,218
Amendment 1	\$40,526	\$409,744

IVGID Engineering Staff time will also be billed to the project to manage the design development phase of the project(s).

VI. ALTERNATIVES

There is no viable alternative for this item.

Review, discuss, and possibly approve agreement amendments for the CMAR and Design team vendors for the Effluent Pipeline and Pond Lining Project - Fund: Water; Division: Supply & Distribution; Vendor: Jacobs (Scope only, no cost) and Granite Construction Company in the amount of \$45,000

-5-

March 9, 2022

VII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachments:

- Draft Amendment 4 – Jacobs
- Draft Amendment 1 - Granite
- CIP Data Sheet – Effluent Pond Lining Project
- CIP Data Sheet – Effluent Pipeline Project

**AMENDMENT NO. 4 (DRAFT)
TO SHORT FORM AGREEMENT DATED JUNE 9, 2021
BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
JACOBS ENGINEERING GROUP, INC.**

This Amendment No. 4 to the Short Form Agreement dated June 9, 2021 (“Amendment”) is made and entered into as of this (Date), by and between the Incline Village General Improvement District (“District”) and Jacobs Engineering Group, Inc. (“Consultant”). District and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals

- A. **Original Agreement.** The Parties have entered into an agreement for Effluent Pond Lining Final Design dated June 9, 2021 and as amended by previous instruments dated July 14, 2021 and September 3, 2021 (“Original Agreement”), which is incorporated herein by reference as if fully set forth herein, for the purpose of District retaining Consultant to provide the Services set forth therein.
- B. **Amendment Purpose.** District and Consultant wish to amend the Original Agreement to provide a preliminary effluent storage alternative analysis.
- C. **Amendment Authority.** This Amendment is authorized pursuant to Section 5 of the Original Agreement.

Amendment

Now therefore, the Parties hereby modify the Original Agreement as follows:

- 1. **Definitions.** All capitalized terms used in this Amendment not defined in this Amendment shall have the same meaning as set forth in the Original Agreement if defined in the Original Agreement.
- 2. **Additional Work** is more fully described in the attached, Consultant’s “Pond 1 Alternative Analysis,” dated February 24, 2022. Basic services include:
 - a. Three separate 30% design exhibits for permanent options to pond lining alternatives;
 - b. A Technical Memorandum summarizing each alternative, risk analysis and construction cost comparisons;
 - c. Three separate Engineer’s Estimates
- 3. **Payment to Consultant.**
 - a. **Basis and Amount of Compensation for Basic Services.** This Amendment is a change in project scope, only. There will be no additional compensation for these Basic Services.
 - b. Basic Services are included within the contingency from ASA 2.
- 4. **Continuing Effect of Agreement.** All provisions of the Original Agreement otherwise remain in full force and effect and are reaffirmed. From and after the date of this Amendment, whenever the term “Agreement” appears in the Original Agreement, it shall mean the Original Agreement as amended by this Amendment.

5. Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment.
6. Severability. If any portion of this Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

OWNER:
INCLINE VILLAGE G. I. D.
Agreed to:

CONTRACTOR:
Jacobs Engineering Group, Inc.
Agreed to:

By:

 Brad B. Underwood, P. E.
 Director of Public Works

By:


Signature of Authorized Agent

Print or Type Name and Title

Date

Date

Reviewed as to Form:



 Joshua Nelson
 District General Counsel

3/3/2022

Date

If Contractor is a corporation, attach evidence of authority to sign.

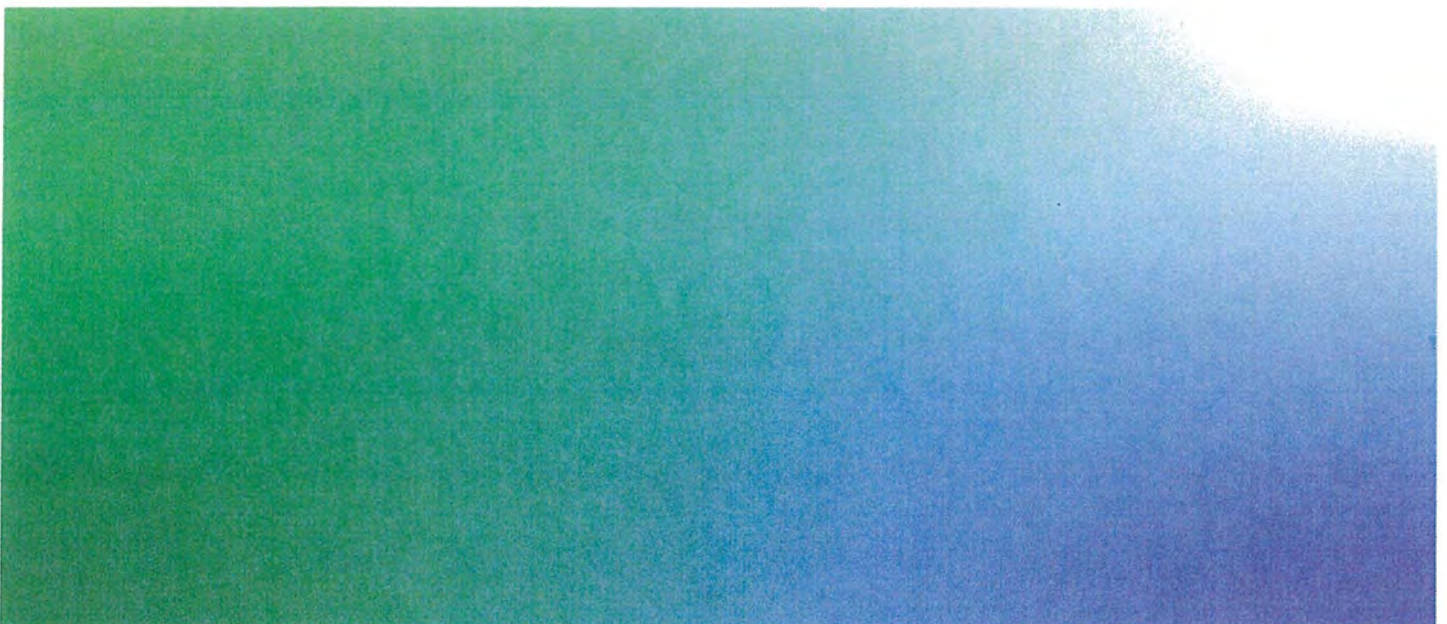
Owner's address for giving notice:
**Incline Village General Improvement
 District, Public Works Department**
 1220 Sweetwater Road
 Incline Village, Nevada 89451
 775-832-1267- Engineering Division

Contractor's address for giving notice:
Jacobs Engineering Group
 50 West Liberty St., Ste. 205
 Reno, Nevada 89501

**Incline Village General Improvement District
Effluent Pond Lining Final Design –**

DRAFT Pond 1 Alternative Analysis

February 24, 2022



Incline Village General Improvement District Effluent Pond Lining Final Design

This is an agreement for professional services between Jacobs Engineering Group Inc. (Jacobs or Engineer) and Incline Village General Improvement District (IVGID or Owner).

Background and Project Need

IVGID owns and operates two existing effluent pond adjacent to the Water Resource Reclamation Facility (WRRF) that is occasionally utilized to temporarily store plant effluent for brief durations. The existing basins have a storage capacity of approximately 2 million gallons (MG) and 15 MG and is presently unlined. Lining of one of the ponds will allow IVGID to actively reincorporate the pond into their wastewater treatment and effluent management practices and comply with current regulations. Additionally, it is likely the effluent pond will be intermittently utilized during required construction improvements to IVGID's effluent export pipeline.

Phase 2 design development revealed HDPE Lining of Pond 2 will require application of Approval for Dam construction with NV DWR and extensive spillway improvements to current design standards and is therefore, not a feasible option.

IVGID has selected Granite Construction (Granite) as the construction manager at-risk (CMAR) to construct the effluent pond lining.

Scope of Professional Services

Engineer will provide the professional engineering services in the three phases:

- Phase 1 - Pond lining alternative analysis
- Phase 2 - Preliminary and final design - Pond 2
- Phase 2A1 - Pond 1 - Preliminary Effluent Storage Alternative Analysis
- **Phase 2A2 - Pond 1 - Effluent Storage Alternative Analysis - 30% Design**
- Phase 2B - Preliminary and final design - Pond 1
- Phase 3 - Engineering services during construction.

This Agreement authorizes time and material services for **Phase 2A2 only**. Engineer shall not perform unauthorized services without written approval by IVGID.

Phase 2A2 – Pond 1 Alternative Analysis – Revised for Review 2/24/22

Engineer will work with CMAR Team to develop Effluent Storage Alternatives to 30% design level for Risk Analysis and Cost Estimation.

Following is a brief project description resulting on findings and outcomes from Phase 1 and Phase 2 to date:

- HDPE Lining of Pond 2 will require application of Approval for Dam construction with NV DWR and extensive spillway improvements to current design standards and is therefore, not a feasible option.
- Four Preliminary options for permanent effluent storage at Pond 1 are being discussed and reviewed by the CMAR Team for final design selection.
- Up to 3 alternatives for effluent storage at Pond 1 will be developed to a 30% design level for risk analysis and cost estimation.
- IVGID and CMAR Team will select 1 alternative to develop to final design for construction under a future amendment.
- National Environmental Policy Act (NEPA) documentation is required for U.S. Army Corps of Engineers (USACE) funding and will be completed by others.

Task 1: Design Alternatives Analysis - COMPLETE

Engineer will work with CMAR Team to develop Effluent Storage Alternatives to preliminary design level for Cost Estimation. Engineer will prepare draft technical memorandum to present the alternative analysis results and will present preliminary findings to IVGID Board of Directors at March 1 board meeting.

Initial Effluent Storage Alternatives:

- HDPE Liner System
- Reinforced Concrete Basin
- Welded Steel Storage Tank
- Prestressed Concrete Storage Tank

Assumptions

- Initial exhibits for 4 Alternatives and estimates will be presented to IVGID Board at March 1 Board meeting.

Deliverables

Engineer will prepare and submit the following:

- Draft TM, Estimates, and PowerPoint Presentation for IVGID Board Meeting

Task	Budget
Task 1: Pond 1 Preliminary Effluent Storage Alternatives Analysis	\$18,800
Total	\$18,800

Task 2: Effluent Storage Alternatives Analysis – 30% Design

Engineer will work with CMAR Team to develop Effluent Storage Alternatives (up to 3) to 30% design level for Risk Analysis and Cost Estimation. Engineer will refine and finalize the draft technical memorandum from Phase 2A1 with final recommendation for consideration by IVGID Staff and Board. Engineer will continue to communicate with NV DWR and will provide 30% Design Exhibits and TM for review and clarification of application requirements in Final Design Phase.

Effluent Storage Alternatives for Consideration:

- HDPE Liner System
- Welded Steel Storage Tank
- Prestressed Concrete Storage Tank

Assumptions

- Selected alternative design (3 total) will be progressed to 30% design level
- Jacobs Internal Discipline Quality Control (QC) review will be completed prior to Client deliverable.
- Engineer will prepare and deliver 30% Design Exhibits in pdf format.
- CMAR Team will collaborate and develop Risk Analysis for alternative comparison.
- Granite will be involved in throughout the design process for constructability review and value engineering.
- Engineer will provide quantities for use in Opinion of Probable Construction Cost developed by Granite Construction as well as Engineer’s Estimate developed by Jacobs.
- Engineer will provide up to 15 hours of coordination and correspondence with NV DWR for review and consideration of presented alternatives.

Deliverables

Engineer will prepare and submit the following:

- 30% Design Exhibit for each Alternative
- Final Technical Memorandum summarizing each alternative, risk analysis, and project cost comparison.
- Engineer’s Estimate for each Alternative

Task	Budget
Task 2: Pond 1 Effluent Storage Alternatives Analysis - 30% Design	\$26,200
Total	\$26,200

Compensation

Compensation by IVGID to Engineer will be as follows:

Cost Reimbursable Per Diem (Time and Expense)

For services defined in this Task Order, at the Per Diem Rates referenced below, plus Direct Expenses, plus a service charge of 10 percent of Direct Expenses and 10 percent of subcontracts and outside services, plus applicable sales, use, value added, business transfer, gross receipts, or other similar taxes.

Per Diem Rates

Per Diem Rates are those hourly rates charged for work performed on the Project by Engineer's employees of the indicated classifications. These rates are subject to revision for other projects and annual calendar year adjustments; include all allowances for salary, overheads, and fees; but do not include allowances for Direct Expenses, subcontracts, and outside services.

Direct Expenses

Direct Expenses are those necessary costs and charges incurred for the Project including, but not limited to: (1) the direct costs of transportation, meals and lodging, mail, and supplies; (2) Engineer's current standard rate charges for reproduction services; and (3) Engineer's standard project charges for special health and safety requirements of OSHA.

Renegotiation of Compensation

The estimate is based on the assumptions listed in this Agreement and timely completion of the Project. Engineer is not obligated to incur costs beyond the indicated budgets, as may be adjusted, and Owner is not obligated to pay Engineer beyond these limits. If the Project progresses under different conditions than the assumptions listed in this Agreement or if project timing deviates from the assumed schedule for causes beyond Engineer's control, Engineer reserves the right to request renegotiation of those portions of the fee affected by the time change.

It is agreed that the Engineer cannot be responsible for delays occasioned by factors beyond Engineer's control, or factors which would not reasonably have been foreseen at the time this Agreement was executed.

Invoicing

Amount invoiced each month will be based on time and expenses expended to date. Invoices shall be accompanied by a listing of charges that make up the invoice total, including employee names, billing rates, and hours of project staff, plus direct expenses.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby.

OWNER:

ENGINEER:

**INCLINE VILLAGE GENERAL
IMPROVEMENT DISTRICT**

Jacobs Engineering Group Inc.

Agreed to:

Agreed to:

By:

By:

Date: _____, 2022

Date: _____, 2022

Address for Giving Notice:

Address for Giving Notice:

**INCLINE VILLAGE G.I.D.
893 Southwood Boulevard
Incline Village, Nevada 89451**

**Jacobs Engineering Group Inc.
50 West Liberty Street, Suite 205
Reno NV 89501**

**AMENDMENT NO. 1 (DRAFT)
TO CMAR PRE-CONSTRUCTION SERVICES AGREEMENT
DATED JANUARY 29, 2021 BETWEEN
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
AND
GRANITE CONSTRUCTION COMPANY**

This Amendment No. 1 to the CMAR Pre-Construction Services Agreement dated January 29, 2021 (“Amendment”) is made and entered into as of this (Date), by and between the Incline Village General Improvement District (“District”) and Granite Construction Company (“Consultant”). District and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

Recitals

- A. **Original Agreement.** The Parties have entered into an agreement for CMAR Pre-Construction Services on January 29, 2021 (“Original Agreement”), which is incorporated herein by reference as if fully set forth herein, for the purpose of District retaining Consultant to provide the Services set forth therein.
- B. **Amendment Purpose.** District and Consultant wish to amend the Original Agreement to provide additional work on both the District's Effluent Export Pipeline and Pond Lining projects.
- C. **Amendment Authority.** This Amendment is authorized pursuant to Section 5 of the Original Agreement.

Amendment

Now therefore, the Parties hereby modify the Original Agreement as follows:

- 1. **Definitions.** All capitalized terms used in this Amendment not defined in this Amendment shall have the same meaning as set forth in the Original Agreement if defined in the Original Agreement.
- 2. **Additional Work** is more fully described in Attachment A, Consultant’s Schedule of Manhours and Prices, dated January 31, 2022, basically consisting of:
 - a. Developing a new Engineer’s Estimate for the Effluent Export Project (EEP);
 - b. Evaluation of Pond 2 for temporary EEP storage;
 - c. Additional work required for the evaluation of trenchless technologies as part of the EEP;
 - d. Further evaluation of three design options for permanent storage at Pond 1.
- 3. **Payment to Consultant.**
 - a. "Reimbursable Expenses" shall mean the actual expenses incurred directly or indirectly in connection with the Project, including, but not limited to subconsultants or subconsultant costs, transportation and subsistence incidental thereto, obtaining bids or proposals from Consultant(s), toll telephone calls, express mail and telegrams, reproduction of Reports, Drawings, Specifications, Bidding Documents, and similar Project-related items in addition to those required under Section 1. In addition, Reimbursable Expenses will also include expenses incurred for main frame computer time and other highly specialized equipment, including photographic production.

- b. Basis and Amount of Compensation for Basic Services. Compensation shall be as indicated in Attachment A, with a total not to exceed amount of **Forty Thousand Five Hundred Twenty-Six Dollars (\$40,526.00)**, to be billed on a time and materials basis, as indicated in Attachment A. In no event shall compensation for any Activity identified in Attachment A exceed the amount set forth in the attachment.
- 4. Continuing Effect of Agreement. All provisions of the Original Agreement otherwise remain in full force and effect and are reaffirmed. From and after the date of this Amendment, whenever the term "Agreement" appears in the Original Agreement, it shall mean the Original Agreement as amended by this Amendment.
- 5. Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment.
- 6. Severability. If any portion of this Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

OWNER:
INCLINE VILLAGE G. I. D.
Agreed to:

CONTRACTOR:
Granite Construction Company
Agreed to:

By: _____
 Brad B. Underwood, P. E.
 Director of Public Works


Date

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

Reviewed as to Form:



 Joshua Nelson
 District General Counsel
 3/3/2022

Date

If Contractor is a corporation, attach evidence of authority to sign.

Owner's address for giving notice:
**Incline Village General Improvement
 District, Public Works Department**
 1220 Sweetwater Road
 Incline Village, Nevada 89451
 775-832-1267- Engineering Division

Contractor's address for giving notice:
Granite Construction Company
 1900 Glendale Avenue
 Sparks, Nevada 89431
 775-352-1902

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SCHEDULE OF MANHOURS AND PRICES
CMAR Preconstruction Services - Amendment # 1

	\$158	\$169	\$129	\$184	\$129				
	John O'Day	Donavin Greenwell	Ryan Floyd	Keith Oxner	Kirk McIntosh				
Description	Project Manager	Superintendent	Scheduler/Estimator	Tech Expert	Estimator	Task Hours	Task Cost	Other Direct Costs	ODC Explanations
Task									
Engineers Estimate									
	2	2	2	0	2	8	\$1,170		
Review 30%	0	0	8	0	8	16	\$2,064		
Estimate & Schedule	8	0	16	0	16	40	\$5,392		
Review 30%	6	4	8	0	8	26	\$3,688		
Review 30%	2	0	2	0	2	6	\$832		
Provide Comments	4	0	4	0	0	8	\$1,148		
Item # 2 Temp Storage									
Access Pond # 2	4	0	4	0	4	12	\$1,664		
Material Pricing	0	0	0	0	12	12	\$1,548		
Pond # 2	0	0	0	0	24	24	\$3,096		
Pond # 2	6	0	6	0	6	18	\$2,496	\$0	DESIGN
Technology Evaluation									
Meetings	6	0	6	6	0	18	\$2,826		
Plans	2	0	0	0	0	2	\$316		
Savings Analysis	4	0	0	0	0	4	\$632		
Cost Estimate	12	0	0	0	0	12	\$1,896		
Estimate To HDR	4	0	0	0	0	4	\$632		
Design Options									
Designs	4	0	4	0	4	12	\$1,664		
Design Options	0	0	4	0	0	4	\$516		
Supplier Quotes	0	0	0	0	4	4	\$516		
Estim & Schedul (4)	0	0	32	0	0	32	\$4,128		
Options (4)	6	0	12	0	6	24	\$3,270		
Estimate To Jacobs	0	0	8	0	0	8	\$1,032		
	70	6	116	6	96	294	\$40,526	\$0	
Total Labor	70	6	116	6	96	294	\$40,526	\$0	
	\$11,060	\$1,014	\$14,964	\$1,104	\$12,384		\$40,526		
								\$0	

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Project Summary

Project Number:	2599SS2010
Title:	Effluent Pond Lining Project
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2022
Finance Options:	
Asset Type:	SS - Sewer System
Active:	No

Project Description				
Line the 2.4 million gallon effluent storage pond at the Water Resource Recovery Facility (WRRF) with reinforced concrete or the combination of concrete and shotcrete lining as recommended in the WRRF Effluent Storage Alternative Analysis Memorandum, prepared by Jacobs Engineering, dated September 2018.				
Project Internal Staff				
The engineering division will support this project. Outside consultants will be used for design and management. The project will be publicly advertised in accordance with NRS 338.				
Project Justification				
The effluent pond is a 2.4 million gallon effluent storage basin located directly adjacent to the Water Resource Recovery Facility (WRRF). This storage basin was designed to provide automated and passive back-up effluent storage in the event the Plant's 500,000-gallon effluent storage tank fills to capacity. As a condition of IVGID's current operating permit with the Nevada Department of Environmental Protection (NDEP), IVGID is no longer permitted to utilize this storage basin for effluent storage due to it being unlined. Lining the pond will allow IVGID to return the pond into the operating plan with NDEP and provide greater protection to Lake Tahoe.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2022				
Carry Forward from FYE 6.30.2021 from CIP 2524SS1010 Effluent Pipeline Project	1,550,000	0	1,550,000	
Year Total	1,550,000	0	1,550,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2020	Jul 1, 2020	Jun 30, 2023	Engineering Manager	



Project Summary

Project Number:	2524SS1010
Title:	Effluent Pipeline Project
Project Type:	B - Major Projects - Existing Facilities
Division:	24 - Transmission
Budget Year:	2022
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description

The Effluent Pipeline Project will be a multi-year pipe replacement project. The immediate priority is to replace all of the remaining Segment 3 pipeline (12,385 linear feet) and to make immediate repairs to the Segment 2 pipeline (17,314 linear feet) to extend its life and avoid future leaks. The project timeline is to accomplish this over multiple construction seasons. TRPA and NDOT permits typically prohibit SR 28 traffic control delays from July 1 to September 5. This limits construction to May, June and Sept 6 to Oct 15. The replacement of Segment 3 would occur over two construction seasons. Replacing segment 2 would require 3 construction seasons. Repairs to segment 2 could be accomplished with a segment 3 construction phase.

Project Internal Staff

The engineering division will support this project. Outside consultants will be used for design and management. The project will be publicly advertised in accordance with NRS 338.

Project Justification

The District currently owns, operates and maintains a 21-mile pipeline that exports treated wastewater effluent out of the Lake Tahoe Basin. This pipeline was installed in 1970 as part of the regional effort to protect Lake Tahoe's water quality by requiring all wastewater effluent to be exported out of the basin. Within the Tahoe Basin, this pipe is divided into three segments. Segment 1 is the low-pressure supply pipe to the pump station near Sand Harbor. Segment 2 is the welded steel high-pressure discharge pipe exiting the pump station. Segment 3 is the remaining low pressure jointed steel transmission pipeline within the Tahoe Basin running south to Spooner Summit. Segment 4 is the pipe that carries the effluent down the east side of the Carson Range from Spooner Summit to Hwy 395. Segment 5 is the pipeline that extends from HWY 395 to the bank of the Carson River. Segment 6 is the pipeline from the Carson River that delivers the effluent to the IVGID Wetlands Disposal Facility and was installed in 1983. A condition assessment completed on Segments 2 and 3 confirmed pipe deficiencies.

Forecast

Budget Year	Total Expense	Total Revenue	Difference
2022			
Internal Services	100,000	0	100,000
Project Design and Construction Costs	1,900,000	0	1,900,000
Year Total	2,000,000	0	2,000,000
2023			
Internal Services	100,000	0	100,000
Project Design and Construction Costs	1,900,000	0	1,900,000
Year Total	2,000,000	0	2,000,000
2024			
Internal Services	100,000	0	100,000
Project Design and Construction Costs	1,900,000	0	1,900,000
Year Total	2,000,000	0	2,000,000
2025			
Internal Services	100,000	0	100,000
Project Design and Construction Costs	1,900,000	0	1,900,000
Year Total	2,000,000	0	2,000,000
2026			
Internal Services	100,000	0	100,000
Project Design and Construction Costs	1,900,000	0	1,900,000
Year Total	2,000,000	0	2,000,000
	10,000,000	0	10,000,000

Year Identified

Start Date

Est. Completion Date

Manager

Project Partner

2012	Jul 1, 2020	Jun 30, 2025	Engineering Manager	
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MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winquest
District General Manager

FROM: Brad Underwood, P.E.
Director of Public Works

SUBJECT: Review, discuss, and possibly approve a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project – 2299WS1706 - Fund: Utilities; Division: Water; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.00; plus 10% contingency. Washoe County Permit Fees of \$42,500; plus 25% contingency

STRATEGIC PLAN: Long Range Principle 5 – Assets and Infrastructure

DATE: March 9, 2022

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Award a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project – 2299WS1706 - Fund: Water; Division: Supply & Distribution; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.
2. Authorize Staff to pay Washoe County Encroachment/Excavation Permit (E/E Permit, formerly Street Cut Permit) administrative fees and permanent pavement patch restoration costs in the amount of \$42,500.
3. Authorize Staff to execute change orders for additional work not anticipated at this time of approximately 10% of the construction contract value and 25% of the Washoe County Permit fees; up to the amount of \$20,000 (11.3%) and \$10,625, respectively (total contingency of \$30,625).
4. Authorize Chair and Secretary to execute the contract with RaPiD Construction, Inc., based on a review by General Counsel and Staff.

II. DISTRICT STRATEGIC PLAN

Long Range Principle 5 – Assets and Infrastructure – The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation venues, facilities and services.

- Maintain, renew, expand, and enhance District infrastructure to meet the capacity needs and desires of the community for future generations.
- Maintain, procure, and construct District assets to ensure safe and accessible operations for the public and the District's workforce.

III. **BACKGROUND**

This project is a FY 2021-22 Capital Improvement Project, and is a continuation of the multi-year program to replace 1960's-era thin-wall steel watermains and other deficient watermains. This project will replace the watermain in Slott Peak Court, a cul-de-sac on the western end of Lakeshore Boulevard.

Our overall goal is to replace deficient watermains to keep our unaccounted for water loss to under 6% and to avoid costly pavement patch penalties imposed by Washoe County. The original watermains installed in much of Incline Village in the 1960's were thin-walled steel. These pipes are generally requiring regular maintenance and need replacement. Washoe County has high pavement penalty costs for replacing watermains in newly paved streets. Replacing watermains in newly paved streets or streets with excellent pavement condition could increase project costs by up to 50%, due to pavement cut penalties.

Replacement criteria is twofold: Replace watermains with the most leaks, and watermains in streets with aging pavement. Since our water loss is now less than 6%, our main objective is to coordinate with the Washoe County Road Department to replace watermains prior to the County's repaving or rehabilitating the street. We also work closely with the North Lake Tahoe Fire Protection District to determine areas of low fire flow, which may indicate a need for increased capacity in that area. There are approximately 6 miles of old steel watermains remaining in the system. Staff will be re-evaluating the steel watermain replacement program due to the recent increases to the Construction Cost Index (CCI). This work will be completed prior to development of the 5-year CIP for FY 2024.

In accordance with Board Policy 3.1.0., 0.15, Consent Calendar, this item is included on the Consent Calendar as it is routine business of the District and within the currently approved District Budget.

IV. **BID RESULTS**

The District publicly advertised this project for bidding on January 28, 2022 with a bid submittal due date of February 24, 2022, a 4-week bid period. The District advertised the work as required by NRS 338 and posted all construction

Review, discuss, and possibly approve a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project, 2299WS1706, Fund: Utilities; Division: Water; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.00, plus 10% contingency.

-3-

March 9, 2022

documents on PlanetBids. Vendors and contractors on PlanetBids can access all of the District's documents at no cost. The online portal also tracks questions, addenda to the documents, plan holders and interested vendors.

This project was bid with two Schedules: Schedule A is the replacement of watermains in Slott Peak Court, with Schedule B being improvements to the pressure relief valve (PRV) 3-1 in the same area. An Add Alternate was also included in the bid, for permanent pavement restoration to Slott Peak Court and Lakeshore Blvd.

The Add Alternate relates to the permanent pavement restoration that is completed at the end of the project. As part of the County E/E Permit application, the Applicant can opt to perform the pavement restoration with its own contractor or the Applicant can handover to Washoe County to complete as part of the County's own capital work at a later date. In the latter case, the County would then bill IVGID for the work after completion. The volatility of petroleum prices is a consideration when evaluating award of the Add Alternate with this project; this is reflected in the 25% contingency request for the County Permit fee.

Of note at the time of application, the permanent restoration limits are not definitively identified or quantified. Typically, the County specifies a "negotiated reconstruction" as part of the Permit application process that includes the County providing a plan mark-up showing an estimated extent of pavement replacement and/or protective slurry seal coating that will be required by the Applicant (i.e. IVGID); the Add Alternate Bid from RaPiD (\$61,892) is based upon the extents of the negotiated reconstruction scope provided by Washoe County. An additional \$2,150 administrative County Permit fee is applied on top of the Add Alternate cost.

If the Applicant opts to defer permanent pavement restoration to the County as part of the Permit, the associated fee is based on proposed trench dimensions shown on the construction drawings; a reconstruction plan mark-up is not completed or provided. Therefore, the uncertainty around County-performed pavement restoration work is also reflected in the 25% contingency requested for County Permit fees and permanent pavement restoration.

Staff recommends that the permanent pavement restoration work, bid under our Add Alternate schedule, be completed by Washoe County and included in the Permit fees. An additional benefit to the County performing this work is the District will not be responsible for any warranty issues that may arise with the new pavement.

Review, discuss, and possibly approve a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project, 2299WS1706, Fund: Utilities; Division: Water; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.00, plus 10% contingency.

Please note that the final extents of pavement reconstruction will be determined at the time of construction and both the Add Alternate scope and the County scope are subject to increase from estimates included herein.

The District received and opened four (4) responsive bids. The Engineer's Estimate for the base project was \$220,812, inclusive of the permanent pavement restoration/bid alternate. The Engineer's Estimate did not include a contingency. The bid results are as follows.

Contractor	Base Bid, Schedule A	Base Bid, Schedule B	Total Bid, Schedules A & B	<i>Add Alternate Bid</i>	<i>Total Bid w/Alternate</i>
RaPiD Const.	\$165,425	\$11,246	\$176,671	\$61,892	\$238,563
Gerhardt & Berry	\$173,509	\$14,680	\$188,189	\$61,071	\$249,260
F. W. Carson	\$192,887	\$12,095	\$204,982	\$58,344	\$263,326
MKD Construction	\$244,777	\$15,000	\$259,777	\$88,532	\$348,309
Washoe County	n/a	n/a	n/a	\$53,125*	229,796**

* - figure includes \$42,500 Washoe County fee estimate and \$10,625 contingency

** - figure includes RaPiD A&B Schedules and County Bid Alternate

The lowest responsive bidder is RaPiD Construction, Inc. (Attachment A).

District Staff reviewed the bid, available project budget, and checked references for the Contractor. Staff recommends awarding both Schedules A and B to RaPiD Construction, Inc., for a total amount of \$176,671.

If awarded, a Notice to Proceed is expected to be issued on or about April 25, 2022 with work expected to be performed within 35 consecutive business days, between May 2 and June 30, 2022.

V. FINANCIAL IMPACT AND BUDGET

The Slott Peak Watermain Replacement Project (2299WS1706) is included in the FY 2021-22 CIP Budget, with a total project budget of \$280,000 (Attachment B).

The table below presents the estimated cost for the Slott Peak Waterline and PRV 3-1 project budget, based on the bids received:

Review, discuss, and possibly approve a construction contract for the Slott Peak Watermain and PRV 3-1 Improvements Project, 2299WS1706, Fund: Utilities; Division: Water; Vendor: RaPiD Construction, Inc., in the amount of \$176,671.00, plus 10% contingency.

Task	Cost
Design/Internal Staff	\$20,500
Construction by RaPiD Construction, Inc.	\$176,671
Construction Inspection & Testing	\$5,400
Construction Reserves/Contingency	\$20,000
Washoe County Permit Fee	\$53,125
Total	\$275,696
	Remaining Project Budget
	\$275,775***

*** Remaining budget accounts for costs incurred to date inclusive of the previous 2021 design/bid phase and the current 2022 design/bid phase.

Construction reserves are listed at approximately 11% to account for unforeseen conditions during construction such as unknown ground conditions or existing utility conflicts, as an example.

VI. ALTERNATIVES

Not authorize the construction and defer the Slott Peak Waterline and PRV 3-1 Improvements project.

VII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachments:

- A – Construction Contract with RaPiD Construction, Inc.
- B – CIP 2299WS1706 Data Sheet

SECTION 5
AGREEMENT BETWEEN OWNER AND CONTRACTOR
FOR CONSTRUCTION CONTRACT

This Agreement is by and between the **Incline Village General Improvement District** (“Owner” or “IVGID”) and **RaPiD Construction, Inc., a Domestic Corporation** (“Contractor”). This Agreement will be effective on **[TBD]** (which is the Effective Date of the Contract). Terms used in this Agreement have the meanings stated in the General Conditions and the Supplementary Conditions.

Owner and Contractor hereby agree as follows:

ARTICLE 1—WORK

1.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows:

Schedule A, Slott Peak Watermain Improvements: Replace approximately 319 LF (E) water main with 8” DR-14 PVC or Class 350 DIP water main in Washoe Co. ROW. Connect to (E) 8” water main in Washoe Co. ROW. Connect existing domestic service lines. Construct one (1) fire hydrant assembly.

Schedule B, PRV 3-1 Improvements: Replace two (2) 6-inch gate valves, three (3) 3-inch gate valves, and relocation of an existing air release valve in an existing pressure reducing vault located in Washoe County ROW.

The Work also includes: Abandonment of specified lines and valves; traffic control, maintain residential and business driveway access, erosion & sediment controls, pavement restoration, replacement of existing features, including vegetation, concrete, and other utilities removed and/or damaged by construction activity, acquisition of Washoe County street cut permits and all related appurtenances; compliance with County permit conditions and working within Right of Ways in Incline Village, Washoe County, Nevada.

ARTICLE 2—THE PROJECT

2.01 The Project, of which the Work under the Contract Documents is a part, is generally described as follows: **Slott Peak Watermain and PRV 3-1 Improvements**

ARTICLE 3—ENGINEER

3.01 IVGID’s Engineering Division is to act as Owner’s representative, assume all duties and responsibilities of Engineer, and have the rights and authority assigned to Engineer in the Contract.

3.02 The part of the Project that pertains to the Work has been designed by the IVGID Engineering Division.

ARTICLE 4—CONTRACT TIMES

4.01 *Time is of the Essence*

- A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.
- B. The OWNER anticipates issuing the Notice to Proceed on or about **April 25, 2022**.
- C. The Work is to be performed within 35 consecutive business days (Monday – Friday) between **May 2 and June 30, 2022**.
- D. The Work will be substantially complete on or before **June 30, 2022** and completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions on or before **July 22, 2022**.

4.03 *Liquidated Damages*

- A. Contractor and Owner recognize that time is of the essence as stated in Paragraph 4.01 above and that Owner will suffer financial and other losses if the Work is not completed and Milestones not achieved within the Contract Times, as duly modified. The parties also recognize the delays, expense, and difficulties involved in proving, in a legal or arbitration proceeding, the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty):
 - 1. *Substantial Completion*: Contractor shall pay Owner \$1,000 for each day that expires after the time (as duly adjusted pursuant to the Contract) specified above for Substantial Completion, until the Work is substantially complete.
 - 2. *Completion of Remaining Work*: After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times (as duly adjusted pursuant to the Contract) for completion and readiness for final payment, Contractor shall pay Owner \$1,000 for each day that expires after such time until the Work is completed and ready for final payment.
 - 4. Liquidated damages for failing to timely attain Substantial Completion, and final completion are not additive, and will not be imposed concurrently.
- B. If Owner recovers liquidated damages for a delay in completion by Contractor, then such liquidated damages are Owner's sole and exclusive remedy for such delay, and Owner is precluded from recovering any other damages, whether actual, direct, excess, or consequential, for such delay, except for special damages (if any) specified in this Agreement.

ARTICLE 5—CONTRACT PRICE

- 5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents, the amounts that follow, subject to adjustment under the Contract:
 - A. For all Unit Price Work, an amount equal to the sum of the extended prices (established for each separately identified item of Unit Price Work as shown on the Bid Form. The total estimated Contract Price is **One Hundred Seventy-Six Thousand Six Hundred Seventy-One Dollars (\$176,671.00)**.

The extended prices for Unit Price Work set forth as of the Effective Date of the Contract are based on estimated quantities. As provided in Paragraph 13.03 of the General Conditions, estimated quantities are not guaranteed, and determinations of actual quantities and classifications are to be made by Engineer.

ARTICLE 6—PAYMENT PROCEDURES

6.01 *Submittal and Processing of Payments*

- A. Contractor shall submit Applications for Payment in accordance with Article 15 of the General Conditions. Applications for Payment shall be emailed to rlr@ivgid.org and will be processed by Engineer as provided in the General Conditions.

6.02 *Progress Payments; Retainage*

- A. Owner shall make progress payments on the basis of Contractor's Applications for Payment, as recommended by Engineer, on or about the first day of each month during performance of the Work as provided in Paragraph 6.02.A.1 below, provided that such Applications for Payment have been submitted in a timely manner and otherwise meet the requirements of the Contract. All such payments will be measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no Schedule of Values, as provided elsewhere in the Contract.

- 1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract.

- a. Ninety-five percent (95%) of the value of the Work completed (with the balance being retainage).

- 1) If 50 percent or more of the Work has been completed, as determined by Engineer, and if the character and progress of the Work have been satisfactory to Owner and Engineer, then as long as the character and progress of the Work remain satisfactory to Owner and Engineer, there will be no additional retainage.

- b. Upon Substantial Completion, Owner shall pay an amount sufficient to increase total payments to Contractor to ninety-seven and one-half percent (97.5%) of the Work completed, less such amounts set off by Owner pursuant to Paragraph 15.01.E of the General Conditions, and less Engineer's estimate of the value of Work to be completed or corrected as shown on the punch list of items to be completed or corrected prior to final payment.

6.03 *Final Payment*

- A. Upon final completion and acceptance of the Work, and as recommended by Engineer, Owner shall pay the remainder of the Contract Price in accordance with Paragraph 15.06 of the General Conditions.

6.04 *Consent of Surety*

- A. Owner will not make final payment, or return or release retainage at Substantial Completion or any other time, unless Contractor submits written consent of the surety to such payment, return, or release.

6.05 *Interest*

- A. All amounts not paid when due will bear interest at the rate of six percent (6%) per annum.

ARTICLE 7—CONTRACT DOCUMENTS

7.01 *Contents*

- A. The Contract Documents consist of all of the following:
 - 1. This Agreement.
 - 2. Contractor's Bid dated February 24, 2022.
 - 3. Bonds:
 - a. Performance bond (together with power of attorney).
 - b. Payment bond (together with power of attorney).
 - 4. General Conditions.
 - 5. Supplementary Conditions.
 - 6. Specifications as listed in the table of contents of the project manual (copy of list attached).
 - 7. Drawings (not attached but incorporated by reference) consisting of **eight** sheets with each sheet bearing the following general title: **Slott Peak Watermain and PRV 3-1 Improvement Project**.
 - 8. Addenda (none).
 - 9. Exhibits to this Agreement (enumerated as follows):
 - a. Documentation submitted by Contractor prior to Notice of Award (none)
 - b. For all projects over \$100,000, State of Nevada Prevailing Wage Rates, Washoe County, current edition as of Bid Opening date of Project.
 - 10. The following which may be delivered or issued on or after the Effective Date of the Contract and are not attached hereto:
 - a. Notice to Proceed.
 - b. Work Change Directives.
 - c. Change Orders.
- B. The Contract Documents listed in Paragraph 7.01.A are attached to this Agreement (except as expressly noted otherwise above).
- C. There are no Contract Documents other than those listed above in this Article 7.

- D. The Contract Documents may only be amended, modified, or supplemented as provided in the Contract.

ARTICLE 8—REPRESENTATIONS, CERTIFICATIONS, AND STIPULATIONS

8.01 Contractor's Representations

- A. In order to induce Owner to enter into this Contract, Contractor makes the following representations:
1. Contractor has examined and carefully studied the Contract Documents, including Addenda.
 2. Contractor has visited the Site, conducted a thorough visual examination of the Site and adjacent areas, and become familiar with the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
 3. Contractor is familiar with all Laws and Regulations that may affect cost, progress, and performance of the Work.
 4. Contractor has carefully studied the reports of explorations and tests of subsurface conditions at or adjacent to the Site and the drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, with respect to the Technical Data in such reports and drawings.
 5. Contractor has carefully studied the reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that have been identified in the Supplementary Conditions, with respect to Technical Data in such reports and drawings.
 6. Contractor has considered the information known to Contractor itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Technical Data identified in the Supplementary Conditions or by definition, with respect to the effect of such information, observations, and Technical Data on (a) the cost, progress, and performance of the Work; (b) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor; and (c) Contractor's safety precautions and programs.
 7. Based on the information and observations referred to in the preceding paragraph, Contractor agrees that no further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract.
 8. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.
 9. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and of discrepancies between Site conditions and the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.

10. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.
11. Contractor's entry into this Contract constitutes an incontrovertible representation by Contractor that without exception all prices in the Agreement are premised upon performing and furnishing the Work required by the Contract Documents.

8.02 *Contractor's Certifications*

- A. Contractor certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 8.02:
 1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process or in the Contract execution;
 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid or Contract prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
 3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and
 4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

8.03 *Standard General Conditions*

- A. Owner stipulates that if the General Conditions that are made a part of this Contract are EJCDC® C-700, Standard General Conditions for the Construction Contract (2018), published by the Engineers Joint Contract Documents Committee, and if Owner is the party that has furnished said General Conditions, then Owner has plainly shown all modifications to the standard wording of such published document to the Contractor, in the Supplementary Conditions.

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement.

OWNER:

INCLINE VILLAGE G. I. D.

Agreed to:

Tim Callicrate, Chairman

Date

Sara Schmitz, Secretary

Date

Reviewed as to Form:

Joshua Nelson
District Legal Counsel

Date

OWNER'S address for giving notice:
INCLINE VILLAGE G. I. D.
893 Southwood Boulevard
Incline Village, Nevada 89451
775-832-1267- Engineering Division

CONTRACTOR:

RaPiD Construction, Inc.

Agreed to:

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

If CONTRACTOR is a Corporation, attach evidence of authority to sign.

CONTRACTOR'S address for giving notice:

RaPiD Construction, Inc.
3072 Research Way, #54
Carson City, Nevada 89706
775-883-4269



Project Summary

Project Number:	2299WS1706
Title:	Watermain Replacement - Slott Pk Ct
Project Type:	D - Capital Improvement - Existing Facilities
Division:	21 - Supply & Distribution
Budget Year:	2021
Finance Option:	
Asset Type:	DI - Distribution Infrastructure
Active:	Yes

Project Description				
<p>This project is a continuation of the multi-year program to replace 1960's era thin-wall steel watermains and other deficient watermains. This project will replace the watermain on Slott Peak, a Cul de Sac on the western end of Lakeshore Blvd.. Replacement criteria is twofold: Replace those watermains with the most leaks and in streets with aging pavement. Since our water loss is now less than 6%, our main objective is to work closely with the Washoe County Road Department to replace watermains just prior to the County's repaving the street. We also work closely with the North Lake Tahoe Fire Protection District to determine areas of low fire flow, which may indicate a need for increased capacity in that area. There is approximately 6 miles of old steel watermains remaining in the system.</p> <p>Our watermain replacement strategy involves meeting with Washoe County prior to each budget year and jointly agreeing on streets to be paved and watermains to be replaced. This project budgets to replace approx. 6 miles of pipeline in 15 years at \$1,500,000 per mile. Without additional escalators, that is \$9,000,000 in 15 years or \$600,000 per year. Adjustments have been made to allow for the trend of a high year then low year of work scheduled.</p>				
Project Internal Staff				
Engineering will perform Design, Engineering, Bidding, Contract Administration and Inspection tasks. Outside contractor to do the work. IVGID resources remain available for ongoing maintenance activities and emergency response.				
Project Justification				
Our overall goal is to replace deficient watermains to keep our unaccounted for water loss to under 6% and to avoid costly pavement patch penalties imposed by Washoe County. The original watermains installed in much of Incline Village in the 1960's were thin-walled steel. These pipes are now failing repeatedly and need replacement. Washoe County has high pavement penalty costs for replacing watermains in newly paved streets. Replacing watermains in newly paved streets or streets with an excellent pavement condition could increase project costs by up to 50% due to pavement cut penalties.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2022				
Construction Inspection & Testing	30,000	0	30,000	
Internal Planning & Design	45,000	0	45,000	
Washoe Co Street Repair and Penalties	25,000	0	25,000	
Watermain Construction	150,000	0	150,000	
Year Total	250,000	0	250,000	
	250,000	0	250,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2017	Nov 2, 2020	Jun 30, 2022	Senior Engineer	

M E M O R A N D U M

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Brad Underwood, P.E.
Director of Public Works

SUBJECT: Review, discuss and provide direction and comment to staff on the draft IVGID Utility Rate Study. Direct staff to prepare documents and Utility Rate Schedules for a Fiscal Year 2022/23 Water utility rate increase, a Sewer utility rate increase, and increase charges on the Public Works Fee Schedule.

Set the date/time of April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Service Charges, Fee Schedule, and to publish the notice in accordance with the NRS 318.199.

STRATEGIC PLAN: Long Range Principle #3 - Finance

DATE: March 9, 2022

I. RECOMMENDATION

1. Review, discuss and provide direction and comment to staff on the draft IVGID Utility Rate Study.
2. Direct Staff to prepare documents and updated Utility Rate Schedules, as proposed, to increase annualized Water Utility revenues by up to twenty percent (20%),
3. Direct Staff to prepare documents and updated Utility Rate Schedules, as proposed, to increase annualized Sewer Utility rate revenues by up to fifteen percent (15%), and,

4. Direct staff to prepare documents and updated Utility Rate Schedules to implement proposed increases to charges on the Public Works Fee Schedule by up to twelve percent (12%).
5. Set the date/time of April 27, 2022 at 6:00 p.m. for the public hearing on the proposed amendments to the Sewer and Water Schedule of Service Charges, Fee Schedule, and to publish the notice in accordance with the NRS 318.199.

II. DISTRICT STRATEGIC PLAN

The Utility Rate Study supports Long Range Principle #3 – Finance: The District will ensure fiscal responsibility and sustainability of service capacities through prudent fiscal management and maintaining effective financial policies for internal controls, operating budgets, fund balances, capital improvement and debt management.

III. BACKGROUND

The District provides water and sewer utility services through its Utility Fund (Fund 200). These utility operations are supported through annual revenues (\$12.3 million for FY 2021/22) collected from utility customers based on Board-approved rate schedules for each utility.

The current budget assumed an 8% rate increase to begin in the second quarter of the fiscal year; however, actual revenues will be lagging the budgeted amount, since increases have not been implemented, pending completion of the Utility Rate Study and formal Board action.

The last approved rate increase was passed by the Board of Trustees on April 10, 2019 in the amount of 4%. At their meeting of February 26, 2020, the Board of Trustees reviewed and discussed the District's 2020 Utility Rate Study and further approved a motion to set the required public hearing for April 14, 2020. At the conclusion of the public hearing, the Board considered public testimony, as well as the impacts of the emerging COVID-19 pandemic, and the Board collectively decided to defer the proposed 2020/21 utility rate increase to a future date.

At the January 13, 2021 Board of Trustees meeting, the Board considered options relative to implementing utility rate increases to support ongoing operations and capital program requirements. The options included resuming the process for implementing the originally proposed 2020/21 utility rates or deferring action, pending completion of a utility rate study. The Board did not select to

resume the process of the originally proposed 2020/21 utility rate increase, which was recommended to be increases of 4.2% for water and 6.4% for sewer. At that time projections for the next five years were for the rate increases to average 4.2% per year. The Board's preference was to proceed with a third party rate analysis, and funding was included in the sewer and water operating budgets for FY 2021/22 to hire a consultant to perform a rate analysis for utility operations and capital program requirements.

Deferring recommended rate increases in FY 2020/21 and FY 2021/22 have resulted in revenues lagging beyond the levels needed to support the District's utility operations and, additionally, have negatively impacted the opportunity for the compounding of revenue over the last two fiscal years and into the future. The District is now subjected to higher inflationary costs, which include impacts to wages, materials, supplies, services and capital improvement projects. Therefore, it is anticipated that a substantial rate increase would be necessary to make up for these influences.

On September 2, 2021 the Board of Trustees awarded a Professional Services Contract to HDR Engineering, Inc. to conduct the Utility Rate Study for Provision of Water and Sewer Services (Rate Study). The Rate Study is intended to establish 5-year water and sewer utility rates for all customer types. On November 10, 2021, HDR presented their preliminary findings to the Board.

The Rate Study sets forth the appropriate rates for water and sewer service to meet revenue and expense requirements and to achieve the appropriate Fund Balance and Working Capital. Rate increases are necessary to fund current and future operating and capital expenses. The Summary of the Present and Proposed Water Rates are in Table 3-9 (page 38) and the Sewer Rates are in Table 4-8 (page 55) of the Preliminary Draft Water and Sewer Rate Study prepared by HDR which is attached.

IV. DISCUSSION

The draft Utility Rate Study reflects the need to significantly increase the District's water and sewer rates over the next five years in order to provide sufficient revenues to support the District's utility operations, capital improvements, and reserve requirements as well as provide for anticipated debt financing. As a point of reference, these are overall system adjustments and may not reflect the individual bill impacts given the cost of service and rate design recommendations.

Five-Year Utility Revenue Increase Plan

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Revenue Adjustment	20.0%	12.0%	9.5%	9.0%	3.5%
Sewer Revenue Adjustment	15.0%	12.5%	8.0%	8.0%	3.5%

The recommended utility rate increases for year one, as proposed, would increase Water Utility revenues by 20% and Sewer Utility revenues by 15%. If approved, the average residential customer would see an increase in their monthly water bill of 19.3% and average monthly sewer bill of 14.9% (based upon an average customer using 10,000 gallons per month for water and 3,000 gallons per month for sewer).

The need for the proposed increases has been compounded by continued annual inflationary increases in costs, increased costs of necessary capital improvements, and deferral of rate increases over the previous two years. Taking into effect the loss of compounding revenue and current unanticipated high inflation, these increases are generally consistent with what was proposed in FY 2020/21. Within the Rate Study, a fund balance amount of approximately \$590,000 for water and approximately \$680,000 for sewer was used, reducing the rate increase to the proposed level in FY 2022/23.

As noted above, inflationary impacts have been significant on District Capital Improvement and maintenance projects in both labor and materials. Therefore, built into year 1 of the rate model are a 6.5% increase in staff labor and 10% increases for materials and supplies, equipment, chemicals, and utilities.

The rate study informs the District that long-term borrowing is needed to provide the funding necessary for the updated 5-year Capital Plan. This includes \$7.1 million for water projects and \$36.0 million for sewer projects occurring during FY2023-26. As the Trustees are aware, the majority of the projected sewer borrowing will be needed for the Effluent Pipeline Project.

The following tables show the current versus proposed 2022/23 rate comparisons for water and sewer for the average customer when maintaining the current rate structure and adjusting rates to meet the revenue requirements.

Residential Water Rate Comparison

Rate Component	Current Rate	Proposed Rate	Change
Base Rate	\$11.97	\$15.88	\$3.91
Capital Improvements	\$15.10	\$15.10	\$0.00
Customer Admin Fee	\$3.97	\$4.23	\$0.26
Defensible Space	\$1.05	\$1.05	\$0.00
Total Monthly Base Water Bill	\$32.09	\$36.26	\$4.17
Water Use	\$1.55	\$2.02	\$0.47
1 st Tier	\$0.93	\$1.21	\$0.28
2 nd Tier	\$1.34	\$1.75	\$0.41

Residential Sewer Rate Comparison

Rate Component	Current Rate	Proposed Rate	Change
Base Rate	\$19.54	\$25.90	\$6.36
Capital Improvements	\$31.45	\$31.45	\$0.00
Customer Admin Fee	\$3.97	\$4.23	\$0.26
Total Monthly Base Sewer Bill	\$54.96	\$61.58	\$6.62
Sewer Use	\$3.20	\$4.00	\$0.80

As part of the Rate Study, the consultant analyzed the cost of service for each rate class to determine if rates were equitable between the various user types. The consultant discovered the following:

- For water rates, the irrigation revenue could be increased greater than the system average to reflect the cost of service results. This is due to the significant peak demand that irrigation puts on the capacity needs of the water system and the resulting costs associated with providing this level of service if irrigation is viewed separately. There are currently 62 irrigation customers and 20 IVGID Public Service Recreation irrigation accounts. As the Board of Trustees is aware, there are Public Service Recreation irrigation accounts that do not pay excess water charges for the Tier 1 and Tier 2 water rates, per Ordinance No. 4, Water Ordinance, Section 2.40 Public Service Recreation. The proposed rates include the creation of separate rates for the irrigation customer accounts, which would be phased in over the five-year period. This would result in a savings of approximately \$0.30 per month to the average residential customer for the FY 2023 proposed rates. These separate irrigation rates will be charged to all irrigation customers, including the Public Service Recreation irrigation

accounts. The Public Service Recreation account billing will continue to follow Ordinance No. 4 as outlined above.

- For sewer rates, the commercial class revenue could be increased to better reflect the cost of service results. The concentration of wastewater for a commercial property versus a residential property causes additional demand on the sewer system and the increase in the cost to provide service. The proposed rates include an increase to the commercial class as a phased adjustment over five years. This shifts revenue of approximately \$34,000 in year 1 and approximately \$55,000 by year 5 to the commercial class. In year one, this would result in a savings of approximately \$0.60 per month to the average residential customer. There are approximately 233 commercial customers that will be impacted by this proposed change to the rates.

It is also important to understand that this is a cost of service study that reflects the current operating and customer characteristics. Over time, these change and the cost of service will show different results from year to year. Given this is the first comprehensive cost of service study completed for the District, further studies should confirm the results prior to the Board making full cost of service adjustments.

Connection Fees, Retroactive Capital Improvement Fees, and Public Works Fee Schedule

To keep pace with the increases seen for the Utility fund, the Connection Fees, Retroactive Capital Improvement Fees, and the items on the Public Works Fee Schedule are recommended to be increased by approximately twelve percent (12%), which reflects the Construction Cost Index increase from January 2019 to January 2022. These are one-time fees imposed on new development to cover retroactive capital costs.

Proposed 12% Increase to Sewer Connection and CIP Fees

Sewer CAF	Connection – Current	Connection – Proposed	CIP – Current	CIP – Proposed
3/4	\$3,230	\$3,540	\$1,940	\$2,130
1	\$5,400	\$5,920	\$3,240	\$3,550
1 1/2	\$10,770	\$11,790	\$6,470	\$7,080
2	\$17,240	\$18,880	\$10,350	\$11,340
3	\$32,340	\$35,420	\$19,430	\$21,280
4	\$53,910	\$59,050	\$32,380	\$35,470
6	\$107,790	\$118,050	\$64,740	\$70,910
8	\$172,470	\$188,890	\$103,590	\$113,460
10	\$247,890	\$271,490	\$148,890	\$163,070

Proposed 12% Increase to Water Connection and CIP Fees

Water CAF	Connection - Current	Connection - Proposed	CIP – Current	CIP – Proposed
3/4	\$1,610	\$1,800	\$1,840	\$2,060
1	\$2,680	\$3,010	\$3,070	\$3,440
1 1/2	\$5,350	\$6,000	\$6,120	\$6,860
2	\$8,560	\$9,610	\$9,790	\$10,980
3	\$16,070	\$18,030	\$18,380	\$20,610
4	\$26,780	\$30,060	\$30,630	\$34,350
6	\$53,540	\$60,100	\$61,240	\$68,690
8	\$85,670	\$96,160	\$97,990	\$109,900
10	\$123,140	\$138,220	\$140,840	\$157,960

Proposed 12% Increase to Public Works Fee Schedule

Miscellaneous Fees	Current	Proposed
Sewage Drop-off	\$75.00	\$85.00
Backflow	\$65.00	\$75.00
Plan Check	\$90.00	\$100.00
Inspection	\$90.00	\$100.00
Service Call	\$40.00	\$45.00
Hydrant Deposit	\$1,000.00	\$1,120.00
Hydrant Rental	\$40.00	\$45.00
1" Deposit	\$100.00	\$110.00
1" Rental	\$20.00	\$20.00
3/4" Deposit	\$100.00	\$110.00
3/4" Rental	\$15.00	\$15.00
Posting	\$20.00	\$20.00

Alternative Rate Modeling Scenarios

A significant factor contributing to the recommended rate adjustments over the five-year planning horizon is the financing required to support major sewer utility capital improvement projects. The rate model, base case scenario, assumes the issuance of approximately \$43 million in bonds, amortized over 20 years at an annual interest rate of 4.5%.

Five-Year Utility Revenue Adjustments – Base Scenario

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Revenue Adjustment	20.0%	12.0%	9.5%	9.0%	3.5%
Sewer Revenue Adjustment	15.0%	12.5%	8.0%	8.0%	3.5%

Acknowledging that the District is actively pursuing outside funding support anticipated to be available through Federal and State grants and low-interest loan programs, alternative modeling scenarios are provided to inform how alternative financing scenarios may impact future rate adjustments. As a point of reference, these percentages are overall system adjustments and may not reflect the individual bill impacts given the cost of service and rate design recommendations. The following alternatives were developed:

Low-Interest Loan (2.5%)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Sewer Revenue Adjustment	15.0%	10%	8.0%	5.0%	4%
Water Revenue Adjustment	20%	12%	9.5%	7.0%	3.0%

Grant Awards - \$5.0 million

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Sewer Revenue Adjustment	15.0%	9.5%	6.5%	6.5%	4.5%

Grant Award - \$10 million:

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Sewer Revenue Adjustment	15%	9.5%	5.0%	5.0%	5.0%

Utility Reserve Levels

These recommended revenue increases take into account a gradual approach over a five-year period to achieve operating and capital reserve fund targets, per

Board policy. Doing so gradually lessens the immediate impact to customers, as opposed to an even greater rate increase to meet these policies in the short-term. The following table shows the likely annual reserves each year for the Utility Fund based upon the proposed rate increases.

Utility Reserve Funds

Operating Fund	FY 2023	FY 2024	FY2025	FY 2026	FY 2027
Ending Balance	\$1,026,042	\$1,097,999	\$1,771,147	\$2,678,148	\$3,283,271
Target	\$2,661,855	\$2,681,860	\$2,807,222	\$2,939,222	\$3,077,774
Capital Fund	FY 2023	FY 2024	FY2025	FY 2026	FY 2027
Ending Balance	\$2,095,876	\$3,542,344	\$4,775,987	\$4,516,986	\$4,030,467
Target	\$3,782,338	\$3,884,461	\$3,989,342	\$4,097,054	\$4,207,675

The above table illustrates that the Fund Reserve target is met for both Operating Funds in FY2027 and Capital Funds in FY2025. The Capital Reserve does drop slightly below the target in FY 2027, which is indicative of Capital Fund reserve balances depending on what spending is planned in any particular year.

Area Water and Sewer Rates

The table below demonstrates that, even with these significant rate increases, IVGD’s combined monthly water and sewer rates are one of the lowest in the area for the average customer (10,000 gallons of water and 3,000 gallons of sewer per month). It is important to note when reviewing the table that the rates for the other agencies does not include any potential increases for FY 2023.

Agency	Monthly Water and Sewer Rate
Incline Village GID (FY 2023 Proposed)	\$130.12
Alpine Springs CWD (FY 2022) *	\$186.36
North Tahoe PUD (FY 2022)	\$162.88
Northstar CSD (FY 2022)	\$219.79
OVCSD (2021-22) *	\$227.00
Round Hill GID (2019)	\$126.19
Skyland (FY 2023)	\$128.32
South Tahoe PUD (2021-22)	\$118.65
Tahoe City PUD (2021) *	\$192.61
Truckee Sanitary * / TDPUD	\$139.88

* Rates include TTSA charge for treatment services

Schedule

The schedule for the proposed rate adoption is as follows:

Utility Rate Study Schedule	Date
Preliminary Results of the Public Utility Rate Study	November 10, 2021
Rate Study Presentation	February 9, 2022
Revised Rate Study Presentation	March 9, 2022
Set Date of Public Hearing to Adopt New Utility Rates	March 9, 2022
Publish Notice of Public Hearing in Newspaper	March 18, 2022
Conduct Public Hearing and Adopt New Utility Rates	April 27, 2022
New Utility Rates Become Effective – Pending Approval	May 19, 2022

V. BID RESULTS

There are no bid results associated with this Memorandum.

VI. FINANCIAL IMPACT AND BUDGET

The water and sewer utility rates are recommended to increase to provide a combined revenue requirement of approximately \$14.29 million (FY2022/23) which is collected from the District's water and sewer customer via monthly utility bills. The proposed 2022/23 rate adjustments would result in additional revenues of approximately \$1.0 million for the water utility and approximately \$980,000 for the sewer utility.

The update to the District's utility rate model is intended to evaluate the revenue required to support current and future operating and capital expenses, and contemplates increases over the next five years, pending Board direction and final approval of water and sewer rates at a future meeting.

VII. ALTERNATIVES

Not set a date for the public hearing, keep Ordinance 2 and Ordinance 4 the same, and not increase water and sewer rates. This will have a long-term negative impact on the assets, including not meeting the District reserve balance policies and financial health of the District's Utility Fund. Water and sewer

systems have regulatory oversight, so the District must meet operation and infrastructure standards, which requires applicable funding levels.

VIII. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachment:

- Preliminary Draft Report Water and Sewer Rate Study (HDR)
- Water and Sewer Rate Study Questions & Answers
- Water and Sewer Rate Study Presentation (HDR)

Water and Sewer Rate Study

Questions & Answers

March 2022

- 1) *What are the main assumptions built into the rate model to arrive at the proposed Water and Sewer rate increases?*

Assumptions for the Rate Study in each utility are as follows:

- Labor, professional/special services increased by 6.5%
- Materials and supplies, equipment, utilities increased by 10%
- Water and sewer increased by 17.5%
- Annual customer growth of 0.1% annually
- Operating budget contingency in year 1 in the amount of \$200,000 for both utilities
- Salaries for additional positions in the amount of \$230,000 for both utilities
- Combined beginning reserve balance was approximately \$16.5 million at the beginning of FY 2022
- Analysis assumes annual debt service terms of 4.5% for 20 years
- Future year projections based upon inflationary assumption of 3.5%

- 2) *How much of the recommended rate increase(s) are due to the deferral of rate increases for 2020/21 and 2021/22?*

Rate increases in for FY 2021 were recommended to be 4.2% for water and 6.4% for sewer with future years estimated at 4.2%. The deferral of rate increases for the last 2 years account for approximately 8.4% of the proposed water utility rate increase and 10.6% of the proposed sewer utility rate increase.

- 3) *What cost increases have been built into the rate model(s) (i.e. Staffing, O&M, Capital adjustments)?*

See assumptions as provided in question #1 above. No other increases over and above the budget and assumptions for projecting O&M have been included. The rate model also takes into consideration the identified capital needs for each of the utilities. In this way, the proposed rates are sufficient to meet ongoing capital replacement and improvements over the long-term. Capital improvement projects provided by the District were also increased annually by a 2.7% inflationary factor to reflect the future costs of the project.

- 4) *Do the recommended Sewer Rates eliminate the \$ 2million per year Capital Charge currently being collected to support the Effluent Pipeline Project?*

Yes and no. The analysis eliminates the \$2 million in annual funding for the effluent pipeline funding (e.g., prefunding of the project). However, roughly \$2 million is required in the future years to fund the annual debt service need pay for the remaining effluent pipeline project costs. The manner in which the District establishes the capital charge will result in increases, and decreases, over time as the capital plan is updated

Water and Sewer Rate Study

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and refined. As a result, the Board should expect that as the capital plan is updated, or project costs change (like we've seen recently) the capital charge will need to be revised to reflect the projected costs from year to year.

- 5) *How much of the Sewer Rate increase(s) is attributable to the cost the Effluent Pipeline Project?*

Pipeline cost in the rate model is estimated to be \$44.8 million. Prior rate studies included \$2.0 million per year in annual funding contributions for the Effluent Pipeline Project, with an underlying assumed project cost of \$23.0 million.

The impact on required rates is not an exact calculation, and varies over the projected time period, given the debt service impact to rate levels for this project. In addition, the debt service is funded through the annual capital charge. Given this, the capital charge has increased by approximately 21% from FY2022/23-FY 2025/26 when annual debt service is being fully funded.

- 6) *What is the baseline funding plan for the Effluent Pipeline Project used in the Sewer rate model?*

As outlined in the capital funding analysis, the effluent pipeline project costs are being funded entirely through existing reserves in FY2022/23. Project costs in FY 2023/24-FY 2025/26 are funded entirely through long-term borrowing.

- 7) *How might alternative financing options impact future sewer rates?*

Alternative financing (e.g., low interest loans) or grant funding would reduce the overall capital charge revenue necessary to support the effluent pipeline project. Three alternatives were developed to provide the Board an understanding of how future rate levels may be impacted.

As noted in question #5, the effluent pipeline project costs in FY2022/23 are funded entirely from current reserves. Given this, alternative funding approaches for the effluent pipeline project has no impact on the FY2022/23 rate revenue adjustment need.

When reviewing the loan alternative, the assumption was for a low interest loan for 20 years at 2.5% interest. This results in the ability to decrease the rate adjustments in FY2023/24-FY2026/27 by 7% cumulatively over that time period.

Assuming a grant of \$5 million in FY2023/24, the overall revenue adjustment could also be lowered by 7% cumulatively over the FY2023/24-FY2026/27 time period.

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When assuming a total of \$10 million in grant revenues (\$5 million in both FY2023/24 and FY2024/25), the overall revenue adjustment could be decreased by 12% cumulatively over the FY2023/24-FY2026/27 time period.

Again, it is important to note, that as the Board is considering rate revenue adjustments for FY2022/23, these alternatives do not change the FY2022/2023 revenue adjustment needs. The study should also not develop proposed rates based on an assumed grant or lower-interest borrowing given that they are not certain. Should the District be successful in receiving additional grant funding, or receive a low interest loan, the Board can revise the rate plan to reflect this in the future.

- 8) *Why have water and sewer rate revenues increased over the past two years, given that rates have not been adjusted since FY2019/20?*

Rate revenues will vary from year to year based on the actual consumption patterns of the District's customers. In dry years, outdoor use generally increases and higher levels of revenue may be received. The opposite is also true, in wet years, revenues will be less than projected given the lower than average water consumption.

As the District continues to evaluate rates on an annual basis, these considerations can be taken into account. However, from a planning perspective (i.e., rate study) we cannot plan on a dry year, or wet year, to project revenues. This will continue to occur regardless of the level of the rates. However, the additional revenue from consumption is not sufficient to fund the identified operating and capital needs as outlined in the rate study.

- 9) *How sensitive is the rate model (recommended rates) to assumptions related to water consumption?*

Consumption plays a role in the overall revenue profile. However, the majority, approximately 63%, of the District's revenue is received through the fixed charges (meter charge, capital charge, admin fee, defensible space). As a result, changes in consumption should have a minimal impact on the overall revenues. For example, if residential consumption was reduced by 10%, the revenue only decreases by 4%.

However, for the irrigation customer class, the majority of the revenue is collected through the consumption charge. For these customers, a reduction in consumption would have a larger impact on irrigation revenues. However, irrigation revenues are a smaller proportion of the overall District revenues, and therefore, it does not have a significant impact on total revenue levels.

- 10) *What growth factor is built into the rate model? What is the basis for this factor?*

Water and Sewer Rate Study

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For both water and sewer, a 0.10% annual growth factor was used. This was based on a review of the historical change in the number of accounts for the District. This average reflects the typical increase in the number of customers annually. While additional customer growth on the system can have an impact, it is generally minimal, and a one-time increase to revenues through fees.

However, the majority of the fees charged to customers reflect the cost of providing the service to the customer (e.g., plan check, inspections, meter) and therefore only offset costs being incurred. For the connection charges, these revenues would be placed into reserves and used as appropriate. As noted in the rate study, District reserve minimums are not being met until the outer years of the five-year plan. Given this, additional revenues would simply allow the District to meet minimum target levels sooner.

- 11) *Are utility connection charges and PW inspection fees being adjusted? How much revenue does these adjustments account for?*

The fees are recommended to be adjusted by 12% which reflects the Construction Cost Index increase from January 2019 to January 2022. The proposed increase in water and sewer connection fees is estimated to yield an additional revenue of \$2,400 and \$3,780, respectively.

- 12) *How does the rate model factor in the funding reserved by the Board for the Effluent Pipeline Project?*

The available effluent reserve funds are used in their entirety to fund the costs of the effluent pipeline project in FY2022/23. If these reserves were not available, the District would need outside funding (e.g., loans, grants), or absent these funds annual rate revenues, to fund the costs in FY2022/23. This would result in a larger increase in rate revenues being necessary to fund these costs, or fund the annual debt service payments, increasing the overall revenue adjustments necessary for the sewer utility.

- 13) *What is the impact of the recently-approved Reserve Policy on the proposed water and sewer rates?*

Since the reserves identified under the policy are not met, the policy does have an effect on the rates as revenue needs to be generated to meet the reserve levels. However, as developed, the rate model achieves the reserve levels over time rather than in year 1 which is a best practice and minimizes the rate impacts in the short-term.

- 14) *Do the proposed rates result in achieving reserve levels established by the new policy?*

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Yes, the reserve levels will meet the policy requirements within 3 to 5 years.

15) *What options does the Board have to reduce the required Year 1 rate increases?*

The Board can reduce rates by reducing capital or operating expenses. Any reduction of the recommended year 1 rate increase will likely lead to higher than proposed increases in future years to fund the identified O&M and capital needs.

16) *Why are CIP costs in rate model significantly greater than last Board-approved Multi-Year CIP Plan?*

The CIP project list and costs were updated as the Rate Study got underway in the fall of 2021. The CIP is a living document and PW staff updated the Board approved FY2021/22 CIP to reflect new projects and costs that had been recently identified. This was done to reflect the anticipated future costs so that the rate analysis could support the identified needs. Since CIP costs in the Utility Rate Study are largely consistent with the costs reflected in the updated Multi-year CIP plan presented to the Board of Trustees at the Budget Workshop held on March 1st. In addition, funding for the Pipeline project is reflected at approximately \$10M over each of the first four years for construction of the project, which is \$8M over the \$2M that was annually being collected as funding for the project.

17) *Can the anticipated connection and CIP fees from the proposed 40-unit condominium development be used to offset the proposed rate increases?*

PW staff has estimated the connection fees from the proposed development to be approximately \$230,000 for water and \$340,000 for sewer. Receipt of these fees is not guaranteed until the development receives their permit at which time the fees are paid to the District. The collected fees would also be considered "one-time money" as they are not recurring on an annual basis.

It is important that the revenue collected to support the ongoing maintenance and capital costs of the water and sewer utilities be received annually. Should the project move forward and the District collect the fees, the funds would be placed in the associated utility fund balance. This would help achieve required policy reserves and potentially reduced revenue requirements in future years.

PRELIMINARY DRAFT REPORT



Incline Village General Improvement District
Water and Sewer Rate Study
February 2022





February 25, 2022

Mr. Brad Underwood
Director of Public Works
893 Southwood Blvd
Incline Village, NV 89451

Subject: 2021 Water and Sewer Rate Study Draft Report

Dear Mr. Underwood:

HDR Engineering, Inc. (HDR) is pleased to present to Incline Village General Improvement District (District) the draft report for the 2021 water and sewer rate study (Study). The District's Study was developed to provide a financial plan and calculated rates for each utility that will generate sufficient revenues to fund the operating and capital needs. More specifically, the Study was specifically designed to develop cost-based rates for the District's water and sewer customers. This report outlines the overall approach used to achieve these objectives, along with the study findings, conclusions, and recommendations.

The District owns, operates, and maintains the water and sewer systems. The costs associated with providing utility services to the District's customers has been developed based on the information provided by the District and is included within the development of the proposed rates. The Study was developed utilizing generally accepted rate setting principles and methodologies and the District's specific system and customer characteristics. This report provides the basis for developing and implementing water and sewer rates which are cost-based and defensible to the District's customers.

We appreciate the assistance provided by the District's project team in the development of the Study. More importantly, HDR appreciates the opportunity to provide these technical and professional services to Incline Village General Improvement District.

Sincerely yours,
HDR Engineering, Inc.

Shawn Koorn
Associate Vice President

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Executive Summary

Introduction

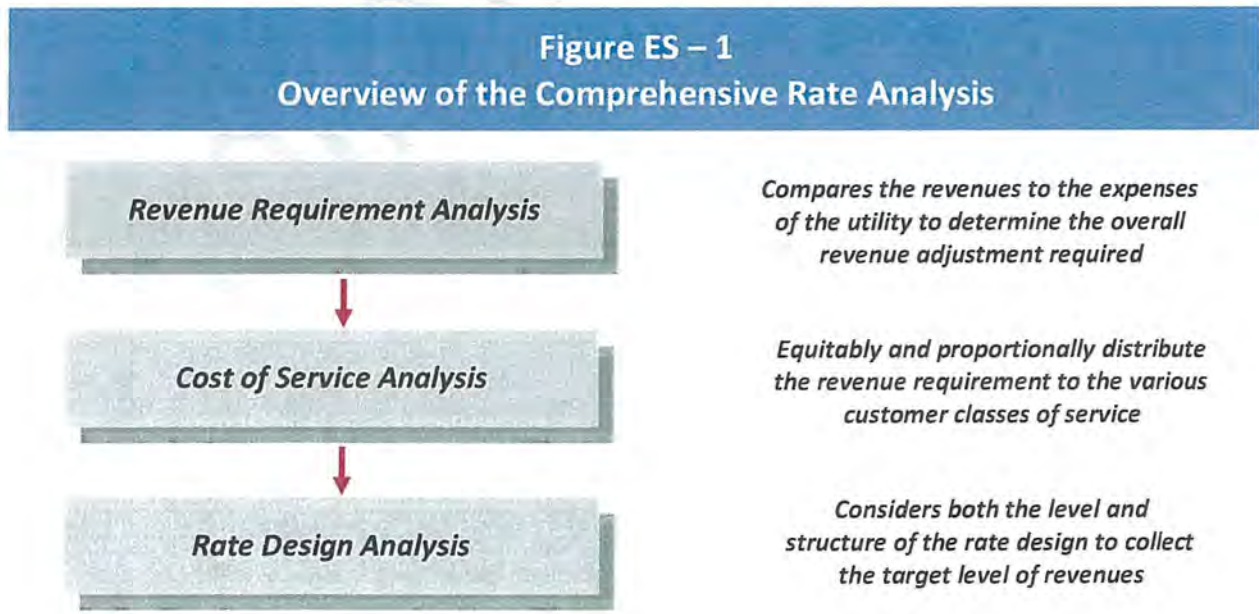
HDR Engineering Inc. (HDR) was retained by Incline Village General Improvement District (District) to conduct a comprehensive water and sewer rate study (Study). The main objectives of the Study were to:

- Develop a projection of water and sewer revenues to support the operating and capital costs of each utility
- Provide an equitable allocation and proportional distribution of the costs for providing water and sewer services to the District’s customers
- Propose cost-based water and sewer rates for a multi-year time period

The District owns, operates, and maintains the water and sewer systems. The costs associated with providing water and sewer services to the District’s customers has been developed based on the information provided by the District and is included within the development of the proposed rates. This study was developed utilizing generally accepted rate setting principles and methodologies and the district’s specific costs and system and customer characteristics. This report provides the basis for implementing water and sewer rates which are cost-based, equitable, and proportional to the District’s customers.

Overview of the Rate Study Process

A comprehensive rate study uses three interrelated analyses to address the adequacy and equity of each utility’s rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES - 1.



Key Rate Study Results

The Study technical analysis was developed based on the operating and maintenance (O&M) and capital costs necessary to provide water and sewer services to the District's customers. The analyses resulted in the following findings, conclusions, and recommendations.

- A revenue requirement analysis was developed for the time period of FY 2022 through FY 2032 for the water and sewer utilities on a stand-alone basis
 - ✓ The rate setting period was established for FY 2023 through FY 2027
- The District's FY 2022 adopted water and sewer budgets were used as the starting point of the analyses
- Operation and maintenance (O&M) expenses are projected to increase at inflationary levels with no assumed changes to levels of service or anticipated extraordinary expenses
- The proposed water and sewer rates were developed based on the results of the cost of service analysis

Overview of the Study

As noted, a rate study includes three analytical steps to establish cost-based and proportional rates. These are the revenue requirement, cost of service, and rate design analyses. Each of these analyses was completed for the water and sewer utilities on a stand-alone basis. For example, the operating and capital needs for the water utility are solely funded by water revenues, and the sewer revenues fund sewer operating and capital needs. Provided in the following is a summary of the analyses completed for each utility.

Summary of Water Revenue Requirement Analysis

The revenue requirement analysis is the first analytical step in the District's water rate study. The water revenue requirement analysis determines the adequacy of the current water revenues to fund current and future costs related to both operations and maintenance (O&M) expenses and annual capital improvement needs. From this analysis, a determination can be made as to the overall level of water revenue adjustments needed to provide adequate and prudent funding for the utility.

For the water utility, the revenue requirement was developed based on the adopted budget for FY 2022 with a projected time period of FY 2023 – FY 2032. A multi-year time frame is recommended to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the District may begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. For rate setting purposes, the focus of the Study was on the next five-year period of FY 2023 – FY 2027.

For the revenue requirement analysis, a "cash basis" approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement. Under this approach the revenues of the utility must be sufficient to recover all cash needs including annual O&M expenses, debt service, rate funded capital, and reserve funding. As noted, the primary financial inputs in the development of the revenue requirement

were the District's FY 2022 budget documents, historical billed customer and consumption data, and the water utility capital improvement plan.

Budgeted O&M expenses were projected using inflationary factors for the District's various expenses to provide water supply, treatment, distribution, and transmission services over the projected time period starting with the adopted FY 2022 budget. In order to project O&M costs over the projected time period, inflationary factors were developed based on historical District increases in costs and estimated future inflationary impacts. Once the projection of O&M was completed the focus then shifts to the development of the capital funding plan.

The proper and adequate funding of capital projects is important to help minimize rate increases over time. General financial guidelines state that, at a minimum, a utility should fund an amount equal to, or greater than, the annual depreciation expense through rates. The annual depreciation expense reflects the current investment in infrastructure in service being depreciated or "losing" their useful life. This portion of infrastructure investment needs to be replaced to maintain the existing level of service. However, in theory, the annual depreciation expense reflects an investment in infrastructure that was placed in service an average of 15 years ago, assuming a 30-year useful, depreciable, life. Simply funding an amount equal to the annual depreciation expense will not be sufficient to fund the replacement of an existing or depreciated infrastructure. Therefore, consideration should be given to funding through rates an amount greater than the annual depreciation expense for renewals and replacements of infrastructure.

A major factor of this Study was the annual level of rate funded capital to provide adequate funding for system infrastructure replacement and strengthen (increase) this level over the long-term projected time period. For the District's water utility, there is a component of the water rates which is directly related to funding capital improvement needs. Absent this internal funding source, the District would need to find outside funding (e.g., long-term borrowing) to fund annual capital needs as existing reserve levels are not sufficient to fund initial capital reinvestment in the short-term. Provided below in Table ES - 1 is a summary of the capital funding plan over the five-year rate setting period.

Table ES – 1
Summary of the Water Capital Funding Analysis (\$000)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Capital Projects	\$1,589	\$2,478	\$1,599	\$1,905	\$3,442	\$2,010
<i>Less: Other Funding</i>						
Operating Fund	\$0	\$125	\$0	\$0	\$0	\$0
Capital Fund	1,589	1,553	49	55	42	1,410
Long-Term Borrowing	<u>0</u>	<u>800</u>	<u>1,550</u>	<u>1,850</u>	<u>2,900</u>	<u>0</u>
Total Other Funding Source	\$1,589	\$2,478	\$1,599	\$1,905	\$2,942	\$1,410
Additional Capital Funding	\$0	\$0	\$0	\$0	\$500	\$600

The District has an established capital improvement charge based on the capital needs during the rate setting period. Over the rate setting period, the current level of the capital charge does not provide sufficient funding for the District’s capital infrastructure, both annual capital improvement needs and annual debt service issued to fund capital improvements. Over the projected time period, the capital improvement charge (i.e., level of rate funding) needs to be increased to adequately fund the capital improvements and long-term annual debt service payments. As noted, the capital funding analysis has assumed long-term borrowing in addition to the use of capital improvement charge revenues and available reserve funds to fund the planned capital improvements. In developing the water capital funding plan, HDR is not acting in a municipal advisory role to the District for the issuance of debt but rather deficiencies in funding are identified.

The final components of the cash basis approach are annual debt service and reserve funding. The water utility currently has two outstanding debt issuances that have funded past capital improvements. In FY 2022, the total annual debt service is approximately \$300,000. This decreases in FY 2027 to \$193,000 – prior to any new issuances - as one of the debt issuances will be retired. As noted in the capital funding approach above, additional long-term borrowing has been assumed to fund the District’s water capital improvements. The assumed additional debt will start in FY 2023 and continues to increase reaching annual debt service payments of approximately \$715,000 by FY 2027.

Given the above discussion of the components of the District’s water revenue requirement, a projection of operating and capital expenses can be developed to determine the overall level of water rate revenues necessary to maintain the system. Provided below in Table ES - 2 is a summary of the revenue requirement analysis for the District’s water utility.

Table ES - 2
Summary of the Water Revenue Requirement Analysis (\$000)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue						
Rate Revenues	\$5,129	\$5,132	\$5,135	\$5,138	\$5,141	\$5,144
Non-Operating Revenues	<u>273</u>	<u>279</u>	<u>281</u>	<u>295</u>	<u>307</u>	<u>312</u>
Total Revenue	\$5,402	\$5,411	\$5,416	\$5,432	\$5,448	\$5,456
Expenses						
Total O & M	\$4,552	\$5,421	\$5,455	\$5,701	\$5,960	\$6,233
Net Debt Service	0	0	0	0	0	0
Operating Fund Transfer	(755)	(590)	119	545	483	407
Capital Fund Transfer	1,605	1,606	1,608	1,609	1,611	1,613
Additional Capital Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>600</u>
Total Expenses	\$5,402	\$6,437	\$7,182	\$7,856	\$8,554	\$8,852
Bal. / (Def.) of Funds	\$0	(\$1,026)	(\$1,766)	(\$2,423)	(\$3,106)	(\$3,396)
Balance as a % of Rate Adj.	0.0%	20.0%	34.4%	47.2%	60.4%	66.0%
Proposed Rate Adjustment	0.0%	20.0%	12.0%	9.5%	9.0%	3.5%
Add'l Revenue with Rate Adj.	\$0	\$1,026	\$1,766	\$2,423	\$3,106	\$3,396
Bal. / (Def.) After Rate Adj.	0	0	0	0	0	0

As can be seen, the water revenue requirement has summed the O&M expense, net debt service, and reserve funding (transfers). As a point of reference, annual debt service payments are funded through the annual capital charge revenue and therefore the Net Debt Service is \$0. The total revenue requirement is then compared to the total revenues which include the rate revenues - at present rate levels - and other non-operating revenues. From this comparison, a balance or deficiency of funds in each year can be calculated. This balance or deficiency of funds is then compared to the current level of rate revenues to determine the level of rate revenue adjustment needed to meet the revenue requirement. Note that the "Bal. / (Def.) of Funds" row is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. Over the projected time period, the total deficiency of rate revenue is \$3.4 million.

Based on the District's water revenue requirement analyses developed, HDR has concluded that the District will need to adjust the level of water rate revenues received over the next five years (FY 2023 – FY 2027). HDR has reached this conclusion for the following reasons:

- Adjustments are necessary to fund the ongoing O&M expenses to provide water service
- Adjustments are necessary to fund the current, and future, annual debt service payments
- Adjustments are necessary to maintain prudent funding capital
- The proposed adjustments maintain the District's water utility's financial health (e.g., reserve levels, debt service coverage ratios) and provide long-term, sustainable funding levels for the water utility

In reaching this conclusion, HDR recommends that the District adopt the proposed rates as developed in the following sections for the water utility from FY 2023 through FY 2027. Based on the Study assumptions, this would provide sufficient funding for the O&M and capital

improvement needs over the projected time period. A detailed discussion of the development of the revenue requirement is provided in Section 3.2 of this report and the technical analysis is provided in Exhibit 1 through Exhibit 6 of the Water Technical Appendix.

Summary of the Water Cost of Service Analysis

A cost of service analysis determines the equitable allocation and proportional distribution of the revenue requirement to the District’s various water customer classes of service (i.e., rate schedules). The objective of the cost of service analysis is different from determining the revenue requirement. The revenue requirement analysis determines the utility’s overall revenue needs whereas the cost of service analysis determines the proportional manner to distribute the cost of providing service to each customer class of service and collect that level of revenue for the proposed time period. The cost of service analysis is based on generally accepted methodologies as outlined in the American Water Works Association (AWWA) M1 Manual, Principles of Water Rates, Fees, and Charges. For the District’s Study, the water revenue requirement for FY 2023 was used as the test year in order to develop the cost of service analysis.

In summary form, the cost of service analysis began by functionalizing the revenue requirement. For the District’s water cost of service analysis, five customer classes of service were used. This included residential, multi-family, commercial, irrigation, and snowmaking. As explained in more detail later in this report, the functionalized revenue requirement was then equitably allocated to the various cost components. The individual allocation totals were then proportionally distributed to the customer class of service based upon each customer class’s use of, or demand placed, on each allocation component. The distributed expenses for each customer class were then aggregated to determine each customer class’s overall revenue responsibility. Table ES - 3 provides the summary of the cost of service analysis based on the water system specific costs and the District’s customer characteristics.

Table ES - 3
Summary of the Water Cost of Service Analysis (\$000)

Class of Service	Present Revenues	Distributed Costs	\$ Difference	% Difference
Residential	\$2,429	\$2,790	(\$361)	14.8%
Multi-Family	1,800	2,070	(271)	15.0%
Commercial	395	465	(70)	17.7%
Irrigation	397	693	(296)	74.4%
Snowmaking	<u>110</u>	<u>140</u>	<u>(30)</u>	26.7%
Total System	\$5,021	\$6,018	(\$997)	20.0%

A key element of the cost of service was developing a distribution approach to reflect the level of service for the customer classes of service. The cost of service analysis results in some differences between the customer classes of service. This is not uncommon given the nature of how customer water consumption patterns or costs associated with providing water service

change over time. Additionally, the District has not performed a cost of service analysis in some time. It is important to understand that a cost of service analysis is a snapshot in time the results will vary from year to year. A more detailed summary of this will be provided in the water rate design discussion.

A detailed discussion of the development of the cost of service analysis is provided in Section 3.3 of this report and in Exhibit 6 through Exhibit 16 of the Water Technical Appendix.

Summary of the Water Rate Designs

The final step of the water rate study process is the design of the District's water rates to collect the targeted levels of revenue. The revenue requirement analysis first provided a set of recommendations related to the annual revenue adjustments and then the cost of service analysis provided a comparison of the proportionality between customer classes of service. Given the results of both analyses, the proposed rates incorporate the recommendations from each analysis.

The District currently has a single rate structure for all customers. The rate structure includes a monthly fixed charge per account which is flat for all residential and multi-family customers for the meter and for capital improvement charge. For all other customers, these two charges vary in cost based on the service meter size and the proportion by size is ratioed based on safe meter operating capacity. Customers are also charged an administration fee and a defensible space fee (for fire fuel management) which are both charged on a flat, fixed basis per account or living unit. The consumption charges are the same for all customers which is a two-tiered increasing block structure. The residential customers have a fixed tier size whereas the multi-family customers vary by number of units and all other customers vary by service meter size.

HDR and District staff reviewed the current rate structure applied to all customers. For this study, it was determined that that the current structure would be largely maintained. The exception is the development of a separate consumption rate structure for Irrigation customers given the results of the cost of service analysis. It is important to note that the capital improvement fee component of the rate structure is developed based on the level of annual capital over the rate setting period. The fixed meter fee and the water use charges were then adjusted proportionally to meet the proposed rate revenue. Provided in Table ES – 4 is a summary of the present and proposed rates for the water utility.

Table ES - 4
Summary of the Present and Proposed Water Rates

	<i>Present Rates</i>	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Fee						
3/4"	\$11.97	\$15.88	\$18.70	\$21.15	\$21.85	\$22.40
1"	19.99	26.52	31.23	35.32	36.49	37.41
1 1/2"	39.86	52.88	62.27	70.43	72.76	74.59
2"	63.80	84.64	99.67	112.73	116.46	119.39
3"	119.70	158.80	187.00	211.50	218.50	224.00
4"	199.54	264.72	311.73	352.57	364.24	373.41
6"	398.96	529.28	623.27	704.93	728.26	746.59
8"	638.36	846.88	997.27	1,127.93	1,165.26	1,194.59
10"	917.74	1,217.20	1,433.35	1,621.15	1,674.80	1,716.96
Capital Improvement Fee						
3/4"	\$15.10	\$15.10	\$15.10	\$15.10	\$19.70	\$20.64
1"	25.22	25.22	25.22	25.22	32.89	34.47
1 1/2"	50.28	50.28	50.28	50.28	65.58	68.74
2"	80.48	80.48	80.48	80.48	104.98	110.03
3"	151.00	151.00	151.00	151.00	196.95	206.43
4"	251.72	251.72	251.72	251.72	328.32	344.12
6"	503.28	503.28	503.28	503.28	656.44	688.04
8"	805.28	805.28	805.28	805.28	1,050.34	1,100.90
10"	1,157.72	1,157.41	1,157.41	1,157.41	1,509.63	1,582.29
Admin Fee	\$3.97	\$15.10	\$15.10	\$15.10	\$19.70	\$20.64
Defensible Space	1.05	25.22	25.22	25.22	32.89	34.47
Water Use						
All	\$1.55	\$2.02	\$2.35	\$2.62	\$2.66	\$2.70
Tier 1	0.93	1.21	1.41	1.57	1.60	1.62
Tier 2	2.27	2.96	3.44	3.84	3.90	3.95
<i>Irrigation</i>						
All	--	\$2.20	\$2.76	\$3.20	\$3.60	\$3.85
Tier 1	--	1.32	1.66	1.92	2.16	2.31
Tier 2	--	3.22	4.04	4.69	5.27	5.64

Table ES – 4 shows that the current rate structure has been maintained for all customers with the exception of an updated consumption (water use) rates for the irrigation customers. The capital improvement fee was adjusted based on the specific annual capital expenses of the District’s water utility. The level of rates has been adjusted to reflect the overall revenue needs in each year.

The development of the proposed water rate designs is outlined in detail in Section 3.4 of this Study and in the Water Technical Appendix.

Summary of the Sewer Revenue Requirement Analysis

The revenue requirement analysis is the first analytical step in the sewer rate study process. The revenue requirement analysis determines the adequacy of the current sewer rates to fund current and future costs related to annual O&M and capital needs. From this analysis, a determination can be made as to the overall level of revenue adjustments needed to provide adequate and prudent funding for the sewer utility.

For the Study, the sewer revenue requirement was developed for the budgeted year FY 2022 with a projected time period of FY 2022 – FY 2032 which is the same time period that was used in water. As a practical matter, a multi-year time frame is recommended in an attempt to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the District may begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. As with the water rate study, the focus of the sewer analysis is on the next five-year period of FY 2023 through FY 2027.

For the sewer revenue requirement analysis, a “cash basis” approach was utilized. As noted in the water analysis, the cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement. The primary financial inputs in the development of the revenue requirement were the District’s FY 2022 sewer budget, customer characteristics, and capital plan.

The budgeted sewer O&M expenses are projected using inflationary factors for the District’s various expenses to provide sewer services over the projected time period. These inflationary factors were based on historical District specific increases in costs and planned changes based on planning and financial analysis. A more detailed summary of the various inflationary assumptions is included in Exhibit 2 of the Sewer Technical Appendix which outlines the specific inflationary factors for the various O&M expense types included within the District’s adopted sewer budget. As a point of reference, the inflationary assumptions are the same for the water and sewer analyses.

Given the development of the O&M projections for the projected time period, the next step is the development of the capital funding plan for the sewer utility. As noted in the water capital discussion, at a minimum, a utility should fund an amount equal to, or greater than, the annual depreciation expense through rates. However, simply funding an amount equal to the annual depreciation expense will not be sufficient to fund the replacement of an existing or depreciated facility. Therefore, consideration is given to funding within rates an amount greater than the annual depreciation expense for renewals and replacements. As with water, the District has in place a component of their sewer rates that is specifically in place to fund capital improvement projects. This provides a specific source or allotment of annual funding for capital needs.

As with the water analysis, a concerted effort was made to increase the level of rate funded capital (capital charge) to support the sewer capital improvement needs and maintain the sewer

system (e.g., renewal and replacement needs) especially in light of the major sewer system capital projects related to the effluent pipeline over the next few years. The District has identified capital needs for both the treatment plant and the collection system. Provided below in Table ES - 5 is a summary of the capital improvement plan for the sewer system. A more detailed discussion of the capital funding plan is included in Section 4.2 of this report and in Exhibit 4 of the Sewer Technical Appendix.

Table ES – 5
Summary of the Sewer Capital Funding Analysis (\$000)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Capital Projects	\$7,636	\$11,507	\$12,871	\$13,523	\$14,764	\$1,473
<i>Less: Other Funding</i>						
Operating Fund	\$0	\$0	\$0	\$0	\$0	\$0
Capital Fund	3,261	125	821	823	1,089	498
Effluent Reserve Fund	1,000	11,382	1,000	0	0	0
USDA Grant	3,375	0	0	0	0	0
Revenue Bonds	<u>0</u>	<u>0</u>	<u>10,800</u>	<u>12,200</u>	<u>13,000</u>	<u>0</u>
Total Other Funding	\$7,636	\$11,507	\$12,621	\$13,023	\$14,089	\$498
Rate Funded Capital	\$0	\$0	\$250	\$500	\$675	\$975

As a point of reference, the District’s sewer utility annual depreciation expense is approximately \$1.9 million (FY 2022). This financial plan shows the need to increase the District’s rate funding for capital improvements at \$250,000 in FY 2024 which is additional to the amount that comes from the rate structure component. This amount increases over time to fund capital renewal and replacement needs with an additional \$975,000 million by FY 2027. Other funding is provided through a USDA grant and through the issuance of long-term debt primarily to fund the Effluent Pipeline Project. The use of debt for large projects is an efficient method of spreading the costs over the useful life to minimize the impacts of these types of projects. In developing the sewer capital funding plan, HDR is not acting in a municipal advisory role to the District’s for the issuance of debt.

At the current time, the sewer utility has two outstanding long-term issues with an annual total debt service of approximately \$336,000 in FY 2022. Over the review period, the two existing issuances are retired, however, with the addition of new long-term debt issues the annual debt service payments increase in total to approximately \$2.8 million by FY 2027. As noted in the capital funding analysis the District is planning on issuing debt to fund the Effluent Pipeline Project.

Just as with the water utility, the sewer utility may need to transfer funds to reserves to fund future capital improvements or meet prudent target ending fund reserve balances. Alternatively, reserve funds may be used to offset annual shortfalls as necessary. This is accomplished through the “Reserve Funding” component of the revenue requirement.

Given a projection of O&M and capital expenses, a summary of the sewer revenue requirement analysis was developed. Provided in Table ES - 6 is a summary of the revenue requirement analysis for the District's sewer utility.

Table ES - 6						
Summary of the Sewer Revenue Requirement Analysis (\$'000)						
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Rate Revenues	\$6,522	\$6,529	\$6,535	\$6,542	\$6,548	\$6,555
Other Revenues	<u>384</u>	<u>339</u>	<u>325</u>	<u>326</u>	<u>332</u>	<u>339</u>
Total Revenues	\$6,907	\$6,868	\$6,860	\$6,868	\$6,880	\$6,894
Expenses						
Total O & M	\$4,449	\$5,301	\$5,347	\$5,606	\$5,878	\$6,164
Additional Capital Funding	0	0	250	500	675	975
Net Debt Service	0	0	0	0	0	0
Operating Fund Transfer	(766)	(680)	(47)	128	424	198
Capital Fund Transfer	<u>3,223</u>	<u>3,227</u>	<u>3,230</u>	<u>3,233</u>	<u>3,236</u>	<u>3,239</u>
Total Expenses	\$6,907	\$7,847	\$8,780	\$9,467	\$10,214	\$10,576
Bal./ (Def.) of Funds	\$0	(\$979)	(\$1,920)	(\$2,599)	(\$3,333)	(\$3,683)
Bal as a % of Rate Adj	0.0%	15.0%	29.4%	39.7%	50.9%	56.2%
Proposed Rate Adjustment	0.0%	15.0%	12.5%	8.0%	8.0%	3.5%
Add'l Revenue with Rate Adj	\$0	\$979	\$1,920	\$2,599	\$3,333	\$3,683
Bal / (Def) After Rate Adj	\$0	\$0	\$0	\$0	\$0	\$0

As can be seen, the revenue requirement has summed the O&M expense, rate funded capital, net debt service, and reserve funding (transfers) for the District's sewer utility. As noted with the water analysis, annual debt service is funded through annual capital charge revenues, therefore the Net Debt Service is \$0. The total revenue requirement is then compared to the total sources of funds which include the rate revenues - at present rate levels - and other miscellaneous revenues. From this comparison, a balance or deficiency of funds in each year can be determined. As a note, the "Bal. / (Def.) of Funds" row is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years.

Based on the revenue requirement analysis developed herein, HDR has concluded that the District will need to adjust the level of sewer revenues over the next five years (FY 2023 – FY 2027). HDR has reached this conclusion for the following reasons:

- Adjustments are necessary to fund the ongoing O&M expenses to provide sewer service
- Adjustments are necessary to maintain prudent funding of annual renewal and replacement of the sewer utility

- The proposed adjustments maintain the District’s strong financial health (e.g., debt service coverage ratios, reserves) and provide long-term, sustainable funding levels for the District

In reaching this conclusion, HDR recommends that the District adopt the proposed rates as developed in the following sections for FY 2023 through FY 2027 to provide sufficient funding for the O&M and capital improvement needs identified in this Study. A detailed discussion of the development of the sewer revenue requirement is provided in Section 4.2 of this report.

Summary of the Sewer Cost of Service Analysis

A cost of service analysis determines equitable allocation and proportional distribution of the revenue requirement to the various sewer customer classes of service (i.e., rate schedules). The objective of the cost of service analysis is different from determining the revenue requirement. Whereas the revenue requirement analysis determines the utility’s overall revenue needs, the cost of service analysis determines the proportional manner in which to distribute cost of providing sewer service and collect that revenue over the proposed time period. The sewer cost of service analysis is based on generally accepted methodologies as outlined in the Water Environment Federation (WEF) Manual of Practice No. 27, Financing and Charges for Wastewater Systems. For the District’s Study, the sewer revenue requirement for FY 2023 was used as the test year in order to develop the cost of service analysis.

In summary form, the cost of service analysis began by functionalizing the revenue requirement. For the District’s sewer cost of service analysis, three customer classes of service were used. This included residential, multi-family, and commercial. As explained in more detail later in this report, the functionalized revenue requirement was then allocated to the various cost components. The individual allocation totals were then proportionally distributed to the various customer class of service based upon each customer class’s use of or demand placed on each system. The distributed expenses for each customer class were then aggregated to determine each customer class’s overall revenue responsibility. Table ES - 7 provides the summary of the cost of service analysis based on the water system specific costs and the District’s customer characteristics.

Table ES - 7
Summary of the Sewer Cost of Service Analysis (\$000)

Class of Service	Present Revenues	Distributed Costs	\$ Difference	% Difference
Residential	\$2,861	\$3,130	(\$269)	9.4%
Multi-Family	2,971	3,421	(450)	15.2%
Commercial	697	957	(260)	37.3%
Total System	\$6,529	\$7,508	(\$979)	15.0%

The cost of service analysis results in some differences between the customer classes of service. The cost of service reflects the level of service provided to each customer class. As noted, a cost of service analysis is a snapshot in time the results will vary from year to year.

A detailed discussion of the development of the cost of service analysis is provided in Section 4.3 of this report and in Exhibit 7 through Exhibit 15 of the Sewer Technical Appendix.

Summary of the Sewer Rate Designs

The third and final step of the rate study process is the design of the sewer rates to collect the targeted levels of revenue. The revenue requirement analysis provided a set of recommendations related to annual revenue adjustments and the cost of service adjustment provided a review of the proportionality between customers. As noted, the cost of service resulted in cost differences. Given this, it was determined that commercial sewer rates would be adjusted to reflect the results of the cost of service analysis. In discussion with District staff, it was determined that the current rate structure was contemporary and met the District's goals and objectives. Given these two recommendations, the proposed rates maintain the current rate structure, with the addition of a separate commercial sewer rate.

The District currently has the same rate structure for the residential, multi-family, and commercial customers. This includes a monthly base charge and capital charge which are charged per account for residential, by unit for multi-family, and by meter size for commercial. There is also a flat admin fee for all customers. Lastly, there is a sewer use fee which is a uniform rate for all customers. As noted, a separate sewer use fee is proposed for commercial customers to reflect the cost of service results.

Given the result of the prior analyses, the revenue requirement and cost of service, the proposed rates can be developed. One minor transition is the unique rate for commercial sewer use. Provided in Table ES – 8 is a summary of the present and proposed rates for the District's sewer utility.

**Table ES - 8
Summary of the Present and Proposed Sewer Rates**

	<i>Present Rates</i>	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Base Charge						
3/4", Res, Multi Fam	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
1"	32.63	43.25	50.60	54.94	60.79	60.96
1 1/2"	65.07	86.25	100.90	109.56	121.21	121.55
2"	104.15	138.05	161.50	175.36	194.01	194.55
3"	195.40	259.00	303.00	329.00	364.00	365.00
4"	325.73	431.75	505.10	548.44	606.79	608.46
6"	651.27	863.25	1,009.90	1,096.56	1,213.21	1,216.55
8"	1,042.07	1,381.25	1,615.90	1,754.56	1,941.21	1,946.55
10"	1,498.13	1,985.75	2,323.10	2,522.44	2,790.79	2,798.46
Capital Improvement Charge						
3/4", Res, Multi Fam	\$31.45	\$31.45	\$33.92	\$36.39	\$38.13	\$41.08
1"	52.52	52.53	56.65	60.77	63.67	68.61
1 1/2"	104.73	104.74	112.96	121.18	126.96	136.81
2"	167.63	167.64	180.80	193.96	203.22	218.97
3"	314.50	314.53	339.21	363.89	381.27	410.83
4"	524.27	524.31	565.46	606.61	635.58	684.85
6"	1,048.23	1,048.31	1,130.59	1,212.86	1,270.77	1,369.29
8"	1,677.23	1,677.36	1,809.01	1,940.65	2,033.31	2,190.95
10"	2,411.27	2,411.47	2,600.72	2,789.98	2,923.19	3,149.82
Admin Fee	\$3.97	\$4.23	\$4.44	\$4.66	\$4.89	\$5.14
Sewer Use						
Residential	\$3.20	\$4.00	\$4.70	\$5.10	\$5.65	\$5.70
Multi-Family	3.20	4.00	4.70	5.10	5.65	5.70
Commercial	3.20	4.70	5.50	6.00	6.40	6.50

Table ES – 8 shows that the current rate structure has been maintained for all customers. The creation of the commercial use rate and the level of rates has been adjusted to meet the revenue target calculated in the revenue requirement analysis and cost of service analyses. These proposed rates provide the proportionality between the various customers.

The development of the sewer rate design and discussion of other customer classes are each outlined in detail in Section 4.4 of this Study.

Summary of the Water and Sewer Rate Study

This rate study focused on the adequacy and proportionality of the District’s water and sewer water rates. Based on the analyses developed herein, which included the District’s specific operating and capital expenses, HDR has proposed a comprehensive set of recommendations for each utility. The following sections of the report provide a more detailed discussion of the technical analyses undertaken, along with the findings, conclusions, and recommendations of the study.

1 Introduction and Overview

HDR was retained by Incline Village General Improvement District (District) to conduct a comprehensive rate study (Study) for both the water and sewer systems. The objective of a rate study is to review the District’s operating and capital costs to develop a projection of revenue needs and subsequent cost-based rates for the water and sewer customers. This study determined the adequacy of the existing rates and provides the framework and cost basis for future proposed rates.

The District owns and independently operates water and sewer systems. The costs associated with providing these services to customers has been developed based on District provided information and included within the development of the proposed rates.

1.1 Goals and Objectives

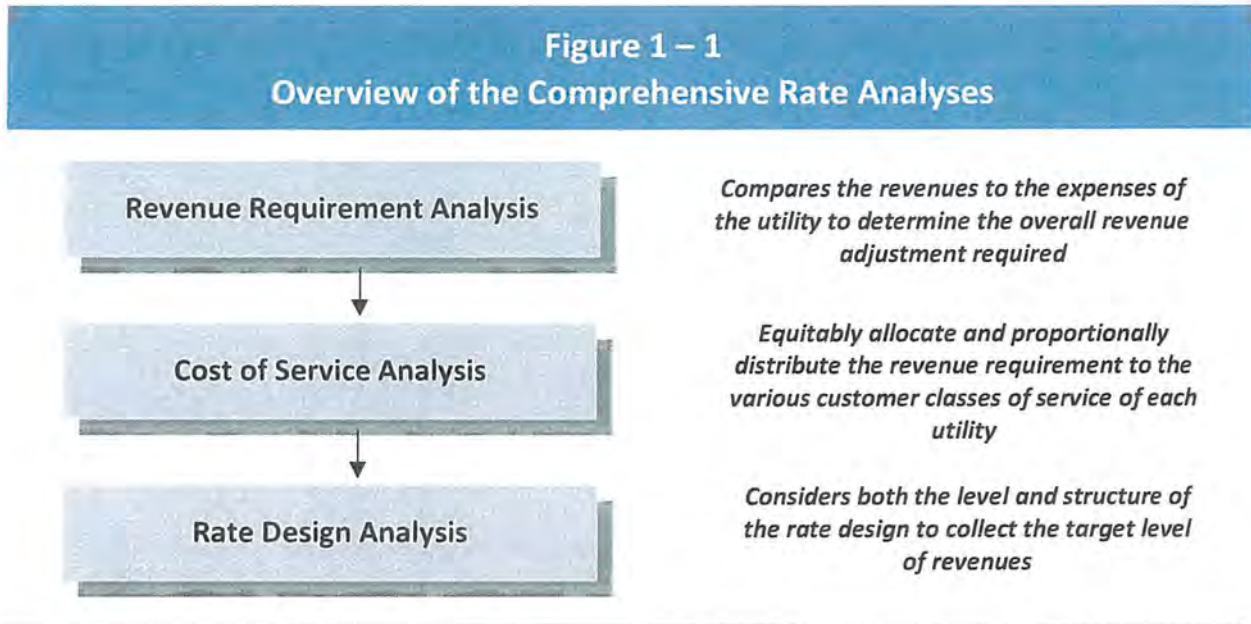
The District had several key objectives in developing the Study. These key objectives provided a framework for policy decisions in the analysis that follows.

- Develop the Study in a manner that is consistent with the principles and methodologies established by the American Water Works Association (AWWA), M1 Manual, Principles of Water Rates, Fees and Charges and Water Environment Federation (WEF) Manual of Practice No. 27, Financing and Charges for Wastewater Systems
- In financial planning and establishing the proposed rates, review and utilize best industry practices, while recognizing and acknowledging the specific and unique characteristics of the District’s utilities and customers
- Review the District’s rates utilizing generally accepted rate making methodologies to determine adequacy and equity of the utility rates
- Meet the financial planning criteria and goals of the District. For example, debt service coverage ratios, adequate funding of capital infrastructure, and maintenance of adequate and prudent reserve levels
- Develop a final proposed financial plan which adequately supports the utility’s annual funding requirements, while attempting to minimize overall impacts to rates
- Develop an equitable allocation and proportional distribution of costs to the District’s water and sewer customers
- Develop final proposed water and sewer rates for the next five year period (FY 2023 – FY 2027)

1.2 Overview of the Rate Study Process

User rates must be set at a level where a utility’s operating and capital expenses are met with the revenues received from customers. This is an important point, as failure to achieve this objective may lead to insufficient funds to maintain system integrity. To evaluate the adequacy of the water and sewer rates, each on a standalone basis, a comprehensive rate study is often

performed. A comprehensive rate study consists of three interrelated analyses. Figure 1 – 1 provides an overview of these analyses.



The above framework for reviewing and evaluating rates was utilized for the District’s water and sewer utilities.

1.3 Organization of the Study

This report is organized in a sequential manner that first provides an overview of utility rate setting principles, followed by sections that detail the specific steps used to review the District’s utility rates. The following sections comprise the District’s water and sewer rate study report:

- Section 2 – Overview of Rate Setting Principles
- Section 3 – Development of the Water Rate Study
- Section 4 – Development of the Sewer Rate Study

Technical Appendices are attached at the end of this report, which detail the technical analyses that were undertaken in the preparation of this study.

1.4 Summary

This report will review the Study prepared for Incline Village General Improvement District. This report has been prepared utilizing generally accepted and industry standard rate setting techniques as outlined in the AWWA M1 Manual and WEF MOP 27.



2 Overview of Rate Setting Principles

This section of the report provides background information about the rate setting process, including descriptions of generally accepted principles, types of utilities, methods of determining a revenue requirement, the cost of service analysis, and rate design. This information is useful for gaining a better understanding of the details presented in Sections 3 and 4 of this report.

2.1 Generally Accepted Rate Setting Principles

As a practical matter, all utilities should consider setting their rates around some generally accepted or global principles and guidelines. Utility rates should be:

- Cost-based, equitable, and set at a level that meets the utility's full revenue requirement
- Easy to understand and administer
- Designed to conform to "generally accepted" rate setting techniques
- Stable in their ability to provide adequate revenues for meeting the utility's financial, operating, and regulatory requirements
- Established at a level that is stable from year-to-year from a customer's perspective

2.2 Determining the Revenue Requirement

Most public utilities use the "cash basis"¹ approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand. A public utility totals its cash expenditures for a period of time to determine required revenues. The revenue requirement for a public utility is usually comprised of the following costs or expenses:

Total Operating Expenses: This includes a utility's operation and maintenance (O&M) expenses, plus any applicable taxes or transfer payments. Operation and maintenance expenses include the materials, electricity, labor, supplies, etc., needed to keep the utility functioning.

Total Capital Expenses: Capital expenses are calculated by adding debt service payments (principal and interest) to capital improvements financed with rate revenues. In lieu of including capital improvements financed with rate revenues, a utility sometimes includes depreciation expense to stabilize the annual revenue requirement.

¹ "Cash basis" as used in the context of rate setting is not the same as the terminology used for accounting purposes and recognition of revenues and expenses. As used for rate setting, "cash basis" simply refers to the specific cost components to be included within the revenue requirement analysis.

Under the cash basis approach, the sum of the total O&M expenses plus the total capital expenses equals the utility’s revenue requirement during any selected period (historical or projected).

Note that the two portions of the capital expense component (debt service and rate funded capital) are necessary under the cash basis approach as public utilities generally cannot finance all their capital facilities with long-term debt. At the same time, it is often difficult to pay for capital expenditures on a “pay-as-you-go” basis given that some major capital projects may have significant rate impacts upon a utility, even when financed with long-term debt. Many utilities have found that some combination of pay-as-you-go funding and long-term financing will often lead to minimization of rate increases over time.

While public utilities typically use the cash basis approach to establish their revenue requirement, an exception may occur if the public utility provides service to a large wholesale or contract customer. In this situation, a public utility could use the “utility basis” approach (see Table 2 - 1) regarding earning a fair return on its investment.

Table 2 – 1
Cash versus Utility Basis Comparison

Cash Basis		Utility Basis (Accrual)	
+	O&M Expenses	+	O&M Expenses
+	Taxes/Transfer Payments	+	Taxes/Transfer Payments
+	Rate Funded Capital	+	Depreciation Expense
+	Debt Service (Principal + Interest)	+	Return on Investment
=	Total Revenue Requirement	=	Total Revenue Requirement

2.3 Designing Utility Rates

Rates that meet the utility’s objectives are designed based on both the revenue requirement and the cost of service analysis. This approach results in rates that are cost-based and equitable. However, this may not reflect other non-cost-based goals and objectives (conservation, economic development, ability to pay, revenue stability, etc.). In designing the final proposed rates these non-cost-based rate design goals may be taken into consideration. However, the proposed rates should take into consideration each customer class’s proportional share of costs allocated through the cost of service analysis.

2.4 Economic Theory and Rate Setting

One of the major justifications for a comprehensive rate study is founded in economic theory. Economic theory suggests that the price of a commodity must roughly equal its cost if equity among customers is to be maintained. This statement’s implications on utility rate designs are significant. For example, a water utility usually incurs capacity-related costs to meet summer lawn watering needs. It follows that the customers who create excessive peak demands on the

system and create the need for upsizing of the distribution system should pay for those oversized facilities in proportion to their contribution to total peaking requirements. When costing and pricing techniques are refined, consumers have a more accurate understanding of what the commodity costs to produce and deliver. The same principals discussed are applicable to sewer utility as well, but the example of such was only given for illustration purposes. This price-equals-cost concept provides the basis for the subsequent analysis and comments.

2.5 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set cost-based and equitable water and sewer rates. These principles and techniques are the basis for the District's comprehensive rate study.



3 Development of the Water Study

This section of the report will describe the development of the water analysis. This includes the development of the revenue requirement, cost of service, and rate design analyses. Each of these analyses was completed for the water system based on the specific customer and system characteristics. The following discussion will outline the summary of each of these analyses to support the development of cost-based and proportional water rates.

3.1 Water Revenue Requirement

This following discussion describes the development of the revenue requirement for the District's water utility. The District has provided detailed revenue and expenses data for the water system that provides the basis for the development of the revenue requirement. The revenue requirement analysis is the first analytical step in the comprehensive water rate study process. This analysis determines the adequacy of the District's overall water revenues, at current rate levels. From this analysis, a determination can be made as to the overall level of revenue (rate) adjustment needed to provide adequate and prudent funding for both operating and capital needs. HDR developed an independent analysis based on information provided by the District as part of the review of proposed rate adjustments.

3.1.1 Determining the Water Revenue Requirement

In developing the District's water revenue requirement, the water utility - as an enterprise fund - must financially "stand on its own" and be properly funded. That is, no transfers from other District funds occur to support the water utility. As a result, the revenue requirement analysis, as developed herein, assumes the full and proper funding needed to operate and maintain the water system on a financially sound and prudent basis. A goal of the Study was to maintain prudent funding for each utility as a separate enterprise fund.

3.1.2 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the District's water utility was to establish a time frame for the analysis. For the Study, the revenue requirement was developed for a 10-year time period (FY 2022 through FY 2032). Reviewing a multi-year time period is recommended as it attempts to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the District can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. For purposes of setting rates, the study focuses on the next five years as the rate setting period of FY 2023 through FY 2027.

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. In this case, for the revenue requirement analysis a cash basis approach was utilized. As described in Section 2, the cash basis approach is the most common methodology used by municipal utilities to set their revenue requirement. Table 3 - 1 provides a summary of the cash basis approach and cost components used to develop the District's water revenue requirement.

Table 3 – 1
Overview of the Water “Cash Basis” Revenue Requirement

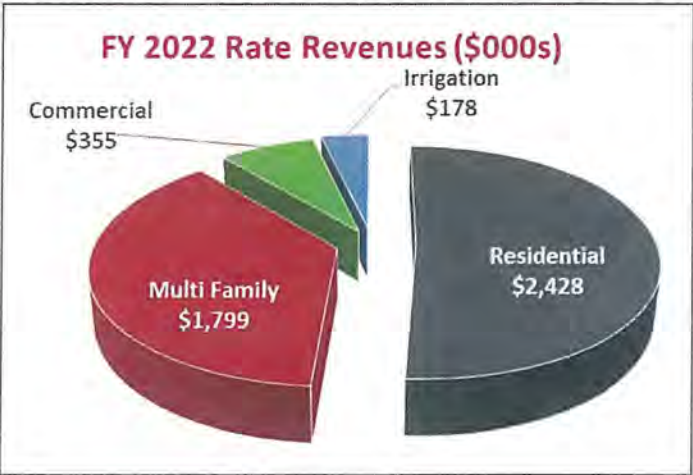
- + Operation and Maintenance Expenses
- + Taxes and Transfers
- + Rate Funded Capital
- + Debt Service (Principal + Interest) – Existing and Future
- ± Reserve Funding
- = **Total Revenue Requirement**
- Miscellaneous Revenues
- = **Net Revenue Requirement (Balance Required from water Rates)**

Given a time period around which to develop the revenue requirement and a method to accumulate the costs, the focus shifts to the development and projection of the revenues and expenses of the District’s study.

The primary financial inputs in the development of the revenue requirement are the District’s adopted budget for the water utility, historical billed customer and consumption data, and the water capital improvement plan. Presented below is a detailed discussion of the steps and key assumptions contained in the development of the projections of the District’s water revenue requirement analysis.

3.1.3 Projecting Rate and Other Miscellaneous Revenues

The starting point of the revenue requirement is to develop a projection of the water rate revenues, at present rate levels. In general, this process involved developing projected billing units for each customer group; currently, there is a single rate structure that applies to all customers. For the water utility, the billing units are the number of accounts, and meters, for the fixed billing charge and the billed usage (metered consumption) for the consumption charge. The billing units were then multiplied by the current adopted water rates. This method of independently calculating revenues links the projected revenues used within the analysis to the projected billing units. It also helps to confirm that the billing units used within the study are reasonable for purposes of projecting future revenues, distributing costs, and ultimately, establishing proposed rates.



In total, and at current rate levels, the District is projected to receive approximately \$5.2 million in rate revenue in FY 2022. Over time, the study has assumed a conservative level of customer

growth, based on historical growth levels, of 0.1% per year. This results in rate revenues being essentially flat over the projected time period.

In addition to rate revenues, the District receives miscellaneous revenues as a result of operating the water system. These are revenues related to interest earnings, fees, rental income, and other miscellaneous revenues. In total, the District is projected to receive approximately \$273,000 in FY 2022.

On a combined basis, incorporating the rate revenues and the miscellaneous revenues, the District’s water utility has total projected revenues of approximately \$5.4 million in FY 2022 which remains essentially flat through FY 2027 to \$5.5 million. Again, this does not include any proposed revenue adjustments, only increases in rate revenues due to customer growth and annual changes in miscellaneous revenues.

3.1.4 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the District to provide water service (supply, treatment, distribution, etc.) as well as to operate and maintain the existing infrastructure. As mentioned, the District provided detailed O&M expenses based on the FY 2022 adopted budget. The budgeted O&M expenses were projected over the time period based on historical inflationary factors experienced by the District and the general economy. Provided in Table 3 - 2 is a summary of the primary escalation factors used to develop the projection of O&M expenses for both the water and sewer water utilities.

Table 3 – 2 Summary of the O&M Escalation Factors					
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Labor	5.0%	5.0%	5.0%	5.0%	5.0%
Benefits - Medical	5.0%	10.0%	10.0%	10.0%	10.0%
Benefits - Other	6.0%	6.0%	6.0%	6.0%	6.0%
Professional / Special Svcs	5.0%	5.0%	5.0%	5.0%	5.0%
Materials & Supplies	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment	4.0%	4.0%	4.0%	4.0%	4.0%
Miscellaneous	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities	4.0%	4.0%	4.0%	4.0%	4.0%
Insurance	3.0%	3.0%	3.0%	3.0%	3.0%

Each of the budgeted O&M expenses were reviewed and the applicable escalation factor applied to develop the O&M for the projected time period. Exhibit 2 of the Water Technical Appendix provides a summary of the assumptions used to develop the projection of revenues and escalation of the O&M expenses.

Based on the FY 2022 adopted budget, the total O&M expenses for the District’s water utility are \$4.6 million. Over the planning horizon, total O&M expenses for the District are projected to

increase to approximately \$6.2 million by FY 2027 based on the corresponding escalation factors. In addition to the FY 2022 budget, additional expenses related to future staff were included starting in FY 2023. Also included, was a one time inflationary contingency in FY 2023 to reflect the uncertainty currently being experienced in the utility industry for labor, supplies, and material expenses. The projection of O&M expenses reflects an average inflationary increase of 6.5% per year over the projected time period through FY 2027.

3.1.5 Capital Funding Plan

A key component in the development of the District’s water revenue requirement was properly and adequately funding capital improvement needs. One of the major issues facing utilities across the U.S. is the amount of deferred capital projects and the funding pressure from growth or expansion-related improvements. The proper and adequate funding of capital projects is an important issue for all water utilities and is not just a local issue or concern of the District.

In general, there are three types of capital projects that a utility may need to fund. These include the following types:

- Renewal & replacement projects
- Growth / capacity expansion projects
- Regulatory-related projects

A capital project that is defined as a renewal and replacement project is a project required for maintaining the existing system that is in place today. As the existing plant or pipelines become worn out, obsolete, etc., the utility should be making continuous investments to maintain the integrity of the facilities. In contrast to this, a utility may make capital investments to expand the capacity of facilities to accommodate future capacity needs (customers). Finally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates the need for an improvement to the system to meet a regulatory standard. Understanding these different types of capital projects is important because it may help to explain why costs are increasing and the cost drivers for any needed revenue adjustments. In addition, and more importantly, the way in which projects are funded may vary by the type of capital project. For example, renewal and replacement projects should be paid for via rates and funded on a “pay-as-you-go basis.” In contrast to this, growth or capacity expansion projects may be funded via the collection of impact fees (i.e., growth-related charges) in which new development pays an equitable share of the cost of facilities necessary to serve their development (impact). Finally, regulatory projects may be funded by a variety of different means, which may include rates, long-term debt, grants, etc.

While the above discussion appears to neatly divide capital projects into three clearly defined categories, the reality of working with specific capital projects may be more complex. For example, a pump may be replaced, but while being replaced, it is up-sized to accommodate greater capacity to serve increasing demands or new development. There are many projects that share these “joint” characteristics.

For purposes of developing the capital funding plan the District provided its capital improvement plan (CIP) which has been summarized in Table 3 - 3 along with the expected funding sources developed as part of the rate study.

Table 3 – 3
Summary of the Water Capital Funding Analysis (\$000)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Capital Projects	\$1,589	\$2,478	\$1,599	\$1,905	\$3,442	\$2,010
<i>Less: Other Funding</i>						
Operating Fund	\$0	\$125	\$0	\$0	\$0	\$0
Capital Fund	1,589	1,553	49	55	42	1,410
Long-Term Borrowing	<u>0</u>	<u>800</u>	<u>1,550</u>	<u>1,850</u>	<u>2,900</u>	<u>0</u>
Total Other Funding Source	\$1,589	\$2,478	\$1,599	\$1,905	\$2,942	\$1,410
Total Rate Funded Capital	\$0	\$0	\$0	\$0	\$500	\$600

The capital improvements are primarily related to renewal and replacement of aging water system as well as annual equipment purchases. While the total amount required to fund projects may vary from year-to-year, the rate study capital funding plan has developed a plan to provide a consistent funding source for capital improvements. As a point of reference, the District’s annual depreciation expense for the water utility was at \$1.8 million for FY 2022. A desirable and recommended minimum funding target for rate funded capital is an amount equal to or greater than annual depreciation expense. This is critical as the replacement cost of an asset may be many times the original costs reflected through annual depreciation expense. In developing this financial plan, HDR and the District have attempted to minimize rate impacts while funding the necessary capital improvement projects.

3.1.6 Projection of Debt Service

The District currently has two (2) outstanding long-term debt issues for the water utility. On a combined basis, the total annual debt service for FY 2022 is approximately \$307,000. Over the review period, one of the of issuances is retired in FY 2026 which results in a reduction of \$114,000 per year. However, it is assumed that the District’s water utility will need to issue (new) long-term debt over the rate setting period and the total annual debt service is anticipated to be approximately \$715,000 per year by FY 2027.

As part of this study, HDR is not providing municipal advice as it relates to bonds, terms, or structures of debt issuance. Rather, the Study is simply identifying funding needs and estimating the annual debt service payments for rate setting purposes.

3.1.7 Reserve Funding

The final component of the revenue requirement analysis is the transfer to, or from, reserves to either maintain prudent ending fund balances or for future funding of specific capital improvements. In future years, as rates are adjusted and reach sufficient levels, the District is

able to transfer funds to the operating reserves to replenish prior expenditures and to meet minimum target levels.

3.1.8 Summary of the Revenue Requirement

Given the above projections of revenues and expenses, a summary of the District’s water revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the District. In particular, emphasis was placed on minimizing rates, while providing adequate funds to support the operational activities and necessary capital improvement needs over the review period. Presented below in Table 3 - 4 is a summary of the District’s water revenue requirement based on projected expenses and current rates. Detailed exhibits of this analysis can be found in the Water Technical Appendix in Exhibit 3.

Table 3 - 4						
Summary of the Sewer Revenue Requirement Analysis (\$000)						
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Rate Revenues	\$5,129	\$5,132	\$5,135	\$5,138	\$5,141	\$5,144
Other Revenues	<u>273</u>	<u>279</u>	<u>281</u>	<u>295</u>	<u>308</u>	<u>314</u>
Total Revenues	\$5,402	\$5,411	\$5,416	\$5,433	\$5,449	\$5,458
Expenses						
Total O & M	\$4,552	\$5,386	\$5,417	\$5,661	\$5,917	\$6,186
Net Debt Service	0	0	0	0	0	0
Operating Transfer	(755)	(555)	157	586	527	414
Capital Transfer	1,605	1,606	1,608	1,609	1,611	1,613
Additional Capital Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>600</u>
Total Expenses	\$5,402	\$6,437	\$7,182	\$7,856	\$8,555	\$8,813
Bal./ (Def.) of Funds	\$0	(\$1,026)	(\$1,766)	(\$2,423)	(\$3,106)	(\$3,355)
Balance as a % of Rate Adj.	0.0%	20.0%	34.4%	47.2%	60.4%	65.2%
Proposed Rate Adjustments	0.0%	20.0%	12.0%	9.5%	9.0%	3.0%
Add'l Revenue with Rate Adj.	\$0	\$1,026	\$1,766	\$2,423	\$3,106	\$3,355
Bal. / (Def.) After Rate Adj	(0)	0	0	0	(0)	0

The water revenue requirement has summed the O&M, net debt service, and reserve funding for the five-year rate setting period. The total revenue requirement is then compared to the total revenues which are the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison, a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate revenue adjustment needed to meet the revenue requirement. The “Bal. / (Def.) of Funds” row is cumulative. That is to say, any adjustments in the initial years will reduce the deficiency in the later years.

As shown, the overall level of revenues needs to be increased over the test period to meet the operating and capital needs of the water utility. It should also be noted that even with the proposed revenue adjustment in FY 2023, operating reserves are needed to fund operating costs. This funding allows for a lower increase in the overall revenue adjustment for FY 2023. Based on the analysis, the District will need to adjust rate revenue levels in FY 2023 by 20.0%, 12.0% in FY 2024, 9.5% in FY 2025, 9.0% in FY 2026, and 3.0% in FY 2027. Based on the rate transition plan provided in Table 3 – 4, the proposed annual revenue adjustments (blue shaded line) have been developed to meet the operating and capital needs of the District in each year of the analysis.

3.1.9 Reserve Fund Levels

Another key element of determining the financial health and sustainability of the District’s water utility is to review the level of available reserve levels after the proposed rate revenue adjustments. In general, utilities can have several different reserves each with a different purpose. The typical types of reserves utilities maintain are generally referenced as an operating reserve and a capital reserve. Each of these funds can have a minimum ending balance that, if reached or falls below, is a signal that the District should review the revenue sources associated with each fund. The minimum ending balances will vary depending on the purpose of the fund and the expected revenue sources.

The District’s water utility rate study included the review of two primary reserves.

Operating Reserve— This reserve is in place to meet the District’s cash flow needs as well as funding during emergencies. The typical minimum ending balance for an operating reserve ranges from 90 – 365 days of annual O&M expenses. The target minimum for the District for rate setting purposes was set at 25% of annual O&M expenses and is approximately \$1.1 million. This target is used in order to maintain a sufficient amount of funds to cover expenses should any unexpected interruption of rate revenues occur.

Capital Reserve – This reserve similar to the operating reserve but the capital expenses rather than operating expenses. A capital reserve minimum balance is generally set on a level that targets average annual capital needs or annual depreciation expense. For capital, the fund acts to store funds for use towards future capital projects. In this way, the District can minimize the impact to rates on an annual basis and maintain a more leveled projection of rates over time. Again, these funds are in place to help support the capital needs of the system. For the rate study, a target minimum was set at annual depreciation which for FY 2022 is \$1.8 million.

Debt Reserve – This reserve, as the name implies, is relating to storing funds for debt service. The idea being that the funds would be available to pay the annual debt service payment should and unforeseen circumstance with regards to revenue generation or collection interruption. For the water rate study, it is assumed that one year of average annual debt service will be held in the debt reserve fund. This level of reserves will need to be reviewed as the District issues additional long-term debt and the debt issuance may require a reserve fund.

3.1.10 Revenue Requirement Summary

Based on the revenue requirement analyses developed herein, HDR has concluded that the District will need to adjust the level of water revenues received over the next five years (FY 2023 – FY 2027). HDR has reached this conclusion for the following reasons:

- Rate adjustments are necessary to fund the water utility O&M costs
- Rate adjustments are necessary to maintain prudent funding of annual renewal and replacement of the water system and specific capital improvements identified over this time period
- The proposed adjustments will provide the District with a financially healthy water utility (e.g., reserve levels, debt service coverage ratios) and provide long-term, sustainable funding levels

In reaching this conclusion, HDR recommends that the District adopts the proposed annual revenue adjustments for FY 2023 through FY 2027. This is in order to provide sufficient funding for the O&M and capital improvement needs for the Study time period.

3.2 Water Cost of Service

In the previous section, the revenue requirement analysis focused on the total sources and application of funds required to adequately fund the District’s water utility. This section will provide an overview of the cost of service analysis developed for the District.

A cost of service analysis determines the proportional distribution of the total revenue requirement between the various customer classes of service (Residential, Multi-Family, Commercial, Irrigation, and Snowmaking). The previously developed revenue requirement for FY 2023 was utilized in the development of the cost of service analysis.

3.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service analysis:

1. Proportionally distribute the District’s revenue requirement among the customer classes of service; and,
2. Derive average unit costs (i.e., cost-based rates) for subsequent rate designs

The objectives of the cost of service analysis are different from determining a revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility’s overall financial needs, while the cost of service analysis determines the proportional and equitable manner to collect the revenue requirement from each of the customer classes of service.

The results of the cost of service analysis determine the unit costs which are used in the development of the final proposed rate designs. The water cost of service analysis provides a per unit cost of water consumption based on each customer class’s proportional share of costs. For example, a water utility incurs costs related to average day, peak day, fire protection, and

customer-related cost components. A water utility must build sufficient capacity² to meet summer peak capacity needs. Therefore, those customers contributing to those peak demands on the system should pay their proportionately higher share of the costs to provide the capacity in the system. The unit costs provide the relationship between these components which are then used to set proportional and cost-based rates.

3.2.2 Determining the Customer Classes of Service

The first step in a cost of service analysis is to determine the customer classes of service. Based on discussion with District staff, the classes of service used within the cost of service analysis were:

- Residential
- Multi-Family
- Commercial
- Irrigation
- Snow Making

In determining classes of service for cost of service purposes, the objective is to group customers together into similar or homogeneous groups based upon similar facility requirements and/or demand characteristics. Currently, the District has a single rate structure for all customers. Based on the District's desire to evaluate and develop cost of service based rates, the customer classes of service were developed for rate setting purposes. This is a key aspect of the cost of service analysis that allows for the proportional and equitable distribution of costs to establish the proposed rates for each customer class of service. Based on these customer classes of service, each with their own unique customer consumption patterns, characteristics, and facility requirements the cost of service can be developed.

3.2.3 General Cost of Service Procedures

In order to evaluate the equity and proportionality of the current rate structure for each customer class of service on the District's water system, a cost of service analysis is conducted. A cost of service analysis utilizes a three-step approach to review costs. These steps take the form of functionalization, allocation, and distribution. Provided below is a detailed discussion of the water cost of service study conducted for the District, and the specific steps taken within the analysis. The approach used for the District's study conforms to generally accepted cost of service methodologies as outlined in the AWWA M1 manual.

² System capacity is the system's ability to supply water to all delivery points at the time when demanded. Coincident peaking factors are calculated for each customer class at the time of greatest system demand. The time of greatest demand is known as peak demand. Both the operating costs and capital assets related costs incurred to accommodate the peak demands are generally allocated to each customer class based upon the class's contribution to the peak month, day or hour event.

3.2.3.1 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of O&M expense and asset data by major operating functions (e.g., supply, transmission, storage, distribution). Within this study, there was a limited amount of functionalization of the cost data as it was largely accomplished within the District's system of accounts.

3.2.3.2 Allocation of Costs

The second analytical task performed in a water cost of service study is the allocation of the costs. The allocation of costs examines why the expenses were incurred or what type of need is being met. The following allocation components were used to develop the water cost of service analysis:

Commodity Related Costs: Commodity costs are those costs which tend to vary with the total quantity of water consumed by a customer. Commodity costs are those incurred under average load (demand) conditions and are generally specified for a period of time such as a month or year. Chemicals or utilities (i.e., electricity) are examples of commodity-related cost as these costs tend to vary based upon the total demand of water.

Capacity Related Costs: Capacity costs are those which vary with peak demand, or the maximum rates of flow to customers. System capacity is required when there are large demands for water placed upon the system (e.g., summer lawn watering). For water utilities, capacity related costs are generally related to the sizing of facilities needed to meet a customer's maximum water demand at any point in time. For example, portions of distribution storage reservoirs and mains (pipes) must be adequately sized to meet the peak demands of the system and for each customer class of service.

Customer Related Costs: Customer costs are those costs which vary with the number of customers on the water system. They do not vary with system output or consumption levels. These costs are also sometimes referred to as readiness to serve or availability costs. Customer costs may also sometimes be further allocated as either actual or weighted. Actual customer costs vary proportionally, from customer to customer, with the addition or deletion of a customer regardless of the size

Water Cost of Service Analysis Terminology

Functionalization – The arrangement of the cost data by functional category (source of supply, distribution, treatment, etc.).

Allocation – The assignment of functionalized costs to cost components (e.g., commodity, capacity, customer, and fire protection related).

Distribution – Distributing the allocation costs to each class of service based upon each class's proportional contribution to that specific cost component.

Commodity Costs – Costs that are allocated as commodity related vary with the total demand of water (e.g., chemical use at a treatment plant).

Capacity Costs – Costs allocated as capacity related vary with peak day or peak hour usage. Facilities are often designed and sized around meeting peak demands.

Fire Protection Costs – Costs that are related to fire protection services (e.g., hydrants, oversizing of storage and distribution mains).

Customer Costs – Costs allocated as customer related vary with the number of customers on the system (e.g., metering costs).

of the customer. An example of an actual customer cost is postage for mailing bills. This cost does not vary from customer to customer, regardless of the size or consumption characteristics of the customer. In contrast, a weighted customer cost reflects a disproportionate cost, from customer to customer, with the addition or deletion of a customer. Examples of weighted customer costs are items such as meter maintenance expenses, where a large commercial customer requires a significantly more expensive meter than a typical residential customer.

Public Fire Protection Related Costs: Fire protection costs are O&M and capital costs necessary to allow for public fire protection functions. Usually, such costs relate to public fire hydrants and the over-sizing of mains and distribution storage reservoirs for fire protection purposes.

Revenue Related Costs: Some costs associated with the utility may vary with the amount of revenue received by the utility. An example of a revenue related cost would be a utility tax which is based on the gross utility revenue.

Direct Assignment: Some costs associated with the utility may be directly assigned to a specific customer class, or classes. This can be a specific O&M expense or component of the infrastructure that only benefits a specific customer class, or classes.

3.2.4 Development of Distribution Factors

Once the allocation process is complete, and the customer groups have been defined, the various allocated costs are distributed to each customer group. The District's allocated costs were proportionally distributed to the previously identified customer groups using the following distribution factors.

- **Commodity Distribution Factor:** As noted earlier, commodity-related costs vary with the total water consumption. Therefore, the commodity distribution factor was based on the projected total metered consumption plus losses for each class of service based on recent customer metered consumption data and projected for the FY 2023 cost of service.
- **Capacity Distribution Factor:** The capacity distribution factor was developed based on the estimated contribution to peak day use of each class. Peak day use by customer class of service was calculated by developing peaking factors for each customer group. For the District's Study, the peaking factor was defined as the relationship between peak day contribution and average day use and determined for each customer group based on a review of the average month to peak month usage for each class of service. Given an estimated peaking factor, the peak day contribution for each class of service was developed.
- **Customer Distribution Factor:** Customer costs vary with the number of customers on the system. Two basic types of customer distribution factors were identified – actual and weighted. The distribution factor for actual customers were based on the projection of the number of customers developed within the revenue requirement. The weighted customer distribution factor is for meters and services. This factor is calculated on the number of equivalent meters for each customer class. This reflects the difference in costs associated with providing service to larger sized meters.
- **Public Fire Protection Distribution Factor:** The development of the distribution factor for public fire protection expenses involved an analysis of each class of service and their respective fire flow requirements. The analysis considered the gallon per minute fire flow

requirements in the event of a fire, along with the duration of the required flow. The fire flow rates used within the distribution factor were based on industry standards estimates for each customer class of service. The minimum fire flow requirements are then multiplied by the number of customers in each class of service, and the assumed duration of the fire, to determine the class's prorated fire flow requirements.

- **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for FY 2023 for each customer class of service. These same revenues were used within the revenue requirement analysis discussed previously.

As mentioned previously, in a cost of service study, the distribution factors represent a group of similar customers. For example, based on the review of the customer types and consumption characteristics the previously discussed customer classes of residential, commercial, irrigation, and snow making. Details related to the distribution of costs is found in Exhibits 6 through 10 of the Water Technical Appendix.

3.2.5 Functionalization and Allocation of Plant in Service

As noted, the first step of the cost of service analysis is the functionalization and allocation of plant in service. In performing the functionalization of plant in service, HDR utilized the District's historical plant (asset) records. Once the plant assets were functionalized, the analysis shifted to the allocation of the asset. The allocation process included reviewing each group of assets and determining which costs the assets were related to. For example, the District's assets were allocated as: commodity-related, capacity-related, customer-related, revenue-related, public fire protection-related, or a direct assignment. The following approach is based on the methodology as described in the AWWA M1 Manual and the District's specific water system operating and customer characteristics.

Water Distribution – Assets related to improvements for water distribution were allocated 45.0% to weighted customer meters, 51.0% to capacity, and 4.0% to fire protection. This is based on the minimum system analysis of the District's water pipeline length by diameter. This reflects the fact that a portion of the system is designed around customer peak demands based on the number of equivalent meters, system oversizing to reflect peak day needs, and oversizing to meet fire protection needs. Land assets were allocated 100.0% to commodity.

Water Treatment Plant – Water treatment plant assets related to the systems was allocated as 50.5% commodity related and 49.5% capacity related. This reflects the operation of the treatment facilities as meeting both average day and peak day demands on the system based on how the system operates.

Distribution Storage – Storage assets we allocated 92.0% capacity related and 8.0% to fire protection. This was based on the need to meet peak day demands of the system and oversizing to meet fire protection needs.

Table 3 – 5 provides a summary of the basic functionalization and allocation of the major water plant items.

Table 3 - 5
Summary of the Allocation of Water Plant in Service

Category	Commodity Related	Capacity Related	Customer Related	Fire Protection	Revenue Related	Direct Assign.
Land	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Source of Supply	50.5%	49.5%	0.0%	0.0%	0.0%	0.0%
Pump Station	50.5%	49.5%	0.0%	0.0%	0.0%	0.0%
Storage	0.0%	92.0%	0.0%	8.0%	0.0%	0.0%
Water Distribution	3.6%	30.6%	58.8%	7.0%	0.0%	0.0%
Water Treatment	50.5%	49.5%	0.0%	0.0%	0.0%	0.0%
Net Plant in Service	32.3%	39.9%	25.4%	2.4%	0.0%	0.0%

A more detailed exhibit of the functionalization and allocation of water plant (assets) can be found in the Water Technical Appendix in Exhibit 12.

3.2.6 Functionalization and Allocation of Operating Expenses

As noted in the AWWA M1 Manual, operating expenses are generally functionalized and allocated in a manner similar to the corresponding plant account. For example, maintenance of distribution mains is typically allocated in the same manner (allocation percentages) as the plant account for distribution mains. This approach to allocating the District’s operating expenses was used for this analysis. Although in general, the District does separate O&M expenses by function (e.g., supply, distribution), not all of the O&M is functionalized which is not uncommon for utilities. As a result, the approach to allocate the operating expenses was based on the allocation of the plant, or asset data, which reflects the investment made by the District to provide service.

For the Study, the revenue requirement for FY 2023 was functionalized and allocated based on the approach noted above. The District utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, rate funded capital, debt service, and reserve funding. Provided in Table 3 – 6 is a summary of the allocation of the water revenue requirement to the cost centers. The allocation of revenue requirement is further detailed in Exhibit 14 to the Water Technical Appendix.

Table 3 - 6
Summary of the Allocation of the Revenue Requirement (\$000)

	Commodity	Capacity	Actual Customer	Wt. Cust. Actg.	Wt. Cust Mtrs & Svcs	Fire Protection	Revenue Related
<i>Net Revenue Requirement</i>	\$1,119	\$2,010	\$20	\$0	\$2,838	\$171	\$0

3.2.7 Major Assumptions of the Cost of Service Study

A number of key assumptions were used within the District's water cost of service study. Below is a brief discussion of the major assumptions used.

- A test period of FY 2023 was used for the cost of service analysis in order to select the expenses which should be allocated and distributed for the rate setting period. The revenue and expense data used was previously developed within the revenue requirement study.
- A cash basis approach was utilized which conforms to generally accepted water cost of service approaches and methodologies
- The allocation of plant in service was developed based upon generally accepted cost allocation techniques. Furthermore, they were developed using the District's specific data.
- Consumption by cost or class of service used within this study were developed for each class of service from historical usage information provided by the District's
- Peak day capacity allocation factors were calculated based upon each customer group's average to peak month relationship

3.2.8 Summary Results of the Cost of Service Analysis

In summary form, the cost of service analysis began by functionalizing the previously developed water revenue requirement for FY 2023. The functionalized revenue requirement was then allocated into the various cost components. The individual allocation totals were then distributed to the various customer classes of service and tiers based on the appropriate distribution factor. For example, commodity related costs were distributed based on the commodity distribution factor which was based on annual water consumption. Each customer class is distributed their proportional share of commodity costs based on total annual water consumption by tier. Similarly, capacity costs were distributed proportionally based on the capacity distribution factor. This factor reflects the peaking characteristics of each class, and tier. In this way, each class, and tier, is distributed the proportional share of costs allocated to the capacity component.

The distributed expenses for each customer class were then aggregated to determine each customer class's overall revenue responsibility. Shown below in Table 3 – 7 is a summary of the distributed costs to each customer class of service, also described in Exhibit 14b to the Water Technical Appendix.

Table 3 – 7
Summary of the Distribution of the Water Revenue Requirement (\$000)

Component	Residential	Multi-Family	Commercial	Irrigation	Snowmaking	Total
Commodity	\$524	\$272	\$83	\$180	\$61	\$1,119
Capacity	1,006	422	115	411	55	2,010
Actual Customer	17	1	1	0	0	20
Cust. Acctg.	0	0	0	0	0	0
Meters & Services	1,173	1,298	240	101	24	2,838
Fire Protection	69	76	26	0	0	171
Revenue Related	0	0	0	0	0	0
Direct Assign.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$2,790	\$2,070	\$465	\$693	\$140	\$6,158

The District’s water cost of service study distributes the FY 2023 revenue requirement to each customer class with their respective benefit received from and burdens placed on the water system (proportional distribution). A cost of service analysis is based on one year’s O&M expense data and projected customer usage information. Given this, the results of the cost of service analysis may change from year to year. As the District continues to monitor rates and cost of service results through future studies, future cost of service adjustments may be necessary to reflect costs and customer consumption patterns at that time.

Based on the proportional distribution of the costs, a comparison is made to the current revenues to determine the overall revenue adjustment by class of service to meet the overall system revenue needs. Provided in Table 3 - 8 is a summary of the cost of service analysis.

Table 3 - 8
Summary of the Water Cost of Service Analysis (\$000)

Class of Service	Present Revenues	Distributed Costs	\$ Difference	% Difference
Residential	\$2,429	\$2,790	(\$361)	14.8%
Multi-Family	1,800	2,070	(271)	15.0%
Commercial	395	465	(70)	17.7%
Irrigation	397	693	(296)	74.4%
Snowmaking	<u>110</u>	<u>140</u>	<u>(30)</u>	26.7%
Total System	\$5,021	\$6,018	(\$997)	20.0%

As can be seen in Table 3 - 8, while an overall revenue adjustment of 20.0% is necessary, the distribution of costs results in different revenue adjustments by class of service. It is important to note that the result of the cost of service analysis are a snapshot in time and may change from year to year depending on the inputs. Given this, the results of the cost of service analysis are

reviewed from a range of reasonableness perspective. Based on this, the class of service that is outside of the range of reasonableness is the irrigation customer class.

3.2.9 Consultant’s Conclusions and Recommendations

The results of the cost of service show differences in the cost to serve each customer class. The District currently has a single rate structure, that applies to all customers. However, in discussion with staff it was decided to develop a separate consumption charge for Irrigation customers to address the results of the cost of service analysis. The next section – 3.4 or the rate design – it is discussed how the rate structure is adjusted to reflect the results of the cost of service. It is recommended that the District perform future cost of service analyses and review the results to see if any trends are apparent.

3.2.10 Summary of the Cost of Service Analysis

This section of the report has provided the recommendations resulting from the cost of service analysis developed for the District’s water utility. This analysis was prepared using generally accepted cost of service techniques as provided in the AWWA M1 Manual. The following section of the report will provide a summary of the present and proposed rates for the District’s water utility.

3.3 Water Rate Design

The final step of the District’s water rate study is the design of rates to collect the desired levels of revenues, based on the results of the revenue requirement analysis as well as incorporating recommended adjustments from the cost of service analysis. In reviewing District’s rates, consideration must be given to the level of the rates as well as the structure of the rates. The level of rates reflects the amount of revenues that should be collected while the structure of the rates is how it is collected (charged) from the customers.

The overall revenue level for the District’s has been established in the revenue requirement analysis while the proportional distribution of costs between the various customer classes has been developed in the cost of service analysis which provides the revenue levels to be collected from each class of service.

3.3.1 Rate Design Criteria and Considerations

Prudent rate administration dictates that several criteria must be considered when setting utility rates. Some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer’s perspective
- Rates which are easy for the District to administer
- Consideration of the customer’s ability to pay
- Continuity, over time, of the rate making philosophy
- Policy considerations (encourage efficient use, economic development, etc.)
- Provide revenue stability from month to month and year to year
- Promote efficient allocation of the resource
- Equitable and non-discriminatory (cost-based)

It is important that the District provide its water customers with a proper price signal as to what their consumption and peaking (demand) requirements are costing. This goal may be approached through rate level and structure. When developing the proposed rate designs, all the above listed criteria were taken into consideration. However, it is difficult, if not impossible, to design a rate that meets all the goals and objectives listed above. For example, it may be difficult to design a rate that takes into consideration the customer's ability to pay, and one which is cost-based. In designing rates, there are always trade-offs between these various goals and objectives.

3.3.2 Present Water Rates

The District currently has the same rate structure for all customers. The structure includes a fixed base charge which is flat for residential and multi-family then for all other customers it is based on the service meter size and adjusted by the CAF factor or the meter equivalency factor. Customers are also charged a capital improvement charge that is assessed in the same manner as the fixed base charge. There is also a three tier volumetric consumption charge for all usage, use from 20,000 to 60,000 gallons, and over 60,000 gallons. These tiers are fixed for residential customer, but are adjusted based the CAF factor corresponding to the service meter size. In this way, the tier sizes for larger customers reflect the demands and use of water by customers and the capacity provided through the fixed meter charge.

3.3.3 Summary of the Proposed Water Rates

Developing cost-based rates is of paramount importance in developing proposed water rates. HDR developed the District's proposed rates based on the methodologies provided in the AWWA M1 Manual.

Based on the results of the cost of service and in discussion with the District, it was determined that the current rate structure should be adjusted reflect the results of the cost of service analysis. The most concise and direct way to address this was to develop a separate volumetric charge for irrigation customers to reflect the peak capacity requirements these customers place on the system. The following discussion provides a more detailed analysis of the costing techniques and methodologies used to support the District's proposed water rate design.

The next step is to develop the proposed rates for the next five-year period. The capital charge is calculated based on the capital improvement projections as developed in the revenue requirement for the rate setting period, both direct capital funding and annual debt service payments. Then the fixed and variable charges were adjusted to target the overall rate revenue adjustment. Provided below is a summary of the present and proposed rates for each customer class of service for each year of the review period. Provided below in Table 3 – 9 is a summary of the current and proposed rates for the District's customers.

Table 3 - 9
Summary of the Present and Proposed Water Rates

	<i>Present Rates</i>	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Fee						
3/4"	\$11.97	\$15.88	\$18.70	\$21.15	\$21.85	\$22.40
1"	19.99	26.52	31.23	35.32	36.49	37.41
1 1/2"	39.86	52.88	62.27	70.43	72.76	74.59
2"	63.80	84.64	99.67	112.73	116.46	119.39
3"	119.70	158.80	187.00	211.50	218.50	224.00
4"	199.54	264.72	311.73	352.57	364.24	373.41
6"	398.96	529.28	623.27	704.93	728.26	746.59
8"	638.36	846.88	997.27	1,127.93	1,165.26	1,194.59
10"	917.50	1,217.20	1,433.35	1,621.15	1,674.80	1,716.96
Capital Improv. Fee						
3/4"	\$15.10	\$15.10	\$15.10	\$15.10	\$19.70	\$20.64
1"	25.22	25.22	25.22	25.22	32.89	34.47
1 1/2"	50.28	50.28	50.28	50.28	65.58	68.74
2"	80.48	80.48	80.48	80.48	104.98	110.03
3"	151.00	151.00	151.00	151.00	196.95	206.43
4"	251.72	251.72	251.72	251.72	328.32	344.12
6"	503.28	503.28	503.28	503.28	656.44	688.04
8"	805.28	805.28	805.28	805.28	1,050.34	1,100.90
10"	1,157.42	1,157.41	1,157.41	1,157.41	1,509.63	1,582.29
Admin Fee	\$3.97	\$4.23	\$4.44	\$4.66	\$4.89	\$5.14
Defensible Space	1.05	1.05	1.05	1.05	1.05	1.05
Water Use (Res & Com)						
All Use	\$1.55	\$2.02	\$2.35	\$2.62	\$2.66	\$2.70
Tier 1	0.93	1.21	1.41	1.57	1.60	1.62
Tier 2	2.27	2.96	3.44	3.84	3.90	3.95
Water Use (Irrigation)						
All Use	\$1.55	\$2.20	\$2.76	\$3.20	\$3.60	\$3.85
Tier 1	0.93	1.32	1.66	1.92	2.16	2.31
Tier 2	2.27	3.22	4.04	4.69	5.27	5.64

As noted, the capital charge is based on the capital funding needs in each year, both direct capital and annual debt service payments. The admin fee was adjusted annual based on the annual increase in costs for those expense accounts as developed in the revenue requirement. The meter charge and consumption charge were then increased to meet the overall revenue target for each year.

For the irrigation customer class of service, a separate consumption charge was developed to reflect the results of the cost of service which showed the need to increase the revenue specifically for this customer class of service. As can be seen above, the fixed and capital charges are the same for all customers and only the consumption charge varies for irrigation customers.

It is important to note that the monthly bill impacts will vary between customer classes and also customers in the same class depending on the meter size and amount of consumption. The proposed rates meet the overall revenue adjustments necessary to fund operating and capital costs as developed in this Study, as well as a transition of the implementation of the cost of service results, specifically for the irrigation customers.

3.3.4 Water Rate Study Recommendations

Based on the results of the water rate study, HDR recommends the following:

- Revenue adjustments are necessary to prudently fund operating and capital renewal and replacement expenses
 - Revenues should be adjusted 20.0% in FY 2023, 12.0% in FY 2024, 9.5% in FY 2025, 9.0% in FY 2026, and 3.5% in FY 2027
- Prior to the end of the financial planning projected period, the District should complete a review of the water revenue levels and costs at that time.

3.4 Summary of the Water Rate Study

This completes the analysis for the Incline Village General Improvement District's water utility. This study has provided a comprehensive review and development of proposed water rates for the District. Adoption of the proposed water rates will allow the District to meet its current and projected financial obligations for the time period reviewed based on the assumed customer growth, capital plan, and inflationary increases in operating costs. Should these assumptions change, the proposed rate adjustments may also need to be revised to reflect the current conditions.



4 Development of the Sewer Study

This section of the report will describe the development of the sewer rate study. This includes the development of the revenue requirement, cost of service, and rate design analyses. Each of these analyses was completed for the sewer utility based on the specific customer and system characteristics. The following discussion will outline the summary of each of these analyses to support the development of cost-based and proportional sewer rates.

4.1 Revenue Requirement

This section describes the development of the revenue requirement analysis for the District's sewer utility. The revenue requirement analysis is the first analytical step in the comprehensive rate study process. From this analysis, a determination can be made as to the overall level of sewer rate adjustments needed to provide adequate and prudent funding for both operating and capital needs of the utility. A significant objective of a rate study is to develop cost-based rates over the rate setting period.

4.1.1 Determining the Revenue Requirement

In developing the District's sewer revenue requirement, the utility must financially "stand on its own" and be properly funded. As a result, the revenue requirement analysis, as developed herein, assumes the full and proper funding needed to operate and maintain the District sewer system on a financially sound and prudent basis. The following sections will provide a more detailed discussion of the development of the sewer revenue requirement analysis for the District.

4.1.2 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the District's sewer system was to establish a time frame for the revenue requirement analysis. A 10-year period was determined to be an appropriate amount of time for the revenue requirement and matches the approach taken for the water utility. This financial plan was composed of the District's FY 2022 budget which was then projected based on assumed escalation factors. Reviewing a multi-year time period is recommended since it attempts to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the District can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates.

The second step in determining the sewer revenue requirement was to decide on the basis of accumulating costs. In this particular case, for the revenue requirement analysis a "cash basis" approach was utilized just as for the District's the water utility. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement. This is also the methodology that the District has historically used to establish their sewer revenue requirements.

Given a time period around which to develop the revenue requirement and a method to accumulate the costs, the focus then shifts to the development and projection of the revenues

and expenses of the District’s sewer utility. The primary financial inputs in the development of the revenue requirement were the District’s adopted budget documents, recent billed customer data, and the District’s capital improvement plan. Presented below is a detailed discussion of the steps and key assumptions contained in the development of the projections of the District’s sewer revenue requirement analysis.

4.1.3 Projecting Rate and Other Miscellaneous Revenues

The first step in developing a projection of the sewer rate revenues, at present rate levels, was to determine the projected billing units (fixed based on the number of accounts). The billing units were based on the most recent 12-month period (August 2020 to July 2021) to determine the



current customer billing characteristics. These billing units were then multiplied by the corresponding present sewer rates. This method of independently calculating revenues links the projected revenues used within the analysis to the projected billing units. It also helps to confirm that the billing units used within the Study are reasonable for purposes of projecting future revenues, customer characteristics or units for the cost of service analysis, and provide the units for establishing the proposed rates to collect the target level of revenues. The rate revenues are also shown in Exhibit 3 under “Rate Revenues” for FY 2022.

In total, and at adopted rate levels, the District’s sewer utility is projected to receive approximately \$6.5 million in rate revenue in FY 2022. Based on current District planning documents, the Study has assumed a conservative assumption for customer growth of 0.1% per year. By FY 2027, the rate revenues - assuming no rate adjustments - are projected to be approximately \$6.6 million. The detailed calculation of the revenues at present rates is included in Exhibit 6 of the Sewer Technical Appendix.

In addition to rate revenues, the District also receives other non-operating revenues. These are revenues related to interest income, fees, other misc. revenue, etc. In total, the sewer utility is projected to receive approximately \$384,000 in FY 2022. Non-operating revenues were estimated to decrease over the Study time period and reach approximately \$343,000 by FY 2027 given declining fund balance as existing reserves are used to fund the effluent pipeline project.

On a combined basis, considering the rate revenues and the miscellaneous revenues, the District’s sewer utility has total projected revenues of approximately \$6.9 million in FY 2022. This amount is anticipated to remain flat at approximately \$6.9 million in FY 2027. The assumptions used for projecting growth and increases in miscellaneous revenues can be found in Exhibit 2 of the Sewer Technical Appendix. The projection of rate and miscellaneous revenues can be found in Exhibit 3.

4.1.4 Projecting Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the District to maintain the sewer system collection, pumping, and treatment at a consistent, high level, of service. The starting point of the projection of O&M expenses was the District’s adopted FY 2022 budget. Budgeted O&M expenses were projected over the rate Study time period based on historical inflationary factors. These factors took into consideration the District’s historical cost increases and projected increases and are summarized below.

Table 4 – 1
Summary of the Sewer O&M Escalation Factors

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Labor	6.5%	5.0%	5.0%	5.0%	5.0%
Benefits - Medical	5.0%	10.0%	10.0%	10.0%	10.0%
Benefits - Other	6.0%	6.0%	6.0%	6.0%	6.0%
Professional Svcs.	6.5%	5.0%	5.0%	5.0%	5.0%
Materials & Supplies	10.0%	3.0%	3.0%	3.0%	3.0%
Equipment	10.0%	4.0%	4.0%	4.0%	4.0%
Chemicals	10.0%	5.0%	5.0%	5.0%	5.0%
Utilities	10.0%	4.0%	4.0%	4.0%	4.0%
Insurance	3.0%	3.0%	3.0%	3.0%	3.0%
Power	4.0%	4.0%	4.0%	4.0%	4.0%
Miscellaneous	2.5%	2.5%	2.5%	2.5%	2.5%

In total, O&M expenses were projected to increase at an annual inflation rate of approximately 6.9% over the Study time period. The escalation factors used are shown in Exhibit 2 of the Sewer Technical Appendix. In addition to the budgeted O&M expenses, there was also additional O&M expenses regarding staffing needs starting in FY 2023 as well as a one time contingency adjustment in FY 2023 given the uncertainty of current inflation trends and recent increases in costs experienced by the District.

The total operation and maintenance expenses for the sewer utility are budgeted to be approximately \$4.4 million in FY 2022. Over the five-year projected rate setting period, the total O&M expenses are projected to increase to approximately \$6.2 million by FY 2027.

4.1.5 Projecting Capital Funding Needs

A key component in the development of the sewer revenue requirement was to adequately fund capital improvement needs in the short- and long-term. One of the major issues facing many utilities across the U.S. is the amount of deferred capital projects and the funding pressure from regulatory-related improvements. The proper and adequate funding of capital projects is an important issue for all utilities and not just a local issue or concern of the District. To accomplish this, the District has a Capital Improvement Plan (CIP) to address both the short- and long-term needs of the sewer utility. The District’s CIP will help guide and prioritize capital projects over

time and capital investments to expand the capacity of facilities to accommodate future customers.

In general, there are three types of capital projects that the District may need to fund. These include the following types:

- Renewal and replacement projects
- Growth/capacity expansion projects
- Regulatory-related projects

A renewal and replacement project is essentially a project to maintain the existing system that is in place today. Existing facilities become worn out, obsolete, etc. The District should continuously be making investments to maintain the integrity of its facilities with renewal and replacement projects. Growth / capacity expansion projects are related to providing service to new customers. This may be through expansion of the existing system or construction of new facilities to provide service to customers within the District service area. Additionally, certain projects may be a function of a regulatory requirement in which the Federal or State government mandates the need for an improvement to the system to meet regulatory standards. Understanding these different types of capital projects is important because it may help to explain why costs are increasing and the cost drivers for any needed rate adjustment.

The way in which projects are funded may vary by the type of capital project. For example, renewal and replacement projects should be funded through annual rates on a “pay-as-you-go basis”. In contrast to this, growth or capacity expansion projects may be funded through the collection of capacity charges (i.e., growth-related charges) in which new development pays a proportional and equitable share of the cost of improvements required as a result of their connection (impact) and that benefit development. Finally, regulatory projects may be funded by a variety of different means, which may include one or more sources such as rates, long-term debt, grants, etc.

While the above discussion appears to neatly divide capital projects into three clearly defined categories, the reality of working with specific capital projects may be more complex. For example, a mainline may be replaced, but while being replaced, it is up-sized to accommodate the need for greater capacity. There are many projects that share these “joint” characteristics. At the same time, projects may not be “replacement” related, but rather “improvement” related. Provided below in Table 4 - 1 is a summary of the sewer utility capital funding analysis, based on the District’s CIP.

Table 4 – 2
Summary of the Sewer Capital Funding Plan (\$000)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Total Capital Improvement Projects	\$7,636	\$11,507	\$12,871	\$13,523	\$14,764	\$1,473
<i>Less: Other Funding</i>						
Operating Fund	\$0	\$0	\$0	\$0	\$0	\$0
Capital Fund	3,261	125	821	823	1,089	498
Effluent Reserve Fund	1,000	11,382	1,000	0	0	0
USDA Grant	3,375	0	0	0	0	0
Revenue Bonds	0	0	10,800	12,200	13,000	0
Total Other Funding	\$7,636	\$11,507	\$12,621	\$13,023	\$14,089	\$498
Rate Funded Capital	\$0	\$0	\$250	\$500	\$675	\$975

While the total amount of capital improvements will vary from year to year, the sewer capital funding plan has attempted to provide a consistent, annual funding source for the replacement of deteriorating system assets. In this case, the sewer rate structure includes a capital charge that provides funding for annual capital improvement needs. In addition to this, to fund the capital plan, and assumed long-term debt issuance, additional capital funding is necessary. As noted in the table above, this funding level will need to be increased by \$250,000 in FY 2024 and increasing to \$975,000 in FY 2027.

As a point of reference, the District’s annual depreciation expense for FY 2022 is approximately \$1.8 million. Similar to the target for the water utility, a desirable funding target for rate funded CIP is an amount equal to or greater than annual depreciation expense in order to approximately keep up with the rate of deterioration of the system assets. This level of funding appears appropriate based on the level of annual depreciation expense. However, as part of the focus of developing the capital funding analysis, the District will need to increase the level of the capital charge by \$975,000 by FY 2027 to fund the identified capital and annual debt service payments.

As noted in the water capital funding section, annual depreciation expense is not the same as replacement cost. Thus, funding an amount which exceeds the depreciation expense is both prudent and appropriate. As noted, to help establish a prudent level of annual replacement funding through rates, HDR worked with District staff to develop a funding plan for the CIP. In developing this financial plan, HDR and the District have attempted to minimize rate impacts while funding the necessary capital projects of the sewer utility.

4.1.6 Projection of Debt Service

The District currently has two outstanding long-term debt issues for the sewer utility with a total annual payment (P+I) of approximately \$336,000 in FY 2022. Over the rate setting period, both of the existing issuances are fully paid for. At this time, it is assumed that the District will need to issue new long-term debt to fund sewer utility capital improvements, primarily the effluent

pipeline project, over the five-year review period. This results in a total long-term debt service of \$2.8 million in FY 2027.

HDR is not advising the District on the terms of any bond issuances, only identifying the overall funding needs. HDR is not acting in a municipal advisor role to the District for the issuance of any long-term borrowing.

4.1.7 Reserve Funding

The final component of the revenue requirement analysis is reserve funding. This can be described as transfers of revenue to reserve funds to maintain prudent ending fund balances or for future funding of specific or unanticipated projects. For the District, funds from the capital charge component of the rates are transferred into the capital fund in order to pay for annual capital improvement projects and annual debt service. In addition, once rates are set at a sufficient level, annual revenues are transferred to meet the operating fund minimum target balances.

4.1.8 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the sewer revenue requirement analysis can be developed. In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the District. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate funds to support the operational activities and capital projects throughout the projected time period. Presented in Table 4 - 2 is a summary of the projected sewer revenue requirement. Detailed exhibits of this analysis can be found in the Sewer Technical Appendix (Exhibits 1 – 6).

Table 4 - 3
Summary of the Sewer Revenue Requirement Analysis (\$'000)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues						
Rate Revenues	\$6,522	\$6,529	\$6,535	\$6,542	\$6,548	\$6,555
Other Revenues	384	339	325	326	332	339
Total Revenues	\$6,907	\$6,868	\$6,860	\$6,868	\$6,880	\$6,894
Expenses						
Total O & M	\$4,449	\$5,301	\$5,347	\$5,606	\$5,878	\$6,164
Additional Capital Funding	0	0	250	500	675	975
Net Debt Service	0	0	0	0	0	0
Operating Fund Transfers	(766)	(680)	(47)	128	424	198
Capital Fund Transfers	3,223	3,227	3,230	3,233	3,236	3,239
Total Expenses	\$6,907	\$7,847	\$8,780	\$9,467	\$10,214	\$10,576
Bal./ (Deficiency) of Funds	\$0	(\$979)	(\$1,920)	(\$2,599)	(\$3,333)	(\$3,683)
Balance as % of Rev from Rates	0.0%	15.0%	29.4%	39.7%	50.9%	56.2%
Proposed Rate Adjustments	0.0%	15.0%	12.5%	8.0%	8.0%	3.5%
Add'l Revenue with Rate Adj.	\$0	\$979	\$1,920	\$2,599	\$3,333	\$3,683
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0

As can be seen, the revenue requirement has summed the O&M, rate funded capital, net debt service, and reserve funding components. Similar to the water utility analysis, the annual debt service is funded through the existing capital charge component of the sewer rates. The total revenue requirement is then compared to the total revenues which include both rate revenues – at current rate levels – and other revenues. From this comparison, a balance or deficiency of funds in each year can be determined. This balance or deficiency of funds is then compared to the projected revenues from current rates to determine the level of rate adjustment needed to meet the revenue requirement. The “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. Over this Study time period, the total deficiency in revenues is approximately \$3.7 million.

The revenue requirement in Table 4 - 3 have been developed to meet financial planning objectives of the District. More specifically, the District desires to adequately and prudently fund the sewer operating and capital needs. Table 4 - 3 has also included a set of proposed rate revenue adjustments (blue highlighted band) which are sufficient to meet the total revenue requirements over the projected time period. The proposed revenue adjustments are a function of assumed inflation over this time period, coupled with the need to increase the capital improvement funding from rates (renewal and replacement funding), meet minimum reserve levels, fund annual debt service payments, and meet legally required debt service coverage ratios. It should also be noted that even with the proposed rate revenue adjustment in FY 2023, existing reserves are being used to reduce the overall necessary revenue needs.

The overall revenue adjustments may not reflect the final rate adjustments, or bill impacts, seen by the District’s customers. The overall revenue adjustment reflects the needed revenues for the system as a whole. A more detailed revenue requirement is included in Exhibit 3 of the Sewer Technical Appendix.

4.1.9 Consultant’s Conclusions

Based on the revenue requirement analysis developed herein, HDR recommends that the District adjust sewer revenues annually over the next five-year period (FY 2023 – FY 2027). HDR has reached this conclusion for the following reasons:

- Revenue adjustments are necessary to fund the District’s capital improvement needs
- The revenue adjustments are necessary in order to fund the annual inflationary costs related to annual sewer O&M
- The proposed revenue adjustments maintain the District’s strong financial health and provide long-term sustainable funding levels

In reaching this conclusion, HDR would recommend that the District adopt the proposed sewer rate revenue adjustments in order to provide sufficient funding for annual O&M and capital improvement program over the next five-year period.

4.1.10 Summary of the Sewer Revenue Requirement

This section of the Study has provided a discussion of the District’s sewer revenue requirement analysis. The revenue requirement analysis developed a revenue transition plan to support the

District's O&M and capital needs. The next section will discuss the cost of service analysis developed for the District's sewer utility.

4.2 Sewer Cost of Service Analysis

In the previous section, the revenue requirement analysis focused on the total revenues and expenses required to adequately fund the District's sewer utility. This section will provide an overview and summary of the cost of service analysis developed for the District's sewer utility.

The sewer cost of service analysis is concerned with the proportional distribution of the total revenue requirement among the various customer classes of service (i.e., Residential, Multi-Family, Commercial) to establish cost-based and equitable rates for each customer class of service. The previously developed revenue requirement was utilized in the development of the cost of service analysis.

4.2.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a sewer cost of service study:

- Proportionally allocate the District's revenue requirement among the customer classes of service; and
- Derive average unit costs (i.e., cost-based rates) for subsequent rate designs.

The primary objective of the cost of service analysis is the proportional and equitable manner to collect the revenue requirement from the District's various customer classes of service. The second rationale for conducting a cost of service analysis is to allow for the development of proposed rates that properly reflect the costs incurred by the District and impacts customer place on the sewer system. For example, a sewer utility typically incurs costs related to flow (wastewater volumes), strength, and customer cost components. Each of these types of costs may be collected in a slightly different manner to allow for the development of rates that collect costs in the same manner as they are incurred.

4.2.2 Determining the Customer Classes of Service

The first step in a cost of service analysis is to determine the customer classes of service. The customer classes of service for the Study are based on the current rate schedules of the District. As part of the Study, HDR reviewed the customer classes with the District and determined they reflect the various customer types and system facility requirements. It is important to note that – currently – the District has a single rate structure for all customers. For purposes of the development of the cost of service analysis, the following customer classes of service were as follows:

- Residential
- Multi-Family
- Commercial

In determining classes of service for cost of service purposes, the objective is to group customers together into similar or homogeneous groups based upon facility requirements and/or flow characteristics. HDR reviewed the current customer characteristics and facility requirements, and the proposed customer classes of service are consistent with typical industry practices.

4.2.3 General Cost of Service Procedures

In order to determine the proportional cost to serve each customer class of service on the District's sewer system, a cost of service study is conducted. A cost of service study utilizes a three-step approach to review costs which is outlined in the Water Environment Federation Manual of Practice No. 27 (WEF MOP #27). These steps take the form of functionalization, allocation, and distribution. Provided below is a detailed discussion of the Study conducted for the District, and the specific steps taken within the analysis.

4.2.3.1 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of expenses and asset (plant) data by major operating functions (e.g., collection, pumping, treatment). Within this Study, the District's records functionalized a majority of the expenses and assets. For those that were not, HDR worked with District staff to review and functionalize the expense or asset.

4.2.3.2 Allocation of Costs

The second analytical task performed in a sewer cost of service study is the allocation of the costs. Allocation determines why the expenses were incurred or what type of need is being met. The following cost allocators were used to develop the Study:

- **Volume Related Costs:** Volume related costs are those costs which tend to vary with the total quantity of wastewater collected and treated. A majority of collection system costs are included in this component as well as electricity used for pumping or treating wastewater.
- **Strength-Related Costs:** Strength-related costs are those costs associated with the handling and the treatment of wastewater. For the District's study, strength was differentiated between biochemical oxygen demand³

Terminology of a Sewer Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g., collection, pumping, treatment).

Allocation – The assignment of functionalized costs to cost components (e.g., volume, strength, and customer related).

Distribution – Distribute the allocated costs to each class of service based upon each class's proportional contribution to that specific cost component.

Volume Costs – Costs that are classified as volume related vary with the total flow of wastewater (e.g., power for pumping).

Strength Costs – Costs allocated as strength related refer to the sewer treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD) and suspended solids (SS). Treatment facilities are designed and sized around meeting these treatment demands.

Customer Costs – Costs allocated as customer related vary with the number of customers on the sewer system, e.g., billing, accounting costs, etc.

Direct Assignment – Costs that can be clearly identified as belonging to a specific customer or group of customers.

³ BOD is the amount of dissolved oxygen that must be present in water in order for microorganisms to decompose the organic matter in the wastewater.

(BOD) and total suspended solids⁴ (TSS). These constituents represent the strength factors that drive the District's treatment related costs. Increased strength levels of BOD or TSS equates to increased treatment costs for sewer treatment.

- **Customer-Related Costs:** Customer-related costs vary with the addition or deletion of a customer or a cost which is a function of the number of customers served. Customer related costs typically include the costs of billing, collecting, and accounting. Customer related costs can be further defined as weighted or reflect a higher cost of providing specific costs such as billing.
- **Revenue-Related Costs:** Some costs associated with the utility may vary with the amount of revenue received by the utility. An example of a revenue related cost would be a utility tax which is based on gross utility revenue.
- **Direct Assignment:** In some cases, a specific component of the infrastructure, or a specific O&M expense can be the direct responsibility of a specific customer class or classes. In this case, it is directly assigned to that customer class classes.

The basis, or methodology, for the allocation process is outlined in the WEF MOP #27. The methodology provided in the manual was then applied to the District's specific circumstances, customers, O&M and capital costs, and system operation to develop the appropriate allocation approach.

4.2.3.3 Development of Distribution Factors

Once the allocation process is complete, the various allocated costs were distributed to each customer class of service. The District's allocated costs were proportionally distributed to the customer classes of service using the following distribution factors.

- **Volume Distribution Factor:** Volume related costs are distributed on the basis of contribution to wastewater flows. In order to develop this distribution factor, some knowledge of the contribution to flows must be determined. Wastewater flows were estimated based on billed usage flows for the District's customers. The calculation of the volume distribution factor is shown in Exhibit 7 of the Technical Appendix.
- **Strength Distribution Factor:** Strength-related costs are first allocated between BOD and TSS and then distributed to each customer class. The strength levels and each individual customer's wastewater volumes were used to calculate the pounds removed for each constituent which relates to each customer classes proportional contribution and share of costs. Exhibit 8 in the Technical Appendix provides the calculation of the strength distribution factor.

⁴ SS is the entire amount of organic and inorganic particles dispersed in wastewater.

- **Customer Distribution Factor:** Customer costs within the cost of service analysis are distributed to the various customer classes of service based upon their respective number of accounts. The actual customer distribution factor assumes that there is no disproportionate cost associated with serving a customer (e.g., postage for bills is the same regardless of the size or usage of the customer). The other customer factor is called the customer capacity demand factor and is developed based on the number of equivalent meters for each customer class. This is meant to reflect the potential flows of each customer class. Exhibit 9 of the Technical Appendix provides the calculation of the customer distribution factors.
- **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for FY 2023 for each customer class of service as developed in Exhibit 3. A summary of the revenue distribution factor is provided in Exhibit 10 of the Technical Appendix.

The development of the distribution factors is based on generally accepted principles as outlined in the WEF MOP #27.

4.2.4 Functionalization and Allocation of Plant in Service

As noted, the first steps of the cost of service analysis is the functionalization and allocation of District’s plant in service. In performing the functionalization of plant in service, HDR utilized the District’s historical plant (asset) records. Once the plant assets were functionalized, the analysis shifted to the allocation of each asset. The allocation process included reviewing each functionalized asset and determining which cost allocator the assets were related to. For example, the District’s assets were allocated as: volume-, strength- (BOD, TSS), customer-, and revenue-related. Provided below is a summary of the allocation process for the functional categories.

Collection – Collection related plant in service (i.e., assets) were allocated as 100.0% volume. This is based on the methodology and approach that the collection system is sized and operated based on the total volumes of wastewater. In this way, the allocation reflects the manner in which why the system is sized, in the District’s study, based on volumes.

Treatment – Treatment related assets benefit all customers. Therefore, the treatment assets were allocated as volume and strength related. The allocation of the treatment plant assets was based on general engineering design considerations. This resulted in the allocation of 50.0% being volume related, 25.0% being BOD related, and 25.0% TSS related. This allocation reflects the purpose and process of the District’s wastewater treatment facility.

General Plant – General plant is allocated in the same proportions as the total plant before general plant.

A detailed exhibit of the District’s functionalization and classification of plant investment can be found in the Technical Appendix Exhibit 11.1. Provided below in Table 4 - 4 is a summary of the classification of the District’s plant in service (e.g., assets).

Table 4 – 4 Summary of the Allocation of Plant in Service						
	VOL	BOD	TSS	Cust.	CCD	DA
Collection	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Treatment	50.0%	25.0%	25.0%	0.0%	0.0%	0.0%
General Plant	67.1%	16.5%	16.5%	0.0%	0.0%	0.0%

4.2.5 Functionalization and Allocation of O&M Expenses

Following generally accepted methodologies as outlined in the WEF MOP #27, operating expenses are generally functionalized and allocation in a manner similar to the corresponding plant account. For example, maintenance of the collection system is typically allocated in the same manner (percentages) as the plant account for the collection system. This approach to allocating the District’s sewer operating expenses was used for this analysis. The District has a functionalized O&M budget that identifies O&M expenses by function (e.g., treatment, maintenance). Given this, in general, the approach to allocating the operating expenses was based on the allocation of the plant, or asset data. As a note, there are exceptions to this approach so that the analysis results in an equitable allocation and proportional distribution of costs and reflects the District’s specific customer and system characteristics. One example is the capital charge component of the rate. For the District’s study this is allocated as capacity demand to reflect the potential demands each customer class can place on the system. In this way, the distributed costs reflect the manner in which these costs are recovered through the capital charge component of the rates.

For the District’s study, the revenue requirement for FY 2023 was functionalized and allocated based on the approach noted above. As noted earlier, the District utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, rate funded capital, debt service, and reserve funding.

Provided in Table 4 – 5 is a summary of the allocation of the District’s FY 2023 test period revenue requirement using the methodology outlined in the WEF MOP #27 and the District’s specific facility requirements and operations.

Table 4 – 5
Summary of the Allocation of the FY 2023 Revenue Requirement (\$000's)

Total	Volume	BOD	TSS	Customer	CCD	RR / DA
\$7,508	\$2,841	\$733	\$733	\$0	\$3,201	\$0

Based generally accepted approaches, and the District’s specific costs and operation of the wastewater collection and treatment system, the revenue requirement of approximately \$7.5 million is allocated between the volume, strength, and customer related components. As noted, provided in Exhibit 12 of the Technical Appendix provides a detailed summary of the classification of the District’s revenue requirement.

4.2.6 Summary of the Sewer Cost of Service Analysis

In summary, the cost of service analysis began by functionalizing the District’s sewer assets (infrastructure) and O&M expenses. The functionalized asset and expense accounts were then allocated into their various cost components.

As shown in Table 4 – 5 the total revenue requirement for FY 2023 has been allocated between the various cost components based on generally accepted methodologies. Next, the individual allocation totals are distributed proportionally to the various customer groups based on the appropriate distribution factors. These are the distribution factors previously discussed. As an example, volume-related costs were distributed based on each customer classes share of total wastewater contributions. The total costs allocated to each cost component were proportionally distributed between the customer classes using the previously mentioned distribution factors. Provided in Table 4 – 6 is a summary of the distribution of the revenue requirement to the customer classes of service.

Table 4 – 6
Summary of the Distributed of the FY 2023 Revenue Requirement (\$000's)

	Total	Residential	Multi-Family	Commercial
Volume	\$2,841	\$1,151	\$1,247	\$443
BOD	733	297	322	114
TSS	733	297	322	114
Actual Customer	0	0	0	0
Cust. Capacity Demand	3,201	1,385	1,530	286
RR	0	0	0	0
DA	0	0	0	0
Total	\$7,508	\$3,130	\$3,421	\$957

The total distributed costs are then compared to the current revenues of each class of service to determine the overall change in revenues needed from each class of service to reflect the

proportional distribution of costs. Provided in Table 4 – 7 is a summary of the cost of service analysis for the District’s Study.

Table 4 – 7 Summary of the Sewer Cost of Service Analysis (\$000)				
Class of Service	Current Rate Revenues	Distributed Costs	\$ Difference	% Difference
Residential	\$2,861	\$3,130	(\$269)	9.4%
Multi-Family	2,971	3,421	(450)	15.2%
Commercial	697	957	(260)	37.3%
Total	\$6,529	\$7,508	(\$979)	15.0%

The results of the cost of service analysis indicate cost differences between the customer classes of service. Specifically the commercial customer class of service. A general rule of thumb when evaluating the results is to look at +/- 5% of the overall system adjustment (i.e., 15.0%). When reviewing the results of the cost of service analysis, it is important to understand that the results will not be “exact” each time the District updates its cost of service analysis. This is due to changing customer wastewater characteristics, external impacts such as the area demographics and customer types, and other changes in how the District incurs costs. Given the results, in discussion with the District, it was decided to develop a separate sewer use rate for the commercial customer class. The fixed base charge, the capital improvement charge, and the administration fee will remain the same for all customers.

The development of the cost of service is provided in Exhibits 7 through 15 of the Sewer Technical Appendix.

4.2.7 Consultant’s Conclusions

As noted, the results of the cost of service analysis show that cost differences exist between the various customer classes of service. It is important to note that the cost of service relationships will change over time as customer characteristics and costs change over time. Given that this is a point in time, FY 2023, HDR recommends an adjustment to the commercial sewer charge to reflect the results of the cost of service analysis.

4.2.8 Summary

This section of the Study has provided a summary of the cost of service analysis developed for the District. This analysis was prepared using generally accepted cost of service techniques and principles. The next section of the Study will review the present and proposed sewer rates for the District.

4.3 Sewer Rate Design Analysis

The final step of the District's sewer rate study is the design of rates to collect the desired levels of revenue, based on the results of the revenue requirement analysis. In reviewing District's rates, consideration is given to the level of the rates and the structure of the rates.

4.3.1 Rate Design Criteria and Considerations

Prudent rate administration dictates that several criteria must be considered when setting utility rates. An example of some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer's perspective
- Rates which are easy to administer by the District
- Consideration of the customer's ability to pay
- Continuity, over time, of the rate making philosophy
- Policy considerations (encourage efficient use, economic development, etc.)
- Provide revenue stability from month to month and year to year
- Promote efficient allocation of the resource
- Cost-based sewer rates
- Compliance with State law

When developing the proposed rate designs, all the above-listed criteria were taken into consideration. However, it is difficult, if not impossible, to design a rate that meets all the goals and objectives listed above. For example, it may be difficult to design a rate that takes into consideration customers' ability to pay, and one which is cost-based. In designing rates, there are always trade-offs between these various goals and objectives.

4.3.2 Overview of the Present and Proposed Sewer Rates

The District currently has a monthly fixed charge for all customers that is charged by service meter size. There is also a capital improvement charge which is also charge based on the service meter size. A flat administration fee is charged per account. Finally, there is a uniform sewer use rate charged on all use for commercial customers. Residential (Single family and Multi-Family) are charge the same uniform rate but only on usage up to the winter water average as calculated on use from December to April. In discussion with District staff, no rate structure changes to the sewer are being proposed at this time. However, based on the results of the cost of service – which showed cost differences between customer classes – it was determined that a separate volume charge would be developed for the commercial customer class that reflects the costs of providing service. Provided in Table 4 - 8 is a summary of the current and proposed sewer rates.

Table 4 - 8
Summary of the Present and Proposed Sewer Rates

	<i>Present Rates</i>	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<i>Base Charge</i>						
3/4"	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
1"	32.63	43.25	50.60	54.94	60.79	60.96
1 1/2"	65.07	86.25	100.90	109.56	121.21	121.55
2"	104.15	138.05	161.50	175.36	194.01	194.55
3"	195.40	259.00	303.00	329.00	364.00	365.00
4"	325.73	431.75	505.10	548.44	606.79	608.46
6"	651.27	863.25	1,009.90	1,096.56	1,213.21	1,216.55
8"	1,042.07	1,381.25	1,615.90	1,754.56	1,941.21	1,946.55
10"	1,498.13	1,985.75	2,323.10	2,522.44	2,790.79	2,798.46
<i>Capital Improvement</i>						
3/4"	\$31.45	\$31.45	\$33.92	\$36.39	\$38.13	\$41.08
1"	52.52	52.53	56.65	60.77	63.67	68.61
1 1/2"	104.73	104.74	112.96	121.18	126.96	136.81
2"	167.63	167.64	180.80	193.96	203.22	218.97
3"	314.50	314.53	339.21	363.89	381.27	410.83
4"	524.27	524.31	565.46	606.61	635.58	684.85
6"	1,048.23	1,048.31	1,130.59	1,212.86	1,270.77	1,369.29
8"	1,677.23	1,677.36	1,809.01	1,940.65	2,033.31	2,190.95
10"	2,411.27	2,411.47	2,600.72	2,789.98	2,923.19	3,149.82
<i>Admin Fee</i>	\$3.97	\$4.23	\$4.44	\$4.66	\$4.89	\$5.14
<i>Sewer Use</i>						
Residential	\$3.20	\$4.20	\$4.90	\$5.30	\$5.85	\$5.90
Multi-Family	3.20	4.20	4.90	5.30	5.85	5.90
Commercial	3.20	4.70	5.50	6.00	6.40	6.50

4.4 Summary of the Sewer Rate Study

This completes the analysis for the District’s sewer utility. This study has provided a comprehensive review and development of proposed sewer rates for the District. Adoption of the proposed sewer rates will allow the District to meet its current and projected financial obligations for the time period reviewed based on the assumed customer growth, capital plan and deferred capital, and inflationary increases in operating costs. Should these assumptions change, the proposed rate adjustments may also need to be revised to reflect the current conditions.



5 Water Technical Appendix

Incline Village General Improvement District
Water Rate Study
Revenue Requirement Summary
Exhibit 1

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Revenue											
Rate Revenues	\$5,128,528	\$5,131,625	\$5,134,726	\$5,137,826	\$5,140,930	\$5,144,038	\$5,147,149	\$5,150,264	\$5,153,379	\$5,156,497	\$5,159,619
Non-Operating Revenues	273,106	279,335	280,977	294,583	307,393	311,888	313,504	317,860	321,303	323,213	324,476
Total Revenues	\$5,401,634	\$5,410,960	\$5,415,702	\$5,432,409	\$5,448,323	\$5,455,925	\$5,460,653	\$5,468,123	\$5,474,682	\$5,479,710	\$5,484,095
Expenses											
Total Operations & Maintenance	\$4,552,125	\$5,421,040	\$5,455,287	\$5,701,486	\$5,960,462	\$6,232,766	\$6,519,441	\$6,821,379	\$7,139,535	\$7,474,935	\$7,828,678
Net Debt Service	0	0	0	0	0	0	0	0	0	0	0
Reserve Funding	849,509	1,016,245	1,726,761	2,154,333	2,593,658	2,619,643	2,596,120	2,568,086	2,531,173	2,483,993	2,426,593
Total Revenue Requirement	\$5,401,634	\$6,437,285	\$7,182,048	\$7,855,819	\$8,554,119	\$8,852,409	\$9,115,561	\$9,389,465	\$9,670,708	\$9,958,928	\$10,255,271
Bal. / (Def.) of Funds	\$0	(\$1,026,325)	(\$1,766,346)	(\$2,423,410)	(\$3,105,796)	(\$3,396,484)	(\$3,654,908)	(\$3,921,342)	(\$4,196,026)	(\$4,479,217)	(\$4,771,176)
Bal. / (Def.) as a % of Rate Rev.	0.0%	20.0%	34.4%	47.2%	60.4%	66.0%	71.0%	76.1%	81.4%	86.9%	92.5%
Proposed Rate Adjustment	0.0%	20.0%	12.0%	9.5%	9.0%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%
Add'l Revenue from Adj.	\$0	\$1,026,325	\$1,766,346	\$2,423,410	\$3,105,796	\$3,396,484	\$3,654,908	\$3,921,342	\$4,196,026	\$4,479,217	\$4,771,176
Total Bal/(Def.) of Funds	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Rate Increase Needed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Avg Res Mo Bill (Fees + 10,000 gal)	\$47.59	\$56.76	\$63.39	\$69.16	\$75.59	\$78.03	\$80.37	\$82.78	\$85.27	\$87.83	\$90.46

Incline Village General Improvement District
 Water Rate Study
 Exhibit 2
 Escalation Factors

	<i>Budgeted</i>		<i>Proposed</i>								
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Revenues											
Customer Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Single Family - Cust Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Multi-Family - Cust Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Commercial - Cust Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Irrigation - Cust Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
IVGID - Cust Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Consump Growth											
Single Family - Cons Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Multi-Family - Cons Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial - Cons Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Irrigation - Cons Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
IVGID - Cons Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Misc Revenues	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Expenses											
Labor	Budgeted	6.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Benefits - Medical	Budgeted	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Benefits - Other	Budgeted	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Professional / Special Svcs	Budgeted	6.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Materials & Supplies	Budgeted	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment	Budgeted	10.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Miscellaneous	Budgeted	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities	Budgeted	10.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Water and Sewer	Budgeted	17.5%	12.3%	8.8%	8.5%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Insurance	Budgeted	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Flat	Budgeted	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rate Revenue Adj		0.0%	20.0%	12.0%	9.5%	9.0%	3.5%	3.0%	3.0%	3.0%	3.0%
Interest		0.7%	0.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Incline Village General Improvement District
 Water Rate Study
 Exhibit 3
 Revenue Requirement

	Budgeted	Proposed										Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Revenues												
<i>Rate Revenues</i>												
Residential	\$1,427,652	\$2,429,076	\$2,430,501	\$2,431,926	\$2,433,350	\$2,434,779	\$2,436,208	\$2,437,640	\$2,439,073	\$2,440,505	\$2,441,941	
Multi Family	1,798,519	1,799,909	1,801,301	1,802,694	1,804,090	1,805,486	1,806,885	1,808,284	1,809,684	1,811,086	1,812,489	
Commercial	354,852	355,041	355,231	355,421	355,610	355,800	355,989	356,179	356,369	356,558	356,748	
Irrigation	177,834	177,882	177,930	177,979	178,027	178,075	178,124	178,172	178,220	178,269	178,317	
Commercial - IVGID	39,760	39,799	39,838	39,876	39,915	39,953	39,992	40,031	40,069	40,108	40,147	
Irrigation - IVGID	219,561	219,568	219,574	219,581	219,587	219,594	219,601	219,607	219,614	219,621	219,627	
Snowmaking - IVGID	110,350	110,350	110,350	110,350	110,350	110,350	110,350	110,350	110,350	110,350	110,350	
Total Rate Revenues	\$5,128,528	\$5,131,625	\$5,134,726	\$5,137,826	\$5,140,930	\$5,144,038	\$5,147,149	\$5,150,264	\$5,153,379	\$5,156,497	\$5,159,619	
<i>Non-Operating Revenues</i>												
Interest	\$1,500	\$7,457	\$8,827	\$22,161	\$34,699	\$38,921	\$40,265	\$44,347	\$47,516	\$49,153	\$50,142	Calculated
Snow Removal Fees	100,100	100,200	100,300	100,401	100,501	100,602	100,702	100,803	100,904	101,005	101,106	As Misc Revenues
Work Order Charges Labor	120,000	120,120	120,240	120,360	120,481	120,601	120,722	120,843	120,963	121,084	121,205	As Misc Revenues
Work Order Chgs Eq & Materials	21,300	21,321	21,343	21,364	21,385	21,407	21,428	21,450	21,471	21,492	21,514	As Misc Revenues
Back Flows Tests	120,000	120,120	120,240	120,360	120,481	120,601	120,722	120,843	120,963	121,084	121,205	As Misc Revenues
Fines & Penalties	25,200	25,225	25,250	25,276	25,301	25,326	25,352	25,377	25,402	25,428	25,453	As Misc Revenues
Fire Protection	18,096	18,114	18,132	18,150	18,168	18,187	18,205	18,223	18,241	18,260	18,278	As Misc Revenues
Inspection/Plan Fees	40,000	40,040	40,080	40,120	40,160	40,200	40,241	40,281	40,321	40,361	40,402	As Misc Revenues
Other Water	28,800	28,829	28,858	28,886	28,915	28,944	28,973	29,002	29,031	29,060	29,089	As Misc Revenues
Interfund Revenue Transfers	(201,890)	(202,092)	(202,294)	(202,496)	(202,699)	(202,901)	(203,104)	(203,307)	(203,511)	(203,714)	(203,918)	As Misc Revenues
Total Non-Operating Revenues	\$273,106	\$279,335	\$280,977	\$294,583	\$307,393	\$311,888	\$313,504	\$317,860	\$321,303	\$323,213	\$324,476	
Total Revenues	\$5,401,634	\$5,410,960	\$5,415,702	\$5,432,409	\$5,448,323	\$5,455,925	\$5,460,653	\$5,468,123	\$5,474,682	\$5,479,710	\$5,484,095	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 3
 Revenue Requirement

	Budgeted	Proposed										Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Expenses												
Wages												
Other Earnings	\$50,755	\$54,054	\$56,757	\$59,595	\$62,574	\$65,703	\$68,988	\$72,438	\$76,060	\$79,852	\$83,856	As Labor
Regular Earnings	1,379,813	1,469,501	1,542,976	1,620,125	1,701,131	1,786,187	1,875,497	1,969,272	2,067,735	2,171,122	2,279,678	As Labor
Salary Savings from Vacant Positions	(69,152)	0	0	0	0	0	0	0	0	0	0	As Labor
Total Wages	\$1,361,416	\$1,523,555	\$1,599,733	\$1,679,719	\$1,763,705	\$1,851,891	\$1,944,485	\$2,041,709	\$2,143,795	\$2,250,985	\$2,363,534	
Benefits												
Dental Fringe Ben	\$19,443	\$20,415	\$22,457	\$24,702	\$27,173	\$29,890	\$32,879	\$36,167	\$39,781	\$43,762	\$48,138	As Benefits - Medical
Disability Fringe Ben	7,099	7,525	7,976	8,455	8,962	9,500	10,070	10,674	11,315	11,994	12,713	As Benefits - Other
Life Ins Fringe Ben	2,691	2,826	3,108	3,419	3,761	4,137	4,551	5,006	5,506	6,057	6,662	As Benefits - Medical
Medical Fringe Ben	269,219	282,680	310,948	342,043	376,247	413,872	455,259	500,785	550,864	605,950	666,545	As Benefits - Medical
Retirement Fringe Ben	252,759	267,925	284,000	301,040	319,102	338,249	358,543	380,056	402,859	427,031	452,653	As Benefits - Other
Taxes	114,255	121,110	128,377	136,080	144,244	152,899	162,073	171,797	182,105	193,031	204,613	As Benefits - Other
Unemployment Fringe Ben	22,439	23,785	25,212	26,725	28,329	30,028	31,830	33,740	35,764	37,910	40,185	As Benefits - Other
Vision Fringe Ben	2,172	2,303	2,441	2,587	2,743	2,907	3,082	3,267	3,463	3,670	3,891	As Benefits - Other
Work Comp Fringe Ben	35,813	37,962	40,239	42,654	45,213	47,926	50,801	53,850	57,080	60,505	64,136	As Benefits - Other
Total Benefits	\$725,891	\$766,531	\$824,759	\$887,705	\$955,774	\$1,029,408	\$1,109,088	\$1,195,341	\$1,288,740	\$1,389,910	\$1,499,536	
Services & Supplies												
Advertising - Paid	\$1,000	\$1,100	\$1,133	\$1,167	\$1,202	\$1,238	\$1,275	\$1,313	\$1,353	\$1,393	\$1,435	As Materials & Supplies
BLDGS Maintenance Services	77,304	85,034	87,585	90,213	92,919	95,707	98,578	101,536	104,582	107,719	110,951	As Materials & Supplies
Chemical	171,879	189,067	194,739	200,581	206,599	212,797	219,181	225,756	232,529	239,505	246,690	As Materials & Supplies
Computer & IT Small Equip	3,000	3,300	3,399	3,501	3,606	3,714	3,826	3,940	4,059	4,180	4,306	As Materials & Supplies
Computer License & Fees	78,474	86,321	88,911	91,578	94,326	97,155	100,070	103,072	106,164	109,349	112,630	As Materials & Supplies
Contractual Services	35,043	38,547	39,704	40,895	42,121	43,385	44,687	46,027	47,408	48,830	50,295	As Materials & Supplies
Dues & Subscriptions	8,238	9,062	9,334	9,614	9,902	10,199	10,505	10,820	11,145	11,479	11,824	As Materials & Supplies
Employee Recruit & Retain	14,950	16,445	16,938	17,447	17,970	18,509	19,064	19,636	20,225	20,832	21,457	As Materials & Supplies
Fleet Maintenance Services	186,260	204,886	211,033	217,364	223,884	230,601	237,519	244,645	251,984	259,543	267,330	As Materials & Supplies
Fuel	38,880	42,768	44,479	46,258	48,108	50,033	52,034	54,115	56,280	58,531	60,872	As Utilities
Janitorial	21,000	23,100	23,793	24,507	25,242	25,999	26,779	27,583	28,410	29,262	30,140	As Materials & Supplies
Lab	17,600	19,360	19,941	20,539	21,155	21,790	22,444	23,117	23,810	24,525	25,260	As Materials & Supplies
Office Supplies	11,696	12,866	13,252	13,649	14,059	14,480	14,915	15,362	15,823	16,298	16,787	As Materials & Supplies
Operating	59,640	65,604	67,572	69,599	71,687	73,838	76,053	78,335	80,685	83,105	85,598	As Materials & Supplies
Permits & Fees	16,972	18,669	19,229	19,806	20,400	21,012	21,643	22,292	22,961	23,650	24,359	As Materials & Supplies
Postage	18,600	20,460	21,074	21,706	22,357	23,028	23,719	24,430	25,163	25,918	26,696	As Materials & Supplies
R&M General	71,520	78,672	81,032	83,463	85,967	88,546	91,202	93,938	96,757	99,659	102,649	As Materials & Supplies
R&M Corrective	141,500	155,650	160,320	165,129	170,083	175,185	180,441	185,854	191,430	197,173	203,088	As Materials & Supplies
R&M Preventative	95,700	105,270	108,428	111,681	115,031	118,482	122,037	125,698	129,469	133,353	137,353	As Materials & Supplies
Rental & Lease	960	1,056	1,088	1,120	1,154	1,189	1,224	1,261	1,299	1,338	1,378	As Materials & Supplies
Repairs & Maintenance	519,475	604,423	622,555	641,232	660,469	680,283	700,691	721,712	743,363	765,664	788,634	As Materials & Supplies
Safety	6,300	6,930	7,138	7,352	7,573	7,800	8,034	8,275	8,523	8,779	9,042	As Materials & Supplies
Security	6,600	7,260	7,478	7,702	7,933	8,171	8,416	8,669	8,929	9,197	9,473	As Materials & Supplies
Small Equipment	9,800	10,780	11,103	11,437	11,780	12,133	12,497	12,872	13,258	13,656	14,065	As Materials & Supplies
Tools	7,000	7,700	7,931	8,169	8,414	8,666	8,926	9,194	9,470	9,754	10,047	As Materials & Supplies
Training & Education	15,800	17,380	17,901	18,438	18,992	19,561	20,148	20,753	21,375	22,016	22,677	As Materials & Supplies
Travel & Conferences	19,200	21,120	21,754	22,406	23,078	23,771	24,484	25,218	25,975	26,754	27,557	As Materials & Supplies
Uniforms	12,100	13,310	13,709	14,121	14,544	14,981	15,430	15,893	16,370	16,861	17,367	As Materials & Supplies
Total Services & Supplies	\$1,696,491	\$1,866,140	\$1,922,552	\$1,980,674	\$2,040,556	\$2,102,254	\$2,165,822	\$2,231,317	\$2,298,798	\$2,368,324	\$2,439,959	

02/25/2022

Incline Village General Improvement District
 Water Rate Study
 Exhibit 3
 Revenue Requirement

	Budgeted		Proposed								Notes	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031		FY 2032
Other												
Central Services Allocation Cs	\$214,819	\$236,301	\$243,390	\$250,692	\$258,212	\$265,959	\$273,938	\$282,156	\$290,620	\$299,339	\$308,319	As Materials & Supplies
Defensible Space Costs	50,000	55,000	56,650	58,350	60,100	61,903	63,760	65,673	67,643	69,672	71,763	As Materials & Supplies
General Liability - Insurance	115,900	119,377	122,958	126,647	130,446	134,360	138,391	142,542	146,819	151,223	155,760	As Insurance
Audit	5,850	6,435	6,628	6,827	7,032	7,243	7,460	7,684	7,914	8,152	8,396	As Materials & Supplies
Legal	12,000	13,200	13,596	14,004	14,424	14,857	15,302	15,761	16,234	16,721	17,223	As Materials & Supplies
Professional Consultants	70,000	74,550	78,278	82,191	86,301	90,616	95,147	99,904	104,899	110,144	115,652	As Professional / Special Svcs
Interfund Expense Transfers	(164,808)	(181,289)	(186,727)	(192,329)	(198,099)	(204,042)	(210,163)	(216,468)	(222,962)	(229,651)	(236,541)	As Miscellaneous
Total Other	\$303,761	\$323,574	\$334,772	\$346,381	\$358,416	\$370,895	\$383,834	\$397,252	\$411,168	\$425,601	\$440,571	
Utilities												
Cable TV	\$1,800	\$1,980	\$2,059	\$2,142	\$2,227	\$2,316	\$2,409	\$2,505	\$2,606	\$2,710	\$2,818	As Utilities
Electricity	409,100	450,010	468,010	486,731	506,200	526,448	547,506	569,406	592,182	615,870	640,505	As Utilities
Heating	11,200	12,320	12,813	13,325	13,858	14,413	14,989	15,589	16,212	16,861	17,535	As Utilities
Internet	11,400	12,540	13,042	13,563	14,106	14,670	15,257	15,867	16,502	17,162	17,848	As Utilities
Telephone	21,066	23,173	24,100	25,063	26,066	27,109	28,193	29,321	30,494	31,713	32,982	As Utilities
Trash	7,100	7,810	8,122	8,447	8,785	9,137	9,502	9,882	10,277	10,689	11,116	As Utilities
Water & Sewer	2,900	3,408	3,825	4,160	4,513	4,660	4,811	4,968	5,129	5,296	5,468	As Water and Sewer
Total Utilities	\$464,566	\$511,240	\$531,971	\$553,431	\$575,756	\$598,752	\$622,667	\$647,538	\$673,402	\$700,300	\$728,272	
Future O&M												
Additional Staffing Needs	\$0	\$230,000	\$241,500	\$253,575	\$266,254	\$279,566	\$293,545	\$308,222	\$323,633	\$339,815	\$356,805	As Labor
One-Time Inflation Contingency	0	200,000	0	0	0	0	0	0	0	0	0	As Labor
Open	0	0	0	0	0	0	0	0	0	0	0	As Labor
Open	0	0	0	0	0	0	0	0	0	0	0	As Labor
Total Future O&M	\$0	\$430,000	\$241,500	\$253,575	\$266,254	\$279,566	\$293,545	\$308,222	\$323,633	\$339,815	\$356,805	
Total Operations & Maintenance	\$4,552,125	\$5,421,040	\$5,455,287	\$5,701,486	\$5,960,462	\$6,232,766	\$6,519,441	\$6,821,379	\$7,139,535	\$7,474,935	\$7,828,678	
Debt Service												
NV DWSRF 2012	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	\$193,372	Existing Debt
NV Drk Wtr Loan 2005	113,648	113,648	113,648	113,648	56,824	0	0	0	0	0	0	Existing Debt
New SRF Loans	0	0	0	0	0	0	0	0	0	0	0	Calc @ 2.4% for 20 Yrs
New Revenue Bonds	0	56,289	168,330	304,456	521,639	521,639	521,639	521,639	521,639	521,639	521,639	Calc @ 4.6% for 20 Yrs
Total Debt Service	\$307,020	\$363,309	\$475,350	\$611,476	\$771,835	\$715,011	\$715,011	\$715,011	\$715,011	\$715,011	\$715,011	
Less Capital Reserve Funding	\$307,020	\$363,309	\$475,350	\$611,476	\$771,835	\$715,011	\$715,011	\$715,011	\$715,011	\$715,011	\$715,011	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 3
 Revenue Requirement

	Budgeted		Proposed								Notes	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031		FY 2032
Reserve Funding												
Operating Fund Transfer	(\$755,111)	(\$589,980)	\$118,930	\$544,895	\$482,609	\$406,984	\$281,848	\$152,200	\$113,670	\$64,873	\$5,854	As Customer Growth
Capital Fund Transfer	1,604,620	1,606,225	1,607,831	1,609,439	1,611,048	1,612,659	1,614,272	1,615,886	1,617,502	1,619,120	1,620,739	
Additional Capital Funding	0	0	0	0	500,000	600,000	700,000	800,000	800,000	800,000	800,000	
Debt Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	
Total Reserve Funding	\$849,509	\$1,016,245	\$1,726,761	\$2,154,333	\$2,593,658	\$2,619,643	\$2,596,120	\$2,568,086	\$2,531,173	\$2,483,993	\$2,426,593	
Total Revenue Requirement	\$5,401,634	\$6,437,285	\$7,182,048	\$7,855,819	\$8,554,119	\$8,852,409	\$9,115,561	\$9,389,465	\$9,670,708	\$9,958,928	\$10,255,271	
Bal/(Def.) of Funds	\$0	(\$1,026,325)	(\$1,766,346)	(\$2,423,410)	(\$3,105,796)	(\$3,396,484)	(\$3,654,908)	(\$3,921,342)	(\$4,196,026)	(\$4,479,217)	(\$4,771,176)	
Rate Adj. as a % of Rate Rev.	0.0%	20.0%	34.4%	47.2%	60.4%	66.0%	71.0%	76.1%	81.4%	86.9%	92.5%	
Proposed Rate Adjustment	0.0%	20.0%	12.0%	9.5%	9.0%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	
<i>Effective Months</i>	12	12	12	12	12	12	12	12	12	12	12	
Add'l Revenue from Adj.	\$0	\$1,026,325	\$1,766,346	\$2,423,410	\$3,105,796	\$3,396,484	\$3,654,908	\$3,921,342	\$4,196,026	\$4,479,217	\$4,771,176	
Total Bal/(Def.) of Funds	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Rate Increase Needed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
DSC Ratio												
Before Rate Adjustment	2.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
After Rate Adjustment	2.77	2.80	3.63	3.52	3.36	3.66	3.63	3.59	3.54	3.47	3.39	
Avg Res Mo Bill (Fees + 10,000 gal)	\$47.59											
After Proposed Rate Adjustment	\$47.59	\$56.76	\$63.39	\$69.16	\$75.59	\$78.03	\$80.37	\$82.78	\$85.27	\$87.83	\$90.46	
Annual \$ Change		9.17	6.63	5.77	6.43	2.44	2.34	2.41	2.48	2.56	2.63	
Cumulative Change		9.17	15.80	21.57	28.00	30.44	32.78	35.19	37.68	40.24	42.87	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 4
 Capital Improvement Plan

Inflation	2.7%
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	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total
Capital Improvements - Water												
Replace Commercial Water Meters, Vaults and Lids	\$40,000	\$41,080	\$21,095	\$21,664	\$22,249	\$45,700	\$46,933	\$24,100	\$24,751	\$25,419	\$0	\$312,992
Residential meter and electronics replacement	0	0	158,209	270,802	278,113	571,245	0	0	0	0	0	1,278,369
SCADA Management Servers/Network - BCDP	0	51,350	263,682	75,824	0	0	0	0	99,004	0	0	489,861
Water Pumping Station Improvements	70,000	51,350	52,736	54,160	55,623	79,974	58,667	60,251	61,878	63,548	104,423	712,610
Burnt Cedar Water Disinfection Plant Improvements	25,000	25,675	26,368	162,481	1,668,680	0	0	0	0	0	0	1,908,204
Removal of Washoe 1 Water Intake Line	30,000	0	0	0	0	0	0	0	0	0	0	30,000
Water Pump Station 2-1 Improvements	0	328,640	0	0	0	0	117,334	0	0	0	0	445,974
2013 Mid Size Truck #630 Compliance	0	0	32,697	0	0	0	0	0	0	0	45,685	78,381
Watermain Replacement - Crystal Peak Road	50,000	1,012,622	0	0	0	0	0	0	0	0	0	1,062,622
Watermain Replacement - Slott Pk Ct	280,000	0	0	0	0	0	0	0	0	0	0	280,000
Watermain Replacement - Alder Avenue	0	51,350	564,280	0	0	0	0	0	0	0	0	615,630
Watermain Replacement - Future	0	0	52,736	649,924	667,472	685,494	704,002	723,010	742,531	762,580	783,169	5,770,919
R6-1 Tank Road Construction	0	128,375	0	0	0	0	0	0	0	0	0	128,375
Water Reservoir Coatings and Site Improvements	85,000	61,620	84,378	59,576	94,559	68,549	93,867	66,276	105,192	76,258	104,423	899,698
Total Capital Improvements - Water	\$580,000	\$1,752,062	\$1,256,182	\$1,294,432	\$2,786,695	\$1,450,962	\$1,020,803	\$873,637	\$1,033,356	\$927,805	\$1,037,699	\$14,013,634

Inflation	2.7%
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	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total
Capital Improvements - Shared (50% Water)												
Paint Interior Building #A	\$0	\$25,162	\$0	\$0	\$0	\$0	\$0	\$0	\$34,775	\$0	\$0	\$59,937
New Carpet Building #A	0	24,135	0	0	0	0	28,817	0	0	0	0	52,952
Replace Public Works Front Security Gate	0	0	0	42,960	0	0	0	0	0	0	0	42,960
Replace Roof Public Works #B	30,000	0	0	0	0	0	0	0	0	0	0	30,000
Building B Replacement	0	0	0	0	0	0	0	0	61,878	0	0	61,878
Rain Gutters Building C	0	25,675	0	0	0	0	0	0	0	0	0	25,675
Loader Tire Chains - 2 Sets	10,000	0	0	0	11,514	0	0	0	13,366	0	0	34,879
2002 Caterpillar 950G Loader #523	132,500	0	0	0	0	0	0	0	0	0	186,003	318,503
2002 Caterpillar 950G Loader #525	132,500	0	0	0	0	0	0	0	0	0	0	132,500
2018 MultiHog MX120 Snowblower #783	0	0	0	0	97,896	0	0	0	0	0	0	97,896
1997 Forklift #315	0	0	18,985	0	0	0	0	0	0	0	0	18,985
2013 Trackless Snowblower #687	0	89,863	0	0	0	0	0	0	0	117,564	0	207,427
2001 105KW Mobile Generator #313	0	25,675	0	0	0	0	0	0	0	0	0	25,675
2020 Vac-Con Truck #807	0	0	0	0	0	271,341	0	0	0	0	0	271,341
2004 Freightliner Vactor Truck #534	0	0	0	0	211,366	0	0	0	0	0	0	211,366
2020 Chevy Dump Truck #829	0	0	0	0	0	0	0	0	49,502	0	0	49,502
2001 Peterbilt Bin Truck #468	0	0	0	102,905	0	0	0	0	0	0	0	102,905
Snowplow #300A	9,500	0	0	0	0	0	0	0	0	0	13,705	23,205
Snowplow #307A	9,500	0	0	0	0	0	0	0	0	0	0	9,500
Slurry Liquidator #326	0	0	0	0	0	23,421	0	0	0	0	0	23,421
2004 9' Western Snow Plow #542A	0	0	0	0	0	0	4,693	0	0	0	0	4,693
2019 Sander/Spreader #808	0	0	0	5,416	0	0	0	0	7,425	0	0	12,841
2012 Snowplow #669B	0	0	0	38,995	0	0	0	0	0	0	5,221	44,217
2017 Caterpillar 420F2 Backhoe #755	0	0	0	0	0	79,974	0	0	0	0	0	79,974
2013 Chevy Equinox #691	0	0	19,512	0	0	0	0	0	0	0	0	19,512
2009 Chevrolet 1/2 ton Pick-up #826 Compliance Dept.	0	0	0	0	0	0	18,187	0	0	0	0	18,187
2013 1/2 Ton Pick-Up #677 Treatment	0	0	19,512	0	0	0	0	0	0	0	0	19,512
2003 GMC 3/4-Ton Pick-up #702	0	0	0	18,415	0	0	0	0	0	0	0	18,415
2005 Chevy 1/2-Ton Pick-up #553	0	0	0	17,331	0	0	0	0	0	0	0	17,331
2009 Chevrolet 1/2 Ton Pick-up Truck #631	0	0	0	17,331	0	0	0	0	0	0	0	17,331
2009 Chevrolet 1/2 Ton Pick-up Truck #632 Engineering	0	0	0	0	17,799	0	0	0	0	0	0	17,799
2012 Extend-A-Cab Pick-up #678 Pipeline Dept.	0	16,432	0	0	0	0	0	0	0	21,606	0	38,038
2004 3/4-Ton Service Truck w/liftgate & crane #703	0	0	0	31,413	0	0	0	0	0	0	0	31,413
2013 1-Ton Flatbed #679 Pipeline Dept.	0	0	23,204	0	0	0	0	0	0	0	0	23,204
2012 1-Ton Service Truck w/ Liftgate #668 Treatment	0	22,081	0	0	0	0	0	0	0	0	0	22,081
2013 1-Ton Service Truck #680 Utilities Electrician	0	0	23,204	0	0	0	0	0	0	0	0	23,204
2004 GMC 1-Ton Flatbed #825 Pipeline Dept.	0	0	0	0	0	0	0	0	39,602	0	0	39,602
2008 Chevrolet Service Truck #810	0	0	0	0	0	0	0	0	21,038	0	0	21,038
2008 Chevrolet Service Truck #680	0	23,108	0	0	0	0	0	0	0	0	0	23,108
2011 Chevrolet Service Truck #647 Treatment	0	0	0	0	0	0	0	0	0	31,139	0	31,139
Public Works Billing Software Replacement	5,000	51,350	52,736	27,080	0	0	0	0	0	0	0	136,167
Large Format Printer Replacement	0	0	15,294	0	0	0	0	0	0	0	0	15,294
Adjust Utility Facilities in NDOT/Washoe County Right of	90,000	30,810	31,642	32,496	33,374	34,275	35,200	129,539	37,127	38,129	39,158	531,750
Pavement Maintenance, Utility Facilities	78,750	92,430	6,592	140,817	144,619	7,141	39,600	7,531	191,821	197,000	8,158	914,458
Pavement Maintenance, Reservoir 3-1 WPS 4-2/5-1	65,000	46,215	0	0	0	0	0	0	0	0	0	111,215
Utilities System and Plant Controls Master Plan	0	128,375	0	0	0	0	0	0	0	0	0	128,375
Utilities System and Plant Controls Upgrade	0	0	131,841	135,401	139,057	142,811	0	0	0	0	0	549,110
Total Capital Improvements - Shared (50% Water)	\$562,750	\$601,309	\$342,523	\$610,560	\$655,624	\$558,963	\$126,497	\$137,071	\$456,533	\$405,438	\$252,246	\$4,709,514

Inflation	2.7%
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	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total
Future Unidentified Projects	\$446,019	\$125,000	\$0	\$0	\$0	\$0	\$400,000	\$400,000	\$175,000	\$300,000	\$400,000	\$2,246,019
To Capital Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Improvement Projects	\$1,588,769	\$2,478,371	\$1,598,705	\$1,904,992	\$3,442,320	\$2,009,925	\$1,547,300	\$1,410,708	\$1,664,889	\$1,633,244	\$1,689,945	\$20,969,168
<i>Less: Outside Funding Sources</i>												
Operating Fund	\$0	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000
Capital Fund	1,588,769	1,553,371	48,705	54,992	42,320	1,409,925	847,300	610,708	864,889	833,244	889,945	8,744,168
Grant Funding	0	0	0	0	0	0	0	0	0	0	0	0
Debt Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	0
New SRF Loans	0	0	0	0	0	0	0	0	0	0	0	0
New Revenue Bonds	0	800,000	1,550,000	1,850,000	2,900,000	0	0	0	0	0	0	7,100,000
Total Outside Funding Sources	\$1,588,769	\$2,478,371	\$1,598,705	\$1,904,992	\$2,942,320	\$1,409,925	\$847,300	\$610,708	\$864,889	\$833,244	\$889,945	\$15,969,168
Rate Funded Capital	\$0	\$0	\$0	\$0	\$500,000	\$600,000	\$700,000	\$800,000	\$800,000	\$800,000	\$800,000	\$5,000,000

Incline Village General Improvement District
 Water Rate Study
 Exhibit 5
 Existing Debt Service

Year	NV DWSRF 2012	NV Drk Wtr Loan 2005	Total
FY 2022	\$193,372	\$113,648	\$307,020
FY 2023	193,372	113,648	307,020
FY 2024	193,372	113,648	307,020
FY 2025	193,372	113,648	307,020
FY 2026	193,372	56,824	250,196
FY 2027	193,372	0	193,372
FY 2028	193,372	0	193,372
FY 2029	193,372	0	193,372
FY 2030	193,372	0	193,372
FY 2031	193,372	0	193,372
FY 2032	193,372	0	193,372
FY 2033	0	0	0
FY 2034	0	0	0
FY 2035	0	0	0
FY 2036	0	0	0
FY 2037	0	0	0
FY 2038	0	0	0
FY 2039	0	0	0
FY 2040	0	0	0
	<u>\$2,127,090</u>	<u>\$511,416</u>	<u>\$2,638,506</u>

Incline Village General Improvement District
 Water Rate Study
 Exhibit 6
 Revenues at Present Rates

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Residential														
Meter Fee	<i>\$ / Acct.</i>													
3/4"	\$11.97	\$15.10	3,696	3,692	3,692	3,692	3,693	3,693	3,693	3,693	3,694	3,694	3,695	3,696
			3,696	3,692	3,692	3,692	3,693	3,693	3,693	3,693	3,694	3,694	3,695	3,696
Total Meter Fee Revenue			\$100,051	\$99,942	\$99,942	\$99,942	\$99,970	\$99,970	\$99,970	\$99,970	\$99,997	\$99,997	\$100,024	\$100,051
Admin Fee	\$3.97		3,696	3,692	3,692	3,692	3,693	3,693	3,693	3,693	3,694	3,694	3,695	3,696
Defensible Space	\$1.05		3,696	3,692	3,692	3,692	3,693	3,693	3,693	3,693	3,694	3,694	3,695	3,696
			\$18,554	\$18,534	\$18,534	\$18,534	\$18,539	\$18,539	\$18,539	\$18,539	\$18,544	\$18,544	\$18,549	\$18,554
Total Water Use Revenue			\$192,407	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682	\$193,682
Total Residential			\$311,011	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158	\$312,158
Multi Family														
Meter Fee	<i>\$ / Acct.</i>													
3/4"	\$11.97	\$15.10	4,091	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,091	4,091	4,091
			4,091	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,091	4,091	4,091
Total Meter Fee Revenue			\$110,743	\$110,527	\$110,527	\$110,527	\$110,527	\$110,527	\$110,527	\$110,527	\$110,527	\$110,743	\$110,743	\$110,743
Admin Fee	\$3.97		258	258	258	258	258	258	258	258	258	258	258	258
Defensible Space	\$1.05		4,091	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,091	4,091	4,091
			\$5,320	\$5,311	\$5,311	\$5,311	\$5,311	\$5,311	\$5,311	\$5,311	\$5,311	\$5,320	\$5,320	
Total Water Use Revenue			\$59,992	\$60,029	\$60,029	\$60,029	\$60,029	\$60,029	\$60,029	\$60,029	\$60,029	\$60,029	\$60,029	
Total Multi Family			\$176,055	\$175,867	\$175,867	\$175,867	\$175,867	\$175,867	\$175,867	\$175,867	\$175,867	\$175,867	\$175,867	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 6
 Revenues at Present Rates

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Commercial														
Meter Fee	<i>\$ / Acct.</i>													
3/4"	\$11.97 \$15.10	72	72	72	72	72	72	72	72	72	72	72	72	72
1"	19.99 25.22	53	53	53	53	53	53	53	53	53	53	53	53	53
1 1/2"	39.86 50.28	41	41	41	41	41	41	41	41	41	41	41	41	41
2"	63.80 80.48	26	26	26	26	26	26	26	26	26	26	26	26	26
3"	119.70 151.00	6	6	6	6	6	6	6	6	6	6	6	6	6
4"	199.54 251.72	3	3	3	3	3	3	3	3	3	3	3	3	3
6"	398.96 503.28	2	2	2	2	2	2	2	2	2	2	2	2	2
8"	638.36 805.28	1	1	1	1	1	1	1	1	1	1	1	1	1
10"	917.50 1,157.42	0	0	0	0	0	0	0	0	0	0	0	0	0
		204	204	204	204	204	204	204	204	204	204	204	204	204
Total Meter Fee Revenue		\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$18,018	\$216,220
Admin Fee	\$3.97	204	204	204	204	204	204	204	204	204	204	204	204	
Defensible Space	1.05	204	204	204	204	204	204	204	204	204	204	204	204	
		\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$12,289
Water Use	<i>\$ / 1,000 gal</i>													
All Use	\$1.55	8,945	8,370	6,718	5,927	3,583	4,737	3,966	4,484	4,495	4,985	6,550	7,373	70,133
Tier 1	0.93	3,178	2,615	1,551	1,311	431	1,151	788	974	809	950	1,439	2,088	17,284
Tier 2	2.27	263	132	3	0	0	51	31	33	33	0	82	61	688
Total Water Use Revenue		\$17,416	\$15,704	\$11,862	\$10,405	\$5,955	\$8,528	\$6,950	\$7,933	\$7,793	\$8,610	\$11,677	\$13,508	\$126,343
Total Commercial		\$36,458	\$34,747	\$30,905	\$29,448	\$24,997	\$27,570	\$25,993	\$26,975	\$26,836	\$27,653	\$30,720	\$32,550	\$354,852

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Irrigation														
Meter Fee	<i>\$/Acct.</i>													
3/4"	\$11.97 \$15.10	16	16	16	16	16	16	16	16	16	16	16	16	16
1"	19.99 25.22	20	20	20	20	20	20	20	20	20	20	20	20	20
1 1/2"	39.86 50.28	10	10	10	10	10	10	10	10	10	10	10	10	10
2"	63.80 80.48	12	12	12	12	12	12	12	12	12	12	12	12	12
3"	119.70 151.00	2	2	2	2	2	2	2	2	2	2	2	2	2
4"	199.54 251.72	2	2	2	2	2	2	2	2	2	2	2	2	2
6"	398.96 503.28	0	0	0	0	0	0	0	0	0	0	0	0	0
8"	638.36 805.28	0	0	0	0	0	0	0	0	0	0	0	0	0
10"	917.50 1,157.42	0	0	0	0	0	0	0	0	0	0	0	0	0
		62	62	62	62	62	62	62	62	62	62	62	62	62
Total Meter Fee Revenue		\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$5,414	\$64,968
Admin Fee	\$3.97	62	62	62	62	62	62	62	62	62	62	62	62	62
Defensible Space	0.00	62	62	62	62	62	62	62	62	62	62	62	62	62
		\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$2,954
Water Use	<i>\$/ 1,000 gal</i>													
All Use	\$1.55	9,896	9,518	7,091	4,100	64	9	20	134	24	1,347	6,749	8,822	47,772
Tier 1	0.93	3,188	2,671	2,005	1,061	0	0	0	40	0	136	2,282	2,664	14,045
Tier 2	2.27	2,764	2,593	1,561	298	0	0	0	52	0	0	681	2,097	10,046
Total Water Use Revenue		\$24,578	\$23,121	\$16,398	\$8,017	\$99	\$14	\$31	\$362	\$37	\$2,214	\$14,129	\$20,912	\$109,912
Total Irrigation		\$30,238	\$28,781	\$22,058	\$13,677	\$5,759	\$5,674	\$5,691	\$6,022	\$5,697	\$7,874	\$19,789	\$26,573	\$177,834

Incline Village General Improvement District
 Water Rate Study
 Exhibit 6
 Revenues at Present Rates

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Commercial - IVGID														
Meter Fee	\$ / Acct.													
3/4"	\$11.97 \$15.10	5	5	5	5	5	5	5	5	5	5	5	5	5
1"	19.99 25.22	7	7	7	7	7	7	7	7	7	7	7	7	7
1 1/2"	39.86 50.28	5	5	5	5	5	5	5	5	5	5	5	5	5
2"	63.80 80.48	9	9	9	9	9	9	9	9	9	9	9	9	9
3"	119.70 151.00	1	1	1	1	1	1	1	1	1	1	1	1	1
4"	199.54 251.72	0	0	0	0	0	0	0	0	0	0	0	0	0
6"	398.96 503.28	0	0	0	0	0	0	0	0	0	0	0	0	0
8"	638.36 805.28	0	0	0	0	0	0	0	0	0	0	0	0	0
10"	917.50 1,157.42	0	0	0	0	0	0	0	0	0	0	0	0	0
		27	27	27	27	27	27	27	27	27	27	27	27	27
Total Meter Fee Revenue		\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$29,661
Admin Fee	\$3.97	27	27	27	27	27	27	27	27	27	27	27	27	27
Defensible Space	1.05	27	27	27	27	27	27	27	27	27	27	27	27	27
		\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$136	\$1,626
Water Use	\$ / 1,000 gal													
All Use	\$1.55	640	621	464	448	283	358	331	311	326	436	384	535	5,137
Tier 1	0.93	61	95	32	90	10	18	41	4	25	91	43	37	548
Tier 2	2.27	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Water Use Revenue		\$1,049	\$1,052	\$750	\$778	\$448	\$571	\$551	\$486	\$529	\$760	\$635	\$865	\$8,473
Total Commercial - IVGID		\$3,656	\$3,659	\$3,357	\$3,385	\$3,056	\$3,178	\$3,159	\$3,093	\$3,136	\$3,367	\$3,242	\$3,472	\$39,760

Incline Village General Improvement District
 Water Rate Study
 Exhibit 6
 Revenues at Present Rates

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Irrigation - IVGID														
Meter Fee	\$ / Acct.													
3/4"	\$11.97 \$15.10	3	3	3	3	3	3	3	3	3	3	3	3	3
1"	19.99 25.22	5	5	5	5	5	5	5	5	5	5	5	5	5
1 1/2"	39.86 50.28	2	2	2	2	2	2	2	2	2	2	2	2	2
2"	63.80 80.48	4	4	4	4	4	4	4	4	4	4	4	4	4
3"	119.70 151.00	3	3	3	3	3	3	3	3	3	3	3	3	3
4"	199.54 251.72	3	3	3	3	3	3	3	3	3	3	3	3	3
6"	398.96 503.28	0	0	0	0	0	0	0	0	0	0	0	0	0
8"	638.36 805.28	0	0	0	0	0	0	0	0	0	0	0	0	0
10"	917.50 1,157.42	0	0	0	0	0	0	0	0	0	0	0	0	0
		20	20	20	20	20	20	20	20	20	20	20	20	20
Total Meter Fee Revenue		\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$3,231	\$38,766
Admin Fee	\$3.97	20	20	20	20	20	20	20	20	20	20	20	20	20
Defensible Space	1.05	20	20	20	20	20	20	20	20	20	20	20	20	20
		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,205
Water Use	\$ / 1,000 gal													
All Use	\$1.55	24,501	22,364	14,244	8,415	331	14	16	14	53	6,480	16,266	23,102	115,800
Tier 1	0.93	32	56	7	0	0	0	0	0	0	0	0	13	108
Tier 2	2.27	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Water Use Revenue		\$38,006	\$34,717	\$22,085	\$13,044	\$514	\$22	\$25	\$21	\$82	\$10,044	\$25,212	\$35,819	\$179,590
Total Irrigation - IVGID		\$41,337	\$38,047	\$25,416	\$16,375	\$3,845	\$3,353	\$3,356	\$3,352	\$3,413	\$13,375	\$28,543	\$39,150	\$219,561

Incline Village General Improvement District
 Water Rate Study
 Exhibit 6
 Revenues at Present Rates

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Snowmaking - IVGID														
Meter Fee	\$ / Acct.													
3/4"	\$11.97 \$15.10	0	0	0	0	0	0	0	0	0	0	0	0	0
1"	19.99 25.22	0	0	0	0	0	0	0	0	0	0	0	0	0
1 1/2"	39.86 50.28	0	0	0	0	0	0	0	0	0	0	0	0	0
2"	63.80 80.48	0	0	0	0	0	0	0	0	0	0	0	0	0
3"	119.70 151.00	0	0	0	0	0	0	0	0	0	0	0	0	0
4"	198.54 251.72	0	0	0	0	0	0	0	0	0	0	0	0	0
6"	398.96 503.28	0	0	0	0	0	0	0	0	0	0	0	0	0
8"	638.36 805.28	0	0	0	0	0	0	0	0	0	0	0	0	0
10"	917.50 1,157.42	1	1	1	1	1	1	1	1	1	1	1	1	1
		1	1	1	1	1	1	1	1	1	1	1	1	1
Total Meter Fee Revenue		\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$24,899
Admin Fee	\$3.97	1	1	1	1	1	1	1	1	1	1	1	1	1
Defensible Space	0.00	1	1	1	1	1	1	1	1	1	1	1	1	1
		\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$48
Water Use	\$ / 1,000 gal													
All Use	\$1.55	77	551	248	1,903	29,084	23,170	0	0	0	0	67	0	55,099
Tier 1	0.93													0
Tier 2	2.27													0
Total Water Use Revenue		\$119	\$854	\$385	\$2,949	\$45,080	\$35,914	\$0	\$0	\$0	\$0	\$104	\$0	\$85,404
Total Snowmaking - IVGID		\$2,198	\$2,932	\$2,464	\$5,028	\$47,159	\$37,993	\$2,079	\$2,079	\$2,079	\$2,079	\$2,183	\$2,079	\$110,350

Incline Village General Improvement District
 Water Rate Study
 Exhibit 7
 Customer Data Projection

		Exhibit 6 - RPR										Notes	
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031		FY 2032
Residential													
Meter Fee	\$/ Acct.												
3/4"	\$27.07	3,694	3,697	3,701	3,705	3,708	3,712	3,716	3,720	3,723	3,727	3,731	As Single Family - Cust Growth
		3,694	3,697	3,701	3,705	3,708	3,712	3,716	3,720	3,723	3,727	3,731	
Revenue		\$1,199,824	\$1,201,024	\$1,202,226	\$1,203,428	\$1,204,630	\$1,205,835	\$1,207,040	\$1,208,249	\$1,209,457	\$1,210,666	\$1,211,877	
Admin Fee	\$3.97	3,694	3,697	3,701	3,705	3,708	3,712	3,716	3,720	3,723	3,727	3,731	
Defensible Space	\$1.05	3,694	3,697	3,701	3,705	3,708	3,712	3,716	3,720	3,723	3,727	3,731	
		\$222,501	\$222,724	\$222,947	\$223,170	\$223,393	\$223,616	\$223,840	\$224,064	\$224,288	\$224,512	\$224,737	
Water Use													
	\$/ 1,000 gal												
All Use	\$1.55	476,178	476,178	476,178	476,178	476,178	476,178	476,178	476,178	476,178	476,178	476,178	As Single Family - Cons Growth
20,000 - 60,000	0.93	151,188	151,188	151,188	151,188	151,188	151,188	151,188	151,188	151,188	151,188	151,188	As Single Family - Cons Growth
60,000+	2.27	55,792	55,792	55,792	55,792	55,792	55,792	55,792	55,792	55,792	55,792	55,792	As Single Family - Cons Growth
Total Water Use - Residential		683,157	683,157	683,157	683,157	683,157	683,157	683,157	683,157	683,157	683,157	683,157	
Revenue		\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	\$1,005,327	
Total Revenue		\$2,427,652	\$2,429,076	\$2,430,501	\$2,431,926	\$2,433,350	\$2,434,779	\$2,436,208	\$2,437,640	\$2,439,073	\$2,440,505	\$2,441,941	
Multi Family													
Meter Fee													
3/4"	\$27.07	4,086	4,090	4,094	4,098	4,102	4,106	4,110	4,114	4,118	4,123	4,127	As Multi-Family - Cust Growth
		4,086	4,090	4,094	4,098	4,102	4,106	4,110	4,114	4,118	4,123	4,127	
Revenue		\$1,327,188	\$1,328,514	\$1,329,843	\$1,331,172	\$1,332,503	\$1,333,835	\$1,335,170	\$1,336,505	\$1,337,841	\$1,339,179	\$1,340,517	
Admin Fee	\$3.97	258	258	259	259	259	259	260	260	260	260	261	As Multi-Family - Cust Growth
Defensible Space	\$1.05	4,086	4,090	4,094	4,098	4,102	4,106	4,110	4,114	4,118	4,123	4,127	As Multi-Family - Cust Growth
		\$63,771	\$63,834	\$63,898	\$63,962	\$64,026	\$64,090	\$64,154	\$64,219	\$64,283	\$64,347	\$64,411	
Water Use													
All Use	\$1.55	247,795	247,795	247,795	247,795	247,795	247,795	247,795	247,795	247,795	247,795	247,795	As Multi-Family - Cons Growth
Tier 1	\$0.93	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	10,124	As Multi-Family - Cons Growth
Tier 2	\$2.27	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	As Multi-Family - Cons Growth
Total Water Use - Multi Family		264,114	264,114	264,114	264,114	264,114	264,114	264,114	264,114	264,114	264,114	264,114	
Revenue		\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	\$407,560	
Total Revenue		\$1,798,519	\$1,799,909	\$1,801,301	\$1,802,694	\$1,804,090	\$1,805,486	\$1,806,885	\$1,808,284	\$1,809,684	\$1,811,086	\$1,812,489	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 7
 Customer Data Projection

		Exhibit 6 - RPR		Projected									Notes
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Commercial													
Meter Fee	\$ / Acct.												
3/4"	\$27.07	72	72	72	72	72	72	72	72	73	73	73	As Commercial - Cust Growth
1"	45.21	53	53	53	53	53	53	53	53	53	53	54	As Commercial - Cust Growth
1 1/2"	90.14	41	41	41	41	41	41	41	41	41	41	41	As Commercial - Cust Growth
2"	144.28	26	26	26	26	26	26	26	26	26	26	26	As Commercial - Cust Growth
3"	270.70	6	6	6	6	6	6	6	6	6	6	6	As Commercial - Cust Growth
4"	451.26	3	3	3	3	3	3	3	3	3	3	3	As Commercial - Cust Growth
6"	902.24	2	2	2	2	2	2	2	2	2	2	2	As Commercial - Cust Growth
8"	1,443.64	1	1	1	1	1	1	1	1	1	1	1	As Commercial - Cust Growth
10"	2,074.92	0	0	0	0	0	0	0	0	0	0	0	As Commercial - Cust Growth
		204	204	204	205	205	205	205	205	206	206	206	
Revenue		\$216,220	\$216,398	\$216,575	\$216,753	\$216,930	\$217,108	\$217,285	\$217,463	\$217,640	\$217,818	\$217,996	
Admin Fee	\$3.97	204	204	204	205	205	205	205	205	206	206	206	
Defensible Space	\$1.05	204	204	204	205	205	205	205	205	206	206	206	
		\$12,289	\$12,301	\$12,313	\$12,325	\$12,337	\$12,349	\$12,361	\$12,373	\$12,385	\$12,397	\$12,409	
Water Use	\$ / 1,000 gal												
All Use	\$1.55	70,133	70,133	70,133	70,133	70,133	70,133	70,133	70,133	70,133	70,133	70,133	As Commercial - Cons Growth
Tier 1	\$0.93	17,284	17,284	17,284	17,284	17,284	17,284	17,284	17,284	17,284	17,284	17,284	As Commercial - Cons Growth
Tier 2	\$2.27	688	688	688	688	688	688	688	688	688	688	688	As Commercial - Cons Growth
Total Water Use - Commercial		88,105	88,105	88,105	88,105	88,105	88,105	88,105	88,105	88,105	88,105	88,105	
		\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	\$126,343	
Total Revenue		\$354,852	\$355,041	\$355,231	\$355,421	\$355,610	\$355,800	\$355,989	\$356,179	\$356,369	\$356,558	\$356,748	

		Exhibit 6 - RPR	Projected										Notes
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Irrigation													
Meter Fee	\$ / Acct.												
3/4"	\$27.07	16	16	16	16	16	16	16	16	16	16	16	As Irrigation - Cust Growth
1"	45.21	20	20	20	20	20	20	20	20	20	20	20	As Irrigation - Cust Growth
1 1/2"	90.14	10	10	10	10	10	10	10	10	10	10	10	As Irrigation - Cust Growth
2"	144.28	12	12	12	12	12	12	12	12	12	12	12	As Irrigation - Cust Growth
3"	270.70	2	2	2	2	2	2	2	2	2	2	2	As Irrigation - Cust Growth
4"	451.26	2	2	2	2	2	2	2	2	2	2	2	As Irrigation - Cust Growth
6"	902.24	0	0	0	0	0	0	0	0	0	0	0	As Irrigation - Cust Growth
8"	1,443.64	0	0	0	0	0	0	0	0	0	0	0	As Irrigation - Cust Growth
10"	2,074.92	0	0	0	0	0	0	0	0	0	0	0	As Irrigation - Cust Growth
		62	62	62	62	62	62	62	62	62	63	63	
Revenue		\$64,968	\$65,013	\$65,059	\$65,104	\$65,150	\$65,195	\$65,241	\$65,286	\$65,332	\$65,377	\$65,423	
Admin Fee	\$3.97	62	62	62	62	62	62	62	62	62	63	63	
Defensible Space	\$0.00	62	62	62	62	62	62	62	62	62	63	63	
		\$2,954	\$2,957	\$2,959	\$2,962	\$2,965	\$2,968	\$2,971	\$2,974	\$2,977	\$2,979	\$2,982	
Water Use													
	\$ / 1,000 gal												
All Use	\$1.55	47,772	47,772	47,772	47,772	47,772	47,772	47,772	47,772	47,772	47,772	47,772	As Irrigation - Cons Growth
Tier 1	0.93	14,045	14,045	14,045	14,045	14,045	14,045	14,045	14,045	14,045	14,045	14,045	As Irrigation - Cons Growth
Tier 2	2.27	10,046	10,046	10,046	10,046	10,046	10,046	10,046	10,046	10,046	10,046	10,046	As Irrigation - Cons Growth
Total Water Use - Irrigation		71,863	71,863	71,863	71,863	71,863	71,863	71,863	71,863	71,863	71,863	71,863	
Revenue		\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	\$109,912	
Total Revenue		\$177,834	\$177,892	\$177,930	\$177,979	\$178,027	\$178,075	\$178,124	\$178,172	\$178,220	\$178,269	\$178,317	

		Exhibit 6 - RPR											
		Projected											
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Commercial - IVGID													
Meter Fee	\$ / Acct.												
3/4"	\$27.07	5	5	5	5	5	5	5	5	5	5	5	As IVGID - Cust Growth
1"	45.21	7	7	7	7	7	7	7	7	7	7	7	As IVGID - Cust Growth
1 1/2"	90.14	5	5	5	5	5	5	5	5	5	5	5	As IVGID - Cust Growth
2"	144.28	9	9	9	9	9	9	9	9	9	9	9	As IVGID - Cust Growth
3"	270.70	1	1	1	1	1	1	1	1	1	1	1	As IVGID - Cust Growth
4"	451.26	0	0	0	0	0	0	0	0	0	0	0	As IVGID - Cust Growth
6"	902.24	0	0	0	0	0	0	0	0	0	0	0	As IVGID - Cust Growth
8"	1,443.64	0	0	0	0	0	0	0	0	0	0	0	As IVGID - Cust Growth
10"	2,074.92	0	0	0	0	0	0	0	0	0	0	0	As IVGID - Cust Growth
		27	27	27	27	27	27	27	27	27	27	27	
Revenue		\$29,661	\$29,698	\$29,735	\$29,772	\$29,808	\$29,845	\$29,882	\$29,919	\$29,956	\$29,992	\$30,029	
Admin Fee	\$3.97	27	27	27	27	27	27	27	27	27	27	27	As IVGID - Cust Growth
Defensible Space	\$1.05	27	27	27	27	27	27	27	27	27	27	27	As IVGID - Cust Growth
		\$1,626	\$1,628	\$1,630	\$1,632	\$1,634	\$1,636	\$1,637	\$1,639	\$1,641	\$1,643	\$1,645	
Water Use	\$ / 1,000 gal												
All Use	\$1.55	5,137	5,137	5,137	5,137	5,137	5,137	5,137	5,137	5,137	5,137	5,137	As IVGID - Cons Growth
Tier 1	0.93	548	548	548	548	548	548	548	548	548	548	548	As IVGID - Cons Growth
Tier 2	2.27	0	0	0	0	0	0	0	0	0	0	0	As IVGID - Cons Growth
Total Water Use - Commercial - IVGID		5,686	5,686	5,686	5,686	5,686	5,686	5,686	5,686	5,686	5,686	5,686	
Revenue		\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	
Total Revenue		\$39,760	\$39,799	\$39,838	\$39,876	\$39,915	\$39,953	\$39,992	\$40,031	\$40,069	\$40,108	\$40,147	

Indian Village General Improvement District
Water Rate Study
Consumer Data Projections

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Highline - WFO												
Meter Fee												
1"	463	463	463	463	463	463	463	463	463	463	463	As WFOB - Cost Growth
1.1/2"	9014	9014	9014	9014	9014	9014	9014	9014	9014	9014	9014	As WFOB - Cost Growth
2"	14428	14428	14428	14428	14428	14428	14428	14428	14428	14428	14428	As WFOB - Cost Growth
3"	20730	20730	20730	20730	20730	20730	20730	20730	20730	20730	20730	As WFOB - Cost Growth
4"	26126	26126	26126	26126	26126	26126	26126	26126	26126	26126	26126	As WFOB - Cost Growth
6"	40126	40126	40126	40126	40126	40126	40126	40126	40126	40126	40126	As WFOB - Cost Growth
8"	144164	144164	144164	144164	144164	144164	144164	144164	144164	144164	144164	As WFOB - Cost Growth
10"	207472	207472	207472	207472	207472	207472	207472	207472	207472	207472	207472	As WFOB - Cost Growth
Revenue	538,766	538,772	538,777	538,783	538,788	538,794	538,799	538,804	538,810	538,815	538,821	
Admin Fee	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	As WFOB - Cost Growth
Defensible Space	51,055	51,056	51,057	51,208	51,210	51,211	51,212	51,213	51,214	51,216	51,217	As WFOB - Cost Growth
Water Use												
1/2"	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	As WFOB - Cost Growth
1"	108	108	108	108	108	108	108	108	108	108	108	As WFOB - Cost Growth
1.1/2"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
2"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
Total Water Use - Highline - WFO	115,807	115,807	115,807	115,807	115,807	115,807	115,807	115,807	115,807	115,807	115,807	
Revenue	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	\$175,550	
Total Revenue	\$219,661	\$219,658	\$219,674	\$219,681	\$219,687	\$219,694	\$219,699	\$219,704	\$219,709	\$219,714	\$219,719	
Northside - WFO												
Meter Fee												
1"	463	463	463	463	463	463	463	463	463	463	463	As WFOB - Cost Growth
1.1/2"	9014	9014	9014	9014	9014	9014	9014	9014	9014	9014	9014	As WFOB - Cost Growth
2"	14428	14428	14428	14428	14428	14428	14428	14428	14428	14428	14428	As WFOB - Cost Growth
3"	20730	20730	20730	20730	20730	20730	20730	20730	20730	20730	20730	As WFOB - Cost Growth
4"	26126	26126	26126	26126	26126	26126	26126	26126	26126	26126	26126	As WFOB - Cost Growth
6"	40126	40126	40126	40126	40126	40126	40126	40126	40126	40126	40126	As WFOB - Cost Growth
8"	144164	144164	144164	144164	144164	144164	144164	144164	144164	144164	144164	As WFOB - Cost Growth
10"	207472	207472	207472	207472	207472	207472	207472	207472	207472	207472	207472	As WFOB - Cost Growth
Revenue	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	
Admin Fee	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	As WFOB - Cost Growth
Defensible Space	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	As WFOB - Cost Growth
Water Use												
1/2"	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	As WFOB - Cost Growth
1"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
1.1/2"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
2"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
3"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
4"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
6"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
8"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
10"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
Revenue	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	
Total Revenue	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	
Southside - WFO												
Meter Fee												
1"	463	463	463	463	463	463	463	463	463	463	463	As WFOB - Cost Growth
1.1/2"	9014	9014	9014	9014	9014	9014	9014	9014	9014	9014	9014	As WFOB - Cost Growth
2"	14428	14428	14428	14428	14428	14428	14428	14428	14428	14428	14428	As WFOB - Cost Growth
3"	20730	20730	20730	20730	20730	20730	20730	20730	20730	20730	20730	As WFOB - Cost Growth
4"	26126	26126	26126	26126	26126	26126	26126	26126	26126	26126	26126	As WFOB - Cost Growth
6"	40126	40126	40126	40126	40126	40126	40126	40126	40126	40126	40126	As WFOB - Cost Growth
8"	144164	144164	144164	144164	144164	144164	144164	144164	144164	144164	144164	As WFOB - Cost Growth
10"	207472	207472	207472	207472	207472	207472	207472	207472	207472	207472	207472	As WFOB - Cost Growth
Revenue	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	54,889	
Admin Fee	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	5,977	As WFOB - Cost Growth
Defensible Space	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	As WFOB - Cost Growth
Water Use												
1/2"	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	As WFOB - Cost Growth
1"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
1.1/2"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
2"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
3"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
4"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
6"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
8"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
10"	0	0	0	0	0	0	0	0	0	0	0	As WFOB - Cost Growth
Revenue	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	
Total Revenue	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350	
Summary												
Revenue	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	\$1,205,200	
Variable	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	1,921,609	
Total	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	\$3,126,809	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 8
 Commodity Distribution Factor

	FY 2023 Consumption (1,000 gal)	5.0% Unaccounted ^[1]	Net Water Delivered (Flow + Losses)	Total Consumption (MGD)	Component % of Total	Class Total % of Total
Residential						46.8%
All Use	269,199	13,460	282,659	0.77	26.4%	
20,000 - 60,000	151,188	7,559	158,747	0.43	14.9%	
60,000+	55,792	2,790	58,581	0.16	5.5%	
Multi Family	247,795	12,390	260,185	0.71	24.3%	24.3%
Commercial	70,133	3,507	73,639	0.20	6.9%	6.9%
Irrigation	47,772	2,389	50,161	0.14	4.7%	4.7%
Commercial - IVGID	5,137	257	5,394	0.01	0.5%	0.5%
Irrigation - IVGID	115,800	5,790	121,590	0.33	11.4%	11.4%
Snowmaking - IVGID	55,099	2,755	57,854	0.16	5.4%	5.4%
	1,017,914	50,896	1,068,810	2.93	100.0%	100.0%

Water Production Report ^[2] 2.88

Notes

- [1] - Estimated to tie to actual production reports
- [2] - Water Supply provided by District (Aug 2020 - July 2021)

Factor (COM)

Incline Village General Improvement District
 Water Rate Study
 Exhibit 9
 Capacity Distribution Factor

	Average Consumption (MGD)	Peaking Factors ^[1]	Peak Day Use (MGD)	Component % of Total	Class % of Total
Residential					50.1%
All Use	0.77	2.12	1.64	28.3%	
20,000 - 60,000	0.43	2.12	0.92	15.9%	
60,000+	0.16	2.12	0.34	5.9%	
Multi Family	0.71	1.71	1.22	21.0%	21.0%
Commercial	0.20	1.53	0.31	5.3%	5.3%
Irrigation	0.14	2.49	0.34	5.9%	5.9%
Commercial - IVGID	0.01	1.50	0.02	0.4%	0.4%
Irrigation - IVGID	0.33	2.54	0.85	14.6%	14.6%
Snowmaking - IVGID	0.16	1.00	0.16	2.7%	2.7%
	----- 2.93		----- 5.80	----- 100.0%	----- 100.0%

Notes

[1] - Peak factors based on peak to average month usage

Factor **(CAP)**

Incline Village General Improvement District
 Water Rate Study
 Exhibit 10
 Customer Distribution Factors

	<i>Actual Customer</i>		<i>Customer Service & Acctng.</i>		<i>Meters & Services [1]</i>	
	Number of Accounts	% of Total	Number of Living Units	% of Total	Weighted Customer	% of Total
Residential	3,694	86.6%	3,694	45.6%	3,694	41.4%
Multi Family	258	6.0%	4,086	50.5%	4,086	45.7%
Commercial	204	4.8%	204	2.5%	666	7.5%
Irrigation	62	1.5%	62	0.8%	200	2.2%
Commercial - IVGID	27	0.6%	27	0.3%	91	1.0%
Irrigation - IVGID	20	0.5%	20	0.2%	119	1.3%
Snowmaking - IVGID	1	0.0%	1	0.0%	77	0.9%
Total	4,266	100.0%	8,093	100.0%	8,932	100.0%

Notes

[1] - Based on number of equivalent meters using AWWA meter equivalency factors for 3/4" meter

Factor (AC) (WCA) (WCMS)

Development of Equivalent Meter Distribution Factor

	<i>Number of Meters</i>										Total	% of Total
	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"			
Residential	3,694	0	0	0	0	0	0	0	0	0	3,694	45.6%
Multi Family	4,086	0	0	0	0	0	0	0	0	0	4,086	50.5%
Commercial	72	53	41	26	6	3	2	1	0	0	204	2.5%
Irrigation	16	20	10	12	2	2	0	0	0	0	62	0.8%
Commercial - IVGID	5	7	5	9	1	0	0	0	0	0	27	0.3%
Irrigation - IVGID	3	5	2	4	3	3	0	0	0	0	20	0.2%
Snowmaking - IVGID	0	0	0	0	0	0	0	0	1	1	1	0.0%
Total Meters	7,875	85	58	51	12	8	2	1	1	8,093		
<i>Equiv. Meters (3/4")</i>	<i>1.00</i>	<i>1.67</i>	<i>3.33</i>	<i>5.33</i>	<i>10.00</i>	<i>16.67</i>	<i>33.33</i>	<i>53.33</i>	<i>76.67</i>			

	<i>Equivalent Meters</i>										Total	% of Total
	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"			
Residential	3,694	0	0	0	0	0	0	0	0	0	3,694	1.00
Multi Family	4,086	0	0	0	0	0	0	0	0	0	4,086	1.00
Commercial	72	89	137	139	60	50	67	53	0	0	666	3.26
Irrigation	16	33	33	64	20	33	0	0	0	0	200	3.23
Commercial - IVGID	5	12	17	48	10	0	0	0	0	0	91	3.38
Irrigation - IVGID	3	8	7	21	30	50	0	0	0	0	119	5.97
Snowmaking - IVGID	0	0	0	0	0	0	0	0	77	77	77	76.67
Total Equiv. Meters	7,875	142	193	272	120	133	67	53	77	8,932		

Incline Village General Improvement District
 Water Rate Study
 Exhibit 11
 Public Fire Distribution Factor

	Number of Living Units	Fire Prot. Requirements (gals/min)	Duration (minutes)	Total FP Requirements (1,000 g/min)	% of Total
Residential	3,694	1,000	90	332,423	40.3%
Multi Family	4,086	1,000	90	367,710	44.6%
Commercial	204	3,000	180	110,160	13.4%
Irrigation	62	0	0	0	0.0%
Commercial - IVGID	27	3,000	180	14,580	1.8%
Irrigation - IVGID	20	0	0	0	0.0%
Snowmaking - IVGID	1	0	0	0	0.0%
Total	8,093			824,873	100.0%
Factor					(FP)

Incline Village General Improvement District
 Water Rate Study
 Exhibit 12
 Revenue Related Distribution Factor

	Projected FY 2023	% of Total
Residential	\$2,429,076	47.3%
Multi Family	1,799,909	35.1%
Commercial	355,041	6.9%
Irrigation	177,882	3.5%
Commercial - IVGID	39,799	0.8%
Irrigation - IVGID	219,568	4.3%
Snowmaking - IVGID	110,350	2.2%
Total Rate Revenues	\$5,131,625	100.0%
Factor		(RR)

Incline Village General Improvement District
 Water Rate Study
 Exhibit 13
 Net Plant In Service

	Net Plant	Customer Related							Direct Assign. (DA)	Basis of Classification		
		Commodity (COM)	Capacity (CAP)	Actual Customer (AC)	Cust. Acctg. (WCA)	Meters & Services (WCMS)	Public Fire Protection (FP)	Revenue Related (RR)				
Land	\$5,028,320	\$5,028,320	\$0	\$0	\$0	\$0	\$0	\$0	\$0	100.0% COM		
Source of Supply	\$1,055	\$532	\$522	\$0	\$0	\$0	\$0	\$0	\$0	50.5% COM	49.5% CAP	
Treatment	\$4,815,026	\$2,431,106	\$2,383,919	\$0	\$0	\$0	\$0	\$0	\$0	50.5% COM	49.5% CAP	
Pump Station	\$1,772,867	\$895,120	\$877,746	\$0	\$0	\$0	\$0	\$0	\$0	50.5% COM	49.5% CAP	
Storage	\$405,994	\$0	\$373,624	\$0	\$0	\$0	\$32,369	\$0	\$0	92.0% CAP	8.0% FP	
Transmission & Distribution												
Mains	\$13,369,990	\$0	\$6,821,047	\$0	\$0	\$6,016,496	\$532,447	\$0	\$0	51.0% CAP	45.0% WCMS	4.0% FP
Meter	627,851	0	0	0	0	627,851	0	0	0	100.0% WCMS		
Hydrant	20,356	0	0	0	0	0	20,356	0	0	100.0% FP		
Fire Meter	30,338	0	0	0	0	0	30,338	0	0	100.0% FP		
Manholes	116,542	116,542	0	0	0	0	0	0	0	100.0% COM		
Total Transmission & Distribution	\$14,165,077	\$116,542	\$6,821,047	\$0	\$0	\$6,644,346	\$583,141	\$0	\$0			
Plant Before General Plant	\$26,188,337	\$8,471,622	\$10,456,859	\$0	\$0	\$6,644,346	\$615,510	\$0	\$0			
Percent Plant Before General Plant	100.0%	32.3%	39.9%	0.0%	0.0%	25.4%	2.4%	0.0%	0.0%	Factor PBG		
General Plant												
Building & Structures	\$3,225,599	\$1,043,444	\$1,287,964	\$0	\$0	\$818,379	\$75,812	\$0	\$0	As Factor PBG		
Equipment	1,076,397	348,202	429,799	0	0	273,097	25,299	0	0	As Factor PBG		
Vehicles	416,021	134,578	166,115	0	0	105,550	9,778	0	0	As Factor PBG		
Misc	13,650	4,416	5,450	0	0	3,463	321	0	0	As Factor PBG		
Office Equipment	4,326	1,399	1,727	0	0	1,098	102	0	0	As Factor PBG		
Total General Plant	\$4,735,994	\$1,532,039	\$1,891,056	\$0	\$0	\$1,201,588	\$111,311	\$0	\$0			
Total Net Plant in Service	\$30,924,331	\$10,003,661	\$12,347,916	\$0	\$0	\$7,845,934	\$726,821	\$0	\$0			

Incline Village General Improvement District
 Water Rate Study
 Exhibit 14
 Distribution System Analysis

Fire Protection

	hrs	gal/min	Total
Fire Flow Requirements	3	3,000	540,000
Storage Capacity		6,773,000	6,773,000
% Public Fire Protection			8.0%
% Capacity			92.0%

Source of Supply (avg of 2018 & 2019)

Average Day	2.93	COM	50.5%
Peak Day	5.80	(1-COM) = CAP	49.5%

Distribution Main Analysis

	Main Size	Length (ft)	Replcmt \$	Total
Distribution	1"	115,473	\$35.00	\$4,041,555
	2"	27,722	35.00	970,270
	3"	2,134	35.00	74,690
	4"	18,656	70.85	1,321,778
	6"	220,618	70.85	15,630,785
	8"	235,460	92.90	21,874,234
	10"	46,532	88.56	4,120,874
	12"	46,987	124.60	5,854,580
	14"	24,872	123.98	3,083,631
	Total 1" - 14"	738,454		\$56,972,397
Transmission	16"	13,468	148.64	2,001,840
	18"	3,949	173.64	685,678
	20"	2,053	198.64	407,856
	24"	3,793	223.64	848,367
	30"	61	248.64	15,229
	36"	72	273.64	19,639
	60"	275	298.64	81,977
	Total 16" - 60"	23,671		\$4,060,587

Customer Equivalent

⁽¹⁾ Total @ 3" Equiv	\$25,845,890	
/ Total Cost	45.0%	Adjusted 45.0%

Capacity

⁽²⁾ Cost for 1" - 8"	\$43,913,312	
⁽³⁾ Equiv 10" - 14"	\$10,998,524	
(2+3-1) / 4	51.0%	Adjusted 51.0%

Fire Protection

1-cust-cap	4.0%	Adjusted 4.0%
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FY 2023	Commodity (COM)	Capacity (CAP)	Customer Related			Public Fire Protection (FP)	Revenue Related (RR)	Direct Assign. (DA)	Basis of Allocation	
			Actual Customer (AC)	Weighted for						
				Cust. Acctg. (WCA)	Meters & Services (WCMS)					
Expenses										
Wages										
Other Earnings	\$54,054	\$17,486	\$21,583	\$0	\$0	\$13,714	\$1,270	\$0	\$0	As Net Plant in Service
Regular Earnings	1,469,501	475,366	586,764	0	0	372,833	34,538	0	0	As Net Plant in Service
Salary Savings from Vacant Positions	0	0	0	0	0	0	0	0	0	As Net Plant in Service
Total Wages	\$1,523,555	\$492,852	\$608,347	\$0	\$0	\$386,547	\$35,808	\$0	\$0	
Benefits										
Dental Fringe Ben	\$20,415	\$6,604	\$8,152	\$0	\$0	\$5,180	\$480	\$0	\$0	As Net Plant in Service
Disability Fringe Ben	7,525	2,434	3,005	0	0	1,909	177	0	0	As Net Plant in Service
Life Ins Fringe Ben	2,826	914	1,128	0	0	717	66	0	0	As Net Plant in Service
Medical Fringe Ben	282,680	91,444	112,873	0	0	71,720	6,644	0	0	As Net Plant in Service
Retirement Fringe Ben	267,925	86,670	106,981	0	0	67,976	6,297	0	0	As Net Plant in Service
Taxes	121,110	39,178	48,359	0	0	30,727	2,846	0	0	As Net Plant in Service
Unemployment Fringe Ben	23,785	7,694	9,497	0	0	6,035	559	0	0	As Net Plant in Service
Vision Fringe Ben	2,303	745	920	0	0	584	54	0	0	As Net Plant in Service
Work Comp Fringe Ben	37,962	12,280	15,158	0	0	9,631	892	0	0	As Net Plant in Service
Total Benefits	\$766,531	\$247,964	\$306,071	\$0	\$0	\$194,479	\$18,016	\$0	\$0	
Services & Supplies										
Advertising - Paid	\$1,100	\$356	\$439	\$0	\$0	\$279	\$26	\$0	\$0	As Net Plant in Service
BLDGS Maintenance Services	85,034	27,508	33,954	0	0	21,574	1,999	0	0	As Bldgs & Structures
Chemical	189,067	189,067	0	0	0	0	0	0	0	100.0% COM
Computer & IT Small Equip	3,300	1,068	1,318	0	0	837	78	0	0	As Net Plant in Service
Computer License & Fees	86,321	27,924	34,468	0	0	21,901	2,029	0	0	As Net Plant in Service
Contractual Services	38,547	12,470	15,392	0	0	9,780	906	0	0	As Net Plant in Service
Dues & Subscriptions	9,062	2,931	3,618	0	0	2,299	213	0	0	As Net Plant in Service
Employee Recruit & Retain	16,445	5,320	6,566	0	0	4,172	387	0	0	As Net Plant in Service
Fleet Maintenance Services	204,886	66,278	81,810	0	0	51,982	4,815	0	0	As Net Plant in Service
Fuel	42,768	13,835	17,077	0	0	10,851	1,005	0	0	As Net Plant in Service
Janitorial	23,100	7,473	9,224	0	0	5,861	543	0	0	As Net Plant in Service
Lab	19,360	9,775	9,585	0	0	0	0	0	0	As Treatment
Office Supplies	12,866	4,162	5,137	0	0	3,264	302	0	0	As Net Plant in Service
Operating	65,604	21,222	26,195	0	0	16,645	1,542	0	0	As Net Plant in Service
Permits & Fees	18,669	6,039	7,455	0	0	4,737	439	0	0	As Net Plant in Service
Postage	20,460	0	0	20,460	0	0	0	0	0	100.0% AC
R & M General	78,672	25,449	31,413	0	0	19,960	1,849	0	0	As Net Plant in Service
R&M Corrective	155,650	50,351	62,150	0	0	39,491	3,658	0	0	As Net Plant in Service
R&M Preventative	105,270	34,054	42,034	0	0	26,708	2,474	0	0	As Net Plant in Service
Rental & Lease	1,056	342	422	0	0	268	25	0	0	As Net Plant in Service
Repairs & Maintenance	604,423	195,524	241,343	0	0	153,350	14,206	0	0	As Net Plant in Service
Safety	6,930	2,242	2,767	0	0	1,758	163	0	0	As Net Plant in Service
Security	7,260	2,349	2,899	0	0	1,842	171	0	0	As Net Plant in Service
Small Equipment	10,780	3,487	4,304	0	0	2,735	253	0	0	As Net Plant in Service
Tools	7,700	2,491	3,075	0	0	1,954	181	0	0	As Net Plant in Service
Training & Education	17,380	5,622	6,940	0	0	4,410	408	0	0	As Net Plant in Service
Travel & Conferences	21,120	6,832	8,433	0	0	5,358	496	0	0	As Net Plant in Service
Uniforms	13,310	4,306	5,315	0	0	3,377	313	0	0	As Net Plant in Service
Total Services & Supplies	\$1,866,140	\$728,474	\$663,331	\$20,460	\$0	\$415,394	\$38,481	\$0	\$0	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 15
 Functionalization and Allocation
 of the Revenue Requirement

FY 2023	Commodity (COM)	Capacity (CAP)	Customer Related			Public Fire Protection (FP)	Revenue Related (RR)	Direct Assign. (DA)	Basis of Allocation	
			Actual Customer (AC)	Weighted for						
				Cust. Acctg. (WCA)	Meters & Services (WCMS)					
Other										
Central Services Allocation Cs	\$236,301	\$76,441	\$94,354	\$0	\$0	\$59,953	\$5,554	\$0	\$0	As Net Plant in Service
Defensible Space Costs	55,000	0	0	0	0	0	55,000	0	0	100.0% FP
General Liability - Insurance	119,377	38,617	47,667	0	0	30,288	2,806	0	0	As Net Plant in Service
Audit	6,435	2,082	2,569	0	0	1,633	151	0	0	As Net Plant in Service
Legal	13,200	4,270	5,271	0	0	3,349	310	0	0	As Net Plant in Service
Professional Consultants	74,550	24,116	29,767	0	0	18,914	1,752	0	0	As Net Plant in Service
Interfund Expense Transfers	(181,289)	(58,645)	(72,388)	0	0	(45,995)	(4,261)	0	0	As Net Plant in Service
Total Other	\$323,574	\$86,881	\$107,240	\$0	\$0	\$68,141	\$61,312	\$0	\$0	
Utilities										
Cable TV	\$1,980	\$641	\$791	\$0	\$0	\$502	\$47	\$0	\$0	As Net Plant in Service
Electricity	450,010	145,573	179,687	0	0	114,174	10,577	0	0	As Net Plant in Service
Heating	12,320	3,985	4,919	0	0	3,126	290	0	0	As Net Plant in Service
Internet	12,540	4,057	5,007	0	0	3,182	295	0	0	As Net Plant in Service
Telephone	23,173	7,496	9,253	0	0	5,879	545	0	0	As Net Plant in Service
Trash	7,810	2,526	3,118	0	0	1,982	184	0	0	As Net Plant in Service
Water & Sewer	3,408	1,102	1,361	0	0	865	80	0	0	As Net Plant in Service
Total Utilities	\$511,240	\$165,380	\$204,135	\$0	\$0	\$129,709	\$12,016	\$0	\$0	
Future O&M										
Additional Staffing Needs	\$230,000	\$74,402	\$91,838	\$0	\$0	\$58,354	\$5,406	\$0	\$0	As Net Plant in Service
One-Time Inflation Contingency	200,000	64,698	79,859	0	0	50,743	4,701	0	0	As Net Plant in Service
Open	0	0	0	0	0	0	0	0	0	As Net Plant in Service
Open	0	0	0	0	0	0	0	0	0	As Net Plant in Service
Total Future O&M	\$430,000	\$139,100	\$171,697	\$0	\$0	\$109,097	\$10,106	\$0	\$0	
Total Operations & Maintenance	\$5,421,040	\$1,860,651	\$2,060,822	\$20,460	\$0	\$1,303,367	\$175,740	\$0	\$0	
Debt Service										
NV DWSRF 2012	\$193,372	\$62,554	\$77,212	\$0	\$0	\$49,061	\$4,545	\$0	\$0	As Net Plant in Service
NV Drk Wtr Loan 2005	113,648	36,764	45,379	0	0	28,834	2,671	0	0	As Net Plant in Service
New SRF Loans	0	0	0	0	0	0	0	0	0	As Net Plant in Service
New Revenue Bonds	56,289	18,209	22,476	0	0	14,281	1,323	0	0	As Net Plant in Service
Total Debt Service	\$363,309	\$117,526	\$145,067	\$0	\$0	\$92,176	\$8,539	\$0	\$0	
<i>Less Capital Reserve Funding</i>	<i>\$363,309</i>	<i>\$117,526</i>	<i>\$145,067</i>	<i>\$0</i>	<i>\$0</i>	<i>\$92,176</i>	<i>\$8,539</i>	<i>\$0</i>	<i>\$0</i>	As Debt Service
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 15
 Functionalization and Allocation
 of the Revenue Requirement

FY 2023	Commodity (COM)	Capacity (CAP)	Customer Related			Public Fire Protection (FP)	Revenue Related (RR)	Direct Assign. (DA)	Basis of Allocation
			Actual Customer (AC)	Cust. Acctg. (WCA)	Meters & Services (WCMS)				
Reserve Funding									
Operating Fund Transfer	(\$589,980)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	100.0% COM
Capital Fund Transfer	1,606,225	0	0	0	1,606,225	0	0	0	100.0% WCMS
Debt Reserve Fund	0	0	0	0	0	0	0	0	100.0% RR
Total Reserve Funding	\$1,016,245	\$0	\$0	\$0	\$1,606,225	\$0	\$0	\$0	
Total Revenue Requirement	\$6,437,285	\$1,270,671	\$2,060,822	\$20,460	\$0	\$2,909,592	\$175,740	\$0	\$0
Less: Non-Operating Revenues									
Interest	\$7,457	\$1,472	\$2,387	\$24	\$0	\$3,371	\$204	\$0	\$0 As Total Rev Req
Snow Removal Fees	100,200	19,779	32,078	318	0	45,290	2,735	0	0 As Total Rev Req
Work Order Charges Labor	120,120	23,711	38,455	382	0	54,293	3,279	0	0 As Total Rev Req
Work Order Chgs Eq & Materials	21,321	4,209	6,826	68	0	9,637	582	0	0 As Total Rev Req
Back Flows Tests	120,120	120,120	0	0	0	0	0	0	100.0% COM
Fines & Penalties	25,225	4,979	8,076	80	0	11,402	689	0	0 As Total Rev Req
Fire Protection	18,114	3,576	5,799	58	0	8,187	495	0	0 As Total Rev Req
Inspection/Plan Fees	40,040	7,904	12,818	127	0	18,098	1,093	0	0 As Total Rev Req
Other Water	28,829	5,691	9,229	92	0	13,030	787	0	0 As Total Rev Req
Interfund Revenue Transfers	(202,092)	(39,891)	(64,697)	(642)	0	(91,344)	(5,517)	0	0 As Total Rev Req
Total Non-Operating Revenues	\$279,335	\$151,548	\$50,971	\$506	\$0	\$71,964	\$4,347	\$0	\$0
Net Revenue Requirement	\$6,157,950	\$1,119,123	\$2,009,851	\$19,954	\$0	\$2,837,629	\$171,393	\$0	\$0

Incline Village General Improvement District
 Water Rate Study
 Exhibit 16
 Distribution of Revenue Requirement - COM, CAP, & DA

		Residential			Multi Family	Commercial	Irrigation	Commercial - IVGID	Irrigation - IVGID	Snowmaking - IVGID	Factor
		All Use	20,000 - 60,000	60,000+							
Commodity	\$1,119,123	\$295,965	\$166,220	\$61,339	\$272,433	\$77,106	\$52,522	\$5,648	\$127,313	\$60,578	COM
Capacity	\$2,009,851	\$568,926	\$319,521	\$117,910	\$422,435	\$107,001	\$118,379	\$7,657	\$293,094	\$54,928	CAP
Direct Assign.	\$0	\$0			\$0	\$0	\$0	\$0	\$0	\$0	Exhibit 15.2
Net Revenue Requirement	\$3,128,975	\$864,891	\$485,740	\$179,249	\$694,868	\$184,107	\$170,901	\$13,305	\$420,408	\$115,505	

Incline Village General Improvement District
Water Rate Study
Exhibit 17
Distribution of Revenue Requirement

	Total	Residential	Multi-Family	Commercial	Irrigation	Snowmaking - IVGID	Factor
Commodity	\$1,119,123	\$523,523	\$272,433	\$82,754	\$179,835	\$60,578	<i>From Exhibit 14</i>
Capacity	\$2,009,851	\$1,006,357	\$422,435	\$114,659	\$411,473	\$54,928	<i>From Exhibit 14</i>
Customer							
Actual Customer	\$19,954	\$17,278	\$1,207	\$1,081	\$384	\$5	<i>(AC)</i>
Cust. Acctg.	\$0	0	0	0	0	0	<i>(WCA)</i>
Meters & Services	\$2,837,629	1,173,398	1,297,958	240,466	101,450	24,357	<i>(WCMS)</i>
Total Customer	\$2,857,583	\$1,190,677	\$1,299,165	\$241,546	\$101,833	\$24,362	
Public Fire Protection	\$171,393	\$69,071	\$76,403	\$25,919	\$0	\$0	<i>(FP)</i>
Revenue Related	\$0	\$0	\$0	\$0	\$0	\$0	<i>(RR)</i>
Direct Assign.	\$0	\$0	\$0	\$0	\$0	\$0	<i>From Exhibit 14</i>
Net Revenue Requirement	\$6,157,950	\$2,789,628	\$2,070,436	\$464,878	\$693,142	\$139,867	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 18
 Summary of Cost of Service

	FY 2023 Expenses	Residential	Multi-Family	Commercial	Irrigation	Snowmaking - IVGID	Notes
Revenues at Present Rates	\$5,131,625	\$2,429,076	\$1,799,909	\$394,840	\$397,450	\$110,350	
Net Revenue Requirement	\$6,157,950	\$2,789,628	\$2,070,436	\$464,878	\$693,142	\$139,867	
Bal. / (Def.) of Funds	(\$1,026,325)	(\$360,552)	(\$270,527)	(\$70,037)	(\$295,692)	(\$29,517)	
Required % Change in Rates	20.0%	14.8%	15.0%	17.7%	74.4%	26.7%	

Incline Village General Improvement District
 Water Rate Study
 Exhibit 19
 Summary of Unit Costs

		Residential				Snowmaking -		
		<i>All Use</i>	<i>20,000 - 60,000</i>	<i>60,000+</i>	<i>Multi-Family</i>	<i>Commercial</i>	<i>Irrigation</i>	<i>IVGID</i>
Consumption Related	<i>\$ / 1,000 gal</i>							
Commodity	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
Capacity	1.97	2.11	2.11	2.11	1.70	1.52	2.52	1.00
RR/FP/DA - \$/CCF	0.17	0.15	0.15	0.15	0.31	0.34	0.00	0.00
	\$3.24	\$3.36	\$3.36	\$3.36	\$3.11	\$2.96	\$3.62	\$2.10
Customer Related	<i>\$ / Equiv. Mtr. / Mo</i>							
Actual Customer	\$0.19							
Cust. Acctg.	0.00							
Meters & Services	26.47							
	\$26.66							
Basic Data								
Consumption	1,017,914	269,199	151,188	55,792	247,795	75,270	163,572	55,099
# of Equiv. Meters	8,932	3,694			4,086	757	319	77
# of Meters	4,266	3,694			258	231	82	1
# of Living Units	8,093	3,694			4,086	231	82	1

	<i>Present Rates</i>	<i>Proposed</i>				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Fee						
3/4"	\$11.97	\$15.88	\$18.70	\$21.15	\$21.85	\$22.40
1"	19.99	26.52	31.23	35.32	36.49	37.41
1 1/2"	39.86	52.88	62.27	70.43	72.76	74.59
2"	63.80	84.64	99.67	112.73	116.46	119.39
3"	119.70	158.80	187.00	211.50	218.50	224.00
4"	199.54	264.72	311.73	352.57	364.24	373.41
6"	398.96	529.28	623.27	704.93	728.26	746.59
8"	638.36	846.88	997.27	1,127.93	1,165.26	1,194.59
10"	917.50	1,217.20	1,433.35	1,621.15	1,674.80	1,716.96
Capital Improvement Fee						
3/4"	\$15.10	\$15.10	\$15.10	\$15.10	\$19.70	\$20.64
1"	25.22	25.22	25.22	25.22	32.89	34.47
1 1/2"	50.28	50.28	50.28	50.28	65.58	68.74
2"	80.48	80.48	80.48	80.48	104.98	110.03
3"	151.00	151.00	151.00	151.00	196.95	206.43
4"	251.72	251.72	251.72	251.72	328.32	344.12
6"	503.28	503.28	503.28	503.28	656.44	688.04
8"	805.28	805.28	805.28	805.28	1,050.34	1,100.90
10"	1,157.42	1,157.41	1,157.41	1,157.41	1,509.63	1,582.29
Admin Fee	\$3.97	\$4.23	\$4.44	\$4.66	\$4.89	\$5.14
Defensible Space	1.05	1.05	1.05	1.05	1.05	1.05
Residential and Commercial Water Use						
All Use	\$1.55	\$2.02	\$2.35	\$2.62	\$2.66	\$2.70
Tier 1	0.93	1.21	1.41	1.57	1.60	1.62
Tier 2	2.27	2.96	3.44	3.84	3.90	3.95
Irrigation Water Use						
All Use	\$1.55	\$2.20	\$2.76	\$3.20	\$3.60	\$3.85
Tier 1	0.93	1.32	1.66	1.92	2.16	2.31
Tier 2	2.27	3.22	4.04	4.69	5.27	5.64

Incline Village General Improvement District
Water Rate Study
Residential Rates
Proposed Rate Alternative 1: FY 2023

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$32.09	\$36.26	\$4.17	13.0%
2	\$35.19	\$40.30	5.11	14.5%
4	\$38.29	\$44.34	6.05	15.8%
6	\$41.39	\$48.38	6.99	16.9%
8	\$44.49	\$52.42	7.93	17.8%
10	\$47.59	\$56.46	8.87	18.6%
15	\$55.34	\$66.56	11.22	20.3%
20	\$63.09	\$76.66	13.57	21.5%
25	\$67.74	\$82.72	14.98	22.1%
35	\$77.04	\$94.84	17.80	23.1%
45	\$86.34	\$106.96	20.62	23.9%
60	\$100.29	\$125.14	24.85	24.8%
75	\$134.34	\$169.51	35.17	26.2%
90	\$168.39	\$213.89	45.50	27.0%
130	\$259.19	\$332.22	73.03	28.2%

Present Rates

	\$ / Acct
Base Fee	\$11.97
Capital Fee	15.10
Admin Fee	3.97
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$1.55
20,000 - 60,000	0.93
60,000+	2.27

Proposed Rates

	\$ / Acct
Base Fee	\$15.88
Capital Fee	15.10
Admin Fee	4.23
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.02
20,000 - 60,000	1.21
60,000+	2.96

Incline Village General Improvement District
Water Rate Study
Residential Rates
Proposed Rate Alternative 1: FY 2024

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$36.26	\$39.29	\$3.03	8.4%
2	40.30	43.99	3.69	9.2%
4	44.34	48.69	4.35	9.8%
6	48.38	53.39	5.01	10.4%
8	52.42	58.09	5.67	10.8%
10	56.46	62.79	6.33	11.2%
15	66.56	74.54	7.98	12.0%
20	76.66	86.29	9.63	12.6%
25	82.72	93.34	10.62	12.8%
35	94.84	107.44	12.60	13.3%
45	106.96	121.54	14.58	13.6%
60	125.14	142.69	17.55	14.0%
75	169.51	194.31	24.80	14.6%
90	213.89	245.94	32.05	15.0%
130	332.22	383.60	51.38	15.5%

<i>Present Rates</i>	
	\$ / Acct
Base Fee	\$15.88
Capital Fee	15.10
Admin Fee	4.23
Defensible Space	1.05

<i>Proposed Rates</i>	
	\$ / Acct
Base Fee	\$18.70
Capital Fee	15.10
Admin Fee	4.44
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.02
20,000 - 60,000	1.21
60,000+	2.96

Water Use	\$ / 1,000 gal
All Use	\$2.35
20,000 - 60,000	1.41
60,000+	3.44

Incline Village General Improvement District
Water Rate Study
Residential Rates
Proposed Rate Alternative 1: FY 2025

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$39.29	\$41.96	\$2.67	6.8%
2	43.99	47.20	3.21	7.3%
4	48.69	52.44	3.75	7.7%
6	53.39	57.68	4.29	8.0%
8	58.09	62.92	4.83	8.3%
10	62.79	68.16	5.37	8.6%
15	74.54	81.26	6.72	9.0%
20	86.29	94.36	8.07	9.4%
25	93.34	102.22	8.88	9.5%
35	107.44	117.94	10.50	9.8%
45	121.54	133.66	12.12	10.0%
60	142.69	157.24	14.55	10.2%
75	194.31	214.80	20.48	10.5%
90	245.94	272.35	26.41	10.7%
130	383.60	425.83	42.23	11.0%

Present Rates

	\$ / Acct
Base Fee	\$18.70
Capital Fee	15.10
Admin Fee	4.44
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.35
20,000 - 60,000	1.41
60,000+	3.44

Proposed Rates

	\$ / Acct
Base Fee	\$21.15
Capital Fee	15.10
Admin Fee	4.66
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.62
20,000 - 60,000	1.57
60,000+	3.84

Incline Village General Improvement District
Water Rate Study
Residential Rates
Proposed Rate Alternative 1: FY 2026

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$41.96	\$47.49	\$5.53	13.2%
2	47.20	52.81	5.61	11.9%
4	52.44	58.13	5.69	10.8%
6	57.68	63.45	5.77	10.0%
8	62.92	68.77	5.85	9.3%
10	68.16	74.09	5.93	8.7%
15	81.26	87.39	6.13	7.5%
20	94.36	100.69	6.33	6.7%
25	102.22	108.67	6.45	6.3%
35	117.94	124.63	6.69	5.7%
45	133.66	140.59	6.93	5.2%
60	157.24	164.53	7.29	4.6%
75	214.80	222.96	8.17	3.8%
90	272.35	281.40	9.05	3.3%
130	425.83	437.22	11.39	2.7%

<i>Present Rates</i>	
	\$ / Acct
Base Fee	\$21.15
Capital Fee	15.10
Admin Fee	4.66
Defensible Space	1.05

<i>Proposed Rates</i>	
	\$ / Acct
Base Fee	\$21.85
Capital Fee	19.70
Admin Fee	4.89
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.62
20,000 - 60,000	1.57
60,000+	3.84

Water Use	\$ / 1,000 gal
All Use	\$2.66
20,000 - 60,000	1.60
60,000+	3.90

Incline Village General Improvement District
Water Rate Study
Residential Rates
Proposed Rate Alternative 1: FY 2027

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$47.49	\$49.23	\$1.74	3.7%
2	52.81	54.63	1.82	3.5%
4	58.13	60.03	1.90	3.3%
6	63.45	65.43	1.98	3.1%
8	68.77	70.83	2.06	3.0%
10	74.09	76.23	2.14	2.9%
15	87.39	89.73	2.34	2.7%
20	100.69	103.23	2.54	2.5%
25	108.67	111.33	2.66	2.5%
35	124.63	127.53	2.90	2.3%
45	140.59	143.73	3.14	2.2%
60	164.53	168.03	3.50	2.1%
75	222.96	227.35	4.38	2.0%
90	281.40	286.66	5.26	1.9%
130	437.22	444.83	7.60	1.7%

Present Rates

	\$ / Acct
Base Fee	\$21.85
Capital Fee	19.70
Admin Fee	4.89
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.66
20,000 - 60,000	1.60
60,000+	3.90

Proposed Rates

	\$ / Acct
Base Fee	\$22.40
Capital Fee	20.64
Admin Fee	5.14
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.70
20,000 - 60,000	1.62
60,000+	3.95

**Incline Village General Improvement District
Water Rate Study
Irrigation Rates
Proposed Rate Alternative: FY 2023**

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$31.04	\$36.26	\$5.22	16.8%
5	\$38.79	\$47.26	8.47	21.8%
10	\$46.54	\$58.26	11.72	25.2%
15	\$54.29	\$69.26	14.97	27.6%
20	\$62.04	\$80.26	18.22	29.4%
25	\$66.69	\$86.86	20.17	30.2%
40	\$80.64	\$106.66	26.02	32.3%
55	\$94.59	\$126.46	31.87	33.7%
70	\$121.94	\$165.28	43.34	35.5%
85	\$155.99	\$213.61	57.62	36.9%
100	\$190.04	\$261.94	71.90	37.8%
125	\$246.79	\$342.48	95.69	38.8%
150	\$303.54	\$423.03	119.49	39.4%
175	\$360.29	\$503.58	143.29	39.8%
200	\$417.04	\$584.13	167.09	40.1%

Present Rates

	\$ / Acct
Base Fee	\$11.97
Capital Fee	15.10
Admin Fee	3.97
Defensible Space	0.00

Proposed Rates

	\$ / Acct
Base Fee	\$15.88
Capital Fee	15.10
Admin Fee	4.23
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$1.55
20,000 - 60,000	0.93
60,000+	2.27

Water Use	\$ / 1,000 gal
All Use	\$2.20
20,000 - 60,000	1.32
60,000+	3.22

Incline Village General Improvement District
Water Rate Study
Irrigation Rates
Proposed Rate Alternative: FY 2024

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$36.26	\$39.29	\$3.03	8.4%
5	47.26	53.09	5.83	12.3%
10	58.26	66.89	8.63	14.8%
15	69.26	80.69	11.43	16.5%
20	80.26	94.49	14.23	17.7%
25	86.86	102.77	15.91	18.3%
40	106.66	127.61	20.95	19.6%
55	126.46	152.45	25.99	20.6%
70	165.28	201.15	35.87	21.7%
85	213.61	261.78	48.17	22.6%
100	261.94	322.41	60.48	23.1%
125	342.48	423.46	80.98	23.6%
150	423.03	524.52	101.48	24.0%
175	503.58	625.57	121.99	24.2%
200	584.13	726.62	142.49	24.4%

<i>Present Rates</i>	
	\$ / Acct
Base Fee	\$15.88
Capital Fee	15.10
Admin Fee	4.23
Defensible Space	1.05

<i>Proposed Rates</i>	
	\$ / Acct
Base Fee	\$18.70
Capital Fee	15.10
Admin Fee	4.44
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.20
20,000 - 60,000	1.32
60,000+	3.22

Water Use	\$ / 1,000 gal
All Use	\$2.76
20,000 - 60,000	1.66
60,000+	4.04

Incline Village General Improvement District
Water Rate Study
Irrigation Rates
Proposed Rate Alternative: FY 2025

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$39.29	\$41.96	\$2.67	6.8%
5	53.09	57.96	4.87	9.2%
10	66.89	73.96	7.07	10.6%
15	80.69	89.96	9.27	11.5%
20	94.49	105.96	11.47	12.1%
25	102.77	115.56	12.79	12.4%
40	127.61	144.36	16.75	13.1%
55	152.45	173.16	20.71	13.6%
70	201.15	229.63	28.48	14.2%
85	261.78	299.92	38.14	14.6%
100	322.41	370.22	47.81	14.8%
125	423.46	487.38	63.92	15.1%
150	524.52	604.54	80.03	15.3%
175	625.57	721.70	96.14	15.4%
200	726.62	838.86	112.25	15.4%

Present Rates

	\$ / Acct
Base Fee	\$18.70
Capital Fee	15.10
Admin Fee	4.44
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$2.76
20,000 - 60,000	1.66
60,000+	4.04

Proposed Rates

	\$ / Acct
Base Fee	\$21.15
Capital Fee	15.10
Admin Fee	4.66
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$3.20
20,000 - 60,000	1.92
60,000+	4.69

Incline Village General Improvement District
Water Rate Study
Irrigation Rates
Proposed Rate Alternative: FY 2026

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$41.96	\$47.49	\$5.53	13.2%
5	57.96	65.49	7.53	13.0%
10	73.96	83.49	9.53	12.9%
15	89.96	101.49	11.53	12.8%
20	105.96	119.49	13.53	12.8%
25	115.56	130.29	14.73	12.7%
40	144.36	162.69	18.33	12.7%
55	173.16	195.09	21.93	12.7%
70	229.63	258.61	28.99	12.6%
85	299.92	337.70	37.77	12.6%
100	370.22	416.78	46.56	12.6%
125	487.38	548.59	61.21	12.6%
150	604.54	680.39	75.85	12.5%
175	721.70	812.20	90.50	12.5%
200	838.86	944.01	105.14	12.5%

Present Rates

	\$ / Acct
Base Fee	\$21.15
Capital Fee	15.10
Admin Fee	4.66
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$3.20
20,000 - 60,000	1.92
60,000+	4.69

Proposed Rates

	\$ / Acct
Base Fee	\$21.85
Capital Fee	19.70
Admin Fee	4.89
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$3.60
20,000 - 60,000	2.16
60,000+	5.27

Incline Village General Improvement District
Water Rate Study
Irrigation Rates
Proposed Rate Alternative: FY 2027

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$47.49	\$49.23	\$1.74	3.7%
5	65.49	68.48	2.99	4.6%
10	83.49	87.73	4.24	5.1%
15	101.49	106.98	5.49	5.4%
20	119.49	126.23	6.74	5.6%
25	130.29	137.78	7.49	5.8%
40	162.69	172.43	9.74	6.0%
55	195.09	207.08	11.99	6.1%
70	258.61	275.02	16.40	6.3%
85	337.70	359.59	21.90	6.5%
100	416.78	444.17	27.39	6.6%
125	548.59	585.13	36.54	6.7%
150	680.39	726.09	45.69	6.7%
175	812.20	867.05	54.85	6.8%
200	944.01	1,008.01	64.00	6.8%

Present Rates

	\$ / Acct
Base Fee	\$21.85
Capital Fee	19.70
Admin Fee	4.89
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$3.60
20,000 - 60,000	2.16
60,000+	5.27

Proposed Rates

	\$ / Acct
Base Fee	\$22.40
Capital Fee	20.64
Admin Fee	5.14
Defensible Space	1.05

Water Use	\$ / 1,000 gal
All Use	\$3.85
20,000 - 60,000	2.31
60,000+	5.64

Incline Village General Improvement District
Water Rate Study
Revenue Check - Proposed Rate Alternative

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential					
Fixed	\$1,608,674	\$1,744,914	\$1,863,581	\$2,109,098	\$2,186,495
Variable	1,310,169	1,524,206	1,699,328	1,725,271	1,751,215
	\$2,918,843	\$3,269,120	\$3,562,908	\$3,834,370	\$3,937,710
Multi Family					
Fixed	\$1,585,040	\$1,725,751	\$1,848,577	\$2,109,688	\$2,184,110
Variable	531,143	617,914	688,908	699,426	709,944
	\$2,116,183	\$2,343,665	\$2,537,485	\$2,809,114	\$2,894,054
Commercial					
Fixed	\$260,587	\$283,648	\$303,777	\$346,677	\$359,250
Variable	164,653	191,552	213,560	216,820	220,081
	\$425,240	\$475,200	\$517,337	\$563,497	\$579,331
Irrigation					
Fixed	\$78,335	\$85,265	\$91,314	\$104,205	\$107,984
Variable	156,004	195,714	226,915	255,280	273,007
	\$234,339	\$280,979	\$318,230	\$359,485	\$380,992
Commercial - IVGID					
Fixed	\$35,699	\$38,862	\$41,621	\$47,507	\$49,229
Variable	11,042	12,846	14,322	14,540	14,759
	\$46,741	\$51,707	\$55,943	\$62,047	\$63,988
Irrigation - IVGID					
Fixed	\$45,640	\$49,730	\$53,292	\$60,932	\$63,137
Variable	254,901	319,786	370,766	417,112	446,078
	\$300,542	\$369,515	\$424,058	\$478,044	\$509,214
Snowmaking - IVGID					
Fixed	\$28,559	\$31,155	\$33,411	\$38,284	\$39,665
Variable	111,300	129,483	144,360	146,564	148,768
	\$139,859	\$160,638	\$177,771	\$184,848	\$188,433
<i>Fixed</i>	\$3,642,533	\$3,959,324	\$4,235,574	\$4,816,392	\$4,989,870
<i>Variable</i>	2,539,213	2,991,500	3,358,158	3,475,013	3,563,852
	\$6,181,746	\$6,950,824	\$7,593,732	\$8,291,405	\$8,553,722
	\$6,157,950	\$6,901,071	\$7,561,236	\$8,246,726	\$8,540,521
	\$23,795	\$49,753	\$32,496	\$44,678	\$13,200
	0.4%	0.7%	0.4%	0.5%	0.2%



6 Sewer Technical Appendix

Incline Village General Improvement District
Wastewater Rate Study
Summary of the Revenue Requirement
Exhibit 1

	<i>Budget</i>	<i>Projected</i>								
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues										
Rate Revenues	\$6,522,131	\$6,528,653	\$6,535,182	\$6,541,717	\$6,548,258	\$6,554,807	\$6,561,362	\$6,567,923	\$6,574,491	\$6,581,065
Miscellaneous Revenues	384,390	339,086	324,817	326,370	332,209	338,748	341,950	343,388	343,198	343,194
Total Revenues	\$6,906,521	\$6,867,739	\$6,859,999	\$6,868,087	\$6,880,468	\$6,893,554	\$6,903,312	\$6,911,311	\$6,917,689	\$6,924,259
Expenses										
Total O&M Expenses	\$4,449,104	\$5,300,640	\$5,346,884	\$5,605,503	\$5,878,076	\$6,163,712	\$6,464,955	\$6,782,785	\$7,118,249	\$7,472,473
Additional Capital Funding	0	0	250,000	500,000	675,000	975,000	1,150,000	1,325,000	1,375,000	1,425,000
Net Debt Service	0	0	0	0	0	0	0	0	0	0
Reserve Funding	2,457,416	2,546,397	3,432,824	3,861,281	4,335,651	4,412,635	4,483,506	4,549,320	4,609,644	4,665,663
Total Revenue Requirement	\$6,906,521	\$7,847,037	\$8,779,708	\$9,466,784	\$10,213,728	\$10,576,347	\$10,948,461	\$11,332,105	\$11,727,893	\$12,138,136
Bal / (Def) of Funds	\$0	(\$979,298)	(\$1,919,710)	(\$2,598,697)	(\$3,333,260)	(\$3,682,792)	(\$4,045,149)	(\$4,420,794)	(\$4,810,204)	(\$5,213,877)
Proposed Rate Adjustment	0.0%	15.0%	12.5%	8.0%	8.0%	3.5%	3.5%	3.5%	3.5%	3.5%
Add'l Revenue with Rate Adj	\$0	\$979,298	\$1,919,710	\$2,598,697	\$3,333,260	\$3,682,792	\$4,045,149	\$4,420,794	\$4,810,204	\$5,213,877
Bal / (Def) After Rate Adj	\$0	\$0	(\$0)	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0
Average Residential Customer Bill (3,000 gal)										
Customer Bill on Proposed Adj.	\$64.56	\$74.18	\$83.36	\$89.85	\$96.97	\$100.42	\$103.94	\$107.57	\$111.34	\$115.24
Bill Difference - Monthly		9.62	9.18	6.49	7.12	3.45	3.51	3.64	3.77	3.90
Cumulative Bill Difference		9.62	18.80	25.29	32.41	35.86	39.38	43.01	46.78	50.68
Debt Service Coverage Ratio (all debt)										
Before Rate Adjustment	7.31	4.66	1.46	0.64	0.34	0.26	0.16	0.05	0.00	0.00
After Proposed Rate Adjustment	7.31	7.58	3.31	1.95	1.46	1.59	1.62	1.64	1.67	1.69

Incline Village General Improvement District
Wastewater Rate Study
Escalation Factors
Exhibit 2

	<i>Budget</i>	<i>Projected</i>										<i>Notes</i>
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Revenues												
Customer Growth	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Misc Revenues	Budget	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Expenses												
Labor	Budget	6.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Benefits - Medical	Budget	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Benefits - Other	Budget	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Professional Svcs	Budget	6.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Materials & Supplies	Budget	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment	Budget	10.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Chemicals	Budget	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities	Budget	10.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Water and Sewer	Budget	17.5%	12.3%	8.8%	8.5%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Insurance	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Power	Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
O&M	--	19.1%	0.9%	4.8%	4.9%	4.9%	4.9%	4.9%	4.9%	5.0%	5.0%	
Miscellaneous	Budget	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Interest	0.7%	0.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
New Debt Service Assumptions												
<i>Revenue Bond</i>												
Term in Years	20	20	20	20	20	20	20	20	20	20	20	
Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	
<i>Low Interest Loan</i>												
Term in Years	20	20	20	20	20	20	20	20	20	20	20	
Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	

	<i>Budget</i>	<i>Projected</i>										<i>Notes</i>
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Revenues												
<i>Rate Revenues</i>												
Residential	\$2,858,228	\$2,861,086	\$2,863,947	\$2,866,811	\$2,869,678	\$2,872,547	\$2,875,420	\$2,878,295	\$2,881,174	\$2,884,055	\$2,886,939	As Customer Growth
Multi-Family	2,967,696	2,970,664	2,973,634	2,976,608	2,979,585	2,982,564	2,985,547	2,988,532	2,991,521	2,994,512	2,997,507	As Customer Growth
Commercial	696,207	696,903	697,600	698,298	698,996	699,695	700,395	701,095	701,796	702,498	703,201	As Customer Growth
Total Rate Revenues	\$6,522,131	\$6,528,653	\$6,535,182	\$6,541,717	\$6,548,258	\$6,554,807	\$6,561,362	\$6,567,923	\$6,574,491	\$6,581,065	\$6,587,646	
<i>Other Revenues</i>												
Effluent Disposal Sales	\$75,000	\$75,075	\$75,150	\$75,225	\$75,300	\$75,376	\$75,451	\$75,527	\$75,602	\$75,678	\$75,753	As Misc Revenues
Interest Income	72,500	26,884	12,303	13,543	19,070	25,295	28,184	29,309	28,805	28,485	28,272	Calculated on Reserves
Hunting Fees	20,000	20,020	20,040	20,060	20,080	20,100	20,120	20,140	20,161	20,181	20,201	As Misc Revenues
Interfund Revenue Transfers	201,890	202,092	202,294	202,496	202,699	202,901	203,104	203,307	203,511	203,714	203,918	As Misc Revenues
Other Sewer	15,000	15,015	15,030	15,045	15,060	15,075	15,090	15,105	15,120	15,136	15,151	As Misc Revenues
Total Other Revenues	\$384,390	\$339,086	\$324,817	\$326,370	\$332,209	\$338,748	\$341,950	\$343,388	\$343,198	\$343,194	\$343,295	
Total Revenues	\$6,906,521	\$6,867,739	\$6,859,999	\$6,868,087	\$6,880,468	\$6,893,554	\$6,903,312	\$6,911,311	\$6,917,689	\$6,924,259	\$6,930,942	
Expenses												
<i>Wages</i>												
Other Earnings	\$58,225	\$62,010	\$65,110	\$68,366	\$71,784	\$75,373	\$79,142	\$83,099	\$87,254	\$91,616	\$96,197	As Labor
Regular Earnings	1,553,763	1,654,758	1,737,495	1,824,370	1,915,589	2,011,368	2,111,937	2,217,533	2,328,410	2,444,831	2,567,072	As Labor
Salary Savings from Vacant Positions	(69,152)	0	0	0	0	0	0	0	0	0	0	
Total Wages	\$1,542,836	\$1,716,767	\$1,802,606	\$1,892,736	\$1,987,373	\$2,086,741	\$2,191,078	\$2,300,632	\$2,415,664	\$2,536,447	\$2,663,269	

	<u>Budget</u>	<u>Projected</u>										<u>Notes</u>
	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>	
Benefits												
Dental Fringe Ben	\$22,392	\$23,736	\$25,160	\$26,670	\$28,270	\$29,966	\$31,764	\$33,670	\$35,690	\$37,832	\$40,102	As Benefits - Other
Disability Fringe Ben	7,982	8,461	8,969	9,507	10,077	10,682	11,323	12,002	12,722	13,485	14,295	As Benefits - Other
Life Ins Fringe Ben	3,040	3,222	3,416	3,621	3,838	4,068	4,312	4,571	4,845	5,136	5,444	As Benefits - Other
Medical Fringe Ben	313,831	329,523	362,475	398,723	438,595	482,454	530,700	583,770	642,147	706,362	776,998	As Benefits - Medical
Retirement Fringe Ben	284,170	301,220	319,293	338,451	358,758	380,284	403,101	427,287	452,924	480,099	508,905	As Benefits - Other
Taxes	128,681	131,898	135,195	138,575	142,040	145,591	149,231	152,961	156,785	160,705	164,723	As Miscellaneous
Unemployment Fringe Ben	25,254	26,769	28,375	30,078	31,883	33,796	35,823	37,973	40,251	42,666	45,226	As Benefits - Other
Vision Fringe Ben	2,495	2,645	2,803	2,971	3,150	3,339	3,539	3,751	3,976	4,215	4,468	As Benefits - Other
Work Comp Fringe Ben	40,349	42,770	45,336	48,056	50,940	53,996	57,236	60,670	64,310	68,169	72,259	As Benefits - Other
Total Benefits	\$828,195	\$870,244	\$931,023	\$996,652	\$1,067,550	\$1,144,175	\$1,227,028	\$1,316,655	\$1,413,651	\$1,518,669	\$1,632,419	
Professional Services												
Audit	\$11,200	\$11,928	\$12,524	\$13,151	\$13,808	\$14,499	\$15,223	\$15,985	\$16,784	\$17,623	\$18,504	As Professional Svcs
Legal	13,000	13,845	14,537	15,264	16,027	16,829	17,670	18,554	19,481	20,455	21,478	As Professional Svcs
Professional Consultants	70,000	74,550	78,278	82,191	86,301	90,616	95,147	99,904	104,899	110,144	115,652	As Professional Svcs
Total Professional Services	\$94,200	\$100,323	\$105,339	\$110,606	\$116,136	\$121,943	\$128,040	\$134,442	\$141,165	\$148,223	\$155,634	
Services & Supplies												
BLDGs Maintenance Services	\$40,637	\$44,701	\$46,042	\$47,423	\$48,846	\$50,311	\$51,820	\$53,375	\$54,976	\$56,626	\$58,324	As Materials & Supplies
Chemical	176,000	193,600	203,280	213,444	224,116	235,322	247,088	259,443	272,415	286,035	300,337	As Chemicals
Contractual Services	18,147	19,327	20,293	21,308	22,373	23,492	24,667	25,900	27,195	28,555	29,982	As Professional Svcs
Dues & Subscriptions	6,000	6,600	6,798	7,002	7,212	7,428	7,651	7,881	8,117	8,361	8,612	As Materials & Supplies
Employee Recruit & Retain	2,650	2,915	3,002	3,093	3,185	3,281	3,379	3,481	3,585	3,693	3,803	As Materials & Supplies
Fleet Maintenance Services	164,800	181,280	186,718	192,320	198,090	204,032	210,153	216,458	222,952	229,640	236,529	As Materials & Supplies
Fuel	37,500	41,250	42,900	44,616	46,401	48,257	50,187	52,194	54,282	56,453	58,712	As Utilities
Janitorial	10,000	11,000	11,330	11,670	12,020	12,381	12,752	13,135	13,529	13,934	14,353	As Materials & Supplies
Lab	33,200	36,520	37,616	38,744	39,906	41,104	42,337	43,607	44,915	46,262	47,650	As Materials & Supplies
Office Supplies	2,600	2,860	2,946	3,034	3,125	3,219	3,316	3,415	3,517	3,623	3,732	As Materials & Supplies
Operating	44,880	49,368	50,849	52,375	53,946	55,564	57,231	58,948	60,716	62,538	64,414	As Materials & Supplies
Permits & Fees	15,060	16,566	17,063	17,575	18,102	18,645	19,205	19,781	20,374	20,985	21,615	As Materials & Supplies
R&M Corrective	160,000	176,000	181,280	186,718	192,320	198,090	204,032	210,153	216,458	222,952	229,640	As Materials & Supplies
R&M Preventative	51,300	56,430	58,123	59,867	61,663	63,512	65,418	67,380	69,402	71,484	73,628	As Materials & Supplies
Repairs & Maintenance	190,730	209,803	216,097	222,580	229,257	236,135	243,219	250,516	258,031	265,772	273,745	As Materials & Supplies
Safety	9,300	10,230	10,537	10,853	11,179	11,514	11,859	12,215	12,582	12,959	13,348	As Materials & Supplies
Security	3,480	3,828	3,943	4,061	4,183	4,308	4,438	4,571	4,708	4,849	4,995	As Materials & Supplies
Small Equipment	6,400	7,040	7,251	7,469	7,693	7,924	8,161	8,406	8,658	8,918	9,186	As Materials & Supplies
Tools	9,700	10,670	10,990	11,320	11,659	12,009	12,369	12,741	13,123	13,516	13,922	As Materials & Supplies
Training & Education	9,900	10,890	11,217	11,553	11,900	12,257	12,624	13,003	13,393	13,795	14,209	As Materials & Supplies
Travel & Conferences	6,000	6,600	6,798	7,002	7,212	7,428	7,651	7,881	8,117	8,361	8,612	As Materials & Supplies
Uniforms	8,100	8,910	9,177	9,453	9,736	10,028	10,329	10,639	10,958	11,287	11,626	As Materials & Supplies
Total Services & Supplies	\$1,006,384	\$1,106,388	\$1,144,250	\$1,183,478	\$1,224,124	\$1,266,241	\$1,309,887	\$1,355,121	\$1,402,003	\$1,450,599	\$1,500,973	

	<i>Budget</i>		<i>Projected</i>								<i>Notes</i>	
	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>		<i>FY 2032</i>
Utilities												
Cable TV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Utilities
Electricity	367,400	404,140	420,306	437,118	454,603	472,787	491,698	511,366	531,821	553,093	575,217	As Utilities
Heating	28,400	31,240	32,490	33,789	35,141	36,546	38,008	39,529	41,110	42,754	44,464	As Utilities
Internet	11,400	12,540	13,042	13,563	14,106	14,670	15,257	15,867	16,502	17,162	17,848	As Utilities
Telephone	31,188	34,307	35,679	37,106	38,590	40,134	41,739	43,409	45,145	46,951	48,829	As Utilities
Trash	5,400	5,940	6,178	6,425	6,682	6,949	7,227	7,516	7,817	8,129	8,454	As Utilities
Water & Sewer	22,400	26,320	29,544	32,129	34,860	35,993	37,163	38,371	39,618	40,905	42,235	As Water and Sewer
Total Utilities	\$466,188	\$514,487	\$537,238	\$560,131	\$583,982	\$607,079	\$631,093	\$656,058	\$682,012	\$708,995	\$737,048	
Other												
Central Services Allocation Cs	\$201,393	\$221,532	\$230,394	\$239,609	\$249,194	\$259,161	\$269,528	\$280,309	\$291,521	\$303,182	\$315,310	As Utilities
Defensible Space Costs	50,000	55,000	57,200	59,488	61,868	64,342	66,916	69,593	72,376	75,271	78,282	As Utilities
General Liability	95,100	104,610	108,794	113,146	117,672	122,379	127,274	132,365	137,660	143,166	148,893	As Utilities
Interfund Expense Transfers	164,808	181,289	188,540	196,082	203,925	212,082	220,566	229,388	238,564	248,106	258,030	As Utilities
Total Other	\$511,301	\$562,431	\$584,928	\$608,325	\$632,658	\$657,965	\$684,283	\$711,655	\$740,121	\$769,726	\$800,515	
Future O&M												
Additional Staffing Needs	\$0	\$230,000	\$241,500	\$253,575	\$266,254	\$279,566	\$293,545	\$308,222	\$323,633	\$339,815	\$356,805	As Labor
O&M Contingency	0	200,000	0	0	0	0	0	0	0	0	0	As Labor
Open	0	0	0	0	0	0	0	0	0	0	0	As Labor
Open	0	0	0	0	0	0	0	0	0	0	0	As Labor
Total Future O&M	\$0	\$430,000	\$241,500	\$253,575	\$266,254	\$279,566	\$293,545	\$308,222	\$323,633	\$339,815	\$356,805	
Total Operations & Maintenance	\$4,449,104	\$5,300,640	\$5,346,884	\$5,605,503	\$5,878,076	\$6,163,712	\$6,464,955	\$6,782,785	\$7,118,249	\$7,472,473	\$7,846,664	
Debt Service												
NV Clean Wtr Loan 2005	\$128,578	\$128,578	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Exhibit 5
NV Clean Wtr Loan 2007	207,536	207,536	207,536	207,536	207,536	0	0	0	0	0	0	Exhibit 5
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	Calc'd @ 2.5% for 20 yrs
Assumed Revenue Bond	0	0	830,262	1,768,151	2,767,541	2,767,541	2,767,541	2,767,541	2,767,541	2,767,541	2,767,541	Calc'd @ 4.5% for 20 yrs
Total Debt Service	\$336,114	\$336,114	\$1,037,799	\$1,975,688	\$2,975,078	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	
<i>Less: Debt Service Funding</i>												
From Capital Reserve	\$336,114	\$336,114	\$1,037,799	\$1,975,688	\$2,975,078	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	
Total Less Debt Service Funding	\$336,114	\$336,114	\$1,037,799	\$1,975,688	\$2,975,078	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	\$2,767,541	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

	<i>Budget</i>	<i>Projected</i>										<i>Notes</i>	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		
Reserve Funding													
Operating Fund Transfer	(\$765,931)	(\$680,173)	(\$46,973)	\$128,254	\$424,392	\$198,139	\$90,771	(\$21,658)	(\$14,580)	(\$11,811)	(\$14,121)		
Capital Fund Transfer	3,223,347	3,226,570	3,229,797	3,233,027	3,236,260	3,239,496	3,242,735	3,245,978	3,249,224	3,252,473	3,255,726	As Customer Growth	
Additional Capital Funding	0	0	250,000	500,000	675,000	975,000	1,150,000	1,325,000	1,375,000	1,425,000	1,475,000	FY 2022 Depr Exp = \$1,876,600	
Effluent Reserve Fund	0	0	0	0	0	0	0	0	0	0	0		
Total Reserve Funding	\$2,457,416	\$2,546,397	\$3,432,824	\$3,861,281	\$4,335,651	\$4,412,635	\$4,483,506	\$4,549,320	\$4,609,644	\$4,665,663	\$4,716,605		
Total Revenue Requirement	\$6,906,521	\$7,847,037	\$8,779,708	\$9,466,784	\$10,213,728	\$10,576,347	\$10,948,461	\$11,332,105	\$11,727,893	\$12,138,136	\$12,563,268		
Bal / (Def) of Funds	\$0	(\$979,298)	(\$1,919,710)	(\$2,598,697)	(\$3,333,260)	(\$3,682,792)	(\$4,045,149)	(\$4,420,794)	(\$4,810,204)	(\$5,213,877)	(\$5,632,327)		
Bal as a % of Rate Adj	0.0%	15.0%	29.4%	39.7%	50.9%	56.2%	61.7%	67.3%	73.2%	79.2%	85.5%		
Proposed Rate Adjustment	0.0%	15.0%	12.5%	8.0%	8.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
Add'l Revenue with Rate Adj	\$0	\$979,298	\$1,919,710	\$2,598,697	\$3,333,260	\$3,682,792	\$4,045,149	\$4,420,794	\$4,810,204	\$5,213,877	\$5,632,327		
Bal / (Def) After Rate Adj	\$0	\$0	(\$0)	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0	\$0		
Total Balance as a % of Rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Average Residential Customer Bill (3,000 gal)	\$64.56												
Customer Bill on Proposed Adj.	\$64.56	\$74.18	\$83.36	\$89.85	\$96.97	\$100.42	\$103.94	\$107.57	\$111.34	\$115.24	\$119.27		
Bill Difference - Monthly		9.62	9.18	6.49	7.12	3.45	3.51	3.64	3.77	3.90	4.03		
Cumulative Bill Difference		9.62	18.80	25.29	32.41	35.86	39.38	43.01	46.78	50.68	54.71		
Debt Service Coverage Ratio (all debt)													
Before Rate Adjustment	7.31	4.66	1.46	0.64	0.34	0.26	0.16	0.05	0.00	0.00	0.00	Min. Target 1.00	
After Proposed Rate Adjustment	7.31	7.58	3.31	1.95	1.46	1.59	1.62	1.64	1.67	1.69	1.70	Min. Target 1.00	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total	Notes
Sewer Capital													
Update Camera Equipment	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,441	\$0	\$0	\$140,441	
SCADA Management Servers/Network - WRRF	0	51,350	263,682	0	77,872	0	0	0	99,004	0	0	491,908	
Pond Lining Project	1,500,000	3,081,000	0	0	0	0	0	0	0	0	0	4,581,000	
Effluent Pipeline Annual Repairs	0	102,700	105,473	108,321	111,245	0	0	0	0	0	0	427,739	
Effluent Pipeline Project	2,000,000	10,270,000	10,547,290	10,832,067	11,124,533	0	0	0	0	0	0	44,773,889	
Sewer Pumping Station Improvements	70,000	51,350	52,736	54,160	222,491	79,974	58,667	60,251	61,878	254,193	104,423	1,070,123	
Sewer Pumping Station 14 Improvements	0	0	31,642	92,073	222,491	0	0	0	0	0	0	346,205	
2001 Sellick Forklift #499	0	0	68,557	0	0	0	0	0	0	0	0	68,557	
2006 Kenworth T800 Bin truck #587	0	0	0	0	220,266	0	0	0	0	0	0	220,266	
2018 Flail Mower #784	0	0	15,821	0	0	0	0	0	19,801	0	0	35,622	
2001 Jet-Away Line Cleaner #767	0	0	0	0	0	0	55,147	0	0	0	0	55,147	
2008 Chevrolet Camera Truck #615	0	0	89,652	0	0	0	0	0	0	0	0	89,652	
Sewer Main Rehabilitation	0	0	0	0	556,227	342,747	352,001	361,505	618,776	381,290	391,585	3,004,130	
Replace & Reline Sewer Mains, Manholes and Appurtenance:	60,000	56,485	110,747	59,576	61,185	62,837	187,734	66,276	68,065	69,903	13,053	815,861	
WRRF Drainage Improvements	0	12,838	0	0	0	0	0	0	0	0	0	12,838	
Wetlands Effluent Disposal Facility Improvements	183,000	102,700	105,473	54,160	55,623	228,498	117,334	120,502	123,755	317,742	130,528	1,539,314	
Roof Replacement Water Resource Recovery Facility	0	0	52,736	297,882	0	0	0	0	0	0	0	350,618	
Building Upgrades Water Resource Recovery Facility	60,000	30,810	0	0	0	0	0	0	0	0	0	90,810	
Water Resource Recovery Facility Improvements	140,000	102,700	184,578	514,523	444,981	199,936	205,334	1,205,017	0	254,193	0	3,251,262	
WRRF Biosolids Bins	0	0	0	0	111,245	0	0	0	0	0	0	111,245	
Total Sewer Capital	\$4,073,000	\$13,861,933	\$11,628,387	\$12,012,762	\$13,208,158	\$913,992	\$976,216	\$1,813,550	\$1,071,720	\$1,277,321	\$639,588	\$61,476,627	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total	Notes
Capital Improvements - Shared (50% Sewer)													Sewer Share
Paint Interior Building #A	\$0	\$25,162	\$0	\$0	\$0	\$0	\$0	\$0	\$34,775	\$0	\$0	\$59,937	50.0%
New Carpet Building #A	0	24,135	0	0	0	0	28,817	0	0	0	0	52,952	
Replace Public Works Front Security Gate	0	0	0	42,960	0	0	0	0	0	0	0	42,960	
Replace Roof Public Works #B	30,000	0	0	0	0	0	0	0	0	0	0	30,000	
Building B Replacement	0	0	0	0	0	0	0	0	61,878	0	0	61,878	
Rain Gutters Building C	0	25,675	0	0	0	0	0	0	0	0	0	25,675	
Loader Tire Chains - 2 Sets	10,000	0	0	0	11,514	0	0	0	13,366	0	0	34,879	
2002 Caterpillar 950G Loader #523	132,500	0	0	0	0	0	0	0	0	0	186,003	318,503	
2002 Caterpillar 950G Loader #525	132,500	0	0	0	0	0	0	0	0	0	0	132,500	
2018 MultiHog MX120 Snowblower #783	0	0	0	0	97,896	0	0	0	0	0	0	97,896	
1997 Forklift #315	0	0	18,985	0	0	0	0	0	0	0	0	18,985	
2013 Trackless Snowblower #687	0	89,863	0	0	0	0	0	0	0	117,564	0	207,427	
2001 105KW Mobile Generator #313	0	25,675	0	0	0	0	0	0	0	0	0	25,675	
2020 Vac-Con Truck #807	0	0	0	0	0	271,341	0	0	0	0	0	271,341	
2004 Freightliner Vactor Truck #534	0	0	0	0	211,366	0	0	0	0	0	0	211,366	
2020 Chevy Dump Truck #829	0	0	0	0	0	0	0	0	49,502	0	0	49,502	
2001 Peterbilt Bin Truck #468	0	0	0	102,905	0	0	0	0	0	0	0	102,905	
Snowplow #300A	9,500	0	0	0	0	0	0	0	0	0	13,705	23,205	
Snowplow #307A	9,500	0	0	0	0	0	0	0	0	0	0	9,500	
Slurry Liquidator #326	0	0	0	0	0	23,421	0	0	0	0	0	23,421	
2004 9' Western Snow Plow #542A	0	0	0	0	0	0	4,693	0	0	0	0	4,693	
2019 Sander/Spreader #808	0	0	0	5,416	0	0	0	0	7,425	0	0	12,841	
2012 Snowplow #669B	0	0	0	38,995	0	0	0	0	0	0	5,221	44,217	
2017 Caterpillar 420F2 Backhoe #755	0	0	0	0	0	79,974	0	0	0	0	0	79,974	
2013 Chevy Equinox #691	0	0	19,512	0	0	0	0	0	0	0	0	19,512	
2009 Chevrolet 1/2 ton Pick-up #826 Compliance Dept.	0	0	0	0	0	0	18,187	0	0	0	0	18,187	
2013 1/2 Ton Pick-Up #677 Treatment	0	0	19,512	0	0	0	0	0	0	0	0	19,512	
2003 GMC 3/4-Ton Pick-up #702	0	0	0	18,415	0	0	0	0	0	0	0	18,415	
2005 Chevy 1/2-Ton Pick-up #553	0	0	0	17,331	0	0	0	0	0	0	0	17,331	
2009 Chevrolet 1/2 Ton Pick-up Truck #631	0	0	0	17,331	0	0	0	0	0	0	0	17,331	
2009 Chevrolet 1/2 Ton Pick-up Truck #632 Engineering Dept.	0	0	0	0	17,799	0	0	0	0	0	0	17,799	
2012 Extend-A-Cab Pick-up #678 Pipeline Dept.	0	16,432	0	0	0	0	0	0	0	21,606	0	38,038	
2004 3/4-Ton Service Truck w/liftgate & crane #703	0	0	0	31,413	0	0	0	0	0	0	0	31,413	
2013 1-Ton Flatbed #679 Pipeline Dept.	0	0	23,204	0	0	0	0	0	0	0	0	23,204	
2012 1-Ton Service Truck w/ Liftgate #668 Treatment	0	22,081	0	0	0	0	0	0	0	0	0	22,081	
2013 1-Ton Service Truck #680 Utilities Electrician	0	0	23,204	0	0	0	0	0	0	0	0	23,204	
2004 GMC 1-Ton Flatbed #825 Pipeline Dept.	0	0	0	0	0	0	0	0	39,602	0	0	39,602	
2008 Chevrolet Service Truck #810	0	0	0	0	0	0	0	0	21,038	0	0	21,038	
2008 Chevrolet Service Truck #680	0	23,108	0	0	0	0	0	0	0	0	0	23,108	
2011 Chevrolet Service Truck #647 Treatment	0	0	0	0	0	0	0	0	0	31,139	0	31,139	
Public Works Billing Software Replacement	5,000	51,350	52,736	27,080	0	0	0	0	0	0	0	136,167	
Large Format Printer Replacement	0	0	15,294	0	0	0	0	0	0	0	0	15,294	
Adjust Utility Facilities in NDOT/Washoe County Right of Way	90,000	30,810	31,642	32,496	33,374	34,275	35,200	129,539	37,127	38,129	39,158	531,750	
Pavement Maintenance, Utility Facilities	78,750	92,430	6,592	140,817	144,619	7,141	39,600	7,531	191,821	197,000	8,158	914,458	
Pavement Maintenance, Reservoir 3-1 WPS 4-2/5-1	65,000	46,215	0	0	0	0	0	0	0	0	0	111,215	
Utilities System and Plant Controls Master Plan	0	128,375	0	0	0	0	0	0	0	0	0	128,375	
Utilities System and Plant Controls Upgrade	0	0	131,841	135,401	139,057	142,811	0	0	0	0	0	549,110	
Total Capital Improvements - Shared (50% Sewer)	\$562,750	\$601,309	\$342,523	\$610,560	\$655,624	\$558,963	\$126,497	\$137,071	\$456,533	\$405,438	\$252,246	\$4,709,514	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total	Notes	
Future Unidentified Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$347,286	\$0	\$0	\$0	\$583,166	\$930,452		
Transfer to Capital Fund	\$0	\$0	\$900,000	\$900,000	\$900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,700,000		
Total Capital Improvement Projects	\$4,635,750	\$14,463,241	\$12,870,910	\$13,523,322	\$14,763,782	\$1,472,955	\$1,450,000	\$1,950,621	\$1,528,253	\$1,682,759	\$1,475,000	\$69,816,594		
<i>Less: Other Funding Sources</i>														
Operating Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Input
Capital Fund	2,510,750	770,250	820,910	823,322	1,088,782	497,955	300,000	625,621	153,253	257,759	0	7,848,602	Input	
Effluent Reserve Fund	1,000,000	11,382,241	1,000,000	0	0	0	0	0	0	0	0	13,382,241		
USDA Grant	1,125,000	2,310,750	0	0	0	0	0	0	0	0	0	3,435,750		
Other Grants	0	0	0	0	0	0	0	0	0	0	0	0	Input	
Low Interest Loans	0	0	0	0	0	0	0	0	0	0	0	0	Input	
Revenue Bonds	0	0	10,800,000	12,200,000	13,000,000	0	0	0	0	0	0	36,000,000	Calculated	
Total Other Funding Sources	\$4,635,750	\$14,463,241	\$12,620,910	\$13,023,322	\$14,088,782	\$497,955	\$300,000	\$625,621	\$153,253	\$257,759	\$0	\$60,666,593		
Additional Capital Funding	\$0	\$0	\$250,000	\$500,000	\$675,000	\$975,000	\$1,150,000	\$1,325,000	\$1,375,000	\$1,425,000	\$1,475,000	\$7,675,000		

Incline Village General Improvement District
Wastewater Rate Study
Annual Debt Service Payments
Exhibit 5

Year	NV Clean Wtr Loan 2005	NV Clean Wtr Loan 2007	Total Annual Debt Service (P&I)
FY 2022	\$128,578	\$207,536	\$336,114
FY 2023	128,578	207,536	336,114
FY 2024	0	207,536	207,536
FY 2025	0	207,536	207,536
FY 2026	0	207,536	207,536
FY 2027	0	0	0
FY 2028	0	0	0
FY 2029	0	0	0
FY 2030	0	0	0
FY 2031	0	0	0
FY 2032	0	0	0
FY 2033	0	0	0
FY 2034	0	0	0
FY 2035	0	0	0
FY 2036	0	0	0
FY 2037	0	0	0
FY 2038	0	0	0
FY 2039	0	0	0
FY 2040	0	0	0
	<u>\$257,156</u>	<u>\$1,037,682</u>	<u>\$1,294,838</u>

		Jul-21	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
Residential														
Base Charge	\$ / Acct \$19.54	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694
Capital Improvement	\$31.45	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694
Admin Fee	\$3.97	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694
Sewer Use	\$ / 1,000 gal \$3.20	12,059	12,037	11,530	11,300	10,901	13,344	8,898	10,396	9,974	9,108	10,738	11,578	131,863
Total Revenue		\$241,611	\$241,541	\$239,918	\$239,182	\$237,905	\$245,723	\$231,495	\$236,289	\$234,939	\$232,168	\$237,384	\$240,072	\$2,858,228
Multi-Family														
Base Charge	\$ / Unit \$19.54	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083
Capital Improvement	\$31.45	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083	4,083
Admin Fee	\$3.97	258	258	258	258	258	258	258	258	258	258	258	258	258
Sewer Use	\$ / 1,000 gal \$3.20	13,194	13,243	12,744	12,730	10,851	13,956	10,272	10,732	9,848	9,917	12,334	13,022	142,843
Total Revenue		\$251,437	\$251,594	\$249,997	\$249,952	\$243,940	\$253,876	\$242,088	\$243,559	\$240,730	\$240,951	\$248,685	\$250,887	\$2,967,696

			Jul-21	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
Commercial															
Base Charge	\$ / Acct.														
3/4"	\$19.54	\$31.45	77	77	77	77	77	77	77	77	77	77	77	77	77
1"	32.63	52.52	61	61	61	61	61	61	61	61	61	61	61	61	61
1 1/2"	65.07	104.73	46	46	46	46	46	46	46	46	46	46	46	46	46
2"	104.15	167.63	36	36	36	36	36	36	36	36	36	36	36	36	36
3"	195.40	314.50	7	7	7	7	7	7	7	7	7	7	7	7	7
4"	325.73	524.27	3	3	3	3	3	3	3	3	3	3	3	3	3
6"	651.27	1,048.23	2	2	2	2	2	2	2	2	2	2	2	2	2
8"	1,042.07	1,677.23	1	1	1	1	1	1	1	1	1	1	1	1	1
10"	1,498.13	2,411.27	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues			233	233	233	233	233	233	233	233	233	233	233	233	233
Admin Fee	\$3.97		233	233	233	233	233	233	233	233	233	233	233	233	
Sewer Use	\$ / CCF	\$3.20	8,178	8,941	7,109	6,373	3,865	5,091	5,139	4,873	3,637	2,737	4,832	7,248	68,023
Total Revenue			\$66,047	\$68,489	\$62,627	\$60,271	\$52,246	\$56,169	\$56,323	\$55,471	\$51,516	\$48,636	\$55,340	\$63,071	\$696,207

Incline Village General Improvement District
Wastewater Rate Study
Revenues At Present Rates
Exhibit 6

	Jul-21	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total	
Summary														
Number of Customers														
Residential	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694	3,694
Multi-Family	258	258	258	258	258	258	258	258	258	258	258	258	258	258
Commercial	233	233	233	233	233	233	233	233	233	233	233	233	233	233
Total Number of Customers	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185
Consumption														
Residential	12,059	12,037	11,530	11,300	10,901	13,344	8,898	10,396	9,974	9,108	10,738	11,578	131,863	
Multi-Family	13,194	13,243	12,744	12,730	10,851	13,956	10,272	10,732	9,848	9,917	12,334	13,022	142,843	
Commercial	8,178	8,941	7,109	6,373	3,865	5,091	5,139	4,873	3,637	2,737	4,832	7,248	68,023	
Total Consumption	33,431	34,221	31,383	30,403	25,617	32,391	24,309	26,001	23,459	21,762	27,904	31,848	342,729	
Revenues														
Residential	\$241,611	\$241,541	\$239,918	\$239,182	\$237,905	\$245,723	\$231,495	\$236,289	\$234,939	\$232,168	\$237,384	\$240,072	\$2,858,228	
Multi-Family	251,437	251,594	249,997	249,952	243,940	253,876	242,088	243,559	240,730	240,951	248,685	250,887	2,967,696	
Commercial	66,047	68,489	62,627	60,271	52,246	56,169	56,323	55,471	51,516	48,636	55,340	63,071	696,207	
Total Revenues	\$559,096	\$561,624	\$552,542	\$549,406	\$534,091	\$555,768	\$529,906	\$535,320	\$527,185	\$521,755	\$541,409	\$554,030	\$6,522,131	
													FY 2022 Budget	\$6,815,982
													Difference	(\$293,851)
													Percent	-4.3%
													FY 2021 Actual	\$6,579,995
													Difference	(\$57,864)
													Percent	-0.9%

Incline Village General Improvement District
Wastewater Rate Study
Development of Volume Distribution Factor
Exhibit 7

	Annual flow in 1,000 gal	5.0% Inflow and Infiltration	Total Annual Flow at Plant (1,000 gal)	Avg. Daily Flow At Plant (MGD)	% of Total
Residential	131,863	6,593	138,456	0.38	40.5%
Multi-Family	142,843	7,142	149,986	0.41	43.9%
Commercial	50,684	2,534	53,218	0.15	15.6%
Total	325,390		341,660	0.94	100.0%
Distribution Factor		<i>Actual Flows ^[1]</i>	453,640	0.93	(VOL)

Notes

[2] - Provided by District July 2020 - Aug 2021

Incline Village General Improvement District
Wastewater Rate Study
Development of the Strength Distribution Factor
Exhibit 8

	Annual Flow (MGD)	Biochemical Oxygen Demand			Suspended Solids		
		Avg. Factor (mg/l)	Calculated Pounds	% of Total	Avg. Factor (mg/l)	Calculated Pounds	% of Total
Residential	0.38	275	870	40.5%	250	791	40.5%
Multi-Family	0.41	275	942	43.9%	250	857	43.9%
Commercial	0.15	275	334	15.6%	250	304	15.6%
Total	0.94		2,147	100.0%		1,952	100.0%
		275			250		
Distribution Factor				(BOD)			(SS)

Notes

Incline Village General Improvement District
Wastewater Rate Study
Development of the Customer Distribution Factor
Exhibit 9

	<i>Actual Customer</i>		<i>Customer Capacity Demand</i>	
	Number of Accounts ^[1]	% of Total	Weighted Customer	% of Total
Residential	3,698	88.3%	3,698	43.3%
Multi-Family	258	6.2%	4,087	47.8%
Commercial	233	5.6%	764	8.9%
Total	4,189	100.0%	8,549	100.0%
Distribution Factor		<i>(AC)</i>		<i>(CCD)</i>

Notes

[1] - Customer accounts are increased by one year of growth (0.10% / yr)

Incline Village General Improvement District
Wastewater Rate Study
Development of the Revenue Related Distribution Factor
Exhibit 10

	Revenue	
	FY 2023	% of Total
Residential	\$2,861,086	43.8%
Multi-Family	2,970,664	45.5%
Commercial	696,903	10.7%
Total	\$6,528,653	100.0%
Distribution Factor		(RR)

Incline Village General Improvement District
Wastewater Rate Study
Functionalization and Classification
Exhibit 11.1

	Net Plant	Strength Related			Customer Related		Revenue Related (RR)	Direct Assign. (DA)	Basis of Classification
		Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Actual Customer (AC)	Customer Capacity Demand (CCD)			
Treatment	\$18,914,844	\$9,457,422	\$4,728,711	\$4,728,711	\$0	\$0	\$0	\$0	50.0% VOL 25.0% BOD 25.0% SS
Collection									
Manholes	\$312,786	\$312,786	\$0	\$0	\$0	\$0	\$0	\$0	100.0% VOL
Lift Station	4,224,916	4,224,916	0	0	0	0	0	0	100.0% VOL
Sewer Mains	3,584,711	3,584,711	0	0	0	0	0	0	100.0% VOL 0.0% CCD
Total Collection	\$8,122,413	\$8,122,413	\$0	\$0	\$0	\$0	\$0	\$0	
Total Plant Before General	\$28,724,481	\$19,267,059	\$4,728,711	\$4,728,711	\$0	\$0	\$0	\$0	
General Plant									
Equipment	\$1,885,452	\$1,264,674	\$310,389	\$310,389	\$0	\$0	\$0	\$0	As General Plant
Misc	15,494	10,393	2,551	2,551	0	0	0	0	As General Plant
Office Equipment	70,850	47,523	11,664	11,664	0	0	0	0	As General Plant
Buildings & Structures	4,084,460	2,739,668	672,396	672,396	0	0	0	0	As General Plant
Vehicles	430,888	289,020	70,934	70,934	0	0	0	0	As General Plant
Total General Plant	\$6,487,144	\$4,351,277	\$1,067,933	\$1,067,933	\$0	\$0	\$0	\$0	
Net Plant in Service	\$35,211,625	\$23,618,336	\$5,796,644	\$5,796,644	\$0	\$0	\$0	\$0	

Expenses FY 2023	Volume (VOL)	Strength Related		Customer Related		Revenue Related (RR)	Direct Assign. (DA)	Basis of Classification
		Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Actual Customer (AC)	Customer Capacity Demand (CCD)			
Expenses								
Wages								
Other Earnings	\$62,010	\$41,593	\$10,208	\$10,208	\$0	\$0	\$0	As Net Plant in Service
Regular Earnings	1,654,758	1,109,935	272,411	272,411	0	0	0	As Net Plant in Service
Salary Savings from Vacant Positions	0	0	0	0	0	0	0	As Net Plant in Service
Total Wages	\$1,716,767	\$1,151,528	\$282,619	\$282,619	\$0	\$0	\$0	
Benefits								
Dental Fringe Ben	\$23,736	\$15,921	\$3,907	\$3,907	\$0	\$0	\$0	As Net Plant in Service
Disability Fringe Ben	8,461	5,675	1,393	1,393	0	0	0	As Net Plant in Service
Life Ins Fringe Ben	3,222	2,161	530	530	0	0	0	As Net Plant in Service
Medical Fringe Ben	329,523	221,029	54,247	54,247	0	0	0	As Net Plant in Service
Retirement Fringe Ben	301,220	202,045	49,588	49,588	0	0	0	As Net Plant in Service
Taxes	131,898	88,471	21,713	21,713	0	0	0	As Net Plant in Service
Unemployment Fringe Ben	26,769	17,956	4,407	4,407	0	0	0	As Net Plant in Service
Vision Fringe Ben	2,645	1,774	435	435	0	0	0	As Net Plant in Service
Work Comp Fringe Ben	42,770	28,688	7,041	7,041	0	0	0	As Net Plant in Service
Total Benefits	\$870,244	\$583,720	\$143,262	\$143,262	\$0	\$0	\$0	
Professional Services								
Audit	\$11,928	\$8,001	\$1,964	\$1,964	\$0	\$0	\$0	As Net Plant in Service
Legal	13,845	9,287	2,279	2,279	0	0	0	As Net Plant in Service
Professional Consultants	74,550	50,005	12,273	12,273	0	0	0	As Net Plant in Service
Total Professional Services	\$100,323	\$67,292	\$16,515	\$16,515	\$0	\$0	\$0	

	Expenses FY 2023	Strength Related		Customer Related		Revenue Related (RR)	Direct Assign. (DA)	Basis of Classification
		Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Actual Customer (AC)			
Services & Supplies								
BLDGS Maintenance Services	\$44,701	\$29,983	\$7,359	\$7,359	\$0	\$0	\$0	As Net Plant in Service
Chemical	193,600	193,600	0	0	0	0	0	100.0% VOL
Computer License & Fees	0	0	0	0	0	0	0	As Net Plant in Service
Contractual Services	19,327	12,964	3,182	3,182	0	0	0	As Net Plant in Service
Dues & Subscriptions	6,600	4,427	1,087	1,087	0	0	0	As Net Plant in Service
Employee Recruit & Retain	2,915	1,955	480	480	0	0	0	As Net Plant in Service
Fleet Maintenance Services	181,280	121,594	29,843	29,843	0	0	0	As Net Plant in Service
Fuel	41,250	27,669	6,791	6,791	0	0	0	As Net Plant in Service
Janitorial	11,000	7,378	1,811	1,811	0	0	0	As Net Plant in Service
Lab	36,520	36,520	0	0	0	0	0	100.0% VOL
Office Supplies	2,860	1,918	471	471	0	0	0	As Net Plant in Service
Operating	49,368	33,114	8,127	8,127	0	0	0	As Net Plant in Service
Permits & Fees	16,566	11,112	2,727	2,727	0	0	0	As Net Plant in Service
R&M General	0	0	0	0	0	0	0	As Net Plant in Service
R&M Corrective	176,000	118,053	28,974	28,974	0	0	0	As Net Plant in Service
R&M Preventative	56,430	37,851	9,290	9,290	0	0	0	As Net Plant in Service
Repairs & Maintenance	209,803	140,726	34,538	34,538	0	0	0	As Net Plant in Service
Safety	10,230	6,862	1,684	1,684	0	0	0	As Net Plant in Service
Security	3,828	2,568	630	630	0	0	0	As Net Plant in Service
Small Equipment	7,040	4,722	1,159	1,159	0	0	0	As Net Plant in Service
Tools	10,670	7,157	1,757	1,757	0	0	0	As Net Plant in Service
Training & Education	10,890	7,305	1,793	1,793	0	0	0	As Net Plant in Service
Travel & Conferences	6,600	4,427	1,087	1,087	0	0	0	As Net Plant in Service
Uniforms	8,910	5,976	1,467	1,467	0	0	0	As Net Plant in Service
Total Services & Supplies	\$1,106,388	\$817,880	\$144,254	\$144,254	\$0	\$0	\$0	\$0
Utilities								
Cable TV	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Net Plant in Service
Electricity	404,140	404,140	0	0	0	0	0	100.0% VOL
Heating	31,240	20,954	5,143	5,143	0	0	0	As Net Plant in Service
Internet	12,540	8,411	2,064	2,064	0	0	0	As Net Plant in Service
Telephone	34,307	23,011	5,648	5,648	0	0	0	As Net Plant in Service
Trash	5,940	3,984	978	978	0	0	0	As Net Plant in Service
Water & Sewer	26,320	17,654	4,333	4,333	0	0	0	As Net Plant in Service
Total Utilities	\$514,487	\$478,156	\$18,166	\$18,166	\$0	\$0	\$0	\$0

	Expenses FY 2023	Volume (VOL)	Strength Related		Customer Related		Revenue Related (RR)	Direct Assign. (DA)	Basis of Classification
			Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Actual Customer (AC)	Customer Capacity Demand (CCD)			
Other									
Central Services Allocation Cs	\$221,532	\$148,594	\$36,469	\$36,469	\$0	\$0	\$0	\$0	As Net Plant in Service
Defensible Space Costs	55,000	36,891	9,054	9,054	0	0	0	0	As Net Plant in Service
General Liability	104,610	70,168	17,221	17,221	0	0	0	0	As Net Plant in Service
Interfund Expense Transfers	181,289	121,600	29,844	29,844	0	0	0	0	As Net Plant in Service
Total Other	\$562,431	\$377,253	\$92,589	\$92,589	\$0	\$0	\$0	\$0	
Future O&M									
Additional Staffing Needs	\$230,000	\$154,273	\$37,863	\$37,863	\$0	\$0	\$0	\$0	As Net Plant in Service
O&M Contingency	200,000	134,151	32,925	32,925	0	0	0	0	As Net Plant in Service
Open	0	0	0	0	0	0	0	0	As Net Plant in Service
Open	0	0	0	0	0	0	0	0	As Net Plant in Service
Total Future O&M	\$430,000	\$288,424	\$70,788	\$70,788	\$0	\$0	\$0	\$0	
Total Operations & Maintenance	\$5,300,640	\$3,764,253	\$768,194	\$768,194	\$0	\$0	\$0	\$0	
Debt Service									
NV Clean Wtr Loan 2005	\$128,578	\$86,244	\$21,167	\$21,167	\$0	\$0	\$0	\$0	As Net Plant in Service
NV Clean Wtr Loan 2007	207,536	139,206	34,165	34,165	0	0	0	0	As Net Plant in Service
Assumed Revenue Bond	0	0	0	0	0	0	0	0	As Net Plant in Service
Total Debt Service	\$336,114	\$225,450	\$55,332	\$55,332	\$0	\$0	\$0	\$0	
<i>Less: Debt Service Funding</i>									
From Capital Reserve	\$336,114	\$225,450	\$55,332	\$55,332	\$0	\$0	\$0	\$0	As Debt
Total Less Debt Service Funding	\$336,114	\$225,450	\$55,332	\$55,332	\$0	\$0	\$0	\$0	
Net Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Reserve Funding									
Operating Fund Transfer	(\$680,173)	(\$680,173)	\$0	\$0	\$0	\$0	\$0	\$0	100.0% VOL
Capital Fund Transfer	3,226,570	0	0	0	0	3,226,570	0	0	100.0% CCD
Total Reserve Funding	\$2,546,397	(\$680,173)	\$0	\$0	\$0	\$3,226,570	\$0	\$0	
Total Revenue Requirement	\$7,847,037	\$3,084,080	\$768,194	\$768,194	\$0	\$3,226,570	\$0	\$0	
Less: Other Revenues									
Effluent Disposal Sales	\$75,075	\$75,075	\$0	\$0	\$0	\$0	\$0	\$0	100.0% VOL
Interest Income	26,884	10,566	2,632	2,632	0	11,054	0	0	As Net Revenue Requirement
Hunting Fees	20,020	7,868	1,960	1,960	0	8,232	0	0	As Net Revenue Requirement
Interfund Revenue Transfers	202,092	143,516	29,288	29,288	0	0	0	0	As Total O&M
Other Sewer	15,015	5,901	1,470	1,470	0	6,174	0	0	As Net Revenue Requirement
Total Other Revenues	\$339,086	\$242,927	\$35,350	\$35,350	\$0	\$25,460	\$0	\$0	
Net Revenue Requirement	\$7,507,951	\$2,841,153	\$732,844	\$732,844	\$0	\$3,201,110	\$0	\$0	

Incline Village General Improvement District
Wastewater Rate Study
Distribution of Revenue Requirement
Exhibit 13

	Net Revenue Requirement	Residential	Multi-Family	Commercial	Basis of Allocation
Volume	\$2,841,153	\$1,151,363	\$1,247,241	\$442,549	(VOL)
Strength					
Bio-Oxygen Demand	\$732,844	\$296,981	\$321,712	\$114,151	(BOD)
Suspended Solids	732,844	296,981	321,712	114,151	(SS)
Total Strength	\$1,465,688	\$593,963	\$643,424	\$228,301	
Customer					
Actual Customer	\$0	\$0	\$0	\$0	(AC)
Customer Capacity Demand	3,201,110	1,384,610	1,530,418	286,082	(CCD)
Total Customer Related	\$3,201,110	\$1,384,610	\$1,530,418	\$286,082	
Revenue Related	\$0	\$0	\$0	\$0	(RR)
Direct Assign.	\$0	\$0	\$0	\$0	(DA)
Net Revenue Requirement	\$7,507,951	\$3,129,936	\$3,421,083	\$956,932	

Incline Village General Improvement District
Wastewater Rate Study
Summary of Cost of Service Analysis
Exhibit 14

	FY 2023 Expenses	Residential	Multi-Family	Commercial
Revenues at Present Rates	\$6,528,653	\$2,861,086	\$2,970,664	\$696,903
Allocated Revenue Requirement	\$7,507,951	\$3,129,936	\$3,421,083	\$956,932
<i>Bal / (Def) of Funds</i>	(\$979,298)	(\$268,851)	(\$450,419)	(\$260,028)
Required % Change in Rates	15.0%	9.4%	15.2%	37.3%

Incline Village General Improvement District
Wastewater Rate Study
Average Unit Costs
Exhibit 15

	Total	Residential	Multi-Family	Commercial
Volume - \$ / HCF	\$8.29	\$8.73	\$8.73	\$6.51
BOD - \$ / HCF	2.14	2.25	2.25	1.68
TSS - \$ / HCF	2.14	2.25	2.25	1.68
Total - \$ / HCF	\$12.57	\$13.24	\$13.24	\$9.86
Customer - \$ / Acct.	\$63.68	\$31.20	\$493.83	\$102.22
Total - \$ / Equiv. Unit	\$149.35	\$70.54	\$69.75	\$104.38
Total - \$ / HCF	\$21.91	\$23.74	\$23.95	\$14.07
Current Average Revenues	\$19.05	\$21.70	\$20.80	\$10.25
Customer Data				
Volume	342,729	131,863	142,843	68,023
Customer	4,189	3,698	258	233
Equivalent Units	8,549	3,698	4,087	764
ADA				

Incline Village General Improvement District
Wastewater Rate Study
Rate Structure - Alt 1

	<i>Present</i>	<i>Proposed</i>				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential						
Base Charge	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
Capital Improvement	31.45	\$31.45	33.92	36.39	38.13	41.08
Admin Fee	3.97	\$4.23	4.44	4.66	4.89	5.14
Multi-Family						
Base Charge	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
Capital Improvement	31.45	31.45	33.92	36.39	38.13	41.08
Admin Fee	3.97	4.23	4.44	4.66	4.89	5.14
Commercial						
<i>Base Charge</i>						
3/4"	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
1"	32.63	43.25	50.60	54.94	60.79	60.96
1 1/2"	65.07	86.25	100.90	109.56	121.21	121.55
2"	104.15	138.05	161.50	175.36	194.01	194.55
3"	195.40	259.00	303.00	329.00	364.00	365.00
4"	325.73	431.75	505.10	548.44	606.79	608.46
6"	651.27	863.25	1,009.90	1,096.56	1,213.21	1,216.55
8"	1,042.07	1,381.25	1,615.90	1,754.56	1,941.21	1,946.55
10"	1,498.13	1,985.75	2,323.10	2,522.44	2,790.79	2,798.46
<i>Capital Improvement</i>						
3/4"	\$31.45	\$31.45	\$33.92	\$36.39	\$38.13	\$41.08
1"	52.52	52.53	56.65	60.77	63.67	68.61
1 1/2"	104.73	104.74	112.96	121.18	126.96	136.81
2"	167.63	167.64	180.80	193.96	203.22	218.97
3"	314.50	314.53	339.21	363.89	381.27	410.83
4"	524.27	524.31	565.46	606.61	635.58	684.85
6"	1,048.23	1,048.31	1,130.59	1,212.86	1,270.77	1,369.29
8"	1,677.23	1,677.36	1,809.01	1,940.65	2,033.31	2,190.95
10"	2,411.27	2,411.47	2,600.72	2,789.98	2,923.19	3,149.82
<i>Admin Fee</i>						
	3.97	4.23	4.44	4.66	4.89	5.14
Sewer Use						
Residential	\$3.20	\$4.00	\$4.70	\$5.10	\$5.65	\$5.70
Multi-Family	3.20	4.00	4.70	5.10	5.65	5.70
Commercial	3.20	4.70	5.50	6.00	6.40	6.50

**Incline Village General Improvement District
Wastewater Rate Study
Residential - Year 1 Rates**

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$54.96	\$61.58	\$6.62	12.0%
2	\$61.36	\$69.58	\$8.22	13.4%
4	\$67.76	\$77.58	\$9.82	14.5%
6	\$74.16	\$85.58	\$11.42	15.4%
8	\$80.56	\$93.58	\$13.02	16.2%
10	\$86.96	\$101.58	\$14.62	16.8%
12	\$93.36	\$109.58	\$16.22	17.4%
14	\$99.76	\$117.58	\$17.82	17.9%
16	\$106.16	\$125.58	\$19.42	18.3%

Present Rates

Rates

Base Charge	\$19.54
Capital Improvement	31.45
Admin Fee	3.97
Consumption	\$3.20

Proposed Rates

Rates

Base Charge	\$25.90
Capital Improvement	31.45
Admin Fee	4.23
Consumption	\$4.00

Incline Village General Improvement District
Wastewater Rate Study
Residential - Year 2 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$61.58	\$68.66	\$7.08	11.5%
2	\$69.58	\$78.06	\$8.48	12.2%
4	\$77.58	\$87.46	\$9.88	12.7%
6	\$85.58	\$96.86	\$11.28	13.2%
8	\$93.58	\$106.26	\$12.68	13.5%
10	\$101.58	\$115.66	\$14.08	13.9%
12	\$109.58	\$125.06	\$15.48	14.1%
14	\$117.58	\$134.46	\$16.88	14.4%
16	\$125.58	\$143.86	\$18.28	14.6%

<i>Present Rates</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge	\$25.90	Base Charge	\$30.30
Capital Improvement	31.45	Capital Improvement	33.92
Admin Fee	4.23	Admin Fee	4.44
Consumption	\$4.00	Consumption	\$4.70

Incline Village General Improvement District
Wastewater Rate Study
Residential - Year 3 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$68.66	\$73.95	\$5.29	7.7%
2	\$78.06	\$84.15	\$6.09	7.8%
4	\$87.46	\$94.35	\$6.89	7.9%
6	\$96.86	\$104.55	\$7.69	7.9%
8	\$106.26	\$114.75	\$8.49	8.0%
10	\$115.66	\$124.95	\$9.29	8.0%
12	\$125.06	\$135.15	\$10.09	8.1%
14	\$134.46	\$145.35	\$10.89	8.1%
16	\$143.86	\$155.55	\$11.69	8.1%

Present Rates

	<i>Rates</i>
Base Charge	\$30.30
Capital Improvement	33.92
Admin Fee	4.44
Consumption	\$4.70

Proposed Rates

	<i>Rates</i>
Base Charge	\$32.90
Capital Improvement	36.39
Admin Fee	4.66
Consumption	\$5.10

**Incline Village General Improvement District
Wastewater Rate Study
Residential - Year 4 Rates**

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$73.95	\$79.42	\$5.47	7.4%
2	\$84.15	\$90.72	\$6.57	7.8%
4	\$94.35	\$102.02	\$7.67	8.1%
6	\$104.55	\$113.32	\$8.77	8.4%
8	\$114.75	\$124.62	\$9.87	8.6%
10	\$124.95	\$135.92	\$10.97	8.8%
12	\$135.15	\$147.22	\$12.07	8.9%
14	\$145.35	\$158.52	\$13.17	9.1%
16	\$155.55	\$169.82	\$14.27	9.2%

Present Rates

	<i>Rates</i>
Base Charge	\$32.90
Capital Improvement	36.39
Admin Fee	4.66
Consumption	\$5.10

Proposed Rates

	<i>Rates</i>
Base Charge	\$36.40
Capital Improvement	38.13
Admin Fee	4.89
Consumption	\$5.65

**Incline Village General Improvement District
Wastewater Rate Study
Residential - Year 5 Rates**

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$79.42	\$82.72	\$3.30	4.2%
2	\$90.72	\$94.12	\$3.40	3.7%
4	\$102.02	\$105.52	\$3.50	3.4%
6	\$113.32	\$116.92	\$3.60	3.2%
8	\$124.62	\$128.32	\$3.70	3.0%
10	\$135.92	\$139.72	\$3.80	2.8%
12	\$147.22	\$151.12	\$3.90	2.6%
14	\$158.52	\$162.52	\$4.00	2.5%
16	\$169.82	\$173.92	\$4.10	2.4%

<i>Present Rates</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge	\$36.40	Base Charge	\$36.50
Capital Improvement	38.13	Capital Improvement	41.08
Admin Fee	4.89	Admin Fee	5.14
Consumption	\$5.65	Consumption	\$5.70

Incline Village General Improvement District
Wastewater Rate Study
Multi-Family - Year 1 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$54.96	\$61.58	\$6.62	12.0%
2	\$61.36	\$69.58	\$8.22	13.4%
4	\$67.76	\$77.58	\$9.82	14.5%
6	\$74.16	\$85.58	\$11.42	15.4%
8	\$80.56	\$93.58	\$13.02	16.2%
10	\$86.96	\$101.58	\$14.62	16.8%
12	\$93.36	\$109.58	\$16.22	17.4%
14	\$99.76	\$117.58	\$17.82	17.9%
16	\$106.16	\$125.58	\$19.42	18.3%

Present Rates

	<i>Rates</i>
Base Charge	\$19.54
Capital Improvement	31.45
Admin Fee	3.97
Consumption	\$3.20

Proposed Rates

	<i>Rates</i>
Base Charge	\$25.90
Capital Improvement	31.45
Admin Fee	4.23
Consumption	\$4.00

Incline Village General Improvement District
Wastewater Rate Study
Multi-Family - Year 2 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$61.58	\$68.66	\$7.08	11.5%
2	\$69.58	\$78.06	\$8.48	12.2%
4	\$77.58	\$87.46	\$9.88	12.7%
6	\$85.58	\$96.86	\$11.28	13.2%
8	\$93.58	\$106.26	\$12.68	13.5%
10	\$101.58	\$115.66	\$14.08	13.9%
12	\$109.58	\$125.06	\$15.48	14.1%
14	\$117.58	\$134.46	\$16.88	14.4%
16	\$125.58	\$143.86	\$18.28	14.6%

<i>Present Rates</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge	\$25.90	Base Charge	\$30.30
Capital Improvement	31.45	Capital Improvement	33.92
Admin Fee	4.23	Admin Fee	4.44
Consumption	\$4.00	Consumption	\$4.70

**Incline Village General Improvement District
Wastewater Rate Study
Multi-Family - Year 3 Rates**

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$68.66	\$73.95	\$5.29	7.7%
2	\$78.06	\$84.15	\$6.09	7.8%
4	\$87.46	\$94.35	\$6.89	7.9%
6	\$96.86	\$104.55	\$7.69	7.9%
8	\$106.26	\$114.75	\$8.49	8.0%
10	\$115.66	\$124.95	\$9.29	8.0%
12	\$125.06	\$135.15	\$10.09	8.1%
14	\$134.46	\$145.35	\$10.89	8.1%
16	\$143.86	\$155.55	\$11.69	8.1%

<i>Present Rates</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge	\$30.30	Base Charge	\$32.90
Capital Improvement	33.92	Capital Improvement	36.39
Admin Fee	4.44	Admin Fee	4.66
Consumption	\$4.70	Consumption	\$5.10

Incline Village General Improvement District
Wastewater Rate Study
Multi-Family - Year 4 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$73.95	\$79.42	\$5.47	7.4%
2	\$84.15	\$90.72	\$6.57	7.8%
4	\$94.35	\$102.02	\$7.67	8.1%
6	\$104.55	\$113.32	\$8.77	8.4%
8	\$114.75	\$124.62	\$9.87	8.6%
10	\$124.95	\$135.92	\$10.97	8.8%
12	\$135.15	\$147.22	\$12.07	8.9%
14	\$145.35	\$158.52	\$13.17	9.1%
16	\$155.55	\$169.82	\$14.27	9.2%

<i>Present Rates</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge	\$32.90	Base Charge	\$36.40
Capital Improvement	36.39	Capital Improvement	38.13
Admin Fee	4.66	Admin Fee	4.89
Consumption	\$5.10	Consumption	\$5.65

Incline Village General Improvement District
Wastewater Rate Study
Multi-Family - Year 5 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$79.42	\$82.72	\$3.30	4.2%
2	\$90.72	\$94.12	\$3.40	3.7%
4	\$102.02	\$105.52	\$3.50	3.4%
6	\$113.32	\$116.92	\$3.60	3.2%
8	\$124.62	\$128.32	\$3.70	3.0%
10	\$135.92	\$139.72	\$3.80	2.8%
12	\$147.22	\$151.12	\$3.90	2.6%
14	\$158.52	\$162.52	\$4.00	2.5%
16	\$169.82	\$173.92	\$4.10	2.4%

Present Rates

	<i>Rates</i>
Base Charge	\$36.40
Capital Improvement	38.13
Admin Fee	4.89
Consumption	\$5.65

Proposed Rates

	<i>Rates</i>
Base Charge	\$36.50
Capital Improvement	41.08
Admin Fee	5.14
Consumption	\$5.70

Incline Village General Improvement District
Wastewater Rate Study
Commercial - Year 1 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$54.96	\$61.58	\$6.62	12.0%
2	\$61.36	\$70.98	\$9.62	15.7%
4	\$67.76	\$80.38	\$12.62	18.6%
6	\$74.16	\$89.78	\$15.62	21.1%
8	\$80.56	\$99.18	\$18.62	23.1%
10	\$86.96	\$108.58	\$21.62	24.9%
12	\$93.36	\$117.98	\$24.62	26.4%
14	\$99.76	\$127.38	\$27.62	27.7%
16	\$106.16	\$136.78	\$30.62	28.8%

Present Rates

Proposed Rates

	<i>Rates</i>		<i>Rates</i>
Base Charge - 3/4"	\$19.54	Base Charge - 3/4"	\$25.90
Capital Improvement	31.45	Capital Improvement	31.45
Admin Fee	3.97	Admin Fee	4.23
Consumption	\$3.20	Consumption	\$4.70

**Incline Village General Improvement District
Wastewater Rate Study
Commercial - Year 2 Rates**

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$61.58	\$68.66	\$7.08	11.5%
2	\$70.98	\$79.66	\$8.68	12.2%
4	\$80.38	\$90.66	\$10.28	12.8%
6	\$89.78	\$101.66	\$11.88	13.2%
8	\$99.18	\$112.66	\$13.48	13.6%
10	\$108.58	\$123.66	\$15.08	13.9%
12	\$117.98	\$134.66	\$16.68	14.1%
14	\$127.38	\$145.66	\$18.28	14.4%
16	\$136.78	\$156.66	\$19.88	14.5%

<i>Base Charge</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge - 3/4"	\$25.90	Base Charge - 3/4"	\$30.30
Capital Improvement	31.45	Capital Improvement	33.92
Admin Fee	4.23	Admin Fee	4.44
Consumption	\$4.70	Consumption	\$5.50

Incline Village General Improvement District
Wastewater Rate Study
Commercial - Year 3 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$68.66	\$73.95	\$5.29	7.7%
2	\$79.66	\$85.95	\$6.29	7.9%
4	\$90.66	\$97.95	\$7.29	8.0%
6	\$101.66	\$109.95	\$8.29	8.2%
8	\$112.66	\$121.95	\$9.29	8.2%
10	\$123.66	\$133.95	\$10.29	8.3%
12	\$134.66	\$145.95	\$11.29	8.4%
14	\$145.66	\$157.95	\$12.29	8.4%
16	\$156.66	\$169.95	\$13.29	8.5%

<i>Base Charge</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge - 3/4"	\$30.30	Base Charge - 3/4"	\$32.90
Capital Improvement	33.92	Capital Improvement	36.39
Admin Fee	4.44	Admin Fee	4.66
Consumption	\$5.50	Consumption	\$6.00

Incline Village General Improvement District
Wastewater Rate Study
Commercial - Year 4 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$73.95	\$79.42	\$5.47	7.4%
2	\$85.95	\$92.22	\$6.27	7.3%
4	\$97.95	\$105.02	\$7.07	7.2%
6	\$109.95	\$117.82	\$7.87	7.2%
8	\$121.95	\$130.62	\$8.67	7.1%
10	\$133.95	\$143.42	\$9.47	7.1%
12	\$145.95	\$156.22	\$10.27	7.0%
14	\$157.95	\$169.02	\$11.07	7.0%
16	\$169.95	\$181.82	\$11.87	7.0%

<i>Base Charge</i>		<i>Proposed Rates</i>	
	<i>Rates</i>		<i>Rates</i>
Base Charge - 3/4"	\$32.90	Base Charge - 3/4"	\$36.40
Capital Improvement	36.39	Capital Improvement	38.13
Admin Fee	4.66	Admin Fee	4.89
Consumption	\$6.00	Consumption	\$6.40

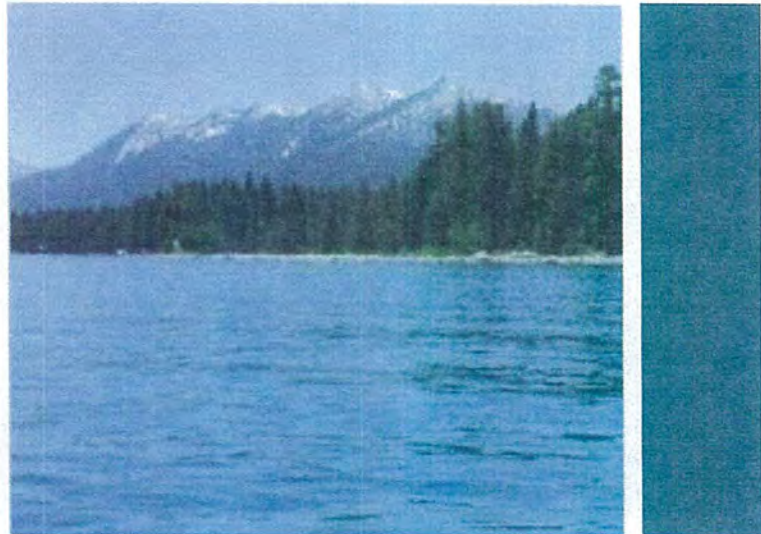
Incline Village General Improvement District
Wastewater Rate Study
Commercial - Year 5 Rates

Consumption (1,000 gal)	Present Rates	Proposed Rates	Difference	
			\$	%
0	\$79.42	\$82.72	\$3.30	4.2%
2	\$92.22	\$95.72	\$3.50	3.8%
4	\$105.02	\$108.72	\$3.70	3.5%
6	\$117.82	\$121.72	\$3.90	3.3%
8	\$130.62	\$134.72	\$4.10	3.1%
10	\$143.42	\$147.72	\$4.30	3.0%
12	\$156.22	\$160.72	\$4.50	2.9%
14	\$169.02	\$173.72	\$4.70	2.8%
16	\$181.82	\$186.72	\$4.90	2.7%

Base Charge		Proposed Rates	
	Rates		Rates
Base Charge - 3/4"	\$36.40	Base Charge - 3/4"	\$36.50
Capital Improvement	38.13	Capital Improvement	41.08
Admin Fee	4.89	Admin Fee	5.14
Consumption	\$6.40	Consumption	\$6.50

Alternative 1

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential						
Fixed	\$2,436,267	\$2,732,475	\$3,049,671	\$3,287,940	\$3,534,695	\$3,685,275
Variable	\$421,961	527,978	620,995	674,519	748,009	755,383
	<u>\$2,858,228</u>	<u>\$3,260,453</u>	<u>\$3,670,666</u>	<u>\$3,962,459</u>	<u>\$4,282,704</u>	<u>\$4,440,658</u>
Multi-Family						
Fixed	\$2,510,597	\$2,825,959	\$3,166,641	\$3,419,577	\$3,681,362	\$3,836,284
Variable	\$457,099	571,945	672,707	730,689	810,298	818,286
	<u>\$2,967,696</u>	<u>\$3,397,904</u>	<u>\$3,839,348</u>	<u>\$4,150,266</u>	<u>\$4,491,660</u>	<u>\$4,654,570</u>
Commercial						
Fixed	\$478,534	\$538,119	\$602,340	\$650,168	\$699,677	\$743,090
Variable	\$217,674	320,028	374,875	409,364	437,091	444,365
	<u>\$696,207</u>	<u>\$858,147</u>	<u>\$977,215</u>	<u>\$1,059,531</u>	<u>\$1,136,768</u>	<u>\$1,187,454</u>
		\$34,046	\$40,895	\$47,759	\$37,563	\$54,889
Total	\$6,522,131	\$7,516,504	\$8,487,228	\$9,172,257	\$9,911,132	\$10,282,682
		15.2%	12.9%	8.1%	8.1%	3.7%
Rev Req	\$6,522,131	\$7,507,951	\$8,454,891	\$9,140,414	\$9,881,518	\$10,237,599
	\$0	\$8,553	\$32,337	\$31,843	\$29,613	\$45,083
	0.0%	0.1%	0.4%	0.3%	0.3%	0.4%



Utility Rate Study Results

March 9, 2022



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Purpose of the Presentation

Update the Board on the final study recommendations

Gain final Board feedback and input on the study recommendations

- ✓ Rate revenue adjustments

- ✓ Cost of service results

- ✓ Proposed water and sewer

- Set public hearing

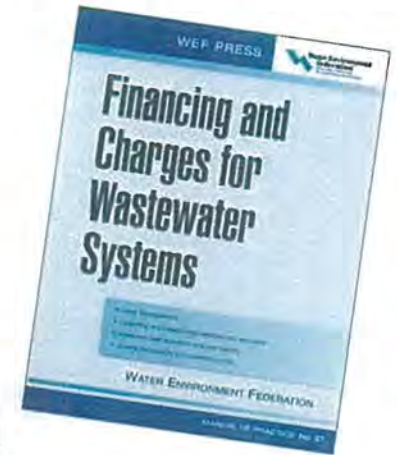
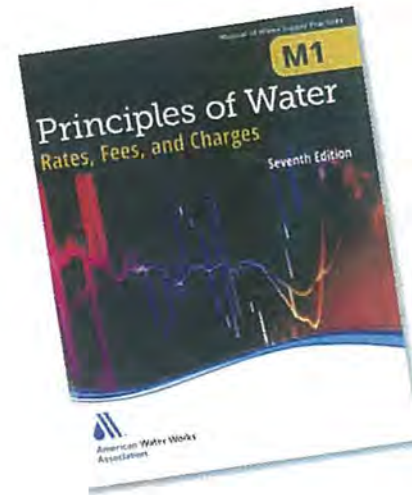
 - ✓ April 27

- Discuss study next steps and schedule

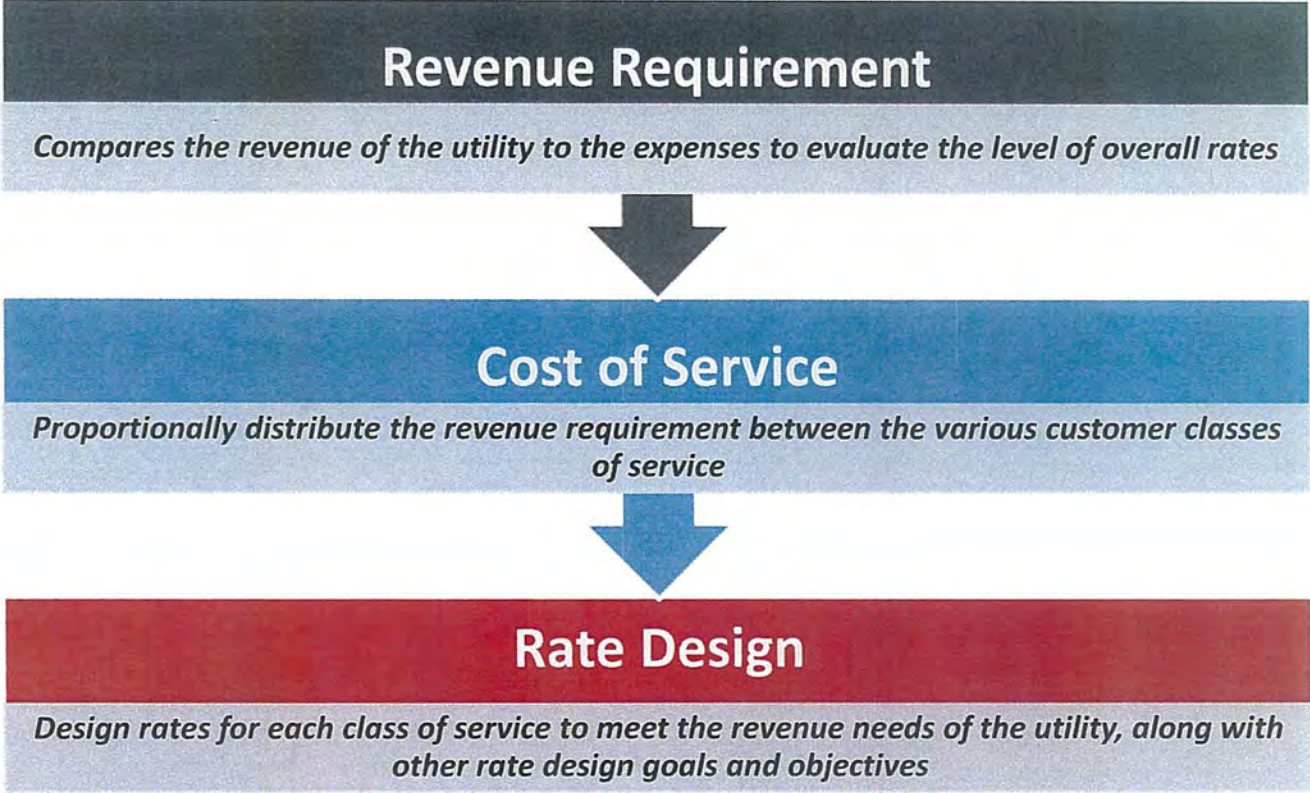


Rate Study Goals and Objectives

- Provides sufficient revenue to operate and maintain District's water and sewer infrastructure
- Develop equitable, proportional, and cost-based water and sewer rates
- Develop the study using generally accepted methodologies
 - ✓ Tailored to the District's systems and customer characteristics
- Reflect prudent financial planning criteria
 - ✓ Appropriate levels of capital funded through rates
 - ✓ Maintain adequate debt service coverage ratios (DSC)
 - ✓ Meet target reserve balances



Establishing Cost-Based Rates



Revenue Requirement



Overview of the Revenue Requirement

Compares utility revenues to expenses

- Determines the level of revenue (rate) adjustment necessary

Uses prudent financial planning criteria

- Maintaining sufficient ending reserve balances
- Attaining target debt service coverage (DSC) ratio

Reviews a specific time period

- Five-year rate schedule; ten-year financial plan

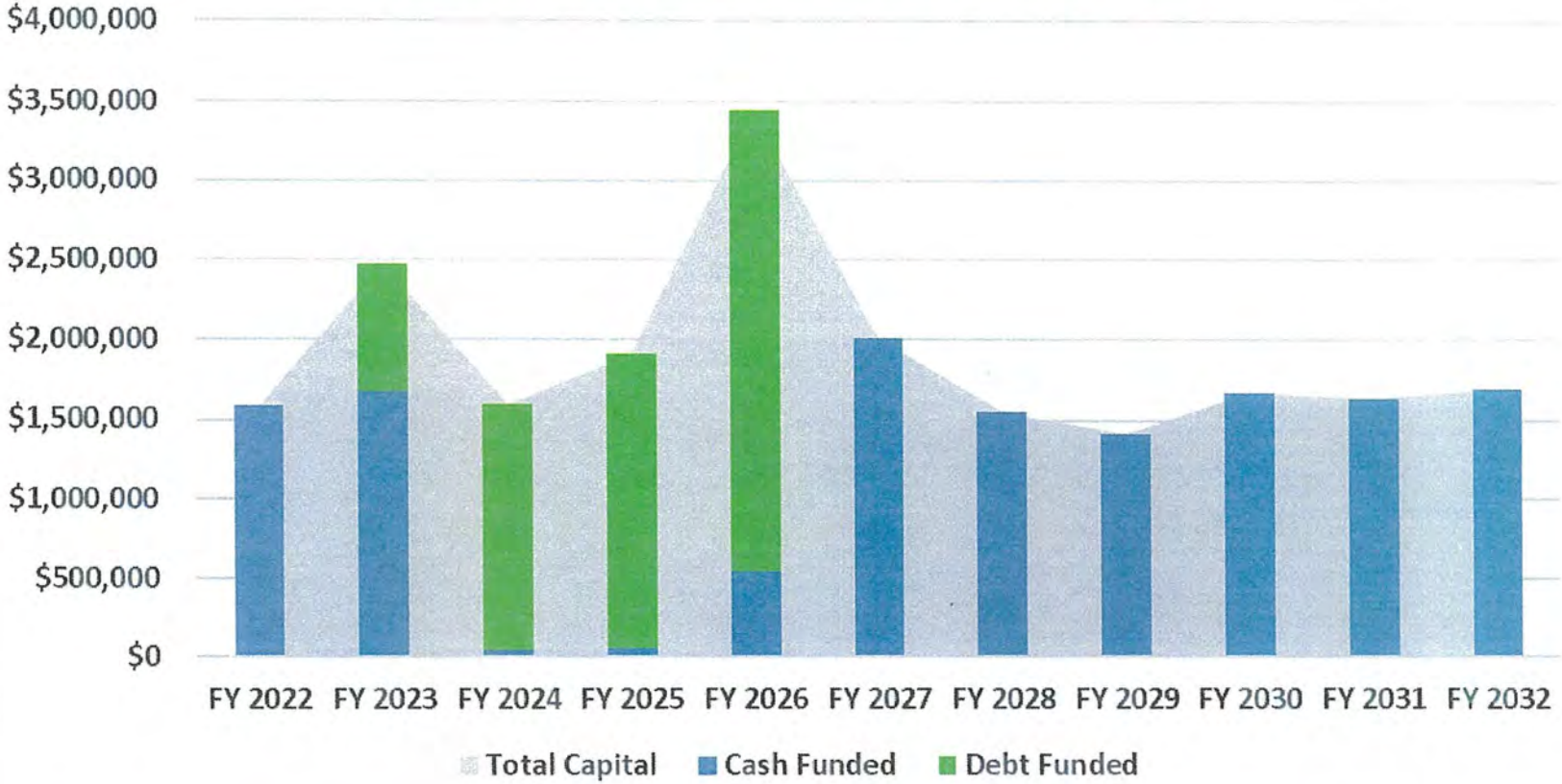
Utility is analyzed on a “stand-alone basis”

- No transfer of funds from other District funds
- Rates need to support operations and capital

Utilizes the “cash basis” methodology

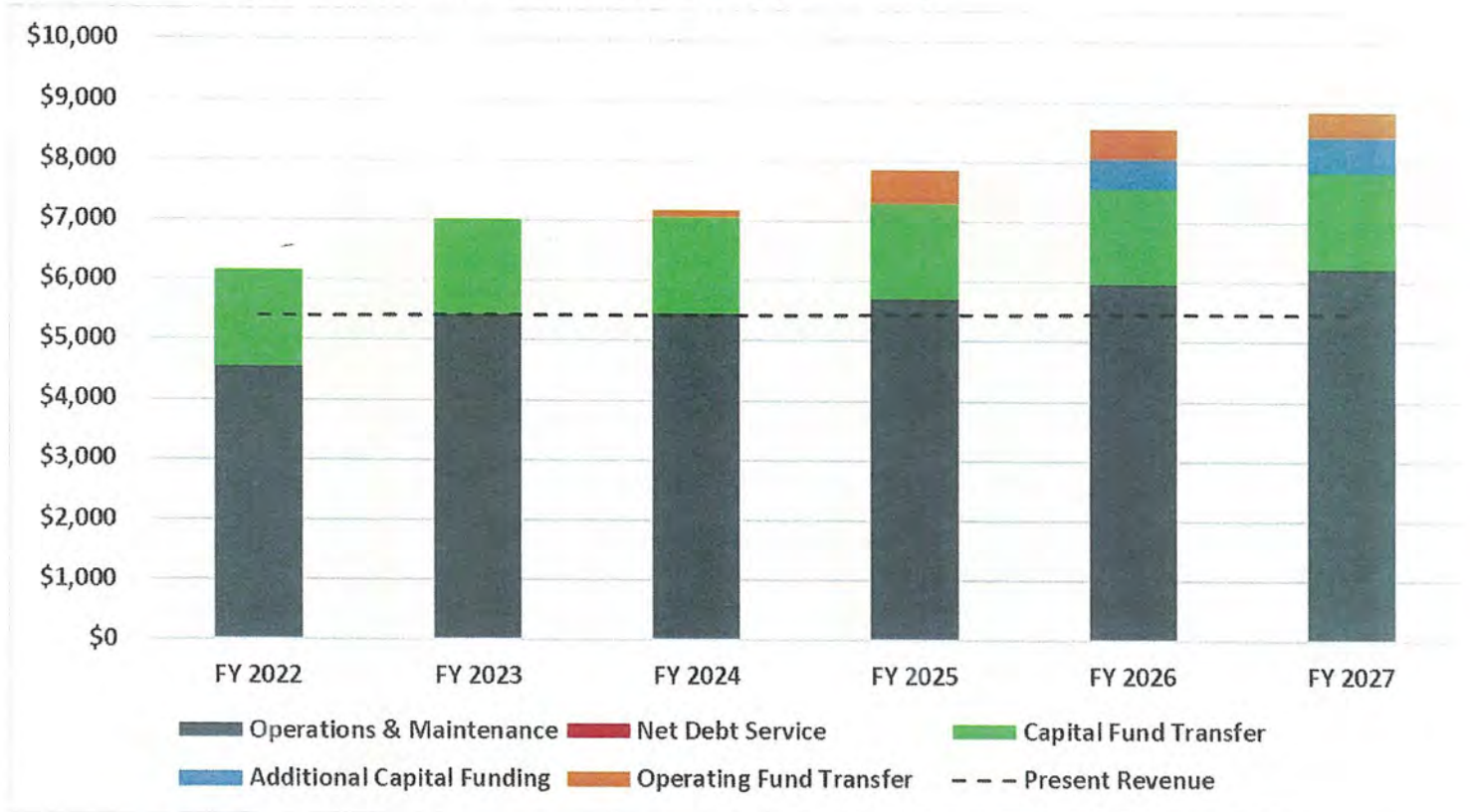
- Generally accepted method for municipal utilities

Water Capital Improvement Funding Plan



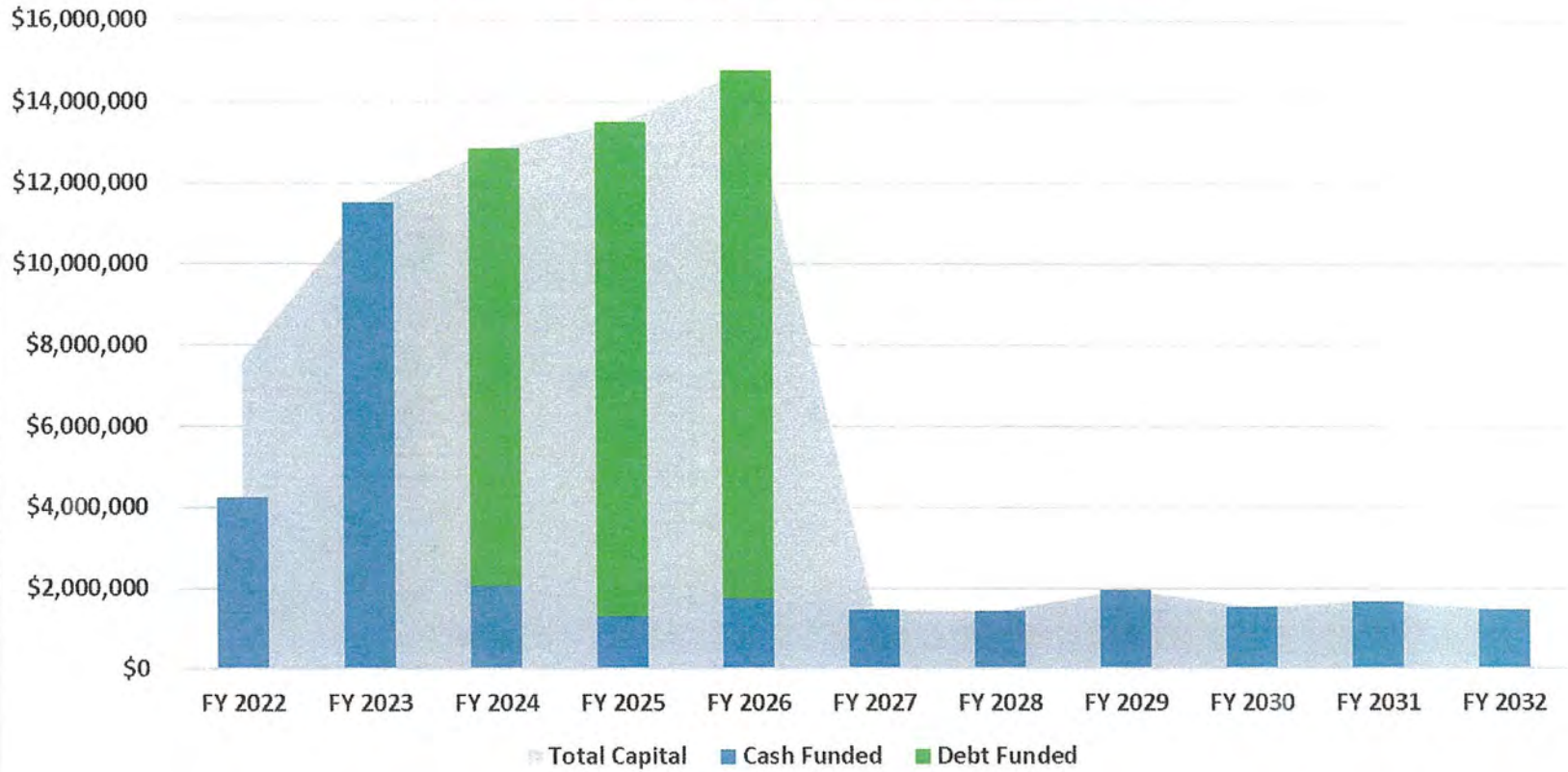
Additional long-term debt for disinfection plant improvements, main replacements, and pump station improvements

Water Revenue Requirement Summary (\$000's)



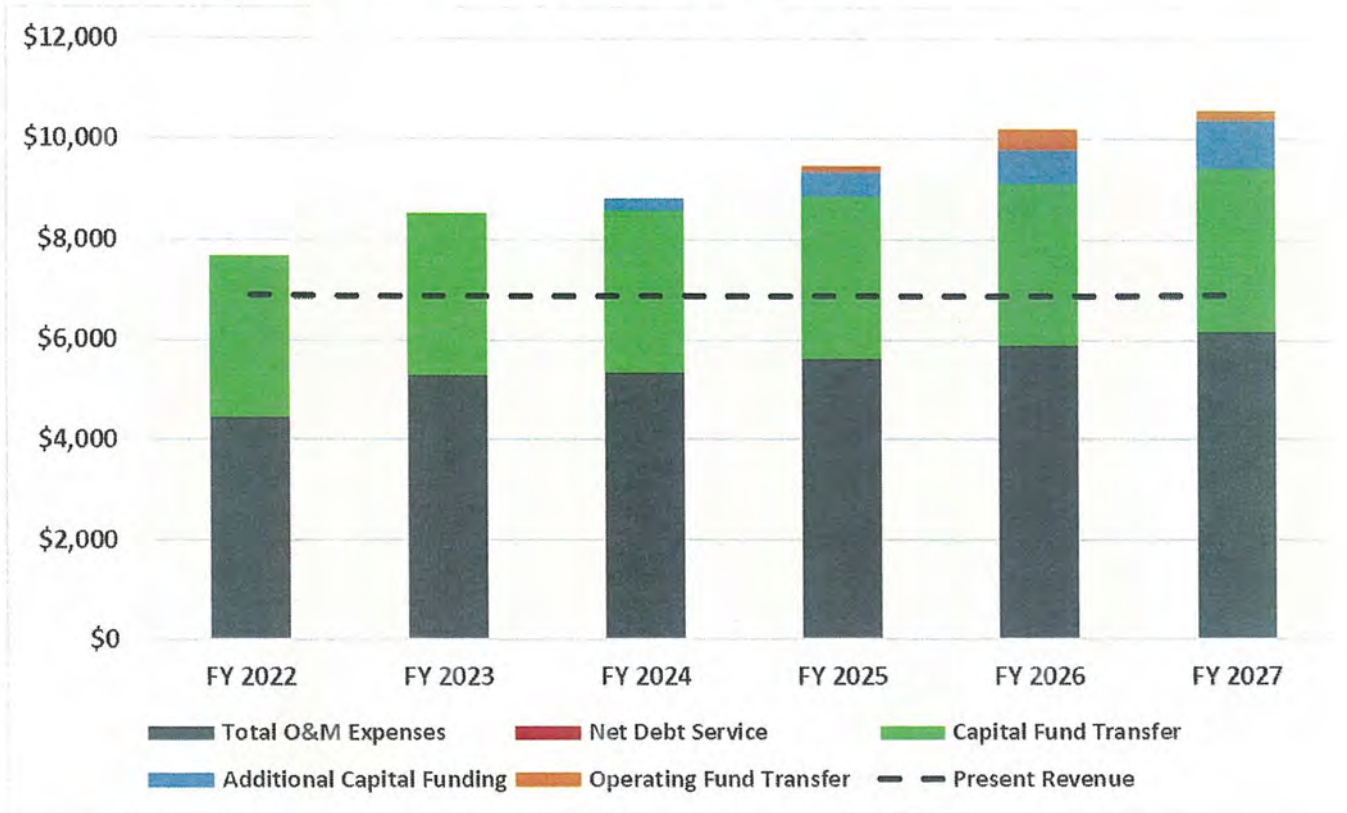
* Annual Debt Service Payments are funded through the annual capital charge

Sewer Capital Improvement Funding Plan



Additional long-term debt for effluent pipeline funding

Sewer Revenue Requirement Summary (\$000's)



* Annual Debt Service Payments are funded through the annual capital charge

Summary of the Revenue Requirement Analyses

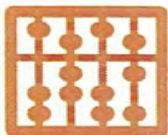
- Rate revenue adjustments are necessary to:
 - Water utility
 - ✓ Adequately fund annual O&M
 - ✓ debt financing capital needs to transition rate adjustments and capital funding needs
 - Sewer utility
 - ✓ Financing of the effluent pipeline
 - ✓ Adequately fund annual O&M
- Revenue requirement alternatives were developed to provide the Board with an understanding of the revenue impacts of alternative funding approaches



Annual Water and Sewer Revenue Adjustments

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water – Recommendation	20.0%	12.0%	9.5%	9.0%	3.5%
Water – Loan Alternative	20.0%	12.0%	9.5%	7.0%	3.0%
Sewer – Recommendation	15.0%	12.5%	8.0%	8.0%	3.5%
Sewer – Loan Alternative	15.0%	10.0%	8.0%	5.0%	4.0%
Sewer - \$5 M Grant	15.0%	9.5%	6.5%	6.5%	4.5%
Sewer - \$10 M Grant	15.0%	9.5%	5.0%	5.0%	4.0%

Cost of Service



Purpose of the Cost of Service

- Reflects usage and facility requirements of each customer class
- Results in proportional rates for each customer class of service
- Provides the District with information for rate structure policy decisions
- District should review periodically to reflect changes in customer and system characteristics

Cost of Service Summary

- Some cost differences exist between the customer classes of service
 - ✓ Reflects customer and system characteristics
 - ✓ Characteristics change over time (e.g., demographics, COVID pandemic)
- Water utility impacts
 - ✓ Driven by peak use by customer classes (irrigation customers)
- Sewer utility Impacts
 - ✓ Appears to be driven by change in commercial customer characteristics since prior studies
- Cost of service is a single point in time
 - ✓ First comprehensive cost of service in some time
- Recommend transition to cost of service results
 - ✓ Water irrigation customer class of service
 - ✓ Sewer commercial customer class of service

Rate Design

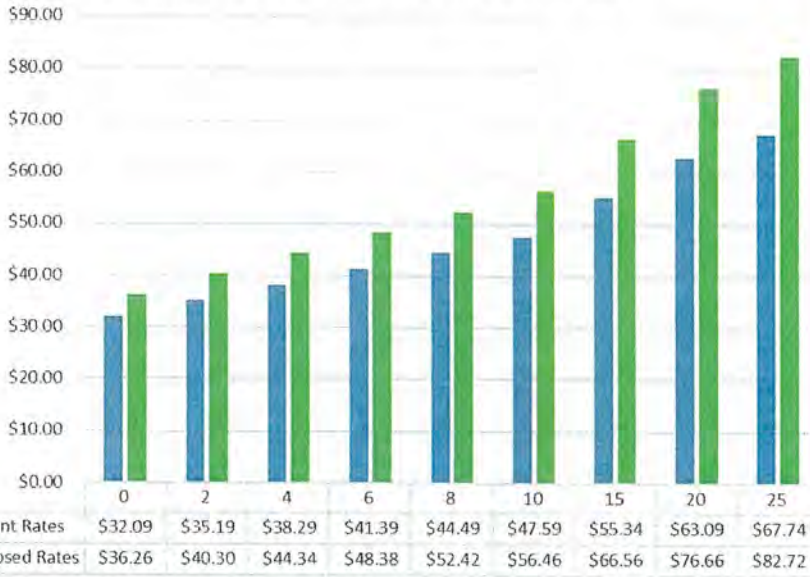


Rate Design Overview

- Cost of service results showed cost differences
 - ✓ Water irrigation customers and commercial sewer customers
- Recommend maintaining current rate structure
- Recommend implementing cost of service adjustments
 - ✓ Proposed rate designs were developed to transition irrigation and commercial sewer customers to the cost of service results over the five year period
 - ✓ Results in separate consumption/volume rate for irrigation and sewer commercial customers

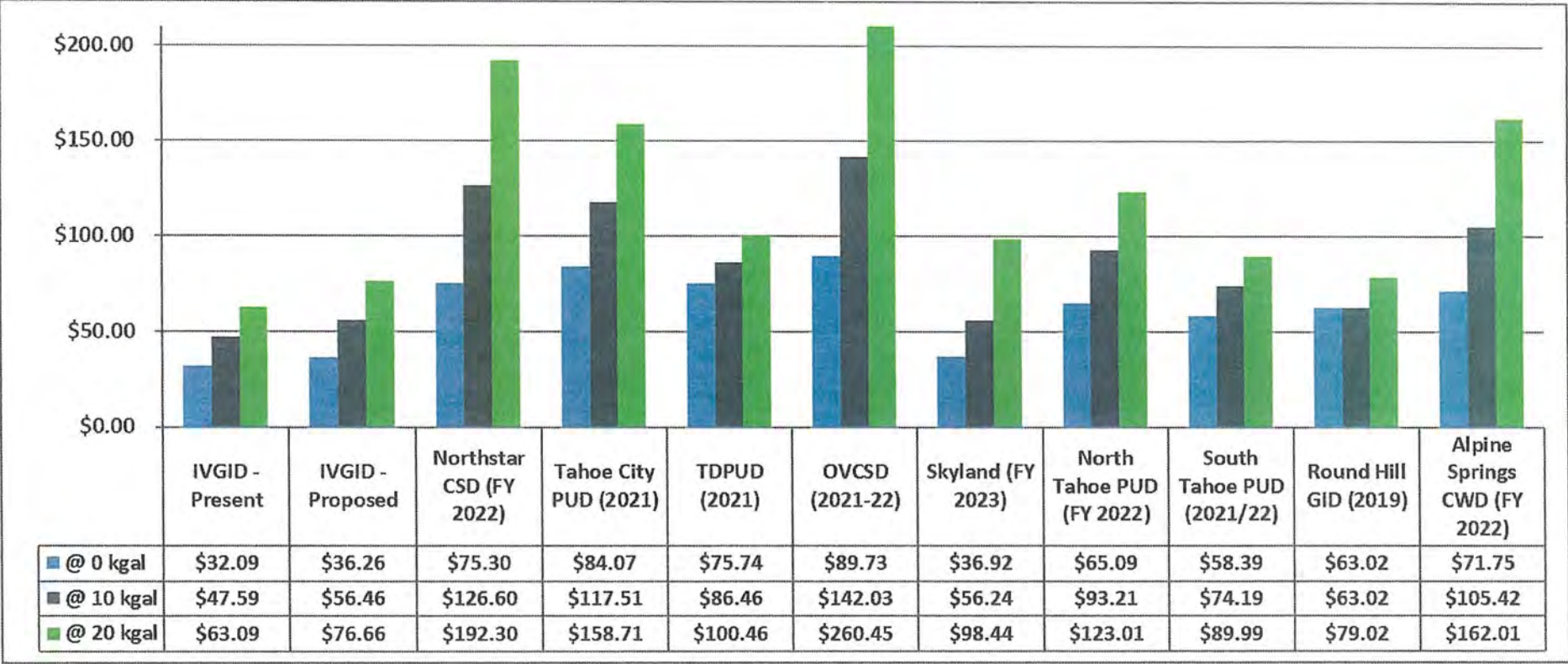
Present and Proposed Water Rates and Bill Comparison

Present and FY 23 Proposed Rate Alternative



	Present Rates	Proposed				
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Meter Fee						
3/4"	\$11.97	\$15.88	\$18.70	\$21.15	\$21.85	\$22.40
1"	19.99	26.52	31.23	35.32	36.49	37.41
1 1/2"	39.86	52.88	62.27	70.43	72.76	74.59
2"	63.80	84.64	99.67	112.73	116.46	119.39
3"	119.70	158.80	187.00	211.50	218.50	224.00
4"	199.54	264.72	311.73	352.57	364.24	373.41
6"	398.96	529.28	623.27	704.93	728.26	746.59
8"	638.36	846.88	997.27	1,127.93	1,165.26	1,194.59
10"	917.50	1,217.20	1,433.35	1,621.15	1,674.80	1,716.96
Capital Improvement Fee						
3/4"	\$15.10	\$15.10	\$15.10	\$15.10	\$19.70	\$20.64
1"	25.22	25.22	25.22	25.22	32.89	34.47
1 1/2"	50.28	50.28	50.28	50.28	65.58	68.74
2"	80.48	80.48	80.48	80.48	104.98	110.03
3"	151.00	151.00	151.00	151.00	196.95	206.43
4"	251.72	251.72	251.72	251.72	328.32	344.12
6"	503.28	503.28	503.28	503.28	656.44	688.04
8"	805.28	805.28	805.28	805.28	1,050.34	1,100.90
10"	1,157.42	1,157.41	1,157.41	1,157.41	1,509.63	1,582.29
Admin Fee	\$3.97	\$4.23	\$4.44	\$4.66	\$4.89	\$5.14
Defensible Space	1.05	1.05	1.05	1.05	1.05	1.05
Residential and Commercial Water Use						
All Use	\$1.55	\$2.02	\$2.35	\$2.62	\$2.66	\$2.70
Tier 1	0.93	1.21	1.41	1.57	1.60	1.62
Tier 2	2.27	2.96	3.44	3.84	3.90	3.95
Irrigation Water Use						
All Use	\$1.55	\$2.20	\$2.76	\$3.20	\$3.60	\$3.85
Tier 1	0.93	1.32	1.66	1.92	2.16	2.31
Tier 2	2.27	3.22	4.04	4.69	5.27	5.64

Local Monthly Residential Water Bill Comparison

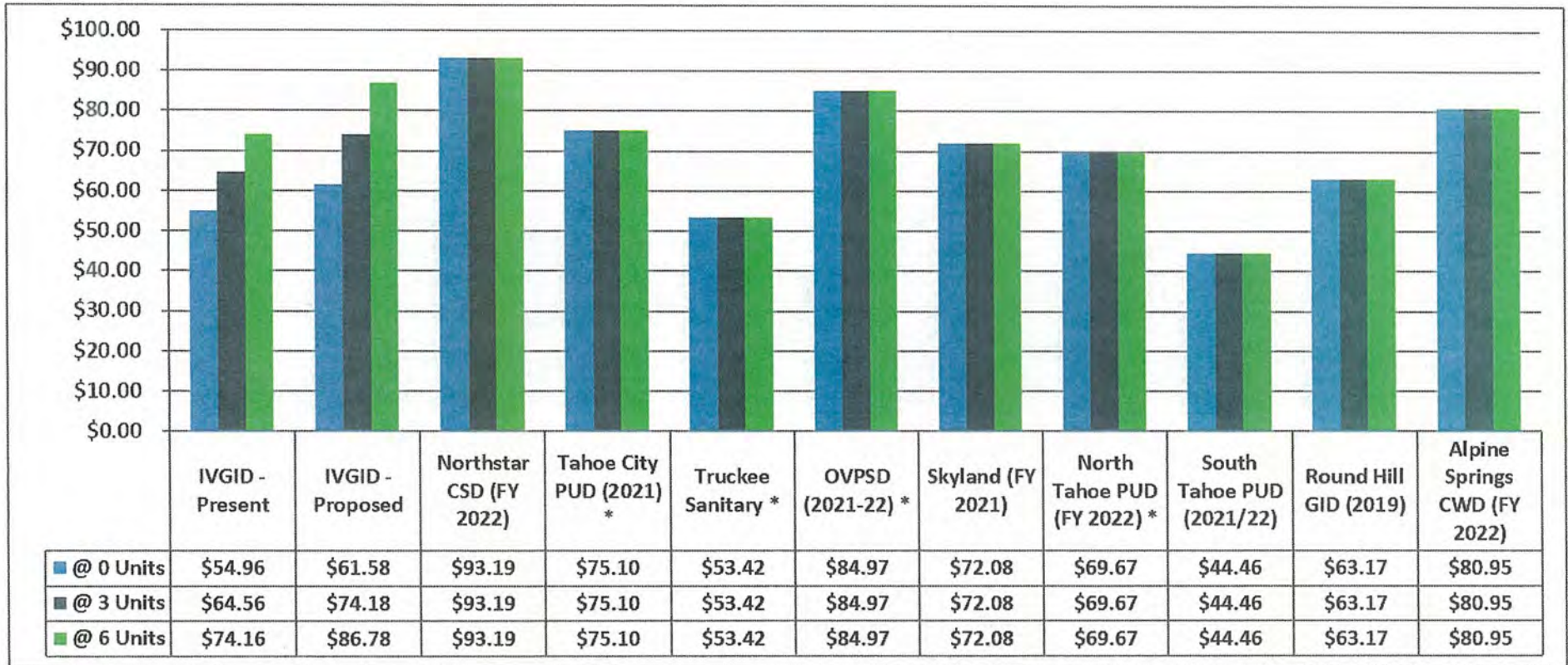


Present and Proposed Sewer Rates

	<i>Present</i>	<i>Proposed</i>				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Residential						
Base Charge	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
Capital Improvement	31.45	\$31.45	33.92	36.39	38.13	41.08
Admin Fee	3.97	\$4.23	4.44	4.66	4.89	5.14
Multi-Family						
Base Charge	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
Capital Improvement	31.45	31.45	33.92	36.39	38.13	41.08
Admin Fee	3.97	4.23	4.44	4.66	4.89	5.14
Sewer Use						
Residential	\$3.20	\$4.00	\$4.70	\$5.10	\$5.65	\$5.70
Multi-Family	3.20	4.00	4.70	5.10	5.65	5.70

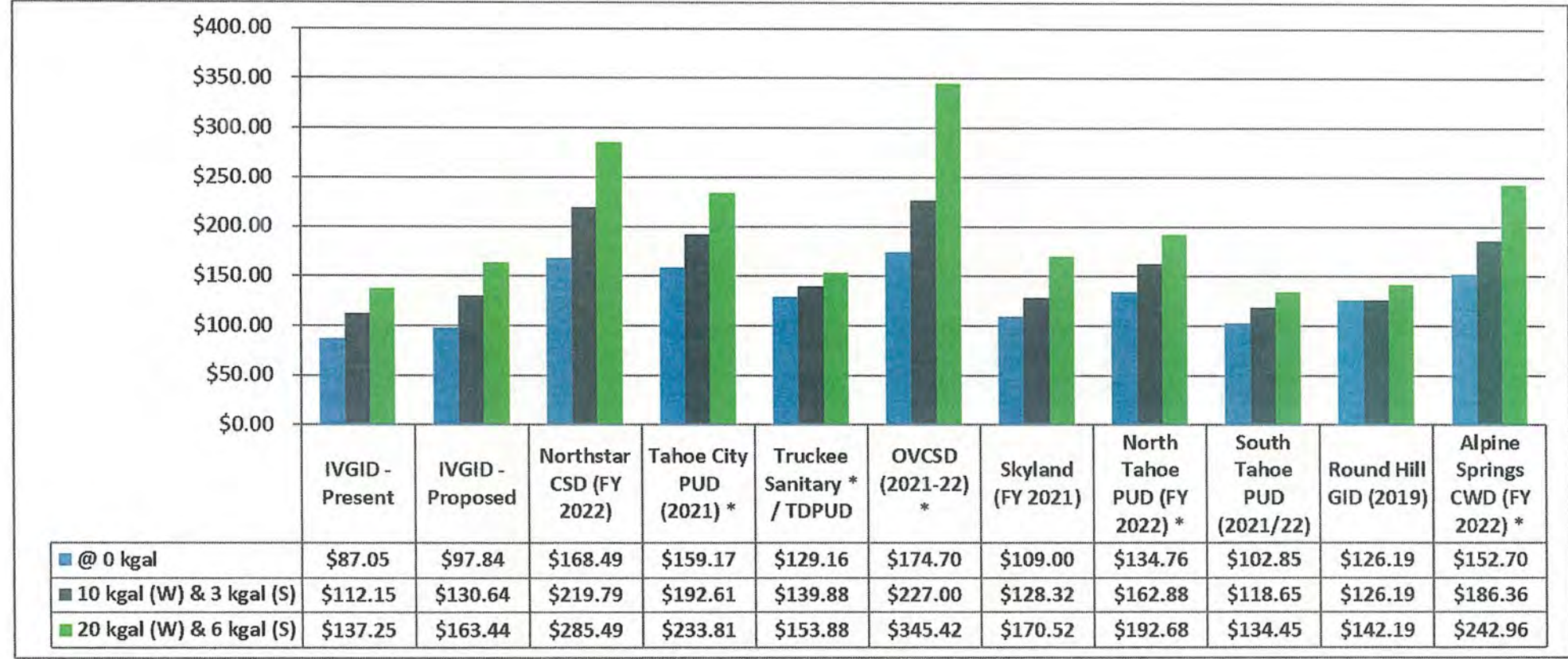
	<i>Present</i>	<i>Proposed</i>				
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Commercial						
<i>Base Charge</i>						
3/4"	\$19.54	\$25.90	\$30.30	\$32.90	\$36.40	\$36.50
1"	32.63	43.25	50.60	54.94	60.79	60.96
1 1/2"	65.07	86.25	100.90	109.56	121.21	121.55
2"	104.15	138.05	161.50	175.36	194.01	194.55
3"	195.40	259.00	303.00	329.00	364.00	365.00
4"	325.73	431.75	505.10	548.44	606.79	608.46
6"	651.27	863.25	1,009.90	1,096.56	1,213.21	1,216.55
8"	1,042.07	1,381.25	1,615.90	1,754.56	1,941.21	1,946.55
10"	1,498.13	1,985.75	2,323.10	2,522.44	2,790.79	2,798.46
<i>Capital Improvement</i>						
3/4"	\$31.45	\$31.45	\$33.92	\$36.39	\$38.13	\$41.08
1"	52.52	52.53	56.65	60.77	63.67	68.61
1 1/2"	104.73	104.74	112.96	121.18	126.96	136.81
2"	167.63	167.64	180.80	193.96	203.22	218.97
3"	314.50	314.53	339.21	363.89	381.27	410.83
4"	524.27	524.31	565.46	606.61	635.58	684.85
6"	1,048.23	1,048.31	1,130.59	1,212.86	1,270.77	1,369.29
8"	1,677.23	1,677.36	1,809.01	1,940.65	2,033.31	2,190.95
10"	2,411.27	2,411.47	2,600.72	2,789.98	2,923.19	3,149.82
<i>Admin Fee</i>	3.97	4.23	4.44	4.66	4.89	5.14
Sewer Use						
Commercial	3.20	4.70	5.50	6.00	6.40	6.50

Local Monthly Residential Sewer Bill Comparison



*Rates include TTSA charge for treatment services

Local Monthly Combined Residential Bill Comparison



*Rates include TTSA charge for treatment services

Next Steps and Schedule



Next Steps

- Gain final Board feedback and input on study recommendations
 - Overall system revenue adjustments
 - Cost of service results
 - Proposed rates
- Set public hearing

Estimated Project Schedule

- Today: Review the rate study recommendations
- Public hearing April 27
- May rate implementation

Thank you for your input!



MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Mike Bandelin
Diamond Peak General Manager

SUBJECT: Review, discuss and possibly approve Diamond Peak Ski Resort's 2022-2023 Picture Pass holder daily ticket rates including Picture Pass holders and Non-Picture Pass holder season pass rate proposal.

STRATEGIC PLAN: Long Range Principle #3 - Finance

DATE: March 9, 2022

I. RECOMMENDATION

Staff recommends that the Board of Trustees makes a motion to:

1. Approve a zero-dollar increase to all Picture Pass holder season passes and daily ticket products for fiscal year 2022-2023.
2. Approve a five-dollar increase to all Non-Picture Pass holder season pass products for fiscal year 2022-2023 as shown within the memorandum.
3. Authorize Staff to adjust pricing included in (Tier 3) for Non-Picture Pass holder season pass products.

II. DISTRICT STRATEGIC PLAN

LONG RANGE PRINCIPLE #3 - FINANCE

The District will ensure fiscal responsibility and sustainability of service capacities through prudent fiscal management and maintaining effective financial policies for internal controls, operating budgets, fund balances, capital improvement and debt management.

Budget Initiative – B - Work with the Board of Trustees to implement a District-wide pricing policy to ensure desired cost recovery and policy-driven differential pricing for parcel owners and customers.

III. **BACKGROUND**

The District-operated ski area provides discounted daily lift tickets and season passes to our IVGID Picture Pass holders. The ski area also provides the sale of season pass products to Non-Picture Pass holders as well as daily lift tickets.

Board Practice 6.2.0 – Pricing

At their meeting of March 1, 2022, the Board of Trustees approved Board Practice 6.2.0 related to pricing of Community Services and Beach products and services, including the Diamond Peak ski venue. Within Practice 6.2.0, Section 3.5.3 – Ski provides that:

3.5.3.1 Rates charged to non-IVGID Picture Pass holders for daily tickets and season passes will be set so as to remain competitive within the market.

3.5.3.2 Rates charged to non-IVGID Picture Pass holders for daily tickets shall be no less than the Full-Cost of access to the ski venue.

3.5.3.3 Rates charged to IVGID Picture Pass holders for daily tickets and season passes shall be set at a discount – to the extent that revenues from tickets and passes are sufficient to meet overall net revenue targets for the season.

3.5.3.4 Rates charged may vary based on peak periods, day of the week, and full-day versus half-day passes.

3.5.3.5 The Ski Rental Shop and Ski Lessons operate as Profit-Centers, with rates being largely market-driven, to include appropriate profit margins. Rates are charged uniformly, with no discounts.

Additionally, Section 5.0 (Administration) of Practice 6.2.0 provides that:

5.1 The Board of Trustees will establish overall financial performance targets for each venue through the annual budget process,

5.2 The Board of Trustees will approve, through the budget process or when appropriate during the fiscal year Key Rates to include:

5.2.2 IVGID Picture-Pass holder and others, Season Pass Rates and Picture-Pass holder Daily Pass Rates for Diamond Peak.

This agenda item has been prepared for the Board of Trustees to consider approval of IVGID Picture-Pass holder and others Season Pass rates and Picture-Pass holder Daily Rates for the 2022-23 Diamond Peak ski season.

IV. DISCUSSION

Staff will initiate a Fiscal Year 2022-2023 Diamond Peak season pass sale for Picture Pass and Non-Picture Pass holders in March 2022 and continue with the 3-tiered pricing structure, with (Tier 1) rates available through April 30, 2022; (Tier 2) rates available from May 1 – October 31, 2022; and (Tier 3) rates from November 1, 2022 through the end of the ski season 2023.

Within this recommendation, Staff is proposing the IVGID Picture Pass holder and daily lift ticket rate and season passes rates remain consistent with no change from the approved 2021-2022 rates for the 2022-2023 ski season. Staff will note that the current rates for Picture Pass holder daily lift tickets have not changed since the 2010-2011 season. The Tables below provide the proposed Picture Pass holder daily ticket rate as well as season pass rates for the 2022-2023 fiscal year.

Picture Pass Holder Daily Ticket Rates 2022-2023

Age Group	Week Days	Weekends	Peak Periods
Adult	\$25	\$25	\$35
Youth/Senior	\$20	\$20	\$30
Child	\$15	\$15	\$20
Beginner	\$18	\$18	\$20
6 & under / 80+	Free	Free	Free

Picture Pass Holder Full Season Pass Rate

	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Full	Tier 1	Tier 1	Tier 2	Tier 2	Tier 3	Tier 3
Adult	\$289	\$289	\$319	\$319	\$349	\$349
Youth	\$139	\$139	\$159	\$159	\$189	\$189
Child	\$109	\$109	\$129	\$129	\$149	\$149
Senior	\$109	\$109	\$119	\$119	\$149	\$149
Super Senior	\$29	\$29	\$39	\$39	\$49	\$49

Review, discuss and possibly approve
 Diamond Peak Ski Resort's 2022-2023
 Picture Pass holder daily lift ticket rates
 Including Picture pass holders and
 Non-Picture Pass holder season pass rate proposal.

Picture Pass Holder Midweek Pass Rates

	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Midweek	Tier 1	Tier 1	Tier 2	Tier 2	Tier 3	Tier 3
Adult	\$219	\$219	\$249	\$249	\$299	\$299
Youth	\$109	\$109	\$129	\$129	\$149	\$149
Senior	\$89	\$89	\$99	\$99	\$119	\$119
Super Senior	\$20	\$20	\$30	\$30	\$40	\$40

For Non-Picture Pass holder season passes, Staff is proposing a five dollar increase to all pass products within the three pricing tiers available. The table below provides the Non-Picture Pass holder season pass rates during the 2020-2021 season compared to the current 2021-2022 rates

	FY 2021	FY 2022	FY 2022	FY 2021	FY 2022	FY 2022	FY 2021	FY 2022	FY 2022	FY 2022
Full Season Pass	Tier 1	Tier 1	Variance	Tier 2	Tier 2	Variance	Tier 3	Tier 3	Variance	Average Increase
Adult (24-64)	\$419	\$439	\$20	\$474	\$494	\$20	\$509	\$620	\$111	\$50
Youth (13-23)	\$249	\$339	\$90	\$274	\$414	\$140	\$289	\$520	\$231	\$154
Child (7-12)	\$179	\$199	\$20	\$204	\$229	\$25	\$229	\$280	\$51	\$32
Senior (65-69)	\$179	\$409	\$230	\$204	\$434	\$230	\$229	\$520	\$291	\$250
Super Senior (70-79)	\$159	\$159	\$0	\$174	\$174	\$0	\$199	\$220	\$21	\$21
6 & under / 80+	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transferable	N/A	N/A	N/A	\$799	\$1,099	\$300	\$799	\$1,099	\$300	\$300

Proposed 2022-2023 Non-Picture Pass Holder Season Pass rates

	FY 2022	FY 2023	FY 2022	FY 2022	FY 2023	FY 2023	FY 2022	FY 2023	FY 2023	FY 2023
Full Season Pass	Tier 1	Tier 1	Variance	Tier 2	Tier 2	Variance	Tier 3	Tier 3	Variance	Average Increase
Adult (24-64)	\$439	\$444	\$5	\$494	\$499	\$5	\$620	\$625	\$5	\$5
Youth (13-23)	\$339	\$344	\$5	\$414	\$419	\$5	\$520	\$525	\$5	\$5
Child (7-12)	\$199	\$204	\$5	\$229	\$234	\$5	\$280	\$285	\$5	\$5
Senior (65-69)	\$409	\$414	\$5	\$434	\$439	\$5	\$520	\$525	\$5	\$5
Super Senior (70-79)	\$159	\$164	\$5	\$174	\$179	\$5	\$220	\$225	\$5	\$5
6 & under / 80+	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transferable	N/A	N/A	N/A	\$1,099	\$1,099	\$0	\$1,099	\$1,099	\$0	\$0

Cost-recovery Targets for Diamond Peak:

Historically, Diamond Peak operations generate net revenues for the District. These revenues effectively support operations, capital and debt requirements for the , ski area as well as provide funding that supports other Community Services venues and programs, and thus contribute to the District's ability to provide discounted access to venues and programs to IVGID Picture-Pass holders.

The current FY2021/22 budget reflects a favorable \$1.2 million change in net position resulting from Diamond Peak. More favorable results (preliminarily, \$2.0 million increase in net position) are projected for the FY2022/23 budget - acknowledging that financial results are highly dependent, from year-to-year on seasonal weather conditions.

In addition, the following cost-per-skier visit figures have been estimated, based on the draft budget being developed for FY2022/23:

	<i>Estimate</i> FY2022/23
Skier Visist	130,000
Cost Per Skier Visit	
Operarting Costs	\$ 30.35
Operating Costs + OVHD	\$ 40.47
Oper. Costs, OVHD, Capital	\$ 49.22
Oper. Costs, OVHD, Capital, Debt	\$ 49.37

On this basis the rates presented for Board approval via this agenda item are consistent with Board Practice 6.2.0.

Staff has included a number of tables and charts related to pass products for review.

- Table 2 provides a year over year summary of Picture Pass holder daily tickets purchased including daily tickets provided during the Districts IVGID Community Appreciation Week.
- Table 3 provides a season pass rate comparison from other resorts located within the area. Please note that each comparison may have differences by age group and pass availability.
- Table 4 provides a 6-year summary of season pass units including revenue from the sale of the pass products.
- Tables 5 - 10 provide charts of total pass sales by residency, pass unit sales by age group, revenue by residency, revenue by age group, sales by period and full versus midweek units.

IV. FINANCIAL IMPACT AND BUDGET

The FY2021/22 approved budget includes \$1,925,909 in revenue allocated to season passes sold. The budget forecast identified approximately 3,263 Picture Pass holder pass units, 3,915 Non Picture Pass holder passes and 57 transferable passes for a forecast total of 7,178 season pass sold during the fiscal year.

Current actual reports indicate 4,369 Picture Pass holder pass units have been purchased, Non Picture Pass holder passes total 4,005 and 64 transferable passes for a total of 8,438 passes purchased.

With the adjustments recommended in this report, season pass revenues are projected to increase by \$274,000 (to \$2,200,000) for the 2022/23 ski season.

V. COMMENTS

Staff proposes that the Board of Trustees authorize management to adjust Non Picture Pass holder season pass rates to accomplish yield management. For example, staff may adjust pricing or the number of units available for purchase in (Tier 3) as a result of snow conditions, purchaser demand and or a rate ratio to a 2022-2023 Non Picture Pass holder daily lift ticket price.

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of NRS, Chapter 237, and does not require a Business Impact Statement.

VII. ALTERNATIVES

The Board of Trustees may provide direction to the proposed rates provided within the memorandum.

Attachment:

- Board Practice 6.2.0 (approved March 1, 2022).

Review, discuss and possibly approve
 Diamond Peak Ski Resort's 2022-2023
 Picture Pass holder daily lift ticket rates
 Including Picture pass holders and
 Non-Picture Pass holder season pass rate proposal.

Table 2

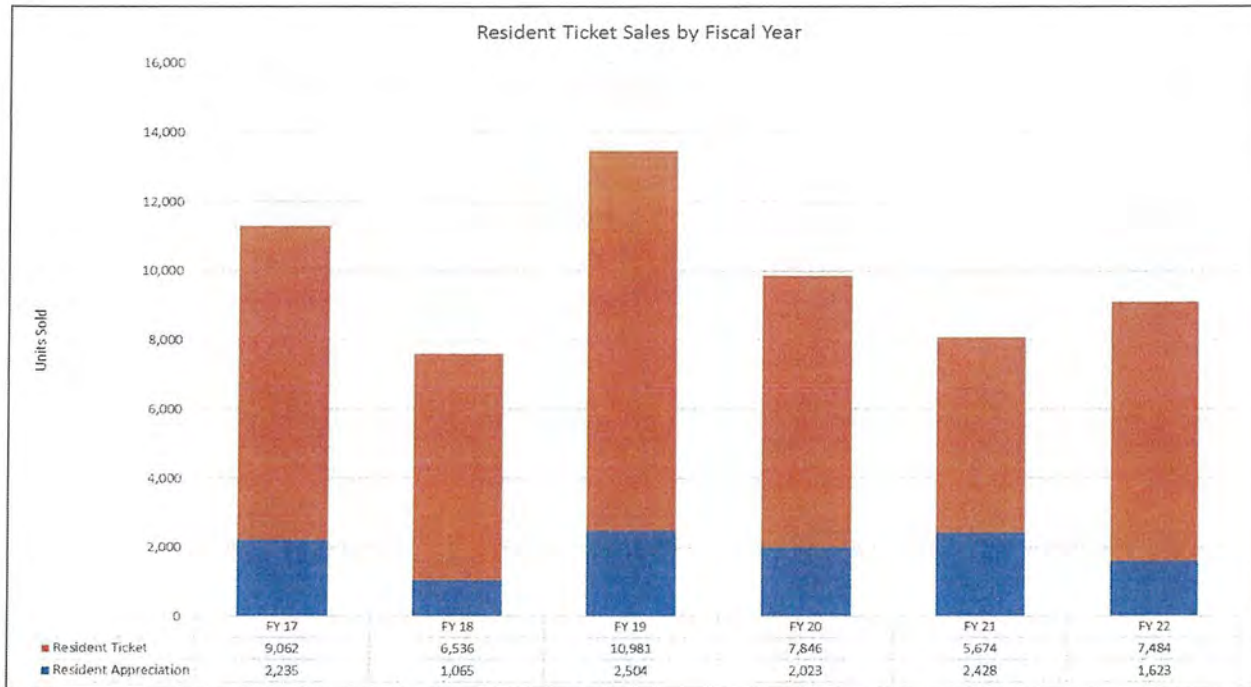


Table 3

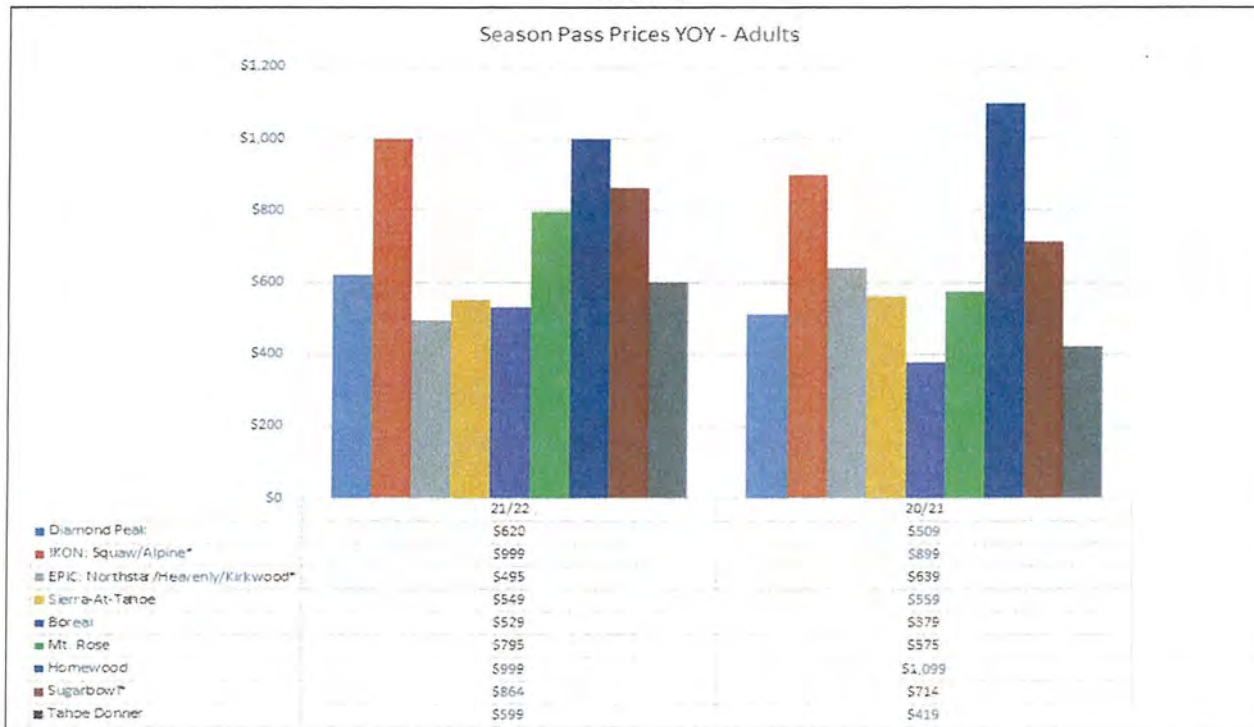


Table 4

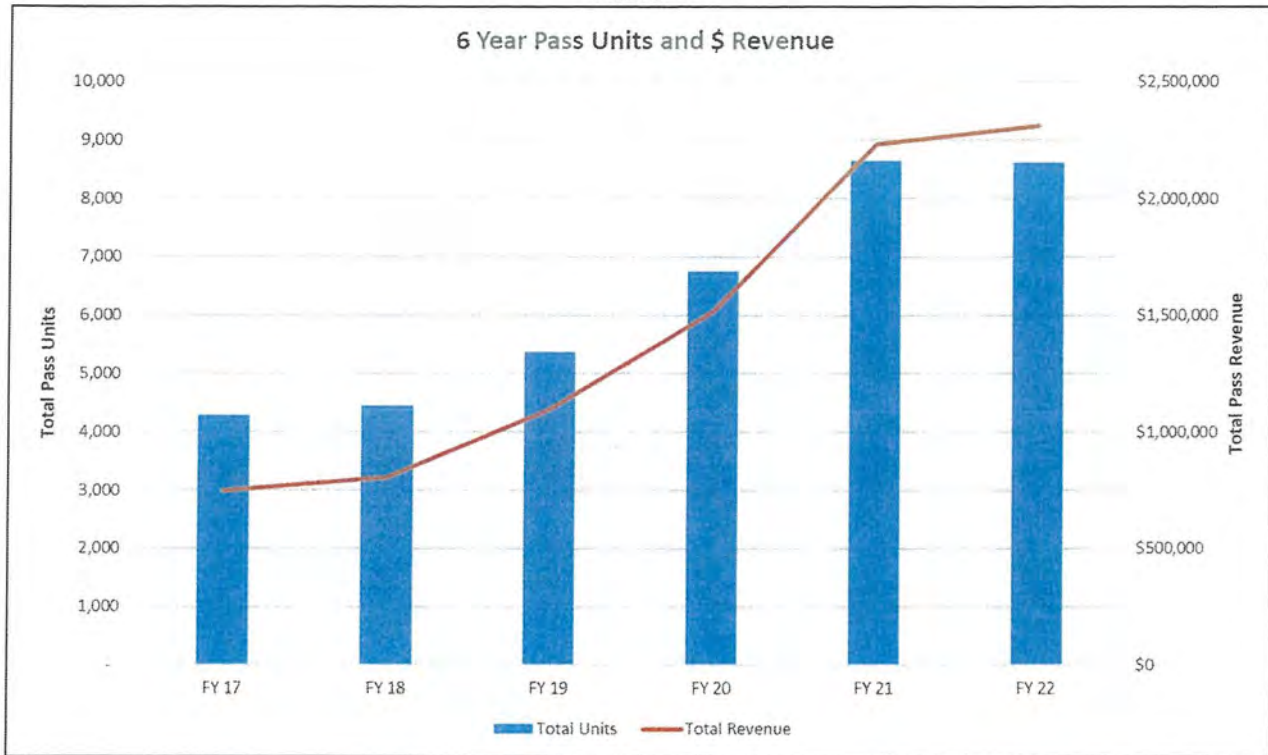
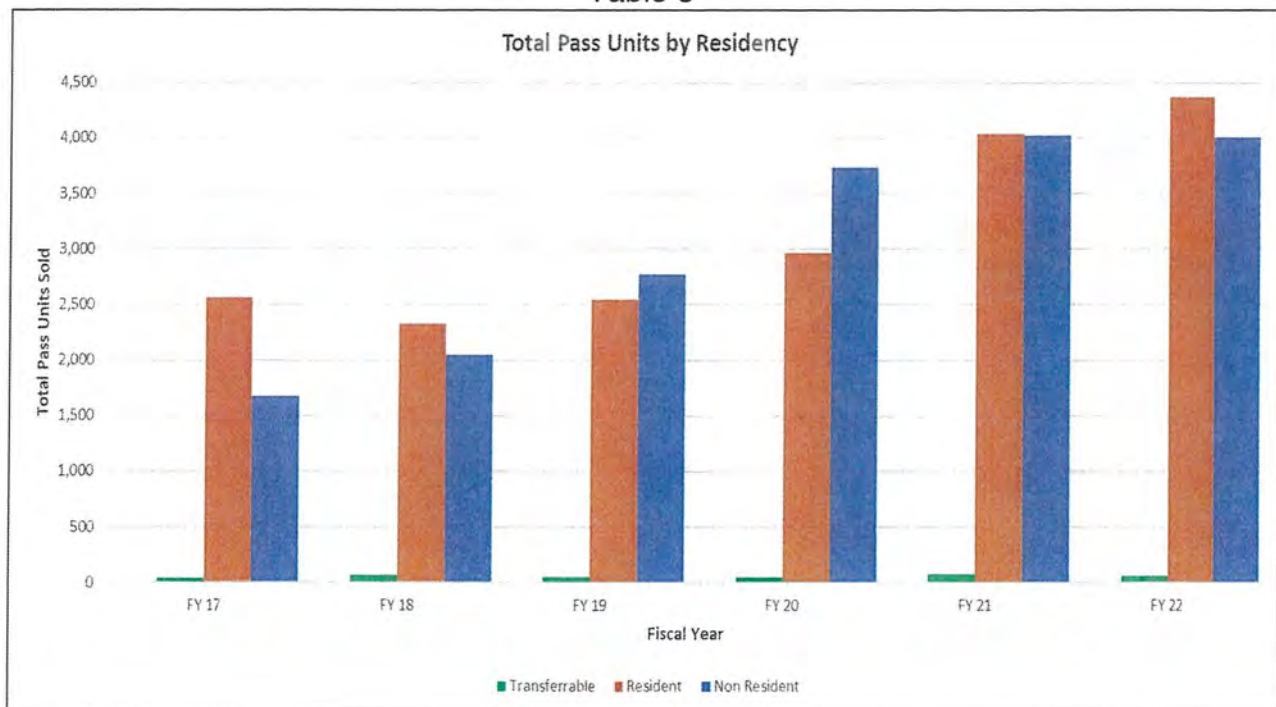


Table 5



Review, discuss and possibly approve
 Diamond Peak Ski Resort's 2022-2023
 Picture Pass holder daily lift ticket rates
 Including Picture pass holders and
 Non-Picture Pass holder season pass rate proposal.

Table 6

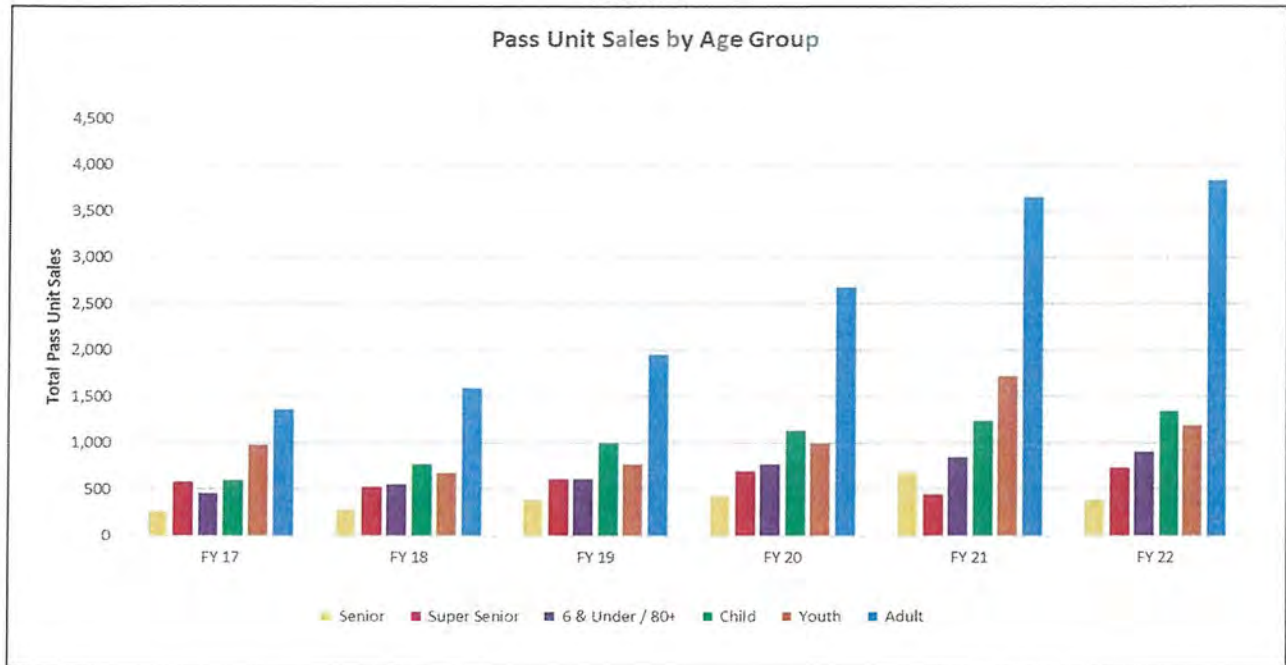


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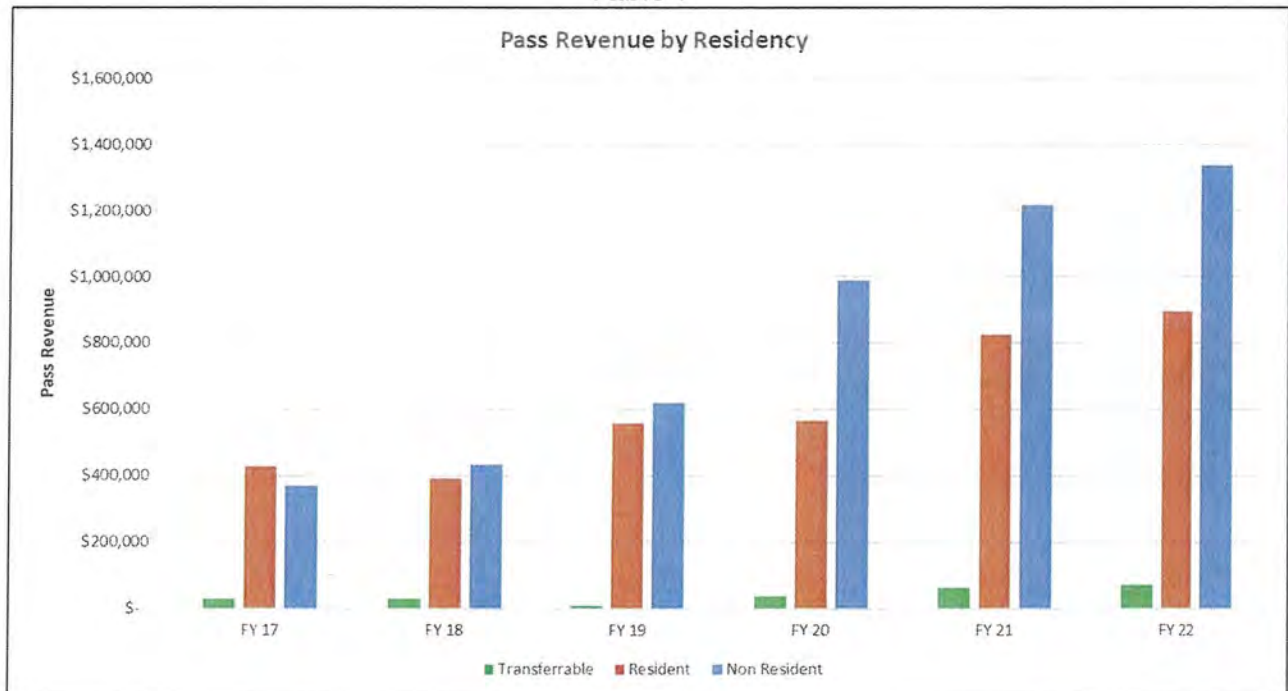


Table 8

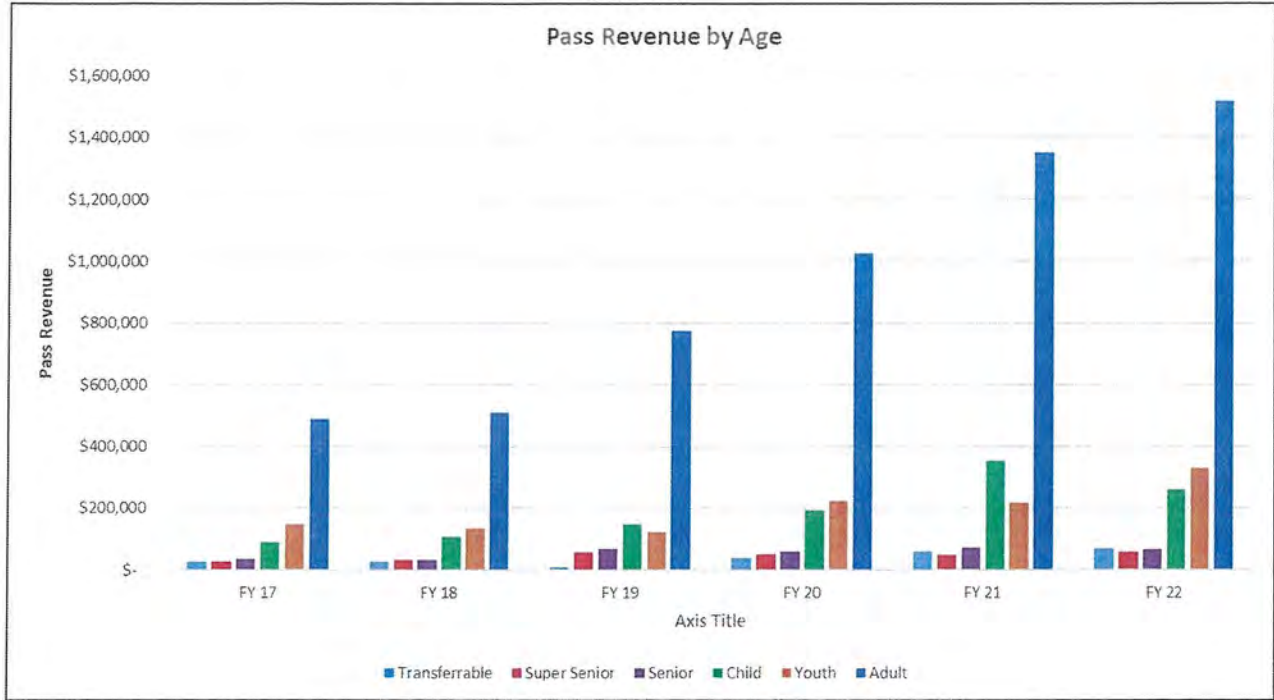
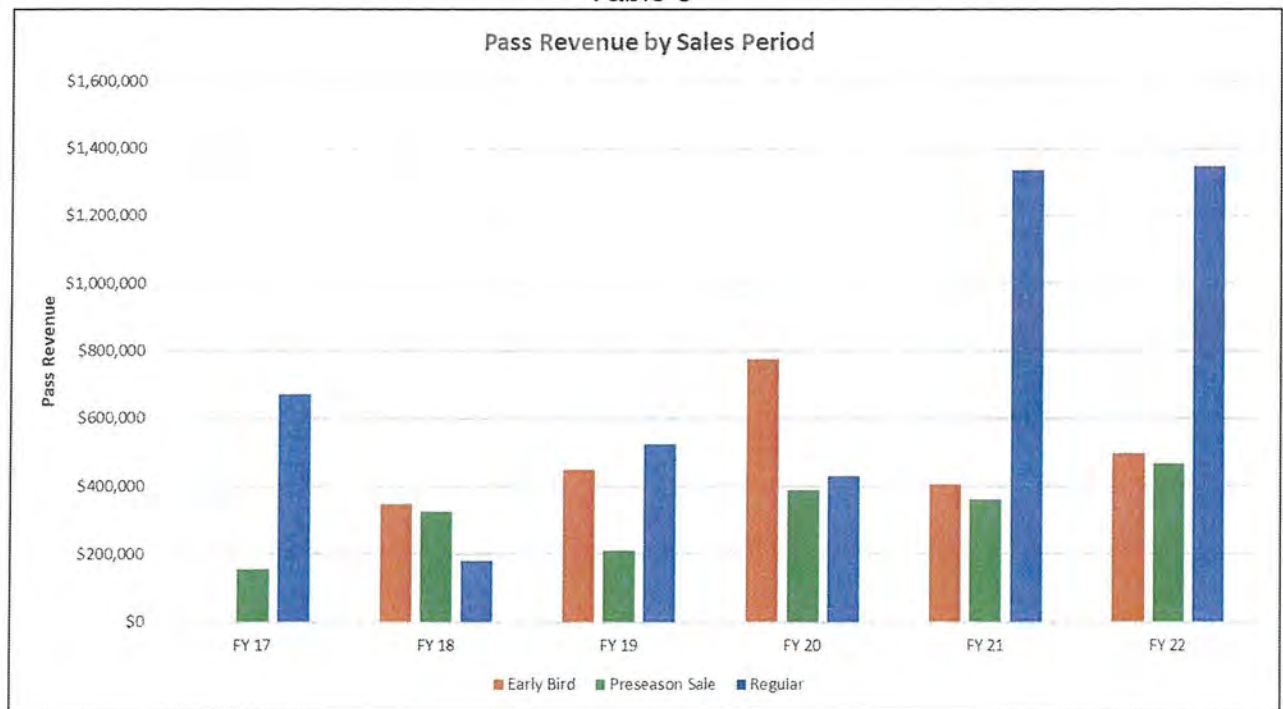
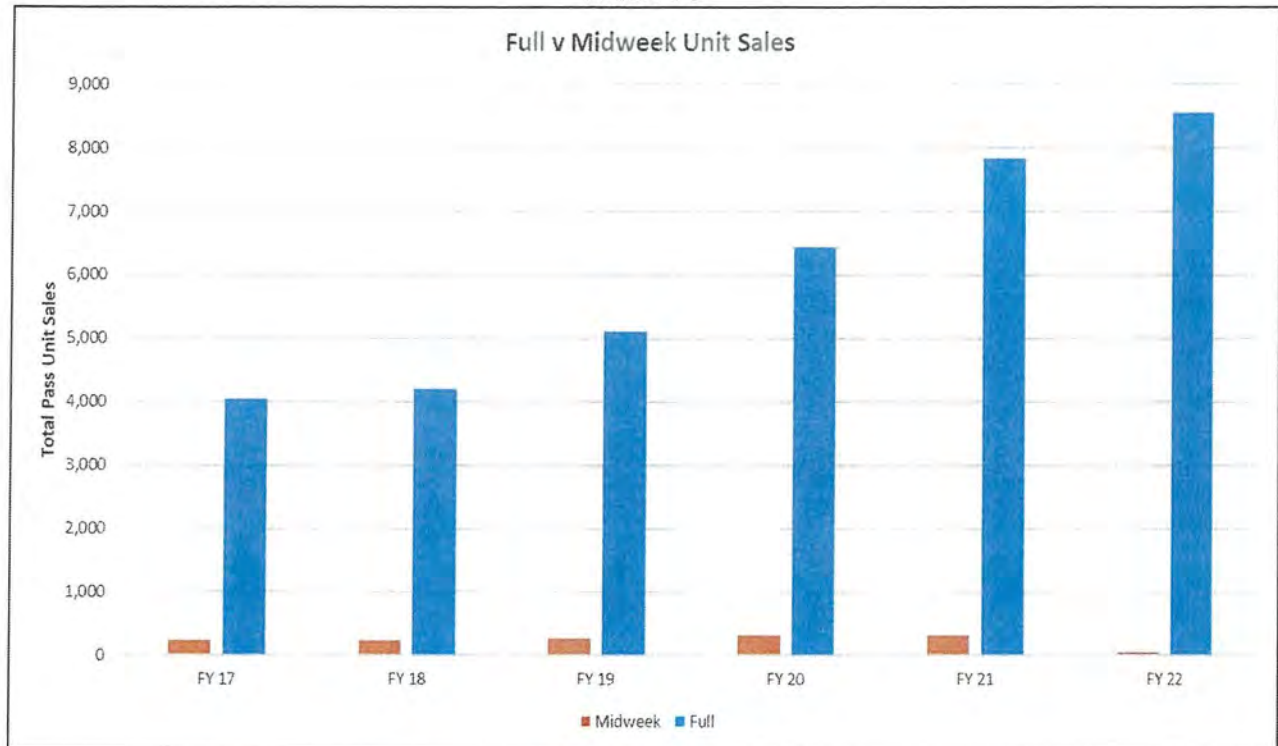


Table 9



Review, discuss and possibly approve
Diamond Peak Ski Resort's 2022-2023
Picture Pass holder daily lift ticket rates
Including Picture pass holders and
Non-Picture Pass holder season pass rate proposal.

Table 10



**Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0**

RELEVANT POLICIES: 6.1.0 Adoption of Financial Policies

PRACTICE. It is the practice of the District to establish the manner in which fees and charges for services are set and the extent to which they cover the cost of services provided (per Policy 6.1.2.2)

1.0 Scope:

This Practice shall be used to ensure consistent application of pricing policy across the District's Community Services and Beach venues in order to meet venue-specific revenue and cost-recovery targets established through the annual budget process.

The objective of the District's pricing policy is to:

- Ensure that revenues, including Charges for Services and applicable Recreation or Beach Facility Fees are sufficient to cover the full cost of providing services to IVGID Picture Pass holders, guests of IVGID Picture Pass holders and others.
- Utilize sound financial planning principles to avoid volatility in charges and fees from year-to-year.
- Promote consistent framework for pricing across all venues and programs, while providing for venue-specific pricing considerations.
- Establish conditions for management to modify pricing during the fiscal year based on market conditions, and for the determination of pricing new programs.

2.0 Definitions – for purposes of this practice, the following definitions shall be applied:

- Full-Cost is intended to represent the per-unit cost of providing access to, or use of, District venues, services and programs, and shall include operating costs (including overhead), capital depreciation and debt, as reflected in the annual budget.
- Operating Costs are defined to include direct personnel costs, non-personnel costs and overhead costs. For purposes of this definition, overhead applied to programs and services shall include appropriate allocation of Central Services Overhead as well as Department-specific administrative overhead.

**Budgeting and Fiscal Management
Community Services and Beach
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Practice 6.2.0**

- Direct Costs are defined as the incremental cost of providing for access or services for a specific event or purpose. Examples would include incremental cost (staffing, supplies, etc.) of providing access to a venue during normal business hours versus outside of normal operations.
- Capital Costs for programs and services provided through the District's Community Services and Beach Enterprise Funds shall be defined as the annual depreciation budgeted and allocated to each fund and cost center.
- Debt Costs for purposes of establishing full-cost recovery shall include principal and interest on outstanding debt allocated to each fund as included in the annual budget.

3.0 Community Services Pricing

The District operates recreational facilities, venues, services and programs. To support the Community Services facilities, venues, services, and programs, the District establishes, through the annual budget process, a Recreation Facility Fee assessed on parcels and/or dwelling units within the District.

Pricing for IVGID Picture Pass holders and others is defined as follows:

3.1 Others (Non IVGID Picture Pass holders):

- 3.1.1 Rates charged for use of venues, services, and programs shall be set to cover no less than 100% of the Full-Cost of the venue rental, venue access, service provided and programs made available.
- 3.1.2 Pricing for services and merchandise sold at District profit centers (ex. Golf Shop, Food and Beverage, Ski Rentals) shall incorporate mark-up over costs based on market-driven targeted profit margins established as part of the budget process.
- 3.1.3 As it applies to daily rates charged for venue rental, venue access, programs, and services, management is authorized to

**Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0**

utilize dynamic pricing, based on changing market conditions, provided that doing so contributes positively to the net operating income of the venue. (The Board may establish a “floor” such as no lower than the IVGID Picture Pass-holder rate).

3.2 Guests:

3.2.1 Guest rates may be set at a discount, provided that the guest rates shall, at a minimum, cover the Operating Costs of access to venues, or program.

3.2.2 Where Guest Rates are established, the Guest must be accompanied by an IVGID Picture-Pass holder.

3.3 IVGID Picture Pass holders:

3.3.1 Rates charged to IVGID Picture-Pass Holders shall be discounted from the Full-Cost of services, in recognition of the Recreation Facility Fee assessed.

Rates established for IVGID Picture-Pass holders shall generally be set at no greater than the rate required to cover the Operating Costs of programs and services. In some cases, rates charged may exceed Operating Costs (to the extent that the Facility Fee approved through the budget process is insufficient to cover the cost of annual Capital Costs and Debt Costs).

3.4 Discounts

3.4.1 Group Rates – Access to and/or rental of venues for qualifying groups can be provided at a discount, provided that the discounted pricing is set so as to cover the Direct Costs of venue access. Discounts may vary based on venue availability (example: peak versus off-peak, mid-week versus weekend).

3.4.2 Community Focused Non-Profits – Access to and/or rental of District facilities and venues, and participation in programs and/or services by community-focused non-profits, as defined (Resolution 1701) may be provided at a discount at no less than

**Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0**

the Direct Costs of providing venue access/rental, program or service.

- 3.4.3 The annual budget could provide a funding allocation from the District's General Fund to be used to offset discounts anticipated to be provided to community focused non-profit organizations. This funding is to be allocated to venues, programs or services based on utilization by community focused non-profits in order mitigate the impact on overall financial performance of the venue, program or service.
- 3.4.4 A quarterly report will be provided to the Board of Trustees detailing the financial impact of the discount extended to the various groups and/or non-profits.

3.5 Venue-Specific Pricing

While applying the Community Services pricing guidelines as set forth in this practice, each venue, as a unique business enterprise, may incorporate modifications to its pricing for access/rentals, programs, and services, provided the venue is able to achieve overall financial results consistent with the net income targets established through the annual budget process. Such modifications may include, but are not limited to:

3.5.1 Golf Course Fees

- 3.5.1.1 Fees charged to IVGID Picture-pass holders their guests and others may vary based on season, day of the week, time-of-day, and partial (9-hole) use of the golf courses.
- 3.5.1.2 Play-Passes offered to IVGID Picture Pass holders may be priced at a discount from daily fees.
- 3.5.1.3 Management shall track and report average revenue-per-round, in relation to the defined cost-recovery targets.

3.5.2 Chateau & Aspen Grove Rentals / Special Events

- 3.5.2.1 Fees set for Facility rentals and Special Events will be based on cost-recovery targets for the Facilities

Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0

Enterprise Fund established through the budget process.

- 3.5.2.2 Rental fees for use of facilities by non-IVGID Picture Pass holders will take into account the historical utilization rates and incorporate a mark-up required to achieve overall cost-recovery targets.
- 3.5.2.3 Rentals provided to IVGID Picture-Pass holders will incorporate discounts, as appropriate.
- 3.5.2.4 Fees charged for catered (Food and Beverage service) events will be set to cover the Full-Cost of staff, operations and food and beverage, plus mark-up based on market conditions.
- 3.5.2.5 Consideration shall be given to maintain Facility rental and Special Events services competitive within the regional marketplace.

3.5.3 Ski

- 3.5.3.1 Rates charged to non-IVGID Picture Pass holders for daily tickets and season passes will be set so as to remain competitive within the market.
- 3.5.3.2 Rates charged to non-IVGID Picture Pass holders for daily tickets shall be no less than the Full-Cost of access to the ski venue.
- 3.5.3.3 Rates charged to IVGID Picture Pass holders for daily tickets and season passes shall be set at a discount – to the extent that revenues from tickets and passes are sufficient to meet overall net revenue targets for the season.
- 3.5.3.4 Rates charged may vary based on peak periods, day of the week, and full-day versus half-day passes.
- 3.5.3.5 The Ski Rental Shop and Ski Lessons operate as Profit-Centers, with rates being largely market-driven, to include appropriate profit margins. Rates are charged uniformly, with no discounts.

3.5.4 Parks, Recreation, and Tennis Center

- 3.5.4.1 The District's Parks, Recreation Center, Tennis Center and recreation programming are community amenities open to residents, guests and visitors.

**Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0**

Program pricing is based on industry-standard “Cost-Recovery Pyramid” which provides for increasing levels of cost-recovery based on whether programs provide community benefit versus individual benefit. (See Appendix A)

- 3.5.4.2 Programs and memberships are provided to IVGID Picture-Pass holders at a discount.
- 3.5.4.3 Recreation Center and Tennis Center membership pricing is adjusted based on age, season, time-of-day and day of the week (peak and non-peak hours).
- 3.5.4.4 Management shall review memberships and program fees annually, and may adjust rates based on industry and regional rates.

4.0 Beach Pricing

District-owned beaches are restricted to deeded parcel owners within the District and their guests. To support the Beaches, services, and programs, the District establishes, through the annual budget process, a Beach Facility Fee assessed on eligible parcels and/or dwelling units within the District.

- 4.1.1 Beach access is restricted for use by IVGID Picture Pass holders with beach access and their guests.
- 4.1.2 Funding to support the District beaches comes directly from the annual Beach Facility Fee assessed on parcels and/or dwelling units within the District and, as such, beach access to IVGID Picture-pass holders with beach access is made available at no additional charge.
- 4.1.3 The daily Guest beach access fee is to be set annually in relation to Operating Costs (per beach visit) as established through the annual budget process.
- 4.1.4 The daily Beach access fee may vary based on time of year, and peak periods. Management shall report on the average daily rates for the season to ensure that pricing policy and beach revenue targets are met.

5.0 Administration of Community Services and Beach Pricing Policy

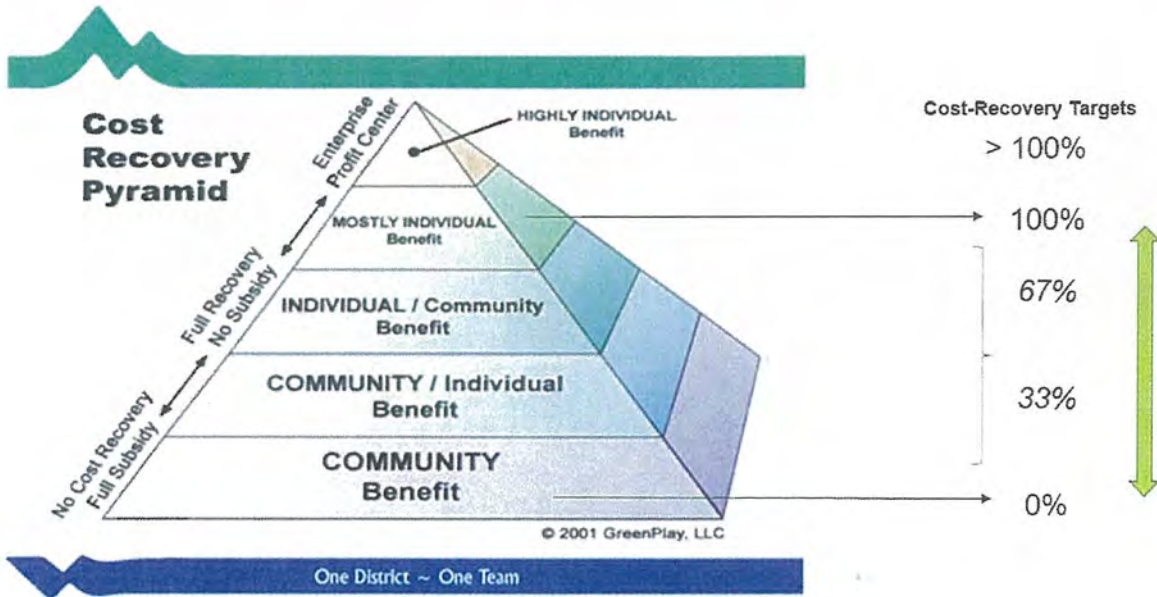
- 5.1 The Board of Trustees will establish overall financial performance targets for each venue through the annual budget process.

**Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0**

- 5.2 The Board of Trustees will approve, through the budget process or when appropriate during the fiscal year Key Rates to include:
 - 5.2.1 Golf Rates for IVGID Picture Pass Holders, Play Passes, Guests and others.
 - 5.2.2 IVGID Picture-Pass holder and others, Season Pass Rates and Picture-Pass holder Daily Pass Rates for Diamond Peak.
 - 5.2.3 IVGID Picture-Pass holder Recreation Center and Tennis Membership Rates
 - 5.2.4 IVGID Picture-Pass holder rental rates for District Facilities / Special Events.
- 5.3 The General Manager is authorized to approve daily and group rates for all other programs, based on the recommendations of venue managers, consistent with the parameters of the District's Pricing Policy.
- 5.4 The District's Director of Golf/Community Services is authorized to approve pricing for Food and Beverage and retail merchandise.
- 5.5 Fee Schedules shall be placed on the District's website, and shall be updated, as needed, to reflect current pricing, to the extent practical.

Budgeting and Fiscal Management
Community Services and Beach
Pricing for Products and Services
Practice 6.2.0

Appendix A
Cost-Recovery Pyramid
Recreation and Community Programs



MEMORANDUM

TO: Board of Trustees

FROM: Ray Tulloch
Audit Committee Chair

SUBJECT: Review, discuss, and possibly take action on the written annual Audit Committee Report to the District's Board of Trustees (Exhibit One) in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (subparagraph 2.4.6).

DATE: March 9, 2022

I. Background

Under Board Policy 15.1.0, section 2.4, the Audit Committee is required to:

- 2.4 Facilitate the external audit process.
 - 2.4.1 Review and approve formal reports or letters to be submitted to the external auditor.
 - 2.4.2 Provide an independent forum for (external and/or internal resources) auditors to report findings or difficulties encountered during the audit.
 - 2.4.3 Review the auditors' report of findings and recommendations with management and the auditor.
 - 2.4.4 Review the CAFR in its entirety, including unaudited sections and letters.
 - 2.4.5 Follow -up on any corrective action identified.
 - 2.4.6 Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit.
 - 2.4.7 Assess the performance of the independent auditors.

At the Audit Committee meetings of November 17 and December 8 respectively the Audit Committee completed actions 2.4.3 and 2.4.4

At the Audit Committee meeting of December 16 the Committee reviewed and agreed changes to the draft report prepared by Audit Committee chair Tulloch.

The Audit Committee has previously provided the General Manager and Finance Director with a draft copy of this report to provide them with an opportunity to respond to the issues identified and described herein by the Audit Committee. The response was discussed at the February 22 Audit Committee meeting and any agreed changes made.

II Action

This report and summary of recommendations is presented by the Audit Committee for the Board to review, discuss, and possibly take action on the written annual Audit Committee Report to the District's Board of Trustees (Exhibit One) in conjunction with the presentation of the annual audit in accordance with Policy 15.1.0 (subparagraph 2.4.6).

The Audit Committee has previously provided the General Manager and Finance Director with a draft copy of this report to provide them with an opportunity to respond to the issues identified and described herein by the Audit Committee. The response was discussed at the February 22 Audit Committee meeting and any agreed changes made.

The Committee also notes that, since the preparation of this Report, the Board has implemented changes in the Capitalization policy. The Committee expresses deep concern that, as a result of these changes, there are likely to be material issues and lack of consistency in future reporting of Capital assets which will make it difficult to have confidence in, or ability to compare, Capital Assets in subsequent ACFRs.

III Recommendations

Summary of Audit Committee Decision Points and Recommendations for the Board of Trustees

1. The Audit Committee notes actions are being taken by management to address the identified issues in the Auditors Compliance Report related to Internal Controls and Construction Projects.

The Audit Committee recommends that the FY 21-22 audit be expanded in scope to include enhanced review of internal controls.

2. Management corrected prior years of capitalization for items considered to be maintenance and repairs. However, the FY 2019-2020 and 2020-21 ACFRs are inconsistent.
 - a. For the Utility Fund, this is estimated to be \$181,882 (see Comments and Concerns #2 and Section 3.1)
 - b. For Community Services the amount is estimated to be \$1,171,606 (see Concern 11, Section 3.3, and Appendix D). These were for preliminary stage activities which include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies and development of financing alternatives, temporary repairs for the Burnt Cedar pool and temporary repairs at the Mountain Golf Course Clubhouse.

- c. Similar costs were expensed for 2019-2020 (as a prior period adjustment - Note 22 of CAFR) for the Parks Master Plan (\$212,044) and the Incline Village Ballfield (\$77,216). In FY 2020-2021 similar costs of \$3,100,110 for the Effluent Pipeline were charged off as a prior period adjustment. This highlights the inconsistency of the financial statements.

The Audit Committee recommends a prior period adjustment to expense items 2a & 2b for consistency and accuracy of our financial statements.

3. Contained in the initial draft of the ACFR, the Auditor had identified an additional \$866,503.70 of charge off to expenses items for items capitalized in past CAFRs. After review by Management, some items were removed including levee and roadway repairs at the wetlands, spot paving at various recreational venues, sewer line repairs and roof repairs which, as noted in #2 above, had been determined to be expense items rather than capital.

Additionally, equipment items were grouped together to meet the capitalization threshold while Board Practice 2.9 states “**In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item.**”. The Audit Committee Chair reviewed this with the Auditor, after the financial report was complete, and she concurred that the Board Practice is clear and not open to interpretation. In addition, an Audit Committee member reviewed with Melissa Crosthwaite, District Legal Counsel, who also concurred the statement is clear. (see Concern 8 and Section 3.2)

The Audit Committee recommends a prior year adjustment to expense these items for compliance with Board Practice and consistency and accuracy of our financial statements.

4. Beginning in FY 2018-2019 investment income was credited to the General Fund instead of other funds which had cash deposits at LGIP. This caused the General Fund’s opening balance in the FY 2020-21 ACFR to be overstated by approximately \$492K (over a 10% overstatement). This has not been corrected.

The new process management has chosen to implement is allocating investment income not by the fund with cash invested at LGIP, but based on total cash equivalents by fund.

The Audit Committee recommends a prior period adjustment removing investment income credited to the General Fund and included in the fund balances for the fund(s) which had cash invested at LGIP, as it had historically been done, prior to FY 2018-2019.

Additionally, the committee recommends the approach for distribution of investment income be based solely on cash invested by fund or to have

separate LGIP accounts by fund, like the Utility Fund, to avoid any confusion.

5. For ease of transparency, and to align with best practices, **the Audit Committee recommends the Capital Improvement budget contain only project costs that are to be capitalized. The Audit Committee recommends that projects or project elements related to preliminary stage activities, repair and maintenance items are separated and included in operating expenses. A separate line item in the Statement of Income, Revenue and Expenses and Change in Net Position for preliminary stage activities, repairs and maintenance is recommended for all funds.** This will allow for cross referencing the expense items budgeted within Services and Supplies.

The Audit Committee recommends the additional prior period adjustments should be made to the 2020-2021 ACFR.

Thank you for considering actioning these recommendations from the Audit Committee.

Exhibit One

January 26, 2022, Annual Audit Committee Report to the IVGID Board of Trustees

1 Background

The IVGID Audit Committee ("AC") is required under Board Policy 15.1.0, subparagraph 2.4.6 to "Submit a written annual Audit Committee Report to the District's Board of Trustees in conjunction with the presentation of the annual audit. This report is provided to comply with the Policy and provide the Board with our questions, concerns, comments and recommendations.

At the public meeting held on December 8th 2021, the Audit Committee received and reviewed the final IVGID Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2020 and other related materials. The Management Representation Letter was not included in the package presented to the Audit Committee but was subsequently emailed to AC members when it was requested. As a result the AC was not able to review the management representation letter during the public meeting. The Audit Committee had previously reviewed an initial draft of the ACFR at the November 17 Audit Committee meeting.

The ACFR and accompanying documents were presented by Director of Finance Paul Navazio and Controller Martin Williams. Davis Farr Audit Engagement Partner Jennifer Farr was in attendance to answer questions and provide an overview with specific comments on the contents of the documents and the opinion issued by Davis Farr as required under their audit engagement letter with IVGID.

In light of the AC receiving the final 2020 ACFR and related documents for the first time on December 8, 2021, it was not possible for the Audit Committee to both remain compliant with Open Meeting Laws and to prepare, review and finalize the required report to the Board of Trustees (BoT) prior to the scheduled meeting of the BoT on December 14, 2021 where the ACFR was scheduled to be reviewed and possibly accepted by the BoT. The Audit Committee subsequently held a meeting on December 16 to review and agree changes to the draft report prepared by Audit Committee chair Tulloch. This is presented here in final form.

2 Comments by and Concerns identified by the Audit Committee

- 1) The AC notes that IVGID management issued and signed the Management Representation letter to Davis Farr prior to review by the AC, contrary to Board Policy 15.1, 2.4.1. The Management Representation Letter was also not included in the documents provided to the Audit Committee for the December 8 meeting. As such the Audit Committee has still to perform a final review of the Management Representation Letter.

- 2) The Audit Committee notes that the previously ongoing disagreements and concerns over the \$3.179m for assessments, studies and preliminary designs for the Effluent Pipeline that the AC considered to be incorrectly capitalized in FY 19-20 have now been addressed through a Prior Year Adjustment and the \$3.179m, less accumulated depreciation, has now been expensed in the utility fund. (Further discussed below). It should be noted that expenditures of \$181,822 have been charged to the Effluent Pipeline capital project accounts for fiscal year 2020 and 2021 which are substantially the same type of costs charged off in 2021 and which the Audit Committee considers should also have been expensed.
- 3) The AC notes that the final version of the Transmittal letter to the Nevada Department of Taxation now includes disclosure of, and reference to the two Material Weaknesses and one significant Deficiency identified by the Audit. This is in concurrence with our request made at the November 17 meeting.
- 4) The Committee received clarification and confirmation from Davis Farr that the audit engagement was not structured as a comprehensive forensic audit. The Audit opinion provided ¹

“In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Incline Village General Improvement District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows and the statement of revenues for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

was based upon the information and statements provided by management and audit tests and review. This complies with statutory requirements.
- 5) The Audit identified two material weaknesses (MW) and one Significant Deficiency along with other deficiencies which required to be addressed. The Audit Committee notes that this is the second consecutive year where Material Weaknesses have been identified and has concerns at this trend. Management have proposed actions to address these Material Weaknesses which the Audit Committee will review and monitor progress for correction.
- 6) Several of the concerns and deficiencies identified by the Auditor appear to be a direct result of lack of, and failure to comply with, internal controls. The Committee is deeply concerned about the lack of an opinion from the Auditor regarding internal controls. The Audit Committee also notes that it has previously been urging staff to complete the updates of Internal Controls.
- 7) The Audit Committee notes that there have now been Prior Year Adjustments in 4 out of the 5 previous years which could indicate an ongoing issue with timely and

¹ Independent Auditors Report @P2

accurate financial reporting. This makes it difficult to be able to have confidence in reported financial performance in the funds and business activities. With that in mind the Statistical Section of the ACFR which is not audited and has not been discussed or reviewed by the Audit Committee may have distortions as a result of these prior period adjustments .

- 8) The Audit Committee has serious concerns that several of the revisions to the proposed Capital Asset write-offs reviewed and identified by the Auditor were subsequently rejected and reversed by management in apparent violation of Board Policy 9.1.0 and Board Practice 2.9.0 (Discussed further below in 3.2 and details also in Appendix D) Management provided no documented explanation for how the policy was unclear and open to interpretation. The AC views the actions taken related to depreciation as a violation of Board Policy and Practice.
- 9) The Auditor highlighted concerns (concerns previously expressed by the Audit Committee) that expense items included in Capital Projects were only subject to review and possible transfer to be expensed when a project was closed rather than being expensed at the time of expenditure. There appears to be no clear procedure for ensuring that this review actually takes place and as a result there may be overstatement of capital assets and understatement of expenses. Members of the Committee have also raised concerns that the inclusion of expense items in capital projects funds is not in compliance with NRS, (NRS 354.4995) and GAAP/GASB (GASB #54 paragraph #33. The Audit Committee has requested capital items for expense not be included in the Capital Improvement Budget, but instead in operational expenses.
- 10) The recording and allocation of investment income to the separate funds does not appear to accurately reflect the relative balances within the funds and appears to be excessively skewed towards the General Fund which has the lowest fund balance. This was previously brought up and discussed with the Finance Director but no action appears to have been taken or supporting justification provided to validate the current allocation. Therefore, the AC views the financial report to incorrectly reflect interest income and therefore fund balance within each of the major funds.
- 11) It appears that in FY 20-21 several design studies and assessments have again been incorrectly capitalized rather than expensed as previously advised by Moss Adams. This is inconsistent with the actions taken in FY 19-20 where capitalized assessment studies were reversed to expense. (see further detail in Appendix D) Therefore, the AC views the financial reports to be inaccurate related to operational expenses and depreciation.
- 12) Facility fees (RFF/BFF) are again reported as general revenue rather than program revenues in the Statement of Activities . It is the view of the Audit Committee that this is NOT in compliance with GAAP and should be corrected. The final Moss

Adams report provides clarification on why the Facility Fees should be reported as program revenues.

3 Additional Discussion on Principal Concerns of the Audit Committee.

3.1 Expensing Previously Capitalized costs of the Effluent Pipeline (Comment 2)

Concerns about expensing Effluent Pipeline Phase II costs which were previously reported as Capital Assets and /or Construction in Progress in the 18-19 and 19-20 ACFRs have continued to be a subject of discussion by the Audit Committee during FY 20-21. The recent Moss Adams reports provided applicable capital expenditure and best practice guidance based on Governmental Accounting Standards Board (GASB) Concepts Statement No 4. The accepted practice includes recognition of the different stages of a project which include preliminary studies,, construction and post-construction. The preliminary stage activities that include conceptual formulation and evaluation of alternatives, determination of future needs, feasibility studies and development of financing alternatives should be expensed as they are not directly connected with creating service capacity.

This highlighted that approximately \$3,179,000 in expenses of \$5,146,100 in costs incurred through June 30, 2019 for the Effluent Pipeline Phase II Project had been recorded in the Utility Fund as a capital asset and/or construction in progress. AC Member Clifford F. Dobler has previously provided a comprehensive and extensive overview of the entire costs incurred through fiscal year 2019 on the Effluent Pipeline Phase II Project. It is apparent that a major portion of these costs were necessary to satisfy conditions of an Administrative Order on Consent with the Nevada Department of Environmental Protection issued in April, 2014 and not resolved until May, 2019. This was discussed at length during the FY 19-20 ACFR review. The then Auditor and Management disagreed with the Committee view and left the at issue amount of \$3,179,000 as a Capital asset in the FY 19-20 financial statements.

For the FY20-21 ACFR, the initial proposal from Davis Farr and Management was that they still considered this to be a correct capitalization . Following extensive discussion of the initial draft ACFR during the November 17 2021 Audit Committee meeting, plus recognition that initial planning for replacement of (and financing options for) the effluent pipeline are now underway, it was agreed by Management that it would now be appropriate to close this outstanding issue by charging off the identified \$3.179m in Capital Assets to expense. Due to the magnitude of this write-off it was necessary to account for this as a Prior Period Adjustment and revise the financial statements to reflect this.

The Audit Committee recognizes the extensive effort expended by Mr. Dobler over previous years in accurately identifying the amounts to be expensed. The Audit Committee also recognizes the final agreement and initiative by General Manager Winqest and Finance Director Navazio to implement this change. Accordingly the Audit Committee thanks AC

member Dobler, GM Winquest and DoF Navazio for their efforts to bring this long running issue to closure.

3.2 Review of Capitalized Assets

During initial discussions on audit procedures between Davis Farr and the Audit Committee, the Audit Committee had highlighted their concerns around prior capitalization of items that appeared, under relevant GAAP, GASB and GFOA standards, as well as Board Capital Asset Policy 9.1.0 and Board Capitalization Practice 2.9.0, to be expense items rather than Capital Assets.

Accordingly, as part of their audit, Davis Farr performed a high level review of capital assets over the prior 15 year period to identify any apparent incorrect capitalization. Based on this the initial draft report provided to the Audit Committee by management on November 17, 2021, identified \$3,592,863.85 (original cost) of items that appeared to have been incorrectly capitalized. Net of accumulated depreciation of \$2,726,360.15 this was reflected as a write down of Capital Assets of \$866,503.70 in the draft report. A summary of these proposed Fixed Asset Audit Adjustments is attached as Appendix A. The Audit Committee, at that time, agreed in principle with this as a reasonable starting point in correcting previous suspect categorization of assets and accepted the proposed adjustments.

However, as part of the agreement to revise the financial statements to include the Prior Period Adjustment discussed under item 3.1 above, IVGID Management also performed an additional review of the Fixed Asset Adjustments identified by Davis Farr. The intent of this review was to more accurately assess on an individual item basis whether the adjustment was supported by the underlying data. This was done by reviewing additional detail about the asset rather than just looking at the header level detail as had been done by Davis Farr in their assessment. In principle the Audit Committee concurs with the validity of this approach.

When the final version of the ACFR was provided to the Audit Committee on December 8, 2021, it reflected a revised net write-off of capital assets (excluding the Effluent Export Pipeline) of only \$167,751, resulting from a total of \$1.2 million at original cost, net of \$1.03 million in accumulated depreciation. This was a significant delta from the November 17 proposals which were for a \$866,503.70 net write-off. On review of the detail of the changes made in this adjustment the Audit Committee identified a number of apparent variances from Policy. This included for example items such as:

- (a) paving repairs and maintenance, which appeared on the surface to be expense items
and
- (b) A number of discrete assets with an original cost below the \$5,000 individual item minimum threshold specified in Board Policy 9.1.0, paras 2.0 and 3.0 (attached as Appendix B), and Board Practice 2.9.0, paras 1.1 and 1.2, (attached as Appendix

C). In aggregate these items amounted to an original cost of \$329,558 and a current book value of \$177,414.

With regard to items in (a) above, the Audit Committee does not have the level of detail necessary to validate or refute Management’s categorization and accepts, subject to reservations, Management’s categorization of these assets. A further review by an Audit Committee Member provides more detail on the expensed components which were reversed by Management (Appendix F).

However with regard to items in category (b) above, the considered and unanimous view of the Audit committee is that this categorization appears to be a clear deviation from, and violation of, Board Policy 9.1.0 and Board Practice 2.9.0. Specifically as follows:

Board Policy 9.1.0

- 2.0 Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets.
- 3.0 ***In no case*** will the District establish a capitalization threshold of less than \$5,000 for any individual item. (emphasis added)

and

Board Practice 2.9.0

1.1 The capitalization threshold ***per item shall be:***

ASSET CLASS	MINIMUM COST
Equipment	\$ 5,000.00
Structures and Land Improvements	\$10,000.00

1.2 In addition to cost, all of the following criteria ***shall*** also be used:

- 1.2.1 The normal useful life of the item is three or more years.
- 1.2.2 The item has an acquisition cost (including freight and installation) of at least the amounts listed above in each asset class.

In discussions, Management advised the Audit Committee that, in terms of complying with the relevant Board Policies and Practices, it is their view that they have the ability to apply their judgement and to be flexible in how they these Policies are to be applied, and also that they are free to aggregate similar individual assets to meet the minimum threshold. They also considered that in terms of materiality this concern is irrelevant as the net delta in write-offs if these items were to be expensed is limited to \$152,144. However no supporting documentation, justification or references have been provided to the Committee to support this claim.

Upon perusal of the relevant board Policies and Practices, as well as consultation with legal counsel and Davis Farr, the Audit Committee has been unable to identify any provisions in the Policy that provide for flexibility, judgement or materiality to justify this approach. To the contrary the Policy and Practice appears to be unequivocal, for example:

The capitalization threshold per item shall be:

In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item.

It is the considered and unanimous view of the Committee that compliance with these relevant Board Policies and Practices must be viewed as a binary choice i.e. either compliant or non-compliant. We can find no applicable middle ground or materiality threshold apparent in the text. Therefore the Audit Committee must advise the Board of Trustees that there appears to be a clear violation of Board Policies and Practices in this instance. While in terms of overall materiality of the financial statements the Committee agrees that the total impact is limited, the inference in this instance is that Management regard compliance with Board Policy and Practice as optional.

The Committee cannot in good faith concur with or support this approach.

For example, the language in the contract for the General Manager, (the only employee directly engaged by the Board) the language is very specific on this²:

1.1 *IVGID hereby employs General Manager full-time to uphold and abide the laws of the State of Nevada, District Ordinances, written Policies, Practices, and Resolutions enacted by IVGID Board of Trustees ("Board of Trustees"),.....*

So it can reasonably be expected that this requirement to comply with Board Policies, Practices and Resolutions also extends to all other employees of the District.

The Committee raises this apparent violation of Board Policy and Practice for consideration of action and reinforcement by the Board of Trustees as it is the Committee's view that there is a clear and overriding fiduciary requirement for Management to lead by example in compliance with agreed Board Policy. Absent such compliance it brings into question whether Board Policies in general should simply be considered as optional rather than mandatory.

3.3 Inconsistency

Management does not appear to have been consistent in the application of charging off capital expenditures which were expenses according to best practices. In fiscal year ending June 30, 2020, a total of \$803,514 of prior year capital expenditures for paving, painting, pre development expenses and abandoned projects were charged off as prior period adjustments. On May 31, 2021, Mr. Dobler provided a memorandum to the Audit

² Extract from of IVGID General Manager Employment Agreement

Committee which outlined additional capital costs which should have been expensed applying the same standards of charge offs made on June 30, 2020. Excluding the Effluent Pipeline, a total of \$1,171,606 does not appear to have been addressed and either remains in the capital assets or construction in progress accounts of the District. (Appendix E).

Further supporting detail is provided in Appendix D

4 Additional Recommendations

1. The Committee recognizes that in their first year audit Davis Farr has identified several issues that would support more in depth review in future audits to ensure IVGID financial statements provide an accurate representation of the District's finances and assets. It is the Committee's strong and unanimous recommendation that in the 21-22 audit, the Board should expand the scope of the audit, in particular to include more detailed examination of fixed assets and review of compliance with internal controls.
2. The audit has identified a number of apparent issues of failure of internal controls and processes. At the October 26 Audit Committee meeting, the Committee discussed with management their concerns with the apparent lack of progress on developing internal controls and strongly encouraged management to consider bringing on additional resources to ensure that this work was prioritized to ensure effective internal controls could be implemented expeditiously. The Audit Committee strongly recommends that the Board should direct this to be a critical priority for Management action and to be completed by 30 April 2022 at the latest.
3. In the current ongoing review of Board Policies and Practices the Committee recommend that the Board should provide explicit guidance to Management and staff of the absolute requirement to comply with Board Policies and Practices. If compliance is to be regarded as optional it must be questioned whether there is any value in the District applying resources and expenditures to revise these Policies. If staff identify legitimate issues with complying with Policies it is the responsibility of staff to bring these issues to the Board for resolution.
4. With regard to the actions proposed by Management in response to Material Weaknesses and Deficiencies identified by the Audit, it is the intention of the Audit Committee to add review of progress on these actions as a standing item on the AC agenda. The Committee recommends the Board should also highlight this as a priority action for Management with the objective of achieving a FY 21/22 audit that identifies no Material Weaknesses or Significant Deficiencies.
5. It is recommended that the current practice of placing maintenance expenses in Capital Improvement projects be discontinued forthwith and for all such expenditures to be properly budgeted within operating expenses. The process for review of such expenditures for allocation in accordance with Board Policies and Practices should be reviewed, updated as necessary and documented in order to provide an effective audit trail.

Conclusions

The AC believes this report satisfies our required responsibilities under Audit Committee

Board Policy 15.1.0 and trust that the Board of Trustees will consider our questions, concerns, comments and recommendations.

The AC wishes to thank Davis Farr and IVGID Management for the effort applied to the Audit and preparation of the ACFR. The outcomes clearly demonstrate the value of regular rotation of Auditors to bring fresh perspective on IVGID financial reporting.

Respectfully,

IVGID Audit Committee

Ray Tulloch, At large Audit Committee Member and Audit Committee Chair

Mathew Dent, IVGID Board Trustee and Vice Chair

Sara Schmitz, IVGID Board Trustee and Secretary

Clifford F. Dobler, At large Audit Committee Member

Appendix A

SUMMARY OF FIXED ASSET AUDIT ADJUSTMENTS

Fund	Description	Value of Assets Reviewed		Audit Adjustments			% of Value at Cost	% of Value at Book Value
		Total Value (at Cost)	Total Book Value	Original Cost	Accumulated Depreciation	Book Value (6/30/21)		
100	General Fund	5,251,618.00	3,046,089.00	39,556.33	\$ 28,690.52	\$ 10,865.81	0.75%	0.36%
200	Utility Fund	141,958,054.00	65,339,896.00	1,417,460.79	1,028,380.94	389,079.85	1.00%	0.60%
320	Golf Fund	20,204,054.00	9,870,681.00	1,343,643.67	1,111,875.58	231,768.09	6.65%	2.35%
330	Facilities	4,512,052.00	2,501,277.00	52,225.77	41,330.63	10,895.14	1.16%	0.44%
340	Ski	36,912,505.00	19,459,640.00	382,929.90	272,776.68	110,153.22	1.04%	0.57%
350	Rec Center	8,736,381.00	2,361,328.00	165,604.42	111,424.94	54,179.48	1.90%	2.29%
360	Rec Admin	1,618,495.00	1,106,932.00	23,618.42	20,338.17	3,280.25	1.46%	0.30%
370	Parks	17,152,467.00	12,815,403.00	33,410.27	27,609.99	5,800.28	0.19%	0.05%
380	Tennis	2,681,501.00	1,249,895.00	8,033.00	4,394.25	3,638.75	0.30%	0.29%
390	Beach	7,440,534.00	3,985,297.00	113,108.49	66,265.66	46,842.83	1.52%	1.18%
410	Fleet	169,903.00	45,163.00	9,477.92	9,477.92	0.00	5.58%	0.00%
430	Buildings	70,694.00	6,623.00	3,794.87	3,794.87	0.00	5.37%	0.00%
Totals		\$ 246,708,258.00	\$ 121,788,224.00	\$ 3,592,863.85	\$ 2,726,360.15	\$ 866,503.70	1.46%	0.71%

Appendix B



Accounting, Auditing and Financial Reporting Capitalization of Fixed Assets Practice 2.9.0

RELEVANT POLICIES: 8.1.0 Establishing the Estimated Useful Lives of Capital Assets and 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets

1.0 ACCOUNTING CONTROL

The capitalization threshold for all asset classes shall be identified during the budget process each fiscal year by the Finance and Accounting staff and approved by the Board of Trustees as part of the adoption of the annual Debt Management Policy, including the Five Year Capital Improvement Plan and its statement on Minimum level of expenditure.

- 1.1 The capitalization threshold per item shall be:

<u>ASSET CLASS</u>	<u>MINIMUM COST</u>
Equipment	\$ 5,000.00
Structures and Land Improvements ...	\$10,000.00

- 1.2 In addition to cost, all of the following criteria shall also be used:

1.2.1 The normal useful life of the item is three or more years.

1.2.2 The item has an acquisition cost (including freight and installation) of at least the amounts listed above in each asset class.

1.2.3 The item will not be substantially reduced in value by immediate use.

1.2.4 In case of repair or refurbishment that will be capitalized, the outlay will substantially prolong the life on an existing fixed asset or increase its productivity significantly, rather than merely returning the asset to a functioning unit or making repairs of a routine nature.



**Accounting, Auditing and Financial Reporting
Capitalization of Fixed Assets
Practice 2.9.0**

1.2.5 The capitalization threshold is applied to individual items rather than to groups of similar items (e.g. desks and tables).

1.2.6 The utilization of componentization of assets under the project, to provide a more appropriate management of an assets care, condition and associate maintenance or replacement, takes precedent over the stated thresholds under section 1.1.

2.0 PHYSICAL CONTROL

All fixed assets acquired either as operating or capital expenditures will be identified as IVGID property and recorded. Such items represent a value to the operations that have an ongoing usefulness to justify safeguarding them from loss or abuse. The items should be expected to be in service at least two years and can be readily assigned to a function or activity as responsible for its care and condition.

Appendix C



Accounting, Auditing and Financial Reporting Establishing Appropriate Capitalization Threshold for Capital Assets Policy 9.1.0

POLICY. The District will consider the following guidelines in establishing capitalization thresholds:

- 1.0** Potentially capitalizable items should only be capitalized if they have an estimated useful life of greater than two years following the date of acquisition or placed into service.
- 2.0** Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets.
- 3.0** In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item.
- 4.0** In establishing capitalization thresholds, when the District is a recipient of federal awards, then federal requirements that prevent the use of capitalization thresholds in excess of certain specified maximum amounts for purposes of federal reimbursement will prevail.
- 5.0** Capitalization of buildings and infrastructure should consider the use of componentization as a way to reflect the varying life cycle considerations of mechanical, structural elements, and wear items that may require different cycles of maintenance and replacement from the main asset being capitalized. The significance of such componentization takes precedent over the \$5,000 threshold, and thus smaller amounts may be listed to facilitate proper asset management.

Appendix D

Background

2020 CAFR - Prior Period Adjustments for Capital Assets and Construction in Progress ONLY

- Community Services and Beaches - \$803,514 consisting of:
 - Carpeting and Painting - 8 "projects" - \$78,582
 - Paving - 38 "projects" - \$435,672
 - Pre development - High School Ball field - \$77,216
 - Pre development - Community Services Master Plan - \$212,044

2021 Concepts and Assessments (Pre development) and abandonments which were **NOT** considered for charge off to expense. Amounts should have been expensed based on Moss Adams report 1/14/2021 and accepted by Board of Trustees on 2/10/2021 - Cliff Dobler memo dated 5-31-2021. More detail on Appendix E

- Burnt Cedar Pool - \$219,802 (includes \$119,498 of repairs completed in 2019 and abandoned in June 2021)
- Incline Beach Bldg - \$216,131
- Mountain Golf Course Club House - \$328,954 (includes \$150,751 for repair costs to open prior to major rehab)
- Tennis Center - \$68,621
- Incline Baseball Field - \$120,268
- Diamond Peak Master Plan - \$217,830
- **Total - \$1,171,606**

2021 CAFR - Initial Charge off (per Davis Farr) of \$866,504 in second draft and amounts removed in third draft (throw back)

	<u>Initial</u>	<u>Throw Back</u>	
• General Fund -	\$28,691	\$ 8,800	
• Utility Fund -	389,080	316,885	Wetland repairs \$1743K
• Community Services -	369,194	314,106	Parking and Cart Path repairs \$211K
• Beaches -	66,266	37,640	100% Parking and Boat Ramp repairs
• Internal Services -	13,273	ZERO	
total	\$866,504	\$677,431	
		DIFFERENCE \$189,073	
		MEMO \$167,751	WHY?

2021 CAFR - Additional Charge Off for Pipeline - \$3,179,000 DID NOT INCLUDE 2020 AND 2021 EXPENSES OF \$182,023. Costs included the Granite assessment report ,the Jacobs report on the Pond., and an unknown amount of Staff time.

Other Charge offs not considered - ACQUIRED UNDER NEW BOARD POLICY AND PRACTICE

- Staff Uniforms at DP 2016-2017 \$115,739
- Rental Skis at DP 2016-2017 \$466,104
- Undepreciated amount - To be determined

Appendix E

Incline Village General Improvement District Capitalized concept and assessments for potential charge offs

Burnt Cedar Pool

Repairs to circulation system -in 2019	119,498
Conceptual Design - TSK 2020	32,200
Schematic Design - TSK 2020	68,104
	219,802

Incline Beach Building

concept design and cost estimates - Bull Stockwell - 2016	216,131
	216,131

Total Beaches

\$ 435,933

Mountain Golf Course

Global Golf and BRG Architecture - New Clubhouse 2012/2014	132,203
Temporary Repair Costs for 2019 season before new rehab	150,751
Schematic Design Cart Paths - Lumos and Staff Time - 2020	46,000

Tennis Center

Lloyd Design - evaluation 2015/2016	42,120
Concept Design - BJG Architecture 2018	26,501

Incline Ball Fields

LPA - Concept Design - 2017	41,000
Schematic Design - Lloyd Consulting Group - 2017	73,930
Other unknow costs for concepts put in unbudgeted project	5,338

Diamond Peak

Concept Master Plan SEC Group 2014	156,030
Permit Submittals to Forest Service SEC Group 2015	29,000
Biological surveys - Hauge Brueck Associates 2019	32,800

Total Community Services

\$ 735,673

GRAND TOTAL

\$ 1,171,606

Appendix F

Audit Committee Report to the Board of Trustees.

Analysis of capital items originally considered a charge off and reversed by IVGID management

Supplement to item 3.2

At the request of IVID management, Davis Farr provided a high level review of cost items classified as capital assets which should have been expensed based on Board Policies and Practices, the Moss Adams recommendations and GFOA sections on capitalization. The report was provided to the Audit Committee on November 17, 2021. The review indicated that \$866,503.70, consisting of \$3,592,863.85 in costs and \$2,726,350.15 in accumulated depreciation, would be charged off and reported as a prior period adjustment. Subsequently, undocumented discussions ensued between Davis Farr and IVGID management wherein it was determined that 169 items with a book value of \$677,540.52 consisting of \$2,396,674 in costs and accumulated depreciation of \$1,179,244 would not be expensed and remain as capital assets. As a result only \$189,072 (\$866,504 less \$677,540) was charged off as expenses and reported as a prior period adjustment. The Audit Committee is unsure why the December 8th memo from Paul Navazio listed \$167,751 as the charged off costs. (page 5 of AC Packet)

Based on a Committee Member extended review of the CAPITAL ASSETS reversed the following are conclusions based on historical facts and recommendations.

There were 169 items listed

- 33 items had no book value and were not necessary to be included
- 26 items were not depreciated and had total costs of \$50,015. It is unknown what these costs were, however they averaged only \$1,924. We have reservations about the whether these costs should remain as capital assets even though Board Policies and Practices did not establish capitalization thresholds for costs which would not be depreciated.
- 64 items with a combined book value of \$127,553 should not have been reversed since the original purchase costs for each item did not meet the cost threshold for capitalization as defined in Board Policies and Practices.
- There were two items in the Utility Fund labeled "Maintenance Facility Garage" each costing \$42,350 and purchased on the same date of 12/31/2017. The remaining book value of these two items was \$34,130. This may be a duplicate.
- There were 10 items in the Utility Fund for repairs of roadways and levees at the 600 acre Wetland site which captures all waste water from the Waste Water Treatment Plant in Incline Village. Total book value was \$174,333. Applying the criteria of the Moss Adams Report and the GFOA section - "Governmental Accounting, Auditing and Financial Reporting" (GAAFR 23-10) these items should not have been capitalized as continuous repairs are being conducted annually at the Wetlands site. As stated in the Moss Adams Report:

"Governments often expend resources on existing capital assets. Most often, these expenditures simply preserve the asset's utility are expensed as routine repairs and maintenance. Any outlay that does no more than return a capital asset to its original condition, regardless of the amount expended, should be classified as maintenance and repairs. Since maintenance and repairs provide no additional value, their costs should be recognized as expense when incurred."

- There were seven items listed as parking lot and golf course cart path paving repairs. The net book value was \$248,000. Applying Moss Adams and GFOA recommendations (above) these costs should have been expensed. Ironically, in fiscal year 2019/2020, IVGID staff reported a prior period adjustment to expense 38 paving projects with a net book value of \$435,672 which had previously been capitalized.

Also during 2020/2021, 13 parking lot and golf cart paths paving repairs costing \$253,736 were expensed. As such, IVGID management is not being consistent in capitalization of expenses regarding paving maintenance and repairs.

Accounting principles - The consistency principle states that, once you adopt an accounting principle or method, continue to follow it consistently in future accounting periods. Only change in accounting principle or method if the new version in some way improves reporting financial results - May 15, 2017

- There were 4 remaining items with a combined net book value of \$42,348 which consisted of a sewer line repair (\$18,582), a roof repair at the Diamond Peak Snowflake lodge (\$14,266), a snowmaking master plan (\$8,845) and a small amount of software (\$655) all of which appear to be expenses.

Conclusion

The audit committee generally concurred with the original analysis by Davis Farr wherein most of the \$866,504 of net book value of assets should have been expensed and recorded as a prior period adjustment.

- We find that IVGID management did not follow board Policies and Practices, nor the recommendations of Moss Adams, nor the guidance by the GOFA but rather used their own "judgment" as to costs which should be capitalized as opposed to expensed.
- It is unclear to the AC the extent of the Davis Farr review. Davis Farr provided no opinion on their review.

Recommendation:

- A deeper review of the Capital Assets should be conducted after an agreement is reached by the Board of Trustees on a definitive description of what costs should be capitalized or expensed.

MINUTES
REGULAR MEETING OF FEBRUARY 3, 2022
Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Board Chairman Tim Callicrate on Wednesday, February 3, 2022 at 6:00 p.m. via Zoom.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF TRUSTEES*

On roll call, present were Trustees Tim Callicrate, Sara Schmitz, Michaela Tonking and Matthew Dent. Trustee Kendra Wong joined the meeting in progress at 6:35 p.m. Members of Staff present were Director of Finance Paul Navazio, Director of Golf/Community Services Darren Howard, Director of Human Resources Erin Feore, Diamond Peak General Manager Mike Bandelin, Director of Information Technology Mike Gove, Parks & Recreation Superintendent Shelia Leijon, and District General Counsel Joshua Nelson.

C. INITIAL PUBLIC COMMENTS*

Aaron Katz said I'll be presenting written statements to be attached to the minutes of the meeting and these statements to be included in the minutes. As they keep telling you, it's everything your vaunted staff to everything. This proposed pricing policy is absolute garbage. We need no policy. Staff knows fully well what the Board has told them to do. Breakeven or positive cash flow at every recreational facility. No discounts, no giveaways, no voodoo accounting, which fails to report capital expenditures or debt service, no Rec fee subsidies, no phony internal services transfers, no phony central services transfers, no reducing of our pricing to give away the nonprofit or employees. No reducing in pricing that compete with private sectors. You either operate these facilities revenue neutral or positive cash flow after all expenses. And if you can't deliver, you need to get rid of staff or stop running these money losing businesses. It's that simple. And if you won't do your jobs and for staff to operate that way, you're as bad as they are. Let's go to the budget workshop. More garbage. We've been over this for years. If staff won't share every line item expenditure they propose, then how do you know what they're proposing? And if you don't know what they're proposing, how can you possibly give them a blank check to spend whatever they want on whatever they can concoct? And how can you allow staff to represent that they need to Rec fee to subsidize the operation of these businesses? When they've used the money to

build up slush funds? They called fund balances and all of our funds, and you know this, do your jobs and say no. Present a line-item expenditure for every proposed expense or refuse to rubber stamp their budgets. It's that simple. Finally, the additional dwelling units; you haven't even been charging 1709 Lakeshore, and I brought to your attention two dwelling units you're not charging for on Cottonwood, and what do you do? Nothing. How about doing your jobs for once? And by the way, it's not just the Rec fee; it's the sewer in the water fees we are now subsidizing. Thank you.

Yolanda Knaack, Incline Village resident, said I have been following Policy 15.1.0 for a while. And I noticed this is the first time that you'll be voting on it. And it doesn't include the section where the whole Board of Trustees will vote upon the applicants to the audit committee. I was wondering if that could be reinstated in the policy. I think it's very important to have that delineated. Thank you very much.

Judith Miller said first on the pricing policy, there will never be any incentive to reduce costs or look for efficiencies when you essentially state that the facility fees have to equal the cost minus the user fees. User fees are somewhat controlled by the market. So if costs increase, the facility fees the only place they could be made up. Pricing strategy seems not to change anything. Talk about Groundhog Day. I thought you were going to base pricing on the pyramid. So individual services like golf, ski, and tennis, probably two would eventually not require subsidies perhaps phased in over a couple of years. But for golf, it looks like the non-golfers will not only continue to subsidize the golfing picture passholders but also their guests. Other than the beaches, golf is, to my knowledge, the only venue to have a guest rate. The guest rate to golf is so capital intensive, that expecting all the homeowners to pay for those huge costs in addition to a substantial portion of the operating costs; it's just not a fair proposition. Spending roughly a third of the Rec fee on an individual sport that should be 100% cost recovery is a misuse of public funds. Why not use that \$2 million a year to build and maintain a warm water pool? But don't take my word for it. For once, go out to the voters ask them what they want and what they want to stand on it. For golf, get a third party who run the courses at breakeven or get rid of them. Lastly, the Ordinance 7 Committee was supposed to recommend a guest policy. If the Board approves this policy tonight, make sure that it won't be construed as the definition of guests for beach purposes. And please modify the language about groups and they're discounted rates that could be so low as all they cover is direct cost. I thought there was a discussion about IT in the budget section it talks about central services. The calculation doesn't seem to include it. What happened to that? How will we ever be able to gauge the performance of our venues? How will we ever be able to know if outsourcing might be a better option? On another note, I saw posted on social

media that a local resident's sweet golden retriever was viciously attacked by a non-resident's dog at the beach. Our GM told me recently that the study for a system to control beach access in this year's budget hasn't even been started. So how can there be anything in next year's budget to actually work on this high priority project? By the way, what happened to the community outreach for the dog park that we've been promised since last October? Thank you.

D. APPROVAL OF AGENDA (for possible action)

Trustee Schmitz requested to move the Audit Committee Charter 15.1. off of the Consent Calendar and onto General Business for some minor revisions. Chair Callicrate stated that will be moved to be the first item under General Business.

E. REVIEW OF THE LONG RANGE CALENDAR (for possible action)

District General Manager Winquest reported that our next scheduled meeting is February 9 with several items on that agenda. He said District General Counsel Nelson's non-profit rates is still a moving target on discussions regarding the pricing policy; that may come back on the 23rd or the 9th. Snowboard equipment replacement will either be 23rd or the 9th. Everything else will be on the February 9 meeting. The agenda for the 9th will be out by tomorrow morning, 9 a.m. and the packet will be out on Saturday. We have the budget workshop on the 23rd. We hope to bring key rates for golfing facilities and effluent pipeline and pond lining updates as well as mid-year budget update.

Trustee Dent said we need to reschedule August 10. He said he thinks we should have the review of the General Manager on June 8 given we only have two meetings. We have the automatic renewal of the contract on July 1 and if something comes up, we have a back-up date. General Manager Winquest stated we did know you weren't available on August 10 so as it gets closer, we will discuss moving that meeting. He asked if Trustee Dent wants to have the General Manager evaluation ready by that meeting. Trustee Dent said he thinks that would be in the best interest of the Trustees and Staff because it's a three week to a month process from when we get information and preparing packet and get feedback. If we wait until the 29th, we will run into the same issue we ran into five years ago with the former District General Manager and he doesn't want to repeat history. General Manager Winquest said I will have our HR Director reach out to the Board in early to mid-May with all the information so we'll back up the entire process a month with the goal that the actual evaluation will occur on June 8. And that way, if there are any lingering effects, we still have one more meeting before July 1. Trustee Dent said I like the idea of a backup meeting. Trustee Schmitz said down in the parking

lot, for some reason, we stopped recording the date that things got added to the parking lot. I think it's important because it helps us to understand how long things have been sitting there. If we could please have the District Clerk get the date for some of the missing items. I think Trustee Dent made a really good suggestion. I'm wondering if we need the same sort of thing with Ordinance 7 so we have lead time. We have our summer beach season starting. We have to put a date out to say any changes to Ordinance 7 have to be put on our calendar on this date and hopefully our Attorney will fall in line otherwise we will miss another season. Can we put that on the calendar so we have a timeline to deal with Ordinance 7? District General Manager Winquest said the draft recommendations are currently in the hands of special counsel; we expect to have all of his feedback by Monday. The goal will be our final meeting late next week, or early the following week with the committee to finalize, and then call a special meeting. Once we have everything finalized, and we have a date that we're actually delivering to the Board, we'll set a timeline. There's a public hearing involved with changing the ordinance. I believe we need to have it all wrapped up by mid-April.

Trustee Schmitz said the sixth one down says "review service levels" And in tonight's presentation, there is a lot of discussion about service levels. And it seems as though we really don't have a clear definition of those. And we did say golf would be the first; can we work on getting some defined service levels and some defined metrics, and maybe start with golf so that we can create a template to be used for the other venues. District General Manager Winquest said we are giving you a presentation of service levels. I think you're right, though. I think people have different opinions of what that term means. We can certainly have that discussion. We brought that up last year about starting with golf, and there hasn't been much discussion about it. The Board needs to drive what the expectation is. And if that's what the Board wants, then we're absolutely prepared. We have internal performance metrics that we all use to budget. Trustee Schmitz said we'll just table that for now but will bring this up during that part of the presentation later tonight. And when will we be getting an update on the Tyler implementation? District General Manager Winquest said we'll be getting that out to the entire Board and include it in my General Manager report. Board Chairman Callicrate said we need to make certain as we get later into the year for these meetings that we don't have a conflict on high holy days of the three main religions. We had that issue Rosh Hashanah, or Yom Kippur. As we get into March and April, I think that there are potentially some conflicts. If we could just do a cursory review to make sure that we don't have anything that is conflicting with any of the religious holidays.

F. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.

F.1. TREASURERS REPORT – Requesting Trustee: Treasurer Michaela Tonking

Trustee Tonking said we have the check roll and walked through them with Finance Director Navazio last week before the last meeting. I have received all of the months of procurement charges and will have that for our next Treasurer's report. Staff is working with the bank on learning how the cards worked this year and what they can do better with the program. She said I hope to attend that meeting and provide a quick update. They are moving forward with Tyler and asked questions as they start to roll in like the Chart of Accounts and all the other material. The other one was internal controls. District General Manager Winquest sent out an email about hiring a consultant to look at some of our controls and then we will also be examining some of our policies and controls.

Trustee Schmitz said when I was treasurer, one of the things that we were striving to do was to publish a sanitized Procurement Card report online. And when I say sanitized, I mean, without individual's name is because that would be not appropriate. And I'm wondering if that effort is still moving forward? Or if maybe the report that you are doing, is that something that could be posted and made available just like the bill pay information? Trustee Tonking said maybe we can make it be more of an overall report. So instead of going into the granular, like the procurement card approach is, I feel like that's a little bit harder to do, but we can. I can talk to you about some of the different buckets we could put things into and see if that meets your vision of what you're thinking of in a report, and then maybe we can get like a little three-page memo that then can be posted. Trustee Schmitz said there's been concern in over the years, but not so much lately, and effort to try to be transparent; the Procurement Card report is another form of bill pay, and it would be nice to be able to be transparent and share that information. Trustee Tonking said we can do something like that and put into buckets that fall under the chart of accounts to make it very clear. I like that suggestion.

G. CONSENT CALENDAR (for possible action)

G.1. SUBJECT: BOARD POLICY FOR APPROVAL – AUDIT COMMITTEE, POLICY 15.1.0

*Recommendation for Action: Review, discuss and possibly take action to approve Board Policy 15.1.0, Audit Committee. (Requesting Trustee: Treasurer Michaela Tonking) – **MOVED TO GENERAL BUSINESS ITEM H.0.***

H. GENERAL BUSINESS (for possible action)

H.0. SUBJECT: BOARD POLICY FOR APPROVAL – AUDIT COMMITTEE, POLICY 15.1.0

*Recommendation for Action: Review, discuss and possibly take action to approve Board Policy 15.1.0, Audit Committee. (Requesting Trustee: Treasurer Michaela Tonking) – **MOVED FROM CONSENT CALENDAR ITEM G.1.***

Trustee Schmitz said I think that the memorandum that is attached to this agenda item is very helpful. It does a great job of laying out the background. And in the discussion section, it nicely walks through what happened on what date. At the very end of this report, first paragraph, it doesn't have quite the same accurate information. The very last sentence should be clarified to say the second Board appointed at-large members seat - it's not the second there's three, so it's really the third Board appointed at-large seat on the audit committee remains vacant. And it also doesn't reflect that Trustee Dent has now been re-appointed to the audit committee. If we could just get the very ending of this brought up to-date and accurate, I think it does a really nice job of capturing all of the facts and the timeline. If that change could be made to the memorandum so that we have it out on the website for future reference, I think it would be very helpful.

Board Chairman Callicrate asked District General Counsel Nelson if we would still be able to adopt it this evening with the changes or do we need to re-agendize and bring it back. District General Counsel Nelson said we can make these changes and if the Board wants to adopt tonight.

Trustee Dent said there a public comment regarding this policy 15.1.0. And I think it has to do with the information on page nine of the packet; the first paragraph and how Trustees and members at-larger are appointed. I want to check with legal counsel to confirm that's how the language is stated in here when we're referring to Trustees, we're assuming the Board of Trustees and not the two Trustees on the audit committee. District General Counsel Nelson confirmed and said I believe it's Policy 3.1 where there is a specific reference to the Audit Committee; that all

appointments to these committees are made by the full Board of Trustees. Trustee Schmitz said I noticed the comment too; I think it would be helpful in that very second sentence to say, 'by the Board of Trustees' and 'appointed by the Board of Trustees,' because we just don't want any misconstrued assumptions there. And I think that would help. Trustee Tonking said it says it on page ten, first bullet point. It says at-large members shall be appointed by the Board of Trustees. Trustee Schmitz requested to add Board of Trustees to the other two places.

Trustee Schmitz said I commend Trustee Tonking for her efforts and support and putting all of this together because when you start having three and four people redlining a document, it can be a huge challenge. At the bottom of page nine, where it says 'at-large members shall be independent,' at the very ending of the that paragraph, it used to have a list of qualifications below it which is now moved over under page ten. I think that we should strike the ending that says, 'and the at-large members suggested qualifications,' just nix that because it's addressed on item ten. And the things that are beneath this, it isn't about qualifications. It's about other stuff. I think it just got missed. That was my only those are my two comments. And based on public comment and Trustee Dent's comment, I think we can just clean it up to make it very clear.

MOTION: Trustee Schmitz moved that the Board of Trustees approved policy 15.1.0 with the changes identified here this evening and in addition to make additions and corrections to the memorandum to have the accurate up-to-date information in the memorandum. Trustee Tonking seconded the motion which carried unanimously 4-0. Trustee Wong was not in attendance.

Trustee Callicrate thanked Trustees Tonking, Schmitz and Dent.

H.1. SUBJECT: BOARD PRACTICE FOR APPROVAL – BUDGETING AND FISCAL MANAGEMENT, DISTRICT-WIDE PRICING FOR PRODUCTS AND SERVICES, PRACTICE 6.2.0

Recommendation for Action: Review, discuss and possibly take action to approve the new Board Practice.

Director of Finance Paul Navazio said last year, it was identified as either a need or an improvement to try to craft a pricing policy to guide the setting of prices and fees for district services across all venues. As noted in the background section, there is language currently in Policy 6.1 that basically references that the district will adopt the process in a manner in which fees and charges are set through the

budget process. And with the adoption of a formal practice to support policy 16.1, that's the objective here. We discussed kind of a framework for pricing policy last November; we brought the first draft of the pricing policy for discussion at the December 10 meeting and based on feedback that we received, we have revised the draft, which begins on page 18 of your board packet. I would note that right behind it, beginning on page 25 is kind of the redline version to show the changes that were incorporated into this draft from the version shared with the Board back in December. I would just note that in the board memo under the discussion section on page 17, I'll highlight these. We modified the memo for this item after the rescheduling of this meeting based on feedback that we were receiving on some specific aspects. We wanted to highlight that the two areas where staff continues to receive some feedback and at times some conflicting feedback which has to do with the definition section. It was also noted during a public comment on whether the pricing policy should define guests or residents or picture passholders because we use that terminology throughout. And whether that's defined in this policy or Ordinance 7 or some other policy document, our goal is just to ensure that there's clarity in the policy, so there's no ambiguity. Any feedback from the Board on that would be helpful. Also, there was comments about incorporating definitions or making sure the Board is comfortable with the definitions of full costs and operating costs that are in here. And finally, some comments regarding the administration of the policy. It's to clarify what fees the Board intends or wishes to formally approve on an annual basis. And there are some fees that staff believes were absolutely appropriate for the Board to review and approve but not necessarily all the fees. We want to make sure that the Board is comfortable with kind of how the administration is drafted so that it's clear what authority the District General Manager and venue managers have to set fees consistent with the policy versus what policy or what fees, particularly the picture passholder fees that would continue to come to the Board for approval. We just call that out in the memo. Based on feedback, we'll either modify again and bring it back, or see what the pleasure is of the Board.

District General Manager Winqest said there wasn't an expectation necessarily for the Board to approve this evening. What we are trying to do is gather feedback. We believe this is based on feedback from the Board. We are prepared to take feedback, do a quick turnaround, get the policy updated, and then have in front of you on February 9. Our staff is currently working on developing preliminary budgets and this policy helps dictate and guide what we are going to be doing with a lot of the pricing and our revenue projects. The pricing policy is important, and we're excited to be coming to some closure on this issue. We had several public comments about tennis and golf. I believe what we brought is what the Board has discussed. I know there is a lot of scrutiny and discussion and concern of the

overall performance of golf. Staff has been taking direction over the years as far as what cost recover is supposed to look like. We have a unique opportunity to set this in stone and staff is ready to comply. I know that our golf committee has made it clear that they are ready to roll up their sleeves with us once the pricing policy has been developed to help Darrin and me as we move forward with how we set fees. Over the years, tennis has been on the individual community benefit category on the pyramid. If the Board does not see tennis in that category, then there needs to be discussion and further direction because that is consistently how we budgeted for tennis overall. That is an area where we are looking for feedback this evening. Thank you, Director of Finance Navazio and Trustee Wong, for working on putting these together.

Trustee Schmitz said I read these policies very closely and I had very detailed feedback and the District General Manager and the Director of Finance asked me not to share my feedback with them but to cover it at a Board meeting. So if you're willing to allow me to walk through some things, I've got detailed notes of some suggested changes. And if you are willing to allow me to do that, I would like to just at least walk through it. I think it's more important that we all just have a dialogue because I want to make sure we are on the same page. Trustee Schmitz said on page 25, and the title of it, this is not District-wide Pricing. This is community services and beach pricing. I will go through this document and typically wherever it says 'District-wide,' I will request that that gets changed to Community Services and Beaches because it's not District-wide. It doesn't include Utilities. The objective, the first bullet point says 'the facility fee.' But some programs are funded by the general fund. In this objective, the very first bullet point, I'm not sure that we should reference the facility fees at all, because sometimes it's not. That was somewhat of a question. Ensure that revenues including charges for services, and applicable fees are sufficient to cover. Because sometimes it's not the facility fee, some of these things are coming from general? District General Manager Winquest said currently its minimal, but as we've been discussing, potentially moving forward, helping community programming or parks. I think we could see an increase in those.

Trustee Schmitz said on page 25, the fourth bullet point, I think instead of saying 'provide flexibility to management,' it should really say that this is establishing conditions. I think what we're really doing is establishing conditions for management to modify the pricing during the fiscal year. I recommend that we change that from providing flexibility to establishing conditions. Underneath definitions, my suggestion there was that we try to use terms that are in our budgets, so that we have ease of understanding. If there's subtotal titles, or maybe we create them. I think it would be helpful that these terms tie two lines of our

budget so that we clearly know what exactly we're talking about. I think we need to add definitions for 'qualifying group,' because that's used that term is used. I don't know what that means. I think we need to define that. And then we talk about cost centers and profit centers. And I think those things also should be identified so we understand what it is we're talking about. On page 26, the title '3.0,' uses the word 'district wide,' and my recommendation is it's 'community services and beach.' And then the first paragraph, there's a red line where it says 'parcels' and it crossed out dwelling units. It's both. So that needs to be corrected because we address it based on parcel and dwelling units. And then this the paragraph that's right after it, this second paragraph should just simply state pricing for 'picture passholders and others' is defined below. In reality for our pricing policy, we only have a 'picture passholders and others.' There's not enough to start using 'nonresident' and 'resident.' It's either your picture passholder, or you're not for pricing, with the exception of 'guests,' which is at golf only. I think that this paragraph could just be made so much simpler by just saying 'picture passholders and others' defined below, instead of using the words, 'customers' just say 'nonpicture passholders.' And then when you get over into 3.3, just say 'picture passholders,' because that's the discerning factor in our pricing. You're a picture pass card holder, or you're not. District General Manager Winquest said I recommend putting the word 'IVGID' in front of picture passholder because people are equally as confused by the term passholder as well. Then on 3.1. This is non picture passholders instead of customers because our pricing has already said that with the exception already. Then 3.1.3., remove 'customer,' as it applies to daily rates charged for programs and services. You don't need the word 'customers.' Management is authorized to use dynamic pricing. We just don't need that there. I'm trying to remove terms that cause us to get confused. Because this is underneath the heading of non-picture pass card holders, it just says 'as it applies to daily rates charged for programs and services, management is authorized to dine dynamic pricing.' So you don't even need that. My question for all of us; because only the only place 'guests' are used for our pricing is golf, should guests be underneath golf? I just wanted to bring it up that the only place we have a guest rate is golf. District General Manager Winquest said that is accurate. One of the things that we've been discussing internally is why golf has guest rates. I'm a little concerned about only putting in golf if we decided to create guest rates at other venues. I think for consistency, the District should probably look at that. If you're present with your guests at tennis, you have a different rate than a public member who just walked up. Consistency is going to be important moving forward. We can leave it the same and have golf be the only place that has the word 'guest,' but I'm hesitant to only put it in there. Trustee Schmitz said that makes sense, and I have no issue. The only thing is that we have a mistake in here. Because guests rate

only applies when accompanied by a picture passholder or provide punch card. That is inaccurate. So that actually needs to be corrected.

Board Chairman Callicrate asked how she would feel about getting together with the general manager and director of finance and sharing the concerns and going through the document, and then we bring this back on the 9th. That way, you're able to make abundantly clear the areas of your concern, which are all of our concerns. You've taken a lot of time to do this; I want to make sure that your information is accurately shown in the document so when it comes back to the Board, we can see the finished document. I'm having a tough time keeping up and doing some editing. I want to make certain all of these changes get worked into the document, and then it can come back to the Board. Then we can have a brief discussion if there are any necessary last-minute changes and then adopt the policy.

Trustee Schmitz said I have no problem doing that chair; I had offered to do that. I'm not trying to alter any of the meaning grossly. But what I'm trying to do is button it up, tighten it up. And I think that sometimes perhaps, the general manager gets pressure from other trustees that I'm taking too active of a role and that these things need to be discussed by the Board. And I'm more than happy to help. But understand that I don't want to be perceived as a trustee trying to push things. Board Chairman Callicrate said that's a valid point and a fine line. We don't want to come across as trying to individually direct our general manager or his staff because that isn't our role. But I think that taking an opportunity, like you have, as long as it doesn't substantively change what has been worked on to this point. It's just buttoning it up. I don't have an issue with that.

Board Chairman Callicrate stated for the record that Trustee Wong joined the meeting 10-12 minutes ago.

Trustee Tonking said, what if Trustee Schmitz did what Trustee Wong did with Policy 15.1 and added your red lines and any comments on what you were thinking, and then it can just be put in there. And then we can discuss the big arching issues if there's anything wrong, but it's a little bit hard to follow.

Trustee Wong said I like Trustee Tonking's suggestion. I am fine giving District General Manager Winquest and Director of Finance Navazio the authority to make changes, especially editing changes that don't substantively change the policy. And then anything that they think would substantively change the policy would be discussion points at our next meeting.

District General Manager Winquest said I had discussed some of this with Trustee Schmitz, and I agree with her, and I had already gone in and made some edits to it. I didn't haven't had the opportunity to go through everything with her. My response as far as discussing it with the Board was exactly what Trustee Wong just mentioned and what Trustee Schmitz brought up. There's no issue with the grammatical, simplifying the language. If there's anything substantive in the policy, I believe that the collective Board should discuss those together to provide direction to staff. We have no problem doing exactly what Trustee Tonking has requested. The challenge that we're going to have is that these packets going out Saturday. If we want to get it on the agenda, there needs to be some work done tomorrow, which we're happy to try to do. Worst case scenario, if we need a little more time, we get it back on the agenda for February 23. It all just depends on where the Board lands tonight with some of the more substantive type items are in the policy, more mostly related to cost recovery at each one of the venues because that's some of the direction that we need sooner rather than later so we can start inputting all our revenue numbers and putting together pricing recommendation for the Board.

Board Chairman Callicrate said if you need the additional time; ideally, we get it done by the next meeting. But if it doesn't, it makes it on the following agenda with all the necessary edits and no substantive changes. And if there are any, then we discuss them when we move forward.

District General Manager Winquest said it's important for us this evening that the Board discusses the cost recovery portion of the policy provides feedback.

Director of Finance Navazio said we're fine cleaning it up a little bit. It's good that it's an iterative process because we're getting different feedback now that you're seeing it in writing then the last time you saw it. So I think taking the time to get it right is helpful. Indra mentioned the turnaround time, I thought the packet was going out like tomorrow morning. So if we have more time tomorrow, we'll work through that. And I just concur with Indra that if we're looking for clarification, buttoning it up, adding clarity, then absolutely we can work on that. When we get into some of the substantive stuff, it becomes a little more challenging, and we'll bring those back. On another note, I'm probably one of the newest members of the district and trying to assist with this policy. But on this issue of guests, if you would on 3.2. I mentioned this briefly to Trustee Schmitz earlier today, I think it's true that golf is the only venue with a guest rate right now. District General Manager Winquest noted that some of our internal discussions are whether to standardize pricing and potentially add guest rates. The language in 3.2.2, just to be clear, was drafted with the idea that actually, at the beach, it's restricted access for picture

passholders and guests, but there a 'guest' can show up with a punch card and get into the beach. So maybe the beach is a different animal altogether related to definitions. I was trying to be consistent across all of the venues. You're either with your picture passholder or have a punch card, it was just in reference to if you're at a golf course. And if you're with a picture Passholder and you're going to the beach, you don't need to be a picture passholder to gain access and pay the guest rate. I just wanted to clarify was that the thinking behind the wording in that section.

Trustee Schmitz said that was part of why I thought guests should be moved to golf because, you know, does someone read this and then interpret something for the beaches, but I think we should make sure that we don't undo something for the golf course. And that is that a guest is someone who is accompanied by a picture past cardholder. Anything related to the beaches, which is over on page 30, we should be careful not to make specific references about how the beaches work because of Ordinance 7; I think we might be wise to just basically identify to Ordinance 7 it relates to the beaches.

Board Chairman Callicrate said I agree with everything Ordinance 7 has. We have to have consistency among and between our policies so that we're not going afield. I think our Director of Finance and our District General Manager and you can hammer this out, and I appreciate you agreeing to do that apart from this meeting because we have a lot yet to dive into. Thank you, Trustee Schmitz, for putting in the time and energy you do and finding all of these things. And I think that when this policy comes back to the Board for the final review, it's going to be absolutely lockstep. Perfect. So appreciate your hard work on this.

Trustee Schmitz said I have a couple of more substantive things that I'd like to at least bring up. I believe that there are couples' memberships at the rec center that I don't think we have anywhere else. I think we should look at what type of pricing we have across all of our venues and make sure that we have consistency. And if we have to remove couples' membership, we have to evaluate the impacts. The other thing is, with the discounts underneath 3.4, on pages 27 and 28. I don't have an issue with any of these things, but I think it would be good if we added something that is 3.4.4 that basically says the Board will be provided a quarterly report on things related to the discounts; so that we're at least we're informed we know what's going on. And if we have questions, concerns, or issues related to the policy, we will at least be bringing those things to our attention on a quarterly basis. So that would be a recommendation I would have for an addition.

Board Chairman Callicrate said I think that you have the opportunity to work with our District General Manager and Director of Finance to absolutely bring those

forward. Those are not earth-shaking. But they are valid concerns. And I appreciate you bringing that forward.

District General Manager Winqest said I just wanted to comment on that; we do have a couple of memberships at the golf courses, tennis, and the recreation center. So I just want to clarify that. And I do understand the point. And then I wanted to go back to Section 4.5 of the beaches. None of the recommendations from the committee will impact any of these. But I believe that as we start defining some of these terms, I think Ordinance 7 should be the driver to many of these terms. And that's why the Director of Finance mentioned that one of the big things is bringing these definitions in. Depending on the timing of when we update Ordinance 7 formally and revise it, we may have to bring this policy back for some minor cleanup based on some of that. I don't think we should be overly concerned about approving a policy at the next meeting or the following meeting. Knowing that we may have to bring the policy back for some minor modifications.

Board Chairman Callicrate said that's where you as a District General Manager and your team will bring back at the appropriate time what you feel is important to address at that time.

H.2. SUBJECT: FY2022/2023 BUDGET WORKSHOP #2 – REVIEW AND DISCUSS THE FOLLOWING:

- **Baseline FY2022/23 Budget Assumptions**
- **District-wide Issues and Budget Considerations**
- **Fund/Venue Specific Issues and Budget Considerations**
- **Baseline Budget (Preliminary) Service-Levels/Outcomes**

Recommendation for Action: Review, discuss and provide direction to inform ongoing development of the District's FY2022/23 budget. (Requesting Staff Members - District General Manager Indra Winqest and Director of Finance Paul Navazio)

Director of Finance Navazio provided a PowerPoint presentation. In response to Trustee Wong's request, Director of Finance Navazio spoke about the baseline budget and adjustments based on COVID. The budget, actually, in 2021, I would say, had much more of a COVID. Sort of adjustment to it. Because we were really looking at, you know, very clear need for, you know, restricted access, unsure about, you know, what that was going to look like. And so we went through these different scenarios, and with the Board's help, landed on some real, you know, curtailment of services. I think, with respect to the current year budget, the fiscal

year 2122. There's a little bit less of that with what I think has happened. And Indra, you can chime in if need be. I think what's happened is that we have our budget is still was fairly robust. But you know, the actuals will be below budget, because bacon positions, for instance, have maintained make vacant if we didn't need to hire them. A lot of the venue and services are driven by seasonal, temporary and part-time. So I think in this year's budget, the impact of COVID is more in the kind of actuals than in the budget. To answer your question more directly, all of the permanent full-time positions are have been built into this baseline, whether they're filled or vacant. The temporary staffing hours we have built-in essentially an assumption that we're going to have, you know, at least a return to new normal. So there's not a lot of COVID sort of cutbacks built into this. Some venues are expecting pent-up demand, like weddings and things like that, to come in. So not only is that a really good question, but in some of the documentation that we provided in the backup, the baseline budget will show some significant increases from last year's actuals. And that's because of the COVID factor, but less so comparing budget to budget.

Trustee Schmitz said I think it is going to be hard to swallow a 20% water rate increase, so that might not be a valid assumption. I'll be interested to know what would be driving our water rates up by 20% in the world. I understand the sewer side because of the effluent pipeline and the pond, but what in the world is driving water? And I don't think that it's wise for us to go in with an increase for charges of services that's below the inflation rate and below the percentage that we have to increase wages to keep up with the cost of living and retention the rest of it. I think that those things might need to be tweaked as assumptions. And I think that it's very premature to be talking about facility fees because we haven't yet understood what projects are being carried over from next year that potentially impacts our ability to take on capital projects this year. And we have ski way in as a capital project in this fiscal year, which we've never the Board hasn't approved that to spend down fund balance for that, and not in this fiscal year. Until we clearly understand where we are with our current fiscal year's projects and how many of them will get pushed into next year for a variety of reasons, that has to be understood before we start even talking about what additional projects we could include. That has a significant impact on the facility fee. I think we need just to park the thought until we understand where we are going with a facility fee.

Director of Finance Navazio said I think the Staff would agree. I would say that, for that reason, we've, we're just keeping it at its current rate until we go through that and whether that's sufficient or can be adjusted. When we get into the discussion, it'd be our recommendation, like we have done in the last couple of years, that we're not just looking at one year when we're looking at the facility fee, but what

would be the appropriate facility fee to fund the needs, particularly when we look at the capital plan. We're doing multi-year planning for a reason. But yes, all we're saying is we didn't zero out the facility fee, we didn't increase it, we're just leaving it as is until we get further in the process. Your point is well taken, Trustee Schmitz.

Trustee Schmitz asked for clarification regarding the food and beverage PowerPoint slide. She said was there something you were trying to inform us about relative to food and beverage? Director of Finance Navazio said this is a staffing summary that has been used for the last several years in the budget. We included this in the adopted budget. There have been times when marketing and food and beverage were listed separately from these items with the past boards. The point of this slide is that the 2.8 marketing staff and the 33.2 food and beverage positions are included in this list of 268. But at times, we've been asked to show food and beverage and marketing separate. We're just pulling it out to highlight it. It is not in addition to. Because for instance, the food and beverage staff are included in the two golf numbers related to champion and mountain and clearly in the facilities. A number of the food and beverage positions are there. We also have food-beverage folks budgeted in the ski and beach funds.

Trustee Schmitz said the number here for facilities is 11.8. When you and I were looking at the metrics section pages, facilities were only listed as 1.4 FTE, so what's going on with 11.8 versus 1.4? Director of Finance Navazio said we would touch on this during the facilities. Because 1.4 is permanent year-round staff. And that there's 10.5 FTE in temporary hourly folks that are in the budget to support the events at facilities.

Trustee Schmitz said I just want to bring clarity to the subject. On page 74, for facilities, it has FTE as only 1.4. It might only be for the banquets and things, so I guess the food and beverage is the differential to 11.8. Director of Finance Navazio said the slide you're referring to the facilities should say 11.8 because in golf and beach, we're including the seasonal, part-time food and beverage on those slides. Trustee Schmitz said you and I talked about it on page 74 for services provided; it doesn't even reference food and beverage. It seems like there's a little bit of confusion about facilities. Director of Finance Navazio said I would agree, so we will need to clean that up because there is almost \$800,000 of salaries and wages in the facilities fund. That's a lot more than the 1.4 positions. It's supporting the 11.8. So, 10.3 of those is hourly folks for the events. District General Manager Winquest said we'd look at this, but I think it's also because I believe that both Staff members time is allocated to other cost centers, but I'm not 100%; we will take a look at this before bringing back the next round on this one.

Trustee Wong said I'm just on a couple of points you asked for feedback on. I would probably start at 6% in the baseline budget on the cola and rates because we know the Social Security cost of living adjustment was 6% for 2022. And all economic indicators indicate that this is a trend that's probably going to continue for at least the next 6 or 7 months, especially with the Fed contemplating increasing interest rates. And then, on your other point related to the reserve policy, I think if your team creates a plan to get to the required reserves necessary over two or three years, I think that's appropriate. And I think that kind of dovetails with your comment about planning the recreation fee, not just looking at a year in a silo, but looking at a plan going forward and our longer-term capital projects.

Trustee Schmitz said on your bullet point under budget flexibility, you talk about considering contingency funds for major projects. I'm not sure what you mean by that because we have our new reserve policy, and to me, that was the purpose of having a reserve policy. So are you proposing that we establish some contingency fund in addition to that? And if so, how and what are we going to be using for a target? Director of Finance Navazio this is something that isn't necessarily recommended, but we're looking at and would like feedback on. The current budget included a contingency in the general fund as noted here. I think \$100,000 with the District General Manager's contingency. This is also for things that will come up during the fiscal year that weren't necessarily contemplated or budgeted. And, of course, the option always is to come back to the Board for a budget augmentation action. It is not uncommon, particularly in your utility fund with \$13 million, to have kind of a similar contingency. It's slightly different from the reserve because this would be appropriate. It would be in the budget. It provides some flexibility before having to go back and necessarily amend the budget. And we may be doing more of that. Particularly with community services and beach, now that we've moved into enterprise funds, it's easier to come to the Board to do budget augmentations when needed than when we were under governmental special revenue funds. When we look at the overall budget, particularly non personnel, if we're comfortable that we've built in some conservative assumptions about inflations and costs increases, less of a need for contingency, but if we have to tighten the budget and reduce every line item, then we may want to add a contingency so that there isn't like a cushion in every line item, necessarily, but that there's some ability to address unforeseen needs or on expected increased costs within the approved budget.

Trustee Tonking said I was just going speak a little bit towards that capital reserve policy target. And I think what I've seen, at least with at the school district level, and a lot of states I've worked in is trying to get it across in like a three to five years knowing that depending how big of an increase it is starting to like level off that to

get it. I think that makes the most sense. It's something that we should do as a policy target. Director of Finance Navazio said I'll just add a comment there. And this is just kind of anecdotal. But in some reserve policies that I've actually adopted in other jurisdictions, there is language in the policy that says if there's any time we dip below the target, the plan and goal is to restore it in the next cycle. But that's if you're, for instance, within 5%. If something happens and you are 10% or 15% below the target, that's when you might want to phase it in over more than one year. We're starting below a 5% or 10% delta, particularly in the utility fund. I would agree with your comment. It's built into the policy that if we go below it, we will restore it unless it's a significant amount, and we're kind of starting there with a couple of these funds. Trustee Tonking said that makes a lot of sense and agreed.

Trustee Dent said I would agree with an approach like that. I like the idea that there is a certain threshold. Perhaps it does take longer than a year. He said I have a couple of questions about potential bonding and construction costs going through the roof, especially when it comes to the price of oil and just lead times on materials. The example of our Ski Way project could be more like a six or seven dollars million projects right now with how high the cost of oil has gone up just in the last year. So, from a bonding standpoint, and given an election year, and hypothetically speaking if this Board were to pass a large bond much higher than a \$10 million threshold mark. If we wanted to go out to the voters for approval of that, what is that process like and how soon would we have to get started? And I don't expect you to answer today, but I think it's something that we should think about giving we do have several large projects coming down the pipeline and something that we need to probably start moving on now.

Director of Finance Navazio said we would need to get together with Staff and others based on when we would need them. When we have a project on the drawing board, and even if it's fairly well defined and scoped, we will have cost estimates, and if we're going out for a bond, there's always a risk that the bidding climate or other costs go up. One of the things that I would be recommending, almost in any event, is it's not uncommon that, particularly for, say, a pipeline project over multiple years that if we proceed with a significant component of that being bonded, we would be structuring it as a series of bonds so that you have authority to go up to X-million, but you don't issue them right out the gate. You issue what you need but have a little bit of headroom. You're not committing to the actual amount of bonds when you're authorizing it; you're issuing bonds based on what you need to fund the project. And if you don't need to issue the bonds you don't, but you certainly don't want to be short at the end of the day. Trustee Dent asked if Staff would report back to us on that process and give us an update in

maybe future meetings this month? Or how long will it take? Director of Finance Navazio said I think we can turn something around quickly. And the timing is good; my sense is that the first decision point for the Board on bonding is likely to be for our utility projects. So, we have the utility rate study and the plan next week. And we'll look at what the funding plan might look like. And based on feedback from the Board at that meeting, we would want to come back with the timeline on at least the utility bond, but we can incorporate potentially beaches or community services. But I think the utilities will be the driver at next week's discussion will inform timing and size. So, in March or early April, we can bring it back as one of the workshops.

Trustee Dent said we would get into the utility project, effluent pipeline, and utilities' pricing at the next meeting, but I brought it up in the past; I think it's time to stop collecting on the \$2 million on the project. And I think that allows us to get creative with potentially catching up our reserves given there is a significant amount of money we're collecting off of every utility bill every month, going towards one specific project. So potentially there's a way to restructure that where maybe over a one- or two-year span depending on how that all comes out, we can adjust those pots the money's coming in from. And then capital projects, it seems like every year we do you have several capital projects that rollover, carryovers and some years, it's a million and a half dollars, some new year's, it's a million. It always seems like a million dollars that we're carrying over or more. And I just want to know how we get more accurate with that number from the standpoint of not necessarily needing to budget for something if we're not going to be doing it because there is a significant amount of money that we plan to spend don't use. If we could figure out a way to simplify that process and get a little more accurate about what we can actually attain in our short construction season. It seems like we could eliminate almost a million dollars off our budget every year because we're not going to spend it. Director of Finance Navazio said I think others have raised that same point. We're looking internally. It's great to put all the needs and fund them, but our capacity to deliver a sizable capital plan is challenged. And then you mentioned with our construction season, there are times when bringing something back two or three times before we're ready pushes us into a new construction season. We can all work together on number one, focusing on the higher priority projects and making sure that those stay on track, and then be mindful of our capacity and bandwidth to deliver some of the projects. Some of the stuff is on a case-by-case basis, but we can look at that. This is a good discussion to carry into the February 23 discussion when looking at a 22-23 capital plan. By the way, when we present that information to you on the 23rd, you will also have the second quarter CIP popular status report, and we're also hoping to give you a preview of where we might be, come June 30. We'll have some numbers to put to that.

District General Manager Winqest said that over the years, there have just been too many projects, and I understand why it happens. I understand by case basis, but I have talked to our engineering team about that, given some direction there, and made it clear that we need to factor in bandwidth as we're building our five-year plan. We have a lot on the horizon as far as priority projects. I've given direction to the Engineering Manager and the team. There are projects that you don't think you have the bandwidth to tackle. It doesn't mean that it won't necessarily be in the plan. Or we may need to go the CMAR route and go a different direction to get outside help if we want to continue accelerating some of these. It's a great point and something that we are currently discussing and have room for improvement.

The Board took a 15-minute recess and reconvened the meeting at 8:00 p.m.

District General Manager Winqest and Director of Finance Navazio continued the Powerpoint presentation.

Trustee Schmitz said a quick point of clarification. Will the past investment earnings be reallocated into the community services deposited funds? Is that going to shift because that would be moving from the general fund into community services that would help the restricted fund balance? And then I want to know, if you can explain, is the reason why services and supplies are the reason for the large growth because we are now putting capital maintenance in under services and supplies? is that's what's driving that number to be up substantially? Director of Finance said, let me answer your second question. It's both a combination of building in inflation and, yes, the expense items from the capital. So the answer is yes. Your first question, as we've discussed this year with the audit committee, is that we're allocating interest earnings based on the pool cash concept instead of what fund is invested in what security. And that's what we're planning to do going forward. Based on a different methodology, we are currently not planning on going back two- three- four years to figure out the interest earned reallocated. We've discussed changing the methodology, we've changed it for this fiscal year, and we will be going on a going forward basis. I can work with our Controller, to bring back to you what the impact would be to see how significant basically going to the general fund. The Board could decide to allocate general fund balances to other funds to help them out, regardless of the reason. Still, we've made the change this year, and we're continuing going forward.

Human Resources Director Erin Feore provided an update regarding labor challenges and strategies.

Trustee Schmitz said one thing that I still would like us to consider as a Board and as a District is the shifting of venues programs available to the public, not with any sort of restricted access. Parks come to mind that they be funded by the General Fund instead of the Recreation Fee. I still think that is a direction that we should at least try to consider moving. District General Manager Winqest said that regarding the community program, I'd remind you that 85-90% of the participants in our community programs are IVGID passholders. So, community members primarily use them, and 85% of our Recreation Center members are also IVGID pass holders. I think Parks are where we see the most use from the public. That'll be discussed.

Director of Information Technology Michael Gove provided an update regarding Information Technology budget priorities.

Trustee Wong said I don't know to what extent this is possible, and I know it's definitely not possible in this upcoming year or even probably in the next year. But can we dream big and come up with one card that would get you access to everything? That would be your Diamond Peak Season Pass, beach access, and give you your discount, and that would be your picture pass? Director of Information Technology Gove said we absolutely can. That's our goal. That's what I'm trying to do with the software consolidations. Unfortunately, it's kind of a step-by-step process. We've made leaps and bounds and getting the current software's which, I believe with smaller expanded functionality, can get us that ability to have one identification, whatever it may be, if it's an RFID; if it's an app. I want Trustee Wong to be Trustee Wong at the beaches and in the same exact database that's up at the ski resort. But it's also a huge plus for everybody else for us in tech; it makes the support scope that we have so much simpler. We are there; we're going there. And that's a big part of why I say we need direction from you guys; we'd like to start at the ski resort and bring an RFID there that starts the process that gets the systems in place, then we move on to the beaches, then we start talking the Rec Center. We were already in a conversation about golf. We keep chiseling away one step at a time to get through these systems. And each one of them has its own challenges and their own custom things that need to be overcome to get through those challenges. Trustee Wong said we have diverse venues. I love that you are on Board and figuring out how to weave all of that together and make them all talk to each other. In terms of the Zoom meeting, I feel like whatever we can invest in making these zoom meetings more functional with a one on the fact that we are going to be back in person down the road. And we eventually want the ability to do hybrid meetings because we've always had Trustees that travel. We've always had Trustees that need to call in. I would view a permanent virtual meeting

as temporary because eventually, we want to get back in person, so I would look for a solution that would give us the best hybrid solution possible. Director of Finance Gove said that the complexity and cost will ultimately come from those hybrid meetings.

Trustee Schmitz said regarding RFID, we have to get there, we should be there already. We're behind. Let's do it. I feel we start with replacing our picture pass cards with RFID cards that can be turned on and turned off for different venues linked to a credit card. But ultimately, it would be a replacement of our picture pass card with new technology. We need to do it. It'll help Diamond Peak from a staffing perspective to have that technology. As it relates to the Livestream, I personally would rather meet in person. I think it's really wonderful to have the public engaged through the Zoom process. Whatever is needed, we just need to try to embrace it and make sure that we're doing what's right for the community as a whole.

Trustee Tonking said I would echo Trustee Wong and Schmidt's points on the RFID. For the meetings, I think getting the hybrid model that Trustee Wong was speaking of is vital. I know a lot of organizations that do it now, and it's just a great asset that can be used in the long run. And I know it's a very expensive cost, to begin with, but I think it's something that we can utilize, hopefully for a while.

Trustee Dent said I love the idea of RFID; throw it out to Diamond Peak, and then restrict our access that our beaches more than a few months a year that we currently do that. Regarding upgrading our technology, I think our zoom technology is much improved from having to call in. It's a disaster anytime anyone asked to call in. As far as these ongoing kinds of hybrid meetings, I don't think those are going to go away. It allows us another way to all get-together and have a meeting. If there are opportunities that we should be investing in, by all means, please bring those forward, but also know that we are hopefully we're not on Zoom forever. It's nice to have the opportunity.

Board Chairman Callicrate said I concur with my colleagues. Director of Finance Gove and I have spoken at length about this. And we are so far afield from where we should be. I know that you and your team and the district are working diligently, and I'm looking forward to 24/7, 365 in the beaches RFID access, including credit card, as Trustee Schmitz mentioned. He said he hopes this will give you direction.

Director of Public Works Brad Underwood provided key considerations for the Public Works budget.

Trustee Schmitz said I'm assuming the \$2 million has that been removed from your baseline budget for the effluent pipeline? It is not in your line item for charges and services? Director of Public Works Underwood said that's correct. That's not within the rate study as well. District General Manager Winqwest said we would be discussing that more when we talk about the rate study and the budget process. Director of Finance Navazio said to add one thing to Director of Public Works Underwood's and Trustee Schmitz's comment, not only are looking to adjust the utility charges in line items for the \$2 million but the capital plan to show the actual expenditure for the pipeline and pond lining project. Not just a \$2 million a year funding stream, but actually what the funding commitments will need to be. We are at the point where we need to come up with the financing plan for that project.

Director of Golf/Community Services Darren Howard provided budget considerations and priorities.

Trustee Wong said I just want to elaborate on that last point that Director of Golf/Community Services made because this is a recommendation coming straight out of the golf committee. The impetus of the conversation is that if you're we're looking at a standalone golf course that wasn't run by IVGID that any food and beverage generated would essentially contribute to the operations of the golf course. We all know people have gotten married at golf courses. There is some component of weddings that would be good to move into the overall operation of the golf course. For the weddings, specifically at golf, not necessarily Aspen Grove weddings or other areas of our properties. But in theory, you're able to charge more for those events and that should provide more of a discount to our residents in terms of their golf. The recommendation coming from the golf committee, while we recognize that going full bore and getting all of the facilities activities that relate to the golf course included in the golf budget may be a bit extreme. I've been on the Board for seven years now, I think we've changed how we've evaluated food and beverage, how we've allocated, and where we've grouped food and beverage, four times and that's just in the time that I've been on the Board. If you want to know why there's an inconsistency there, it's because the Board has changed its mind several times. Coming out with a golf committee, the recommendation is to include the food and beverage activities related to golf functions, especially those coming from the golf clubs. Director of Golf/Community Services Howard said I don't think many people will realize that the golf staff is a big component of all of our weddings, especially our outside staff and our starters and rangers. They have to block off golfers as they make the turn, as they finish. There is a big part of the golf staff that's actually helping with the weddings.

Trustee Schmitz said I just wanted to ask that when we have metrics in the future, can we have more metrics? We don't have any comparison of the revenue per round, so we can't see how we are doing compared to the past, and just even profit and loss information on the golf shop on the other services offered. I think it would be helpful to have a dashboard of the performance of all of the services related to each of the venues.

Trustee Dent said I'm going back to the golf staff used for weddings. Is there a way for the District to charge that time to that wedding? To capture those costs? Is there a way to put some of that time into that? If our golfing staff is spending time where those costs should actually be accumulated underneath the cost for that wedding, it seems like we should be able to capture that and interact with that a little bit differently. Director of Golf/Community Services Howard said that's a great point. We are looking across the Board in our facilities department to see how everything's getting charged out within all of our staffing levels and expenses.

District General Manager Winqest said, addressing Trustee Dent's point; we can allocate Staff in many different ways. However, I think what Director of Golf/Community Services Howard's getting at is there's a fair amount of revenue and business that occurs in food and beverage at the golf course due to the golf course existing on that property. I think the District needs to stop toggling back and forth on budgeting for food and beverage. Trustee Wong is 100% correct. The reason why it's so confusing is that there's just been this lack of ability to just decide and stick with how we budget for food and beverage revenues. I understand that people in the past have thought that we're trying to hide the bottom line in golf; it's just not the case. Like, just, for instance, our golf clubs spend a tremendous amount of money at the golf course. But the golf course, the golf club, is not receiving that revenue. And of course, all the expenses related to that would also be there. So that's what we need to discuss as we move forward. That will simplify things; if the District decides they don't want to put it in the golf fund, I would not recommend that. I think we have an opportunity to create a really solid hybrid where the food and beverage are occurring. So I would really urge that is a big-ticket item that we need to get right. We will continue to have that conversation as we move forward.

Trustee Wong said I know we've changed at least four times since I've been on the Board. Can you just pull together all the different ways we've classified food and beverage? If it was summer, it all went to golf at one point in time. If it was winter, it all went to Diamond Peak. But then the events that Aspen Grove was going towards golf. And so, I think that was the impetus for the first change. But can you kind of put together a list of all the different variations we've gone through

and then can you brainstorm with the Senior Staff what makes what will make sense for you guys and make sense for you guys to track. District General Manager Winquest said absolutely, we're already working on this and I think we'll be happy to bring what our professional recommendation would be as far as how we budget.

Trustee Schmitz said I don't quite understand the last bullet continued care and maintenance to existing infrastructure. I just don't understand it related to food and beverage. District General Manager Winquest said I think it's related to facilities overall. And I think that's just a reference to where we've got some serious issues with the Chateau that we need to identify based on a lot of the value engineering that occurred for that building. We're just emphasizing that there are some infrastructure issues, and we're going to be looking into this. That's why I said we're going to be budgeting for entire buildings and conditions and needs assessment for probably not only the Chateau but some of the other venues. Director of Golf/Community Services Howard said if you remember the past summer, the issues with the kitchen? Trustee Schmitz said I get confused about what's in facilities and in buildings and the food and beverage. I'm confused as to why that wouldn't be in buildings. Director of Golf/Community Services Howard said it's just the overall care and maintenance of the Chateau. Some of those expenses are shared. Director of Finance Navazio said I would also add that the maintenance division is an internal service even though we have a building. The work they do is charged back to the venues. So ultimately, it's the venues and programs in the facilities that are bearing the costs and need to address the cost recovery piece.

General Manager Diamond Peak Ski Resort Mike Bandelin highlighted priorities and considerations for the Diamond Peak Ski Resort budget.

Trustee Schmitz said that as it relates to your capital improvement budget, I know that you have the shuttle buses to be replaced on the five-year plan. I think it would be helpful if we had some ridership data to understand the use of those shuttle buses. Gas is expensive; employees are expensive. I think that would be helpful information. I feel that expending money to upgrade that Lake View chairlift and make some improvements at Snowflake Lodge once we have the lease dialed in with the US Forest Service, those things have more value for the customers than repaving the parking area. General Manager Diamond Peak Ski Resort Bandelin said we could talk a lot about capital or priorities and hope to get a lot of feedback as we did a little bit tonight from the Board when we come back on the 23rd because there are probably going to be some adjustments. Because we cannot hire CDL drivers, our particular shuttle units require a passenger endorsement, air brake endorsement, and commercial driver's license; we would entertain the thought of moving to a 14 passenger van-like system versus having a CDL driver. So those

will be all good comments and suggestions that we can talk about at the capital meeting on the 23rd. Trustee Schmitz said my last question, your last bullet point on the page, which said community events. When we talked earlier today about our pricing policy, did our pricing policy adequately cover and give you parameters for these community events? General Manager Diamond Peak Ski Resort Bandelin said I believe so. When we talk about community events, there's not much pricing associated with it. There are not that many. A community event would be like our community or Passholder barbecues that we do at the beginning and end of the season or Ullr fest or dummy downhill. There's not really any pricing associated with it. Our community events don't really pertain to a fee of admission.

Board Chairman Callicrate said it's tough for all the venues, especially you guys with the season as it is, and trying to retain and recruit employees because it's so expensive to live up there. I've talked with some folks up at Diamond Peak who are doing a great job. And please share with your employees that were pretty happy and pretty proud of what you're able to provide up there despite the challenges with electricity, lifts, and facilities and still have an awesome product. So keep up the great work.

Superintendent of Parks & Recreation Shelia Leijon reviewed priorities and considerations.

Trustee Schmitz asked when the beaches are open to the general public, are the costs related to maintaining the beaches charged to parks? Or are they still charged to the beaches even when the restricted access is not enforced? Superintendent of Parks & Recreation Leijon said within the parks budget that some of the parks maintenance is charged directly to a beach parks budget. So it's in the 390 fund. It is charged to the beaches; they actually make a budget separately for beaches. But they divide out their time based on where they're providing the service. So yes, it is charged to the beaches.

Board Chairman Callicrate said thanks to the Director of Finance, the team, and all the venue managers. The last couple of years and this year's budget, the costs going up so much inflation, it's going to be a real challenge. I want to thank my colleagues for all their hard work and for diving in and doing homework outside of the Board meeting and tonight's meeting, the questions you raised, and the feedback you've given. That's critical so that the District General Manager and his team can move forward and address the issues we brought up tonight. Thank you on behalf of the Board for your hard work.

I. FINAL PUBLIC COMMENTS*

Yolanda Knaack said that it was a good meeting. I want to mention the District General Manager's comment about looking to Washoe County for some money. They currently only give us 35% of our taxes back. The other thing I thought was important was Trustee Dent's comment that we should survey to make sure all the residents are on board with getting the bond.

J. ADJOURNMENT (for possible action)

The meeting was adjourned at 9:11 p.m.

Respectfully submitted,

Misty Moga
Acting District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Aaron Katz – Written statement requested to be included in the written minutes of this February 3, 2022 regular IVGID Board meeting – Agenda Item H(2) – 2022-23 Budget Workshop #2 – Staff's admission the Recreation ("RFF") and Beach ("BFF") Facility Fees are invalid special taxes

Submitted by Aaron Katz – Written statement requested to be included in the written minutes of this February 3, 2022 regular IVGID Board meeting – Agenda Item C – Public Comment – It's nearly everything our wonderful Staff do – here, Staff's failure to provide notice to those who've requested Board meeting packets that those materials are available for pick-up

WRITTEN STATEMENT REQUESTED TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS FEBRUARY 3, 2022 REGULAR IVGID BOARD MEETING – AGENDA ITEM H(2) – 2022-23 BUDGET WORKSHOP #2 – STAFF’S ADMISSION THE RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEES ARE INVALID SPECIAL TAXES

Introduction: For some twelve (12) or more years I have been criticizing much of our senior staff as: lacking competence, being deceitful (i.e., concealing material facts from the Board and the public), being grossly over compensated and over benefited, and more than willing poster children for “the IVGID culture.”¹ And now we have another example. Staff’s admission the RFF/BFF are nothing more than invalid² special taxes. And this is the purpose of this written statement.

Here Staff Propose Budgeting For the *Given* of RFFs/BFFs the Same Way They Propose Budgeting For the *Given* of *Ad Valorem* Taxes: Staff admit that this “budget workshop has been prepared to review and discuss...revenue and expenditure *assumptions* being used (by staff) to develop the District’s FY2022/23...budget.”³ Staff’s revenue assumptions appear at page 41 of the 2/3/2022 Board packet⁴. Before they even consider budgeted expenditures, the reader will see where staff have assumed the given of *ad valorem* tax as well as facility fee revenues.

Staff’s expenditure assumptions appear at page 42 of the 2/3/2022 Board packet⁵. As the reader can see, those assumptions are based upon the given, in part, of RFF/BFF revenue. Therefore rather than adopting a RFF/BFF based upon its need to subsidize overspending, expenditures are budgeted based upon the availability of a given RFF/BFF.

Staff’s Proposed Expenditures Are Not Based Upon Evaluation of the District’s Responsible Needs But Rather, a Surcharge to FY2021/22 Budgeted Expenditures Disingenuously Labeled “Baseline:” Staff’s admitted “Goals for FY2022-23 Budget Process” start with its “develop(ment of) initial Baseline Budgets for all District Operations.”⁶ What exactly are “baseline budgets?” According

¹ A culture where un-elected staff care more about themselves, their colleagues and select “favored collaborators” than the public they were hired to serve.

² The only taxes a general improvement district (“GID”) is authorized to levy are *ad valorem* taxes (see NRS 318.225). In other words, a tax determined by applying a tax rate to assessed valuation (see <https://www.investopedia.com/terms/a/advaloremtax.asp>).

³ See page 32 of the packet of materials prepared by staff in anticipation of this February 3, 2022 Board meeting [“the 2/3/2022 Board packet” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/Packet_-_02-03-22.pdf)].

⁴ This page is attached as a part of Exhibit “A” to this written statement.

⁵ This page is also attached as a part of Exhibit “A” to this written statement.

⁶ See page 38 of the 2/3/2022 Board packet.

to Wikipedia⁷, “baseline budgeting uses current spending levels as the ‘baseline’ for establishing future funding requirements and assumes future budgets will equal the current budget times” some estimated increase such as the “inflation rate.” Insofar as the District’s budgets are concerned, this means applying some percentage “growth” to current budgets. This means that “the Congressional Budget Office defines the baseline as a benchmark for measuring the budgetary effects of proposed changes in federal revenue or spending, with the assumption that current budgetary policies or current services are *continued without change*. The baseline includes automatic adjustments for inflation and anticipated increases in program participation. Baseline, or current services, budgeting, therefore builds automatic, future *spending increases* (and)...tilts the budget process in favor of increased spending and taxes.”⁸ This means that whatever the current wrongs, waste, RFF or BFF, they are guaranteed to be replicated.

Moreover, This Identical Type of Baseline Budget Was Presented by Staff Last February 24, 2021 For FY2021-22⁹: Which represents additional evidence that “baselining” off the current FY2021-22 budget would be wrong. https://www.yourtahoepace.com/uploads/pdf-ivgid/F.2.2_-_Budget_Workshop_Presentation_022421.pdf

Until Staff Come Forward With Each and Every Line Item Proposed Expenditure, the Board Needs to Reject Any Proposed Budget: I’ve asked for this type of transparency for years, and it has never been provided. Time and time again staff have made expenditures never expressly budgeted. And their answer always is such expenditures are permissible because they’re “related” to the purposes for which the fund to which they have been assigned was established. Well this isn’t a sufficient explanation because if staff can spend revenues for essentially any purpose, why the need for budgeted expenditures?

My E-Mail of February 3, 2022: On February 3, 2022 I e-mailed the Board to alert members to the fact that without compelling staff to produce an express line by line item summary of proposed expenditures, it is a waste to adopt any budget proposed by staff¹⁰. After all, if staff can spend the revenues budgeted by the Board, how does the Board know what it is budgeting? Or whether it is necessary or proper?

Conclusion: So there you go. Again! Incompetence, indifference, laziness and arrogance. The public deserves a zero based budget. That is, one “in which all expenses must be justified for each new period. The process of zero-based budgeting starts from a ‘zero base,’ and every function within an organization is analyzed for its needs and costs. The budgets are then built around what is needed for the upcoming period, regardless of whether each budget is higher or lower than the previous

⁷ Go to [https://en.wikipedia.org/wiki/Baseline_\(budgeting\)](https://en.wikipedia.org/wiki/Baseline_(budgeting)).

⁸ Go to <https://www.cagw.org/content/baseline-budgeting>.

⁹ Go to https://www.yourtahoepace.com/uploads/pdf-ivgid/F.2.2_-_Budget_Workshop_Presentation_022421.pdf.

¹⁰ That e-mail is attached as Exhibit “B” to this written statement.

one.”¹¹ But this is count <https://www.investopedia.com/terms/z/zbb.asp> er to staff’s interests. They prefer one which perpetuates the status quo. That is wasteful over spending involuntarily subsidized by local parcel/dwelling unit owners’ RFF/BFF.

If the reader listens to staff and detractors, the finger of blame is going to be pointed at me. But as the reader can see, in this instance (as well as most others), blame falls squarely upon staff. So let’s call a spade a spade. What do you intend to do about Board members? Given I predict nothing, now you the reader who maybe never see what I and others see have a clue as to what’s wrong here in river city. Which explains this written statement.

And You Wonder Why Your RFF/BFF Which Pay For This Incompetence and Waste Are as High as They Are? I’ve now provided more answers.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

¹¹ Go to <https://www.investopedia.com/terms/z/zbb.asp>.

EXHIBIT "A"

Revenue Assumptions (FY22/23 Baseline)

	10 yr	5 yr	1 yr	FY2021/22	FY2022/23
Ad Valorem Taxes	4.9%	5.3%	4.6%	10.0 %	4.0%
Charges for Services	6.1%	11.7%	(4.0%)	3.0%	5.0%*
Utility Charges	4.2%	2.8	(1.8%)	8.0%	Water 20% Sewer 10% Solid Waste 5.3%
Facility Fees		Flat \$830 per parcel		\$780 per parcel	\$780 per parcel
Internal Services					5.0%
Fleet					5.0%
Engineering					<3.8%>
Bldg. Services					7

Expenditure Assumptions (FY22/23 Baseline)

Baseline Growth Assumptions		FY2021/22	FY2022/23
Full-Time Salaries and Wages	COLA	4.0%	5.0%
	Merit	3.0%	3.0%
Part-Time / Seasonal Hourly Pay Rates		\$10 – \$15	\$12 - \$18
Fringe Benefits			
	Medical	10%	6.0%
	Dental / Vision	10%	5.0%
Professional Services		Flat – unless multi-year with CPI adjustment	
Services and Supplies		Flat	5.0%
Insurance		5%	5.0%
Utilities			
	Water / Sewer	8%	18.0%
	Electricity / Gas / Communications	3%	5.0%
Central Services Cost Allocation		6.7%	4.9%

EXHIBIT "B"

Re: I Keep Telling You it's Essentially Everything Your Incompetent Staff Do - EVERYTHING! And Now it's Agenda Item H(2) for February 3, 2022's IVGID Board Meeting - the So Called Budget Workshop

From: <s4s@ix.netcom.com>
To: "Callicrate, Tim" <tim_callicrate2@ivgid.org>
Cc: "Dent, Matthew" <dent_trustee@ivgid.org>, "Wong, Kendra Trustee" <wong_trustee@ivgid.org>, "Schmitz, Sara" <schmitz_trustee@ivgid.org>, "Tonking, Michaela" <tonking_trustee@ivgid.org>, <ISW@ivgid.org>
Subject: Re: I Keep Telling You it's Essentially Everything Your Incompetent Staff Do - EVERYTHING! And Now it's Agenda Item H(2) for February 3, 2022's IVGID Board Meeting - the So Called Budget Workshop
Date: Feb 3, 2022 5:09 PM

Chairperson Callicrate and Other Honorable Members of the IVGID Board -

I keep telling you it's essentially everything your vaunted staff do. EVERYTHING! And here we go again; all at local parcel owners' expense (because staff don't give a damn about local property owners), and all for the direct benefit of staff and their special interest favored collaborators. A budget workshop that each of you know is absolutely worthless. And why? Because in the end staff spend the revenue we budget on anything they want whether/not expressly budgeted.

Let's review:

Indra REFUSES to provide a line item summary of proposed budgeted expenditures. Because he refuses the public has absolutely no idea what expenditures have been budgeted, whether they're necessary, whether they're accurately estimated, and whether we should be making them at all. Because of this refusal, throughout the year I and others question where an expenditure has been budgeted (such as for Board therapy with the Mathis Group), and the answer becomes we haven't budgeted. Or we have but we haven't budgeted enough.

Normally I and others would be pointing to NRS 354.626(1) and accusing staff of unlawful conduct: "No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than" exceptions which are not relevant to this discussion. "Any officer or employee of a local government who willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a misdemeanor."

But then staff will retort that even though a particular expenditure has not been expressly identified in the budget, it has been "appropriated." So the public has nothing to complain about!

What do you mean "appropriated for that function?" Take a look at NRS 354.482. There we learn that "Appropriation means an authorization by a governing body to make expenditures and to incur obligations for specified purposes." Now take a look at NRS 354.529. There we learn that "Function means a group of related activities aimed at accomplishing a major service or regulatory program for which a governmental unit is responsible."

Okay. What "major service(s)" does IVGID provide? Well general government, utilities, recreation and the beaches. So staff take the position that it doesn't matter what the expenditure actually is. If it is assigned to a fund which reports "related activities," and enough revenue has been budgeted to pay for it, voila it has been "appropriated."

Let's take that Mathis expenditure as an example. Even though it wasn't expressly budgeted, isn't it "related" to the

general governmental functions of the Board? Well of course it is! So as long as staff assigns this expenditure to the General Fund, it has been appropriated even though you and I think otherwise. And similar for every other expenditure staff incur.

Let's take the pond liner project staff told us had been completed several years ago for \$788K assigned to the utility fund. Even though we later learned this project hadn't even been started, and the money had been spent on other vital expenditures assigned to the Utility Fund (meals for our Public Works staff because they had had a tough week), the \$788K had been appropriated because public works meals on the pond liner is "related" to public works meals on everything else they do.

Are you starting to get the picture.

So as long as staff can concoct the argument that a particular expenditure is somehow "related" to recreation, and it is assigned to our Community Services Fund, voila it has been "appropriated" even though staff NEVER told the Board or the public the expenditure it was part of the budget for the Community Services Fund. And as long as staff can concoct the argument that a particular expenditure is somehow "related" to the beaches, and it is assigned to our Beach Fund, voila it has been "appropriated" even though staff NEVER told the Board or the public the expenditure was part of the budget for the Beach Fund.

So here's what staff is really telling the Board and the public insofar as the budget is concerned. As long as our expenditures are less than the revenues which have been budgeted for a particular fund, and staff can concoct an argument that they're somehow "related" to the purpose for that fund, they have been appropriated and they're proper! Which means the revenues budgeted for those funds can essentially be spent on ANYTHING whether or not staff have told the Board and the public what they intend to spend budgeted revenues on!

Well if staff can simply make up any expense they want to make up, whether or not expressly budget at this or any other "workshop," WHY EXACTLY ARE WE GOING THROUGH THIS WASTEFUL PROCESS. Simply budget for \$X.00 amount of revenues, and let staff send it on anything they want to spend it on. This is the mentality of some of the people in our community, like Bob Lyons, who think they know more that they really do. They openly admit that they DON'T care what staff spend the money on as long as the golf courses look pretty and staff don't spend more than the gross amount budgeted.

Or look at the lies staff have been advancing for the last five (5) or more years. They come up with a phony budget which makes it look like they're going to spend all of the revenue they've budgeted on "vital" projects which HAVEN'T been shared with the Board or the public. And just to make sure they have enough money to spend, they assess all local property owners a Rec Fee. Which is more than they intend to spend. Which by design leaves unspent money left over at the end of the year which rather than being returned to the local property owners who paid the money, goes into a slush fund for future unappropriated, unbudgeted, unidentified, unnecessary expenditures! This slush fund is called "fund balance." And just look at your fund balances. They have grown massively in the last five (5) years. How did this happen? Staff assessed a much larger Rec Fee than the recreation expenditures it actually made. And the same with the Beach Fee insofar as beach expenditures are concerned, and the same with both the Recreation and Beach Fees insofar as General Fund expenditures are concerned. And that's exactly what is happening here. And why?

Because staff have a hidden agenda to buy the Parasol building for new administrative offices even though it isn't on our 5 year CIP. And they have a hidden agenda construct an Incline Beach restaurant even though it isn't on our 5 year CIP! And they have a hidden agenda to construct a \$5M+ dog park even though it isn't on our year CIP!

So there you go. What an incredible waste of time and effort. Either just admit that staff have the authority to make up whatever expenditures they want to make and keep your mouth shut. Or refuse to allow staff to make any expenditure

2/5/22, 11:12 AM

EarthLink Mail

which is not expressly disclosed here and now, short of returning to the Board and obtaining express approval therefore.

If you people don't know what you're actually budgeting to spend the money on, then how can you possibly adopt any budget? Either pass a RESPONSIBLE budget or in essence pass none at all. And you can accomplish the latter simply by rubber stamping everything staff present here and now. RUBER STAMP!

Respectfully, Aaron Katz

WRITTEN STATEMENT REQUESTED TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS FEBRUARY 3, 2022 REGULAR IVGID BOARD MEETING – AGENDA ITEM C – PUBLIC COMMENT – IT’S NEARLY EVERYTHING OUR WONDERFUL STAFF DO – HERE, STAFF’S FAILURE TO PROVIDE NOTICE TO THOSE WHO’VE REQUESTED BOARD MEETING PACKETS THAT THOSE MATERIALS ARE AVAILABLE FOR PICK-UP

Introduction: For some twelve (12) or more years I have been criticizing much of our senior staff as lacking competence, being deceitful (i.e., concealing material facts from the Board and the public), being grossly over compensated and over benefited, and the willing poster children for “the IVGID culture.”¹ And now we have another example. Staff’s failure to comply with the Open Meeting Law (“OML”) insofar as providing members of the public who have requested the same, with notice their Board packets are available for their physical pick-up. And this is the purpose of this written statement.

NRS 241.020(8)(a): states that a public body is required to provide supporting material on any matter to any member of the public who has requested such materials in anticipation of the meeting of a public body governing board that is provided to members of the public body, *at the same time* it is provided to members of the public body. NRS 241.036 instructs that the failure to comply with this requirement *voids* any Board action taken at the meeting. I submit that supporting materials cannot be provided to anyone unless staff actually notify recipients that those materials are available for their physical pick-up. In fact staff typically recite on the face of those materials they have “sent e-mail notification” to such recipient(s)².

The Board Packet For the January 26, 2022 Meeting of the IVGID Board: was apparently made available to Board members sometime prior to Saturday, January 22, 2022 at 7:45 o’clock A.M. Although Board members were presumably notified that the packet was available for their pick-up sometime beforehand³, I was not.

My E-Mail of January 22, 2022: at 8:33 o’clock A.M. is part of the e-mail string between the Board and myself on this subject matter, and it is attached as Exhibit “B” to this written statement. As the reader can see, I brought the omission to the attention of the Board and GM asking that the January 26, 2022 Board meeting either be cancelled, or that no action be taken by the Board thereat. I

¹ A culture where un-elected staff care more about themselves, their colleagues and select “favored collaborators” than the public they were hired to serve.

² The face page of those materials left for my pick-up, which recite as is represented, is attached as Exhibit “A” to this written statement.

³ I say “presumably” because when I arrived at the District’s Administration Building I saw that only three of five Board packets were sitting adjacent to the front door. In other words, two sets of packets were missing because they had presumably been picked up. Now how could they have been picked up unless Board members had been informed they were available for their pick-up?

also asked that the Board do something insofar as its incompetent staff are concerned given the cause of the problem was staff.

My E-Mail of January 26, 2022: at 12:03 P.M. is part of the e-mail string between the Board and myself on this subject matter which is attached as Exhibit "B" to this written statement. There the reader can see that I reminded the IVGID Board that if it went forward with that evening's meeting, and if it took action on any matter, I would file an Open Meeting Law ("OML") complaint.

Staff's Cancellation of the Board's January 26, 2022 Meeting in Response: At 2:37 o'clock P.M. on January 26, 2022, the day of the subject Board meeting, staff e-mailed out cancellation of the meeting⁴.

Conclusion: So there you go! Incompetence, indifference and arrogance. And by public employees no less. And then where wrongs are brought to the attention of staff and the Board, how do they respond? What an incredible waste of time and effort in this instance. And as a result of whose acts? If the reader listens to staff and detractors, the finger of blame is going to be pointed at me. But as the reader can see, in this instance (as well as most others) blame falls upon staff. So let's call a spade a spade. So what do you intend to do about Board members? Given I predict nothing, now you the reader who maybe never see what I and others see have a clue as to what's wrong in river city. Which explains this written statement.

And You Wonder Why Your Recreation ("RFF") and Beach ("BFF") Facility Fees Which Pay For This Incompetence Are as High as They Are? I've now provided more answers.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

⁴ Evidence of that e-mail cancellation is attached as Exhibit "C" to this written statement.

EXHIBIT "A"

NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at 6:00 p.m. on January 26, 2022 via Livestream/Zoom.

Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 4:00 p.m. on January 26, 2022) or via telephone (the telephone number will be posted to our website on the day of the meeting). The meeting will be available for viewing at <https://livestream.com/accounts/3411104>.

In addition, if a member of the public wishes to hear, observe, participate in and provide public comment at the meeting, using Livestream/Zoom, they may do so by coming to the Boardroom at 893 Southwood Boulevard, Incline Village, Nevada. In accordance with the Governor's Emergency Directive, all those in attendance will be required to wear a mask. Thank you, in advance, for your compliance. A notification of this attendance would be greatly appreciated by telephoning the District Clerk at (775) 832-1207 or sending an e-mail to info@ivgid.org. We appreciate your help with this process. (Reference is made to Assembly No. 253)

A. PLEDGE OF ALLEGIANCE*

B. ROLL CALL OF TRUSTEES*

C. INITIAL PUBLIC COMMENTS* - *Unless otherwise determined, the time limit shall be three (3) minutes for each person wishing to make a public comment. Unless otherwise permitted by the Chair, no person shall be allowed to speak more than once on any single agenda item. Not to include comments on General Business items with scheduled public comment. The Board of Trustees may address matters brought up during public comment at the conclusion of the comment period but may not deliberate on any non-agendized item.*

D. APPROVAL OF AGENDA (*for possible action*)

The Board of Trustees may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Board of Trustees may make a motion to accept and follow the agenda as submitted/posted.

E. REVIEW OF THE LONG RANGE CALENDAR (*for possible action*) – **page 3**

F. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.

1. Treasurers Report – Requesting Trustee: Treasurer Michaela Tonking – **page 4**

- A. Payment of Bills (*For District payments exceeding \$10,000 or any item of capital expenditure, in the aggregate in any one transaction, a summary of payments made shall be presented to the Board at a public meeting for review. The Board hereby authorizes payment of any and all obligations aggregating less than \$10,000 provided they are budgeted and the expenditure is approved according to District signing authority policy*)

G. CONSENT CALENDAR (*for possible action*)

1. **SUBJECT: BOARD POLICY FOR APPROVAL – AUDIT COMMITTEE, POLICY 15.1.0**

Recommendation for Action: Review, discuss and possibly take action to approve Board Policy 15.1.0, Audit Committee. (Requesting Trustee: Treasurer Michaela Tonking) – page 5 - 16

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

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NOTICE OF MEETING

Agenda for the Board Meeting of January 26, 2022 - Page 2

H. GENERAL BUSINESS (for possible action)

1. **SUBJECT: BOARD PRACTICE FOR APPROVAL – BUDGETING AND FISCAL MANAGEMENT, DISTRICT-WIDE PRICING FOR PRODUCTS AND SERVICES, PRACTICE 6.2.0**

Recommendation for Action: Review, discuss and possibly take action to approve the new Board Practice – *page 17 - 32*

2. **SUBJECT: FY2022/2023 BUDGET WORKSHOP #2 – REVIEW AND DISCUSS THE FOLLOWING: – page 33 - 125**

- Baseline FY2022/23 Budget Assumptions
- District-wide Issues and Budget Considerations
- Fund/Venue Specific Issues and Budget Considerations
 - Staffing
 - Baseline Budget (Preliminary)
 - Service-Levels/Outcomes

Recommendation for Action: Review, discuss and provide direction to inform ongoing development of the District's FY2022/23 budget. (Requesting Staff Members- District General Manager Indra Winquest and Director of Finance Paul Navazio)

I. FINAL PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.

J. ADJOURNMENT (for possible action)

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Friday, January 21, 2022 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of January 26, 2022) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were e-mailed to those people who have requested; and a copy was posted, physically or electronically, at the following locations in accordance with Assembly Bill 253:

1. IVGID Anne Vorderbruggen Building (893 Southwood Boulevard, Incline Village, Nevada; Administrative Offices)
2. IVGID's website (www.yourtahoeplace.com/Board of Trustees/Meetings and Agendas)
3. State of Nevada public noticing website (<https://notice.nv.gov/>)

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

District Clerk (e-mail: sah@ivgid.org/phone # 775-832-1207)

Board of Trustees: Tim Callicrate - Chairman, Matthew Dent, Sara Schmitz, Kendra Wong, and Michaela Tonking.

Notes: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk () are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. IVGID'S agenda packets are available at IVGID's website, www.yourtahoeplace.com; go to "Board Meetings and Agendas".*

EXHIBIT "B"

Re: I Keep Telling You it's Essentially Everything Your Incompetent Staff Do - EVERYTHING! And Now it's the Board Packet For Next Wednesday's (January 26, 2022) Board Meeting - Follow Up

From: <s4s@ix.netcom.com>
To: <ISW@ivgid.org>
Cc: "Herron, Susan" <Susan_Herron@ivgid.org>, "Callicrate, Tim" <tim_callicrate2@ivgid.org>, "Dent, Matthew" <dent_trustee@ivgid.org>, "Wong, Kendra Trustee" <wong_trustee@ivgid.org>, "Schmitz, Sara" <schmitz_trustee@ivgid.org>, "Tonking, Michaela" <tonking_trustee@ivgid.org>
Subject: Re: I Keep Telling You it's Essentially Everything Your Incompetent Staff Do - EVERYTHING! And Now it's the Board Packet For Next Wednesday's (January 26, 2022) Board Meeting - Follow Up
Date: Jan 26, 2022 12:03 PM

Hello Indra -

Thanks for answering my e-mail request of January 22, 2022 below.

Where is the evidence staff notified me that my Board packet for tonight's meeting was available for my pick up similar to the notification given to Board members?

The fact you've provided nothing evidences the fact I was provided with no notification.

Therefore I remind you and the Board that this evening's Board meeting is in violation of the Open Meeting Law ("OML") to the extent the Board intends to take ANY action. So if the Board chooses to go forward with tonight's meeting, and it intends to take ANY action, I will be filing an OML complaint.

Just so everyone knows ahead of time.

Thank you for your cooperation. Aaron Katz

-----Original Message-----

From:
Sent: Jan 22, 2022 8:33 AM
To:
Cc: Herron, Susan , Callicrate, Tim , Dent, Matthew , Wong, Kendra Trustee , Schmitz, Sara , Tonking, Michaela
Subject: I Keep Telling You it's Essentially Everything Your Incompetent Staff Do - EVERYTHING! And Now it's the Board Packet For Next Wednesday's (January 26, 2022) Board Meeting

Hello Indra and Board Members (I have cc'd them with this e-mail) -

So where's the Board packet for next Wednesday's meeting?

Was it made available to Board members? Were Board members informed that the Board packet for next Wednesday's meeting was available for their pick-up? And if so when (how about answering this one Tim)?

Why do I ask?

Because even now, I have received no notice that the Board packet is available for my pick-up at the District's admin offices.

Not that I must back up anything I say, but NRS 241.020(7)(c) states that "upon any request (and I have made request), a public body shall provide, at no charge, at least one copy of...any...supporting material provided to the members of the public body for an(y) item on the agenda."

NRS 241.020(8)(a) states that "a copy of supporting material required to be provided upon request pursuant to paragraph (c) of subsection 7 must be...made available to the requester at the time the material is provided to the members of the public body...if the supporting material is provided to the members of the public body before the meeting."

I submit that making materials available to Board members and members of the public who have made request encompasses notification that said materials are actually available for their pick up.

Where's the notification Indra? Did Ms. Herron notify Board members? Did she neglect to notify me? Did she notify me and for some reason I didn't get the e-mail? Am I going to get another one of Ms. Herron's disingenuous sincere apologies for not providing me with notification?

You people (staff) are deplorable insofar as the public is concerned. So I am going to return the favor.

Since any violation of the OML voids any action that is taken thereat [see NRS 241.036 which states that "the action of any public body taken in violation of any provision of this chapter is void"], please cancel the meeting set for next Wednesday and re-notice it after notifying the Board and members of the public who have requested that the packet of materials for that meeting be made available to them is available for their pick-up.

If staff and the Board don't like my request, then how about addressing the root of the problem because it isn't me? I have a problem that the agenda for next Wednesday's Board meeting wasn't published until yesterday (Friday) morning. Yes it was technically timely by the skin of staff's teeth. Nevertheless, the failure to make the Board packet for that meeting available to me only adds insult to injury and INCOMPETENCE or indifference!

And BTW since I suspect what staff's response is going to be, I went to the District's admin building this morning at about 7:45 A.M. And I saw that the Board packet for next Wednesday's meeting was sitting out for 3 of the 5 trustees, as well as me. On the face of the packet left under a rock for me were the words "Aaron Katz (will pick up/SEND E-MAIL notification)." Where's the e-mail notification Ms. Herron?

Thank you for your cooperation. Aaron Katz

EXHIBIT "C"

IVGID BOT Regular Meeting CANCELLED for Jan. 26, 2022 at 6 p.m.

From: Incline Village General Improvement District <sah@ivgid.org>
To: <s4s@ix.netcom.com>
Subject: IVGID BOT Regular Meeting CANCELLED for Jan. 26, 2022 at 6 p.m.
Date: Jan 26, 2022 2:37 PM



NOTICE OF MEETING

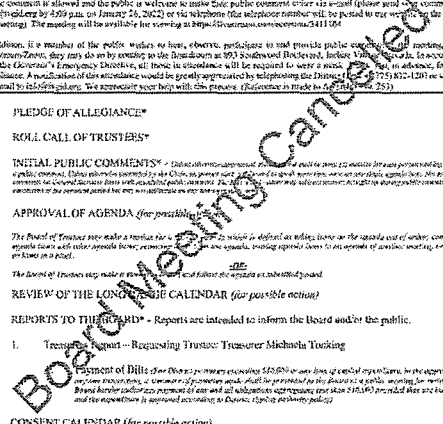
The regular meeting of the Incline Village General Improvement District will be held starting at 6:00 p.m. on January 26, 2022 via Livestream/Zoom.

Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send the comments to info@ivgid.org by 4:59 p.m. on January 25, 2022) or via telephone that telephone number will be posted to the meeting on the day of the meeting. The meeting will be available for viewing at <https://www.zoom.us/j/9280385923>

In addition, if a member of the public wishes to hear, observe, participate and provide public comment at the meeting, using Livestream/Zoom, they may do so by sending to the Boardroom at 893 Southwood Blvd., Incline Village, Nevada. In accordance with the Governor's Emergency Directive, all those in attendance will be required to wear a mask. For more information, for your compliance. A notification of the attendance would be greatly appreciated by telephoning the District Office at (775) 832-1201 or sending an e-mail to info@ivgid.org. We appreciate your help with this process. (Reference is made to GED 2020-02)

- A. PLEDGE OF ALLEGIANCE*
- B. ROLL CALL OF TRUSTEES*
- C. INITIAL PUBLIC COMMENTS* - District members are permitted to speak for a maximum of three minutes per person to make a public comment. District members permitted to speak are permitted to speak in the order listed on the agenda. The public comment will be heard during the meeting. The public comment will be heard during the meeting. The public comment will be heard during the meeting. The public comment will be heard during the meeting.
- D. APPROVAL OF AGENDA (for possible action)
 The Board of Trustees may make a motion to amend the agenda in which is defined as adding, deleting or the agenda and of order, combining agenda items and other agenda items, removing items and special meeting agenda items to the agenda of another meeting, or setting an item on a hold.
 The Board of Trustees may make a motion to amend the agenda in which is defined as adding or deleting an item.
- E. REVIEW OF THE LONG RANGE CALENDAR (for possible action)
- F. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.
 - 1. Treasurer's Report - Requesting Trustee: Treasurer Michaela Tanking
 - 2. Payment of Bills (for District members exceeding \$5,000) or any bills of capital expenditures, for the agreement to pay bills for the month of January 2022. All bills are presented to the Board at a public meeting for review. The Board has the authority to accept or reject all bills and all subsequent agreements and bills are presented to the Board at a public meeting for review and the agreement is approved according to District policy.
- G. CONSENT CALENDAR (for possible action)
 - 1. SUBJECT: BOARD POLICY FOR APPROVAL - AUDIT COMMITTEE, POLICY 15.1.0

Recommendation for action: Review, discuss and possibly take action to approve Board Policy 15.1.0, Audit Committee. (Requesting Trustee: Treasurer Michaela Tanking)
 Incline Village General Improvement District
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01/26/2022 IVGID BOT Regular Meeting Agenda



Incline Village General Improvement District | 893 Southwood Blvd, Incline Village, NV 89521

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MINUTES

REGULAR MEETING OF FEBRUARY 9, 2022 Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, February 9, 2022 at 6:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*

On roll call, present were Trustees Michaela Tonking, Tim Callicrate, Sara Schmitz, and Matthew Dent. It was noted that Kendra Wong will be arriving late.

Also present were District Staff Members Director of Public Works Brad Underwood, Director of Information Technology Mike Gove, Engineering Manager Kate Nelson, and Human Resources Director Erin Feore.

Members of the public present were Pete Todoroff, Aaron Katz, Judith Miller, Dick Warren, Cliff Dobler, Ellie Dobler, and others.

(22 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

Chairman Callicrate made several announcements regarding what this meeting is, protocol, ways to contact Staff, etc.

C. PUBLIC COMMENTS

Dick Warren said my comments relate to that disastrous Board meeting of last week, specifically the Budget Workshop. Trustee Schmitz had asked me NOT to make any Public Comments, since she was going to “ask the tough questions”, and if I raised these issues in Public Comments, Trustee Schmitz would be viewed as supporting the Malcontents, since apparently I am a Malcontent because I believe in honest accounting and profitability in Venues. Well, no need to worry about that, Trustee Schmitz wimped out. She didn’t have one good question on the Budget Workshop. Apparently she, along with Trustee Dent, have now joined the “Dark Side”, the Dark Side being the other Trustees of Timid Timmy, the

Minutes

Meeting of February 9, 2022

Page 2

Teenager, and Wrong Wong. I am sure Indra is rejoicing now that ALL the Trustees support him. So we now have complete agreement among the Board & IVGID Management! This is just wonderful, we now put political considerations (getting votes from our "Special People" residing in Incline Village to elect worthless Trustees) above profitability considerations to make IVGID a fiscally responsible Operation. Aren't all of you Trustees & IVGID Management proud of yourselves? The Foxes are definitely in charge of the Chicken House. I hate to continue to point out the obvious, but the turkeys at IVGID Management cannot breakeven running their Venues. Without the Rec Fee they are "dead in the water". But, going forward, it really doesn't matter, because we now have a Board that is fully behind the stupid economics of IVGID Management. The Board is now also delinquent in their primary role which is to provide fiduciary oversight. The corruption of IVGID Management is now totally supported by the Trustees...we now have NIRVANA. BARF! Thank you.

Cliff Dobler read from a written statement which is attached hereto.

Aaron Katz said I have several written statements to submit. By the way if a supplement or more materials were prepared, I never got them. I never got notice of it. It's an open meeting law violation. If that's what you did, I'm going to file it and you deal with it. How can we intelligently argue about a rate study if we're not given access to it? You people are unbelievable. So let me demonstrate again how your Staff is dirty, deceitful, arrogant, and unsympathetic. This is just from what's disclosed in the staff memo, page 57. The proposed water rate increases only \$4.17 a month but amidst the water use charges. Staff tells us the average water customer uses 10,000 gallons a month. Since water use costs increase by 50 cents per 1000 gallons per month. That's another \$5. So the total increase is really \$9.17 a month and 19.7% increase. No, Mr. Underwood, not 19.3. Do your math. They state at page 58 the proposed sewer rate increases by only \$6.62 a month. But again, Mr. Underwood amidst the sewer use costs staff tells us the average sewer customer discharges 3000 gallons a month since sewer use costs increase \$1 for every 1000 gallons a month. That's an additional \$3 a month. So the total increase \$9.92 a month. That's a 15.3% increase, not 14.9, Mr. Underwood. Do the math. But it's not just the 19.7 and the 14.9% increases per page 59. It's 54% Water increase over five years and a 47% sewer increase over five years. That's 10.8% and 9.4% per year over the next five years. That's not minor. Staff arrogantly states on page 57 that we shouldn't think of these increases as 54 and 47%. Instead, we should look at them as only 6.43% per year for water and 4.9% for sewer over the last years. Well, Voodoo economics, Mr. Underwood's. Meanwhile, on page 58, Staff argue we shouldn't start charging the district and its special interest group buddies the excess water fees the rest of us pay, which are now \$3

per every 1000 gallons to use, because it would significantly impact operating costs at recreational venues that consume gargantuan amounts of water. In other words, cook the book financially. On page 58, Staff argue it shouldn't charge the district and special interest group buddies the cost or additional demands on the sewer system costs because it would have a significant impact on our 233 commercial customers on top.

Judith Miller said I listened to the Board meeting last week when Trustee Dent brought up the subject of going out to the voters for bond approval since an election would be coming up this year. Instead of answering the question, Mr. Navazio sidestepped and responded to a different question. He only spoke about the steps required to issue a bond and indicated he would bring back a schedule. Apparently, not for a bond election. But for bond issuance. Please remind Mr. Navazio that the question from Trustee Dent was about the time needed to put a bond question on the ballot, not merely to issue a bond. That's what the majority of trustees promised they did when they ran for office. It also might be a good idea to survey the voters before an election with a list of projects, including cost estimates to prioritize. That was never done following the completion of the various master plans. Instead, each trustee throughout their pet project, and voila, the list of projects was inserted into the community services master plan. I find it appalling that the board and the public were not presented with even the draft of our utility rates study. We haven't had one in years. It's a complex undertaking, and to not even have it except for a few hours before the meeting, I think that it's outrageous, and to expect the board to come back and assimilate this in a matter of hours. And to come back with recommendations before they really had a chance to get a complete understanding of the report. I hope that you will at least take the presentation tonight and evaluate the needs of the community and the need of our businesses. And come back later with a recommendation not this evening. Thank you for your time.

Michael Abel said I've called several times on this issue. The fact that we're building this \$4 million pool, and now Ms. Nelson is asking for another change order on the thing is just absolutely out of control, and it's obvious that the board doesn't care what the thing costs. We will be spending over \$4 million to build the pool and the surrounding tarmac and walkways, which probably should have come in at a million half of \$2 million. We had a contract ramp up for the concrete, and then we had some bad weather hit and they pulled it back, and guess who gets to pay for it? Joe Sucker, like me, the taxpayer. It's unacceptable because they have these nonsensical CMAR contracts where IVGID gets sheltered from any cost increases, and the taxpayers get it stuck to them. I've made the prediction, and I will continue to make the prediction at public meetings that this \$4 million boondoggle will not be ready on time. We're going to be looking at maybe mid-July

when this thing will get operating because it's probably going to be another change order, and then you have to have staff training and you have to have still to have concrete poured. It's going to be a disaster on any level. Lastly I wanted to compliment the analysis that Mr. Katz is doing. You did a quite accurate analysis of our water rates. It's interesting to know that Mr. Dobler pointed out that IVGID uses 17% of the water pumped out of Lake Tahoe for Incline Village, yet IVGID venues pay only 5% of the cost of that water. Joe Sucker, the rate payer, gets to pay the bucks. I can understand why they would get a break on water because it uses a large quantity of and some of its not going into the sewer system so perhaps a discount of 5% might be ordered, but the fact that we have a discount of 12% is ridiculous. IVGID Venues should be required to pay their fair share for water.

Charlie Miller said I looked at my water bill the other day. I think it was \$45 for the last month. When you look at anywhere else around the Lake, Tahoe City's unmetered water is \$107. So you can play games with numbers. There's a rate study going on right now. I think Shawn Koorn is doing it. He's done them all around the lake. Our rates are the best you can pay, and it tastes great. Thank you, public works. Next topic is the Rec Center; I want to support Duffields, and what a great project they are doing. I'm at the Rec Center right now, which I'm probably here three times a day actually - dropping off picking up kids. The gym is stacked with people. It's such a gracious thing and needed in this community. It's great for our health for seniors and youth to expand it. So again, thank you so much for that. I want to bring up a new topic about some of our employees who work at ski, golf and the beaches. There's a lot of great people that kind of get screwed because they get laid off between seasons. They're very seasoned. We've had groomers up there and then guys trying to be golf pros. It's not that many of them, but we got a workforce problem, and I want them to get benefits. Make them full-time, benefited positions to make it more attractive to keep people working in a community. I think that's critical. I want to thank a lot of people, Pandora, TK, Peter Salazar, front desk staff, Carol, Tom. You do a lot for our community. The programming is top shelf, which is shown in our basketball teams or swim teams, all the athletics. It keeps him out of trouble.

Ellie Dobler read from a written statement which is attached hereto.

Trustee Wong joined the meeting at 6:22 p.m.

D. APPROVAL OF AGENDA (for possible action)

District General Manager Winqest said I would like to pull the item receiving the Audit Committee report from the agenda. The reason for that is breakdown of

communication. I had a good meeting with Audit Committee Chairman Tulloch today. I'm just not comfortable that there's been enough communication on this issue. In particular, I'd like to see Staff's and Management's response to the Audit Committee Board report be placed on the next Audit Committee meeting so that the Audit Committee and Staff can discuss the Management's response. Once that occurs, Staff will work with the Audit Committee Chairman to basically recalibrate, putting this back on the agenda for a future meeting. We are ear-marking the 3/9 meeting. In the meantime, there seems to be more communication work done on this again. I did meet with Audit Committee Chairman Tulloch, and he agrees, so we're going to pull this item, assuming the Board is comfortable with that.

Trustee Schmitz said I would like to remove General Business I.2, and that is setting a date for the public hearing due to the fact that we have not received the final report. I think this is a very important decision that we make, and I feel that we need more time to digest the information and validate some of the numbers. I found discrepancies in the capital improvement budget numbers, and I think it's premature to go and set that date at this point. Trustee Wong said I disagree with that change. I would like it to stay on the agenda so that if a majority of the Board is ready to move forward with setting the date, we can.

MOTION: Trustee Schmitz moved to remove General Business Item I.2. from the agenda. Trustee Dent seconded the motion. Trustee Tonking asked if we approve those specific numbers in that agenda item, do they have to be those exact numbers or can they go lower because I remember there was something with the rec fee that could be lower, but it couldn't go higher; I'm just curious about how that works. District General Counsel Nelson said yes, we could go lower than what's posted on the agenda, and we wouldn't want to go higher. The motion carried 3-2. Trustees Wong and Tonking opposed. General Business Item I.2., as well as Consent Item H.2. receiving the Audit Committee report was removed.

E. DISTRICT GENERAL MANAGER REPORT*

District General Manager Winqest said I have two updates for my report and then happy answer any questions. First, as everyone knows, we have hired special counsel to review. I won't go through all these issues on page 6 of the board packet. I'm working with a couple of members of the Ordinance 7 committee; we put together draft recommendations that have been given to special counsel. The special counsel is currently reviewing them. I had another meeting with a member of the Ordinance 7 committee and special counsel. The special counsel is comfortable with 90% of what has been given to him. There are a couple of other issues that we're continuing to work through as we gather more information.

However, I have enough information now where I am finalizing the draft recommendations while layering in the survey materials, adding in some historical information, and painting the picture on all the different recommendations that we're going to be making. I expect down with that middle of next week. Then, I will have to call a final meeting with the Ordinance 7 committee to go over the draft recommendations with the entire committee. If we need to make any final edits, we will. I'll be emailing the full board about your availability for a special meeting to deliver these recommendations. A lot of things will have to come together for a meeting like that. We need all the trustees, special counsel, legal counsel and hoping to have all members of the Ordinance 7 committee present. We want to acknowledge them for all their hard work and help make presentations and answer questions by this board. I know this has taken a lot longer than we all would have liked, including myself, but these are huge decisions that impact the community and our parcel owners in the district. We are taking the right path by having special counsel review this. The special counsel is also reviewing all the other issues that were included in the scope of work. And so he continues to work through all of that, ask questions, gather information, and look at relevant case law that may be out there. We're taking this very seriously because these are very serious decisions that we will be making. I want to give you an update on that. I've been receiving correspondence regarding the United States Forest Service special use permit for a potential dog park. And I finally was able to touch base with the planner we've been working with. And for those of you who don't know, there's a new US Forest Service Manager. They needed to get all the information to him so that he can get familiar with this special use permit to decide whether or not they were going to continue to push forward and work with us. I've also been it's also been signaled to me by the United States Forest Service that they're extremely short-staffed. And they've had some issues. And so for all these reasons, this process is now being slowed down, unfortunately. As I've stated, I'll be putting together an Advisory Committee for a dog park over the next couple of weeks. Not just for this particular location, it could mean identifying other locations that we can continue to pursue as we try to build a dedicated dog park. Thank you, Trustee Schmitz, for volunteering to represent the board on that committee. She and I work together on selecting reasonable and fair folks that we think would be productive on a committee like that. Unfortunately, I have found out that a few community members have continued to reach out to the Forest Service in protest of us getting this parcel. I have two things to say about that one, based on what I've heard, a lot of the things being said to the Forest Service are false as far as what we're trying to do there. To those folks who are listening if you're opposed to this effort, you should discuss this with myself or members of the board. And certainly, if you're going to contact the Forest Service, please don't give false information and be truthful about what we're doing there, which is a dog park with some walking trails and a very

small restroom with a little bit of parking. That's what the plan would be if we were to proceed. We must continue to poll the community. I believe it's been three or four years since we went through the Community Services Master Plan process, where a large portion of the community was very much in favor of dog Park. And I believe that one of the things that we're going to do as a committee is re-survey the community on this issue because if the community is not interested in this anymore, then there are many other things that we could be working on. The other thing is that everyone will need to realize that to continue allowing dogs off-leash and making Village Green a temporary dog park, we will continue to have some of the conflicts that we've had within the community in different user groups. And at some point, we're going to have to decide whether or not we're comfortable with that moving forward, or we started looking at other parcels or potentially purchasing a parcel in the community where we can do this. I know this is a big topic of discussion out there, so I wanted to update you on that. Happy to answer any questions.

Trustee Schmitz said I have a question related to the rate study that we'll talk about later. Do you have any update on the grant funding for any of our infrastructure projects such as pond or the effluent pipeline? District General Manager Winquest said Director of Public Works Brad Underwood could give you an update. I will tell you that I met with Mr. Solaro, the Assistant Washoe County Manager, last week. They have a team sorting through all of the ARPA funding requests. Tri Strategies spent a lot of time on lobbying efforts with the county. I've also done a lot of work myself with county staff. They had gone through the first round of funding. Our funding was not included in that, but that's OK; we have that expectation. We're hoping sometime in the next three to four months that, we will have an answer to our funding request, which is for \$5 million.

Director of Public Works Underwood said we continue to work with the Army Corps on funding for projects specially on the effluent pond project as we thought we were closer to final design; however, we've had some setbacks. I think you're all aware of and we will update you on the 23rd of February about discussions with the Army Corps. It appeared we were going to get the 75% funding for the project, so we'll see what the estimates turn out to be once we move forward. District General Manager Winquest asked if we are on track for a partnership agreement. Director of Public Works Underwood said we are regrouping based on information received on the pond, too. Once we have a plan, we can move forward with the model agreement. But we are taking a step back.

Trustee Wong said she wanted to call attention to page 11 of our board packet – congratulations to Director of Finance Navazio and District General Manager

Winqest for getting our audit report across the finish line and receiving the letter from the state. So thank you for all of the work that our finance team does. I know it was a lot of heavy lifting and happy to put this one behind us.

Trustee Schmitz said I know District General Manager Winqest has been working with the county on many different issues. I also know that the community has been pretty vocal with the county on some of the county's decisions relative to our community. I'm wondering if it's having any negative impact on your ability to maintain a good working relationship with the county manager. District General Manager Winqest said that's a good question. At times because a lot of what they did is just straight negativity with not a lot of recommendations for solutions. The relationship with the county has gotten significantly better in the last couple of years. I'm building bridges, not burning down bridges. I try to stay in my lane and remain neutral on a lot of these things and be vocal when I can. The community must understand that we are trying to strengthen our relationship with the County. I am trying to go after funding; it's not just the ARPA funding, but we're trying to go after the community support funding for youth and senior programming and parks down the road, and for us to do that, we have to have a good relationship with the county. I think it does impact us negatively, but I'm seeing that less over the last year.

Board Chairman Callicrate said I've heard really good feedback from county commissioners, the county manager, and Staff that the working report with Incline Village General Improvement District has certainly improved quite a bit in the last couple of years. So that's very positive on the part of our District General Manager.

District General Manager Winqest said District General Counsel Nelson and I drafted updated East-West Park maintenance agreements. It's exactly how I reported the reimbursements as for actual cost, not a set amount in advance. Additionally, we have included in the agreement that the County would be responsible for any level of capital maintenance and repair and investment moving forward that was not in agreement before. We're happy to maintain as long as we're getting reimbursed 100%, and if the county wants to bring capital into those parks, they could be at their expense. We have now given those draft agreements to Mr. Solaro, who will be working with their attorneys. Once we finalize the agreements assuming the county is comfortable, we will bring those agreements to the board for approval. It's probably a combined \$12,000-14,000 a year between both parks. We feel it's important that the Board approves those final agreements. We have now word moved on to starting work on potential updates to the interlocal agreement for snow removal on Ski Way. We're just looking at updating the agreement if the board reserves the right not to approve that going forward. But

when we get to that point, Staff will be making recommendations either way, so hopefully, that satisfies questions I have been getting from community members.

F. REVIEW OF THE LONG RANGE CALENDAR (for possible action)

District General Manager Winquest said two Trustees could not be present at the meeting scheduled for the 23rd of February. Clearly, we don't want to have a budget workshop with Trustees not there, especially when involving capital, so we cannot move it to 3/2 because it is Ash Wednesday. This is a very important budget workshop. I know that some Trustees don't have availability on the 22nd or the 24th either. I guess we are looking at Tuesday 3/1 or Thursday 3/3 to have this workshop, and that's our options. We are more than likely moving forward with a 3/9 board meeting and maybe combine all that on the 30th. There are a lot of moving parts. Are you available to move that meeting to either Tuesday the 1st or Thursday the 3rd. Trustee Wong said she can do the 1st but cannot do the 3rd. Trustee Tonking said I can do either day. Trustee Dent said I can do 3/1. Chair Callicrate can do either, but 3/1 if that's preferable. Trustee Schmitz said she is available for 3/1 and 3/3.

District General Manager Winquest said he will tentatively be scheduled for 3/1, 6 p.m. and will send an email to confirm. He said we have four Board members available on 3/9 and recommends continuing with that.

Trustee Dent asked for times for future meetings. He said the Audit Committee would show up on the long-range calendar. District General Manager Winquest said he is working with Audit Committee Chair Tulloch to schedule the Audit Committee meetings next week or the following week. As I mentioned, we have a meeting scheduled on the 9th depending on whether or not we can move things to the 30th. I don't believe we're going to be able to. As long as we have four Board members, I think we go ahead and proceed with that meeting. And then, of course, the 30th. I did note that Trustee Wong was not available on April 27 and Trustee Dent was not available on 8/10.

District General Manager Winquest said Trustee Schmitz requested adding dates for the parking lot items in the long-range calendar. We will apply dates to those moving forward.

Trustee Dent asked if we could put on the agenda in the near future, considering Policy 15.1.0 was just approved, to solicit members of the public to fill the vacant seat that has been vacant for a very long time. We were waiting for the policy to be approved. We need to move forward with that. And maybe, perhaps an easy

step is to go back to some of the previous candidates and see if they're interested in filling that term for a few months. Or maybe we broaden it, and one person is appointed immediately, and one more be appointed. I think two are coming up. But one would be appointed when the others turnout? I think it's important to have a full committee and make sure we're moving things forward. District General Manager Winquest said I would discuss that with Audit Committee Chair Tulloch at our next meeting and District Clerk Herron about setting up that process and maybe put it on the audit committee agenda to have that discussion. And if the Board is ready to appoint, we can go ahead and start that process. There are two or three community members that I've reached out to who are interested in being on the Audit Committee. I think you'll get a few more folks that are interested. Chair Callicrate said to Trustee Dent's point; it's important that we have a full committee, a full complement of members on the committee. I would support sooner as soon as we can to get that on an earlier board meeting.

Trustee Schmitz said it's still in the parking lot; I would like to remove it from the 4/13 list of agenda topics to have the review draft of the handbook. My thought process is that we will have some good deliverables from Dr. Mathis and those deliverables should be incorporated into a Trustee handbook. And I think it would be important for us just to sit tight, we haven't taken action on this item in such a long time, and I think you're near having maybe some really valuable input to incorporate. So it's still down in the parking lot. But I think it's actually on the 3/30. It's the first line that says 'review draft of the Trustee handbook.' I would like to remove that. District General Manager Winquest said I think we put it on 3/30 because we thought at that time we were going to be done with this training. So we'll go ahead and leave it on the parking lot and take it off of the long-range calendar for the 30th.

G. REPORTS TO THE BOARD*

1. Verbal report from Legislative Advocates Tri-Strategies – Eddie Ablesser and/or Paul Klein

Tri-Strategies Paul Klein provided a presentation. There were no questions. Board Chairman Callicrate thanked them for their updates.

2. Verbal report from District General Counsel Joshua Nelson on the Mark Smith v IVGID case

District General Counsel Josh Nelson said the public would remember the last time I provided an update. It was in response to this special master's report and the court's order upholding that report. That special masters

report set forth a standard to apply to determine from which emails are attorney-client privileged. That standard was stricter than had been previously applied by IVGID, so a substantial number of emails were released in response to that report. After that report was released, the parties attempt to settle and resolve the matter; unfortunately were unable to do so, but I do appreciate the plaintiff is willing to engage in those discussions. In an effort to move the case forward, IVGID went back and reviewed all of the emails that are still at issue in the case, applying the standard identified by the special master, and based on that review, we produced a substantial amount of those emails that have been previously retained. We also voluntarily provided a supplemental privilege log. In an effort to find a way to move the case forward, the plaintiff has filed a motion for the status conference which IVGID did not oppose having a status conference to get some input from the court, but in their motion, the plaintiff requested another independent third party review at IVGID's expensive of all of the remaining emails. We have initially objected to that request given that we just went through that exercise voluntarily and don't believe in independent third party review at our cost is warranted. The court has granted the motion but has not set a date for a status conference, and we're working with plaintiff's counsel to do that and hope to have that status conference heard by the court in early March. Once we have further guidance from the court, we will make sure the public remains aware. One issue not included in my report that I anticipate we'll get questions on, is current expenditures to date on the case. I do not have that number this evening, but we'll make sure the next time we bring this back, we provide a legal expense to date accounting. I'm happy to answer any questions. There were no questions.

H. **CONSENT CALENDAR** (for possible action)

1. **SUBJECT: REVIEW, DISCUSS AND POSSIBLY AWARD A CONSTRUCTION CONTRACT FOR THE REPLACEMENT OF THE MAIN ELECTRICAL BREAKER AS PART OF THE WATER RESOURCE RECOVERY FACILITY IMPROVEMENTS PROJECT – 2021/2022 CAPITAL IMPROVEMENT PROJECT: FUND: UTILITIES; DIVISION: SEWER; PROJECT #2599SS1102; VENDOR: MERIT ELECTRIC COMPANY IN THE AMOUNT OF \$50,117.00 PLUS \$5,000 FOR CONTINGENCY**

Trustee Schmitz asked District General Counsel if she could share the recommendation she made regarding invoices submitted by the contractor.

She referenced page 18; all documentation, drawings, reports, invoices submitted to this project would include IVGID project number. After speaking with the Director of Finance, Mr. Navazio explained that beneath the project codes are additional account codes that would identify whether the items were to be this project was to be expensed or capitalized. And my suggestion was to include the additional numeric codes so that it is more efficient and can expedite the handling of incoming invoices. That was a suggestion that I believe District General Counsel was in favor of and the Director of Finance Navazio.

Motion: Trustee Wong moved to approve the consent calendar. Trustee Tonking seconded the motion. Board Chairman Callicratec called the question and the motion passed with Trustee Schmitz voting opposed and added that the suggestion should have been incorporated.

District General Manager Winqest asked for clarification; are you suggesting we put the actual GL account where it's being charged to into the contract? Trustee Schmitz said in the conversation that I had with Director of Finance Navazio, he indicated that there are additional numeric codes that would help identify. If you recall, we've had issues with whether it is expensed or capitalized. So by identifying it here, the decision is being made, and therefore, there isn't a judgment call when individual invoices come in, and there's less probability of error so that was the suggestion. Trustee Wong said what Trustee Schmitz is suggesting is an accounting matter and doesn't really have any bearing as to whether or not we approve this contract. If this is something that she wants to work with our finance team and District General Manager to bring a proposal back offline, I'm totally fine with that. But that's an accounting matter, not a contract matter. Trustee Tonking asked if we do that in any of our other contracts? So it would just be on this one which would be odd. Director of Finance Navazio said I think that's a correct assumption, we don't. I just might clarify that. I think we understand Trustee Schmitz's intent in that is that we're all clear upfront about how we're going to account for it. I think it would be unusual to put in the contract, or what I would clarify if it's helpful is it when a contract like this work to is approved, the next thing we do is set up a purchase order. The purchase order has to tie to a specific account code based on where it's budgeted and the nature of the expense. So as long as the vendor is referencing the project, as noted here, and we set up the purchase order with the proper accounting, that happens automatically. We would be providing the vendor with the account codes because they don't make that

determination. Our process already is set up to ensure that the invoices are paid for the proper account based on the project, the fund, and the nature of the expenditure.

Board Chairman Callicrate said the motion did pass as it was presented. But I think that moving forward with what Director of Finance Navazio had just mentioned, through the purchase order situation, the clarification that Trustee Schmitz brought up, I think that there is an opportunity, if that would be the appropriate place. But if that's an opportunity to incorporate the concerns of Trustee Schmitz, which are valid, to whether it's expensed or capitalized, if we were able to do that through the PO situation, to give more clarity, so that there aren't any mistakes or misunderstandings, I think that would be an appropriate opportunity.

Director of Finance Navazio said there is an opportunity for us to say some things because there's no guarantee on a particular contract that every dollar charge in the contract is going to one account code. So in the purchase order, there are different line items. Still, it's incumbent on the contractors to accurately report information on the invoice sufficient to allow Staff to be appropriately allocate by line item. So I don't want to give it the impression that it's just a one-size-fits-all fix. Trustee Schmitz's comment arises from past situations where we've had some confusion. We've addressed them as best we can we're going to continue to work on them. I'm not sure about putting in the contract the account codes because it'll depend on the nature of the expenditure.

District General Manager Winquest said I completely understand Trustee Schmitz's points of concern on this. The best thing to do is to work with Trustee Schmitz and show her the process we go through. And if she's still not comfortable, we can discuss other ways to do this, just to make sure we're transparent about how we are charging our expenses.

I. GENERAL BUSINESS (for possible action)

- 1. SUBJECT: REVIEW, DISCUSS AND PROVIDE DIRECTION AND COMMENT TO STAFF ON THE FISCAL YEAR 2022 IVGID UTILITY RATE STUDY; DIRECT STAFF TO PREPARE DOCUMENTS AND UTILITY RATE SCHEDULES FOR A WATER UTILITY RATE INCREASE, A SEWER UTILITY RATE I NCREASE, AND INCREASE CHARGES ON THE PUBLIC WORKS FEE SCHEDULE**

Director of Public Works Brad Underwood introduced the item. Shawn Koorn, HDR, provided a PowerPoint slideshow.

At approximately, 8:00 p.m., the Board took a brief recess and reconvened the meeting at 8:09 p.m.

Board Chairman Callcrate said thank you Mr. Koorn, for that presentation. There's a lot of information to process and digest. I want to open it up by saying that I need to take a much more in-depth look at all this to digest it. And I don't want to preclude anybody else or my colleagues from giving feedback, but I think that because it was kind of late notice for us. I think that we're going to need to probably take this on board go through it more in-depth outside of tonight's meeting, and probably bring this back after we've had a chance to digest it and talk with Director of Public Works Underwood and other members of our senior Staff and our District General Manager. I'll open it up to my colleagues to get feedback from them. So we can give you some immediate feedback, and then, you know, decide what we would like to do this evening.

Trustee Dent said thank you, Shawn. I appreciate the presentation. You listed off kind of just some general feedback. But is there anything specific that you need that helps shift some stuff that way? We can be as specific as possible for you. We just got a ton of information just over 24 hours ago. I'm just trying to back into how we're coming up with some of these numbers or our assumptions. Because we don't have anything greater than a five-year plan for some of these capital projects, could you help narrow our focus? Like a preliminary step for us, given that this is very new information?

Mr. Koorn said absolutely. And that's a great clarifying question. When you break it into the three boxes that I kind of talk about as we go through this being, the first thing the revenue requirement. Are you comfortable with those revenue projections and those rate impacts for that average single-family customer? And again, those apply across the board to commercial irrigation, etc, in this presentation. Is that feasible for you? So as you look at some of the supplementary information provided that lays out what those costs are, how we're funding the capital, how that comes back, and what needs to be funded each year. I think that's the first question is does that fit? And I would just say, on the water side, as I mentioned, we're just simply trying to get revenues up to pay the bills, both operating and the capital side. On the wastewater, it's not as much of a jump to the overall change in the bill because we're almost there. It's just making sure that we're covering those current costs and planning for the future as we get into 23, 24, 25, and out.

I think that is the first piece. Is that revenue requirement from the board's perspective feasible? How do we want to account for that? And how do we adjust rates to get there? Obviously, if we're not paying for all of our operating capital needs then something's got to give somewhere if revenues aren't there to fund that. And so that's where we would start for you all to start. The second piece would then be thinking about the cost of service. So looking at those results, there's a lot more deep detail in the supplementary information provided. I don't expect you all to exactly be able to interpret that, but you'll see a lot of the information. I had actual numbers and dollars graphically here. Do you want to consider what we've recommended, which isn't across-the-board adjustments? Or do you feel that some changes should be made on the irrigation side, for water or the commercial sewer side? That would be the question of the cost of service. And then on the rate design. We've maintained your structure. I think your structure is good; it's contemporary and reflects industry approaches. Is there anything you've heard from your constituents that we shouldn't be changing this? At this point, I don't see a need to change that. And I would add that when you start changing multiple components of a rate study, increasing rates, making adjustments for cost of service, and changing a rate structure, that essentially compounds the impact that we may have on customers. We want to try and take as big a bite at what we can do as soon as we can do that. But also understand that we want to try and probably phase in any adjustments over a long-term period so that we don't have bills going way up or way down in any given year that we're able to kind of stair-step adjustments. Those will be the three areas for you all to provide feedback to Staff and then ultimately myself as we finalize the analysis.

Trustee Dent said he answered my questions, but I feel like it's a little preliminary to kind of weigh in on some of this stuff. But seeing that we have an 80% increase in our combined water and sewer bill over the next five years, it just seems like a huge amount, over a revenue kind of increase. As Shawn alluded to and I've mentioned, we're a little ambitious with our planning when it comes to the projects that we complete, and we have these massive CIP carryover projects every year. And I feel like if we could simplify that, or take a more accurate shot at some of these amounts that we need each year which are actually much less. It'd be interesting to analyze how much from the utility fund we said we were going to do over the last five years but didn't and carried that over. And then we could take that into account as we're looking at what our CIP budget is every year and maybe we only hit 75% or our mark every year, and well let's stop being as ambitious in our, in our planning over the next five years as to what we're going to do, because we know we can't hit those numbers because those are huge cost factors. One of the other things that I was a little thrown off by in the memo, and I thought we addressed this at the last meeting, and I think Trustee Schmitz might have talked

about this with Staff, but the funds we have in the capital improvements, that does include part of that \$2 million? Based on our conversations last meeting, it was my understanding that we were going to be removing that from our assumptions. I don't know for what it's worth. If we're looking at some of these projects, the last 50-75-100 years, I don't think the rate payers should be paying for it today with cash and funding it in the next couple of years when we can line that out over the next 30 years. So even if we are paying a little bit higher rate, you're not paying for something that you're not going to fully use or even use a portion of.

Trustee Schmitz said I concur with the comments that Trustee Dent made. I think that we should look at making things a bit more equitable. I think in public comment, there was an indication of, you know, 17% use, but yet only paying 5% of the cost. I think we should do that analysis and ensure that things are equitable. The other question I had is that when it was a straight 15% across all of the other fees, I'm curious if those other fees were really looked at and delved into to say if these fees are enough? And I'm talking about the plan, check fees, inspection fees because I don't believe they've changed since 2019. And I think there have been substantial wage increases and benefit increases. Were the sewer connection fees looked at and compared to other jurisdictions, and is that another way potentially that we could increase revenues in another way? We received all of this information just yesterday afternoon, but I did glance, and I just really struggled. I couldn't map it out. We had a baseline capital improvement five-year plan provided to the board just a few meetings ago, and I could not get that this capital plan to align with the capital numbers and the plan in the spreadsheets that were provided. And there was a comment that also Mr. Dobler made that our capital plan was roughly \$40 million, but in here at \$67 million. As Trustee Dent said, it's important for us to clearly understand what capital projects we can accomplish because we shouldn't be charging ratepayers for things that will get carried over and not completed. We really need to take a good hard look at what the going in assumptions were for the five-year capital improvement plan and make sure that these are good numbers that we all feel are good for assumptions. I couldn't figure out is when I calculated the reserve funding; I came up with the numbers in this plan being about half a million dollars higher than what we had in our baseline budget. So I feel like we need to spend some time looking at these numbers, maybe sharpening our pencils a little bit and making sure that we all understand that the assumptions going into these rates increase. A 20% water increase is not a gradual increase. As trustees and as the board, I think we have to be able to answer to our constituents about all of this. And there's a great deal of numerical data that I think needs to be closely examined.

Director of Finance Navazio said I just wanted to make one point of clarification. And it did come up in the public comment. Just last week, as part of the budget workshop, we talked about this baseline budget. I was hoping that we were clear that the baseline budget that we presented related to the capital is based on the last, five-year plan that the Board adopted last May. We're going through year one, so years two through five plus a year six is the baseline. The workshop that we will be having with the board in early March will focus on the capital budget and the adjustments and updates to the capital plan that the Staff is working on. And just to clarify, it's the updated utility water and sewer capital plan that was provided to Shawn for purposes of rate setting. The utility rate studies probably have a more advanced presentation of what the utility operating budget and capital budget will require. Part of the reason why we had crossed out the forecast and the utility fund for the workshop was that the board was scheduled to have this presentation. Otherwise, you'd be seeing this update in the next workshop. I just want to clarify we have a disconnect between the starting point of the budget, where we're going with the budget, and the work that Mr. Koorn has done to sort of preview where we are with utility fund for purposes of rate setting.

Trustee Schmitz said I appreciate that Director of Finance but the numbers don't sync. I can give you some examples - the vector truck in our budget, the baseline was \$470,000. In this utility study, this is one that went lower, it's only \$271,000. So that's a significant difference. As a board, we need to understand our accurate five-year plan, come to terms with the numbers, and see how that impacts this. In regards to growth, I understand we're a community from a residential perspective that's been built out. However, I'm curious about the impacts of both Boulder Bay and Cal Neva and whether those impacts were taken into consideration as part of this planning process.

Director of Public Works Underwood said no, they have not because it's uncertain whether that's actually going to happen. So you don't put something that is in the planning stages into a rate model. I also want to clarify the Capital worksheets; there were some adjustments made because we saw some needs that needed to occur and be included in the rate model. Understanding this is it's a working document is not approved by the board, but this is where we felt we needed to go in order to develop a robust rate model that would meet capital needs. And then I just want to remind you all of a couple of things. One is \$50 million of the capital with the pond storage project and the plant project. We're moving full steam ahead as quickly as we can on those. If the board wants to slow down, that's okay, but we've had another leak on the effluent pipeline this week. I would encourage you to think of it this way, 20% is not in a single year because we've lost two years prior to this. I have not seen any rate increases. We lost that compounded value of

money over the last couple of years, and then we've seen costs go up that we didn't anticipate either. So anyway, that's my comments for now.

Trustee Schmitz said you did put into the model growth, so I guess that's why I was asking about Boulder Bay and Cal Neva because that would be potential growth. And I do understand that we haven't had rate increases, but I commend the public works department because we have been able to get through and maintain levels of service. I think you all fixed it in the past by doing a good job of managing the budget. It sounds like you and your team have worked really hard on putting together a comprehensive five-year capital plan for this rate study. And I think it would be very helpful if we could review that sooner rather than later as part of our budgeting process to understand what was put in this rate study.

Trustee Tonking said I wanted to thank Mr. Koorn for the presentation. It was really helpful and it was a lot to take in quickly, but it was very helpful and informative. I also appreciated your use of graphs; they're very easy to follow. I kind of want to touch on a few of the things. I think maybe when we get that final report in its final form, some of those basic assumptions that were made could be laid out in some form of charts and show how they align; I think that might add some background and clarity that a lot of people seem to be looking for in this conversation. I don't know if that's too tall of a task, but I think maybe that might be a little easier for us all to look at. I'm having an issue with a high increase for people who are on fixed income or some of our lower income, socio-economic families in town. I want to push back a little on Trustee Schmitz's comment that even though we haven't done it for two years and shouldn't rectify the past, we've also held off on certain capital projects over those last two years without this rate increase. I think there have been decisions made knowing we're going to push those forward, but we still need to adjust. I'm running into this catch 22 issue where I feel like the rapid increase is a little scary for some of our families within our community. Still, I also understand that we need to do those things because we've been delaying and delaying. When I get to have a deeper dive into this report, I'm hoping I can find a landing point on that.

Board Chairman Callicrate said this is extremely important for Mr. Koorn and his company to take this feedback. But I also feel that we as trustees need to have more time to go through this, discern and drill down on where our concerns are, and then get some clarity from our Director of Public Works and his team and our District General Manager.

Trustee Dent said there are so many moving parts with this. We're seeking state, federal, and county funds. Is there a way to simplify this into some sort of excel

sheet for us if Tri Strategies were able to secure \$4 million so we can understand how that plays into the rates? Because it sounds like there's a pretty good opportunity for us to land something. If we're putting a rate study together based on things that aren't really going to happen, then we're forecasting, or we're not taking into account what could happen. I think we need to see all scenarios so we can find a way where how we can land in the middle. And I think until that, we see this as a worst-case scenario, assuming we don't get the federal, state, or Washoe County funds. And I feel like the chances are very high that we're going to get something out of that, which will drastically change this entire conversation. Shawn, is there a way to have some sort of excel sheet or something where we can quickly factor those numbers and spit out what our rates should be?

Mr. Koorn said absolutely. It's in the models. I have both utilities in excel. And so if you dig through and get to the CIP tab, I think it's exhibit four for both utilities and the supplemental information; you'll see on the last page that we have those spots for that. For that potential funding, especially on the sewer side, it will offset the debt and or lower-cost debt. All that flows right into the model, into the bottom line, and runs its course through the model. So that's something we can do as part of that.

Trustee Schmitz said I have a question about the fees and the 15% as it relates to staff time. I think that's a question I'd like to understand. I think Trustee Dent's point was spot on. There's something that's on the service schedule of services, and I don't know what it means. It's called sewer retroactive capital improvements. Could someone just explain what that is on our fee schedule? And is that impacted by this rate study as well?

Mr. Koorn said that's part of your capital connection charge program. There are two fees. Those are both for new customers connecting to the system. And so that's your connection or capacity fee. There are all kinds of different names for those. Kind of what you mentioned earlier, Trustee Schmitz, has that been looked at? Part of my scope is to work with Staff and not recalculate it. But that's something we can look at. You can't set that fee based on what neighbors are doing. That's actually a specific calculation based on the value of your system. So that's kind of that's a separate study. I'm working with the Director of Public Works on looking at that and how that was calculated. At this point, it appears as it was calculated appropriately; I don't know what that number would be today through this study.

Trustee Schmitz asked what the retroactive capital improvement is and does that change by just the flat 15%? I just don't know what that means on the connection

fees. What is a retroactive capital improvement? Mr. Koorn said there are two pieces to a connection fee, or your capital charge, those two charges that you have on your schedule. And when you think about a capacity or connection fee, there are two components to it. One is a buy-in into the existing system. So there's available capacity today in the system that everybody's been paying for. And so if you're buying into that. The second part of that fee is then the future capital needs related to growth or expansion necessary to serve that new customer. So that's those two fees. One is kind of the buy-in to the system fee, and one is the future. So I think that retroactive, from my understanding of that, is really that buy-in component, buying into the existing system. So you're on par with all the other customers paying for the available system. And then the other fee is for that future component and what that value is going forward. Trustee Schmitz said my underlying question is, if we go forward with this type of a rate increase to do this buy-in, I would think it would be more than a 15% increase. I was just trying to understand what that was, how that came into play, and how it was determined. It looks like we need to figure out how to potentially gather some additional revenues and do it in an equitable fashion. Mr. Koorn said absolutely, and I think that's one of those areas that, unfortunately for you, will never be a big revenue generator just because you don't have the large growth anymore. Years ago, that probably was bringing in much more revenue. Trustee Schmitz said and if we do have projects, like Boulder Bay and Cal Neva, it does become an opportunity.

District General Manager Winqwest said that I know there was a growth factor built in as it relates to growth. The project at 947 is one where we're going to have 40 new units; however, you got to remember they're tearing down the building and replacing it with new infrastructure. So it doesn't necessarily mean there will be significantly more use. There'll be connection fees, but it's not guaranteed it's going to be significantly more use of water. The Cal Neva has been down for a long time, and that'll increase, so we see some growth there. I understand where Trustee Dent was coming from as far as the capital plan; we carry over X amount of dollars or push out projects. We are looking at that at bandwidth and trying not to build an annual capital plan that we can't accomplish. That's one of the things I've brought up to the capital team. That being said, I got to believe that most of that's occurring is coming on the community services side. Much of what we budget for and the capital side for utilities has to occur. And so if, it doesn't occur in year one, it's going to occur in year two; if it doesn't year occur in two, it's going to occur in year three. So all of that capital still is in the five-year plan. It's still going to happen. It's not going to affect the five-year look. Overall, maybe it's something that's pushed out, but It is a good point that Trustee Dent brings up. There was a comment about how the Staff has been able to manage through the last couple of years with no rate increases, which in my opinion, was a mistake by the district and not increase

rates. I'm confident it would go up 4% each year, so there's 8% right there. And I think we all need to acknowledge that and accept that it might not have been the right decision as a district. At the same time, we managed because our former Director of Public Works pulled out like \$450,000 in a combination of operating and capital, and we did the same thing last year. That is not sustainable. That's not how we can continue. I think we got lucky in year two that had no rate increases because we had a lot of attrition at public works. We had several vacant positions, so we had significant savings in those scenarios. But that's not what we want. We don't want turnover, especially in public works. Thinking that we can continue on and kick this can down the road is not a sustainable model to continue pushing out and cutting corners.

Director of Finance Navazio said I want to remind the Board that this year's budget had an 8% rate increase for water and sewer built-in, which is not happening. The projected increases were actually more than 4% a year; it was 6% two years ago, and 8% this year. So we're kind of going into next year 14% below where we would have been. Trustee Dent's point is really spot on in terms of the potential for some favorable financing and funding opportunities to reduce the impact on ratepayers of our capital projects. That's something that we've talked about with Mr. Koorn who said the model could handle it. In addition to our lobbyists' work, some of the federal funding is likely to go through the state revolving loan fund. That assumption, question. We've got, 20 year bonds that are 4.5% if not higher interest built in. So any grants that we receive, if we go to the state revolving loan fund, we can get much more favorable interest rates, so it'll greatly impact it. My sense is, and I think Mr. Koorn would concur is that that would certainly help with sort of the peak and the tail of the rate increases, less likely to impact the year-one adjustment, but over time, it would. I'm not sure if it's a worst-case scenario because we don't have final costs. And we know where interest rates are going if we had to do debt financing. We are optimistic that financing opportunities will present themselves that will allow the district not to implement the full scope of the multiyear rates that you see tonight.

Director of Public Works Underwood said I want to share with the Trustees that I'm hearing what they're saying. And I've done this for many years, so capital projects that get carried over constantly are not something that we want to be in the habit of doing. Regarding Trustee Schmitz's question about the 15% increase, no, we did not do an in-depth analysis of that. We didn't have the bandwidth with some openings in the department and then didn't ask Mr. Koorn to do that. And if we want Mr. Koorn to do some additional work, it's not in his scope now, I'm happy to do that, but I want to be fair to him and the company that he works for as far as getting them paid for that as well.

Trustee Dent said I throw this out to my colleagues. I've thrown out a lot about removing that \$2 million, and we still have that \$2 million in the forecast. It's roughly \$20 a month off the ratepayer's bill just for the sewer portion of the CIP. And that's \$2 million that's supposed to go to the effluent pipeline. We could completely wipe out the 15% sewer increase by removing it. We could draw down the funds we've been collecting for that effluent pipeline to help offset some of these rate increases. It's it is the ratepayers' money. We are not using it. It's been sitting here. We're going to use it in the next few years. However, given the fact that we're going to be potentially bonding these projects anyway, that's one way to offset it. Either drawdown from the reserves so the rate increases don't look as big; decrease the \$20 that's part of the capital improvements with the sewer rate, and use a portion of that to offset the rate increase. I don't know what my colleagues think about that. I've been kind of throwing that out the last six months or eight months. The rate increase doesn't look as large if we don't hold everything. The overall dollar amount of your bill could even decrease and still meet the sewer rates if we don't collect \$2 million.

Mr. Koorn said so right now that in the model and the details of all those pages you have now are going away after next year. However, the debt service for that project right now is more than \$2 million a year. So when we look at those capital rates, that \$2 million is still needed because I keep that flat for the first two years, and then we start bumping it up for the other when you look at the actual rates. That \$2 million is being used to pay the debt service to finance the effluent pipeline. So if you take that \$2 million out, then the funding is not there for the effluent pipeline debt service as you go forward. In the rate study, we are trying to balance both the operating and capital side to the best that we can. But that capital number or that capital charge actually needs to increase out into the future, at least for the next five years. After that, I think there will be some ability to adjust that. So we tried to match that right up with the capital. If capital changes, then that capital charge could change. It's just a matter of timing. Trustee Dent said it makes sense as I see it in the 10-year plan on page 725 and how it stops after 2026. Mr. Koorn said essentially after 2023; we're not putting any funds towards the effluent; we basically turn around and use that to fund the debt incurring in 2024 to fund that effluent pipeline project. It kind of flips away from being put into reserves to being used annually. Trustee Dent said it is a timing factor; I understand.

Trustee Schmitz said I understand what Trustee Dent was saying, and I understand what your answers are. If we don't do some assumption analysis of funding from other sources, we again are planning and putting in a rate increase for potentially truly the worst-case scenario. I think we should look at some of those

potential models and see how that does change the numbers. I wanted to comment on Director of Public Works statement that we could slow down the effluent pipeline. I don't want to put words in my fellow trustees' mouths, but I feel like we all understand the importance of that project, which is not what we're discussing here. We're really discussing the overall five-year capital plan and how to address the issues.

Trustee Wong said thank you for all the work that you put into this. I appreciate the detail and overview presentation that you gave. It pleases me to see that the methodology you have used is consistent with what our former Director of Public Works used to present to us and gives me confidence and what our Staff has been presenting to us over the years. To Trustee Schmitz's point, I think it would be absolutely wrong for us to plan for funding that we don't know what will materialize. To be financially responsible for the District and our assets, we need to plan now that we're not going to get any funding from any outside sources. And if any of that funding happens to come through, that's great and we can reduce the rates at that time. But I think it would be irresponsible of us to start planning now that we could potentially get funding. If you want to model that out, that's fine, but I think setting rates like that would be irresponsible.

District General Manager Winquest asked Mr. Koorn if it is easier to set rates based on exactly what Trustee Wong just said, expecting the worst, and then scale back if we get funding, whether it's ARPA or it's the State? I certainly understand the request to look at the models based on funding. It's a completely valid suggestion and request by the trustees to be able to, and I'd like to see that as well. Is it easier to set rates based on worst-case scenario, and scale back if funding occurs? Or should we spend another month trying to decide whether we're going to assume that we're going actually to get funding and set rates that way, and then we find out we don't and then we go back to increase rates? It seems to me like it would make more sense to do the first. I'm just asking that question.

Mr. Koorn said there are advantages and disadvantages to each. I think you laid it out. If we set it on the worst case, and it doesn't happen, it's not a bad story to reduce the rates, but as a board and as a district, you have to follow through on that. For example, Tahoe City PUD set rates for five years in 2012. We set a five-year schedule. We didn't make it to the actual end. They never increased rates all the way. By the end of the ten years, we were at the level we projected them in this last study. They set it up in the worst case, and then they adjusted each year, which I recommend all agencies for Staff look at. This is a plan, just like many other documents you work on, and may change the second I send it to you. This is a working, living, breathing plan. I think it's good to know both sides; if things happen

or if things don't happen. I think the question of how you set rates is also a timing issue to some extent. Many agencies nowadays are adopting multiple years at a time, maybe two years, maybe three years, maybe five years. I generally say don't go past five years which is too long, but you can. If you're adopting a plan year by year, than I think as a board in the district, you may have more ability to react. If we're going to adopt a multi-year plan, I would be conservative, and I'm always going to be conservative. I'm going to be somewhat conservative as I go through this. From a short-term plan, our adjustments are pretty tight to where they need to pay for the current budgeted O&M and capital in 2023. It's the out years that we have more play. In a long-term plan, if the board wanted to adopt multiple years, I would adopt the higher rate. As you go through that process, the conservative approach, understanding when we run the scenario of grant funding, low-interest loans, that's going to be the floor amount that you could bring that down to based on all the inputs that we have here.

Board Chairman Callicrate said I hope that you've heard a lot of the concerns of my colleagues. Suppose we were to give all of us a chance to dig down deep since we just got this within the last 24 hours. I think that that would allow us to really discern what has been giving us fits and starts or what we think looks absolutely ideal, and we will bring this back at the next board meeting. Is that going to create an issue for you regarding timing and things that you need to do? Mr. Koorn said I don't think it's necessarily a timing issue. Once I receive the feedback from you all, it's just a matter of my team wrapping it up, updating the assumptions, adjusting the capital plan; however, that needs to be adjusted, rewriting the model, and going forward with it. I don't think that's super time-intensive; what we built in the model right now is a rate adjustment for a year. So if we start trending into fiscal year '23, we will have to start cutting that back, and the model can do that. We can pick the number of months the rates are effective. So that would be more of the timing of when you all want this implemented and good to go. The guts are all there. It's just a matter of fine-tuning. Board Chairman Callicrate said I need more time to look at this then we can bring this back to the next meeting. So we still are close to our timeframe, maybe not March 30, but the first time in April for the public hearing or however that makes sense.

Director of Public Works Underwood said we'll just adjust the time. And as you know, we've got to put 45 days notification for the hearing. I heard Trustee Schmitz talk about more of our fair share as assumptions go. I wasn't sure if that's a separate rate schedule for irrigation customers or if that's changing the board policy to require the irrigation customers, and the public recreation service customers to pay water charges. So just be helpful to have clarity from the Board on that. I want to have Mr. Koorn finalize the draft report for you all and get that in

your hands. And hearing that, we'll adjust the sewer rates for the commercial side. But on the irrigation side, there are a couple of different options. We can have a separate rate schedule for irrigation customers or go back to that long-standing board policy in the ordinance.

Board Chairman Callicrate said there's a lot that we haven't digested. I'll ask legal if we have to vote on this; can we just say that this will come back at the next meeting. District General Counsel Nelson confirmed the item can be brought back. Board Chairman Callicrate said that would be a prudent way to go. It gives us a chance to ask questions and get the answers we're seeking. So we can have a document moving forward that makes sense and that we all feel comfortable with and the community feels comfortable with. I think we're just about there. They're just some fine-tuning and tweaking that we need to do. Thank you, Mr. Koorn, for the tremendous presentation and the work you and your team have done. I think we've had some really good conversations, and hopefully, you've gotten some feedback from us that you've needed. And thanks, everybody for a spirited but important discussion. These are the nuts and bolts of what we do.

2. **SUBJECT: REVIEW, DISCUSS AND SET THE DATE/TIME FOR MARCH 30, 2022 AT 6:00 P.M. FOR THE PUBLIC HEARING ON THE PROPOSED AMENDMENTS TO THE SEWER AND WATER SCHEDULE OF SERVICE CHARGES, FEE SCHEDULE; AND TO PUBLISH THE NOTICE IN ACCORDANCE WITH NEVADA REVISED STATUTES 318.199**
3. **SUBJECT: REVIEW, DISCUSS AND POSSIBLY PROVIDE FEEDBACK REGARDING THE BURNT CEDAR POOL PROJECT UPDATE: A VERBAL UPDATE PROVIDED BY ENGINEERING MANAGER KATE NELSON**

District General Manager Winquest introduced the item. Engineering Manager Kate Nelson provided a verbal update of the Burnt Cedar Pool.

Board Chairman Callicrate thanked Engineering Manager Nelson for jumping in the middle of all of this and having to sort through some of these situations. With the vagaries of TRPA, Washoe County Building, and our tight timeline, that would have been nice to have that in initially with some kind of a staircase or a path. I think that the option you talked about with large boulders, other maybe some hardscape, and other additional landscaping that wouldn't interfere with the irrigation already in place. It wouldn't cost \$20,000 to bring in some stuff to put in there to create a barrier, and you've got a nice big walkway. Hopefully, there'll be people there to direct the kids to use the walkways and not trample through the

vegetation. At this point, while the carvings might be a nice addition, I think that that's too iffy. I think that one of the trees they took down shattered because it was dead inside. I think that just doing what we can to mitigate potential issues and move forward, but I want to hear from my colleagues and see how they feel about it.

Trustee Schmitz said I agree; I think those are all valid points after listening to District General Manager Winquest's comments and concerns. If we put down large stepping stones through the landscape, are you saying that that isn't an option because of ADA requirements? Engineering Manager Nelson said there might be a possibility of having some stepping stones. I don't know about large stepping stones, but there are still concerns with the existing irrigation system. We would have to just double-check that we're not impacting that at all. And that also can be done not as a part of this construction project, but it can be done in a year, or if we do see the problem once the landscaping grows, it's going to provide a natural barrier, people aren't going to want to walk through the mugo pines and that kind of thing.

Trustee Dent said I agree with Trustee Schmitz and following the District General Manager's recommendation.

Trustee Wong said I have a clarifying question about the hardscape. That wouldn't be a change order on the existing project, right? Engineering Manager Nelson said if we wanted to do it correctly, we wanted to incorporate it into this project. If we choose the large pavers or stepping stones, it could be a separate, smaller project at a later date. Trustee Wong said I don't understand the concept of the CMAR project. Is it because we're making a change that there would be an additional cost? Engineering Manager Nelson confirmed that it is not included in the original or in the final design to be that way. And so it's not included in the project at this point; it would be a change to put it into the project. Trustee Wong said I concur with everyone else and am inclined to agree with District General Manager's recommendations.

4. SUBJECT: REVIEW, DISCUSS AND POSSIBLY ADD A PARCEL TO THE RECREATION ROLL – 1709 LAKESHORE

District General Manager Winquest introduced the item.

MOTION: Trustee Wong moved to add parcel number 130-33-103, address 1709 Lakeshore, to the District Rec Roll. Trustee

Tonking seconded the motion, Board Chairman Callicrate called the question and the motion was passed unanimously.

- 5. SUBJECT: REVIEW, DISCUSS AND POSSIBLY APPROVE A MEMORANDUM OF UNDERSTANDING BETWEEN THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND THE CHERYL AND DAVID DUFFIELD FOUNDATION FOR THE CONCEPTUAL PHASE OF THE EXPANSION OF THE RECREATION CENTER**

District General Manager Winquest introduced the item.

MOTION: Trustee Wong moved to approve the memorandum of understanding between the Incline Village General Improvement District and the David and Cheryl Duffield Foundation for the conceptual phase of the expansion of the Recreation Center. Trustee Tonking seconded the motion.

Trustee Schmitz said I just have a question for the District General Manager - when it talks about administrative space in Exhibit A, could you just clarify the administrative space? I'm assuming you're not talking about administrative space, i.e., the admin staff's movement over to that building? District General Manager Winquest said that's correct. We envision, upon entry, a small front desk area to check people in. And then probably a couple of offices administration offices for Staff, such as an office for Staff and maybe one for the Boys & Girls Club. Trustee Schmitz said under the project cost estimation, I see that this will be an outsourced project. But there still will be some element of IVGID staff time; it probably won't be significant. But when we get the project cost estimation, can we please also estimate IVGID staff time? District General Manager Winquest said I want to clarify. I felt it is important. There will be a minimal amount of staff time during the conceptual phase. I have talked to the Duffield Foundation; they are aware that as we move into the actual project, internal engineering time and staff time will all be included in the grant amount we will be getting from the Duffields. So it would include similar to what you see with our other projects, and estimation of engineering staff or engineering time as part of the project. Trustee Schmitz thanked the District General Manager for answering the questions. Trustee Wong said I just want to make sure we express our gratitude to the Duffields for their continued support of our community, and I'm very excited to see this project move forward. The motion carried unanimously. Chair Callicrate thanked Dave & Cheryl Duffield.

J. MEETING MINUTES (for possible action)

1. Meeting Minutes of January 12, 2022 – The meeting minutes are approved pending the necessary changes that the District Clerk had identified.

K. FINAL PUBLIC COMMENTS*

Yolanda Knaack said I know the Trustees will be getting more information on the rate increases for water and sewer utilities. I wondered if that information could also be made available to the community on your website?

L. ADJOURNMENT (for possible action)

The meeting was adjourned at 9:31 p.m.

Respectfully submitted,

Misty A. Moga
Acting District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Cliff Dobler

Submitted by Ellie Dobler

Contacted Mr. Katz about his written statements and he has none to provide at this time.

This written statement is to be made part of the minutes of this meeting.

Regarding the Budget Workshop held on February 3, 6 days ago, I provided a memo to Trustees Schmitz and Dent regarding several gross errors contained in the presentation. Trustee Schmitz asked that I refrain from public comments as the items were embarrassing to the Board and she would disclose them at the meeting. She did not. Do not expect me to refrain from speaking any more.

On tonight's packet page 58, Underwood makes the following statement: "There are Public Service Recreation irrigation accounts that do not pay excess water charges. Revising this long standing Board policy decision would SIGNIFICANTLY impact operating costs at these venues." If proper charges were instituted it would save the 4,000 residential customers \$.30 per month \$14,000 per year. I find it laughable that \$14,000 per year is SIGNIFICANT when the Community Service and Beach Venues have a \$1.3 million budget for utilities in fiscal 2023. In Josh Nelson's world that would be incidental not significant. Staff is recommending doing nothing in order to continue their long term tradition of having property owners bear the costs of inefficient management of the venues.

The public just got the late arrival supplemental materials purportedly prepared by HDR engineering regarding the Fiscal Year 2022 IVGID Utility Rate Study.

The devil is in the details. According to the Water supplement (pages 23 and 28), Water delivered to the IVGID venues is 17.3% of total water delivered but IVGID only pays 5.3% of the total revenues collected. On a linear basis IVGID should pay \$615,000 more per year not the erroneous statement made by Underwood. Get the Picture.

The Pond Lining Project is estimated at over \$6 million with carryovers, up from the \$4.7 million estimated in September, 2021. A 30% increase in 5 months and the worthless earth dam will require more money. The assertion that the pond will be completed four months from now, is sheer fantasy.

So days ago, IVGID management presented that the water and sewer CIP budget for fiscal years 2022 to 2026 should be \$27.6 million. The budget was subsequently crossed out, probably based on my memo to Schmitz and Dent. According to the late arrival of the HDR report the water and sewer CIP budget for the same period will be \$67.9 million or an increase of \$40.3 million or 146%. To fund this, \$43 million must be borrowed, a yet to be seen grant of \$3.4 million from USDA completed and all pipeline set aside money used up.

Memorandum - from Cliff Dobler

To: Trustee Dent and Trustee Schmitz - Sent 1-25-2022

BOARD MEETING 1-26-2022

Worksheet budget observations

These written comments are to be part of the meeting minutes

It is quite apparent that IVGID Staff continues to compile an incomplete budget and 5 year capital plan that has little merit, is quite sloppy AND DOES NOT COMPLY WITH BASIC ACCOUNTING.

Page 33 - Summary

The executive summary for each fund and venue is not included so baseline staffing/service levels and outcomes are not available

Page 40 - Sources and Uses are CASH FLOW statements and should be labeled as such

Page 40 - Proceeds from Capital Asset Dispositions are the "Prior period adjustments" and should not be included as revenues. There is no cash flow from charge off of capital assets to expenses

Statements of Income, Expenses and Changes in Net Position for Community Services (page 56) and Beaches (page 61) - Facility Fees are NOT operating income but are NON operating income and should be reflected as such according to Moss Adams final report.

Page 41- Facility Fees for Community Services venues should be allocated to each venue and not be in Recreation administration department.

Page 45 - General Fund Services and Supplies at \$1.2 million are 300% higher than in fiscal 2020/2021

Page 45 - General Fund Services and Supplies amount does not agree with Services and Supplies on page 46

Page 80 - Champ Golf Course - Operating income from 2020/2021 compared to new budget increase by only \$286K but operating expenses increase by \$750K. Losses of \$1.3 million.

Page 80 - Champ Golf Course - No idea of what the \$623K transferred out in 2019/2020

Page 96 - Recreation - Rec Center - operating income from 2020/2021 compared to new budget increased by only \$190K but operating expenses increased by \$601K

Page 115 Beaches - operating income from 2020/2021 to new budget increased by only \$98K but operating expenses increased by \$781K - NOT ADEQUATE FACILITY FEE BUDGETED AS LOSS OF \$354K IS BUDGETED. FACILITY FEE MUST NOW BE \$1,750,000 OR \$226 FOR EACH OF THE 7,748 PARCELS. TWO YEARS AGO THE FACILITY FEE WAS \$125 PER PARCEL

Public Comment - IVGID Board of Trustee Meeting 2-9-2022 by Ellie Dobler

This written statement is to be made part of the minutes of this meeting.

I repeat, so days ago, IVGID management presented that the water and sewer CIP budget for fiscal years 2022 to 2026 should be \$27.6 million . The budget was subsequently crossed out, probably based on Cliff's memo to Schmitz and Dent. According to the late arrival of the HDR report the water and sewer CIP budget for the same period will be \$67.9 million or an increase of \$40.3 million or 146%. To fund this, \$43 million must be borrowed, a yet to be seen grant of \$3.4 million from USDA completed and all pipeline set aside money used up.

Do you want the public to believe that you as Trustees and your Management have any idea what is going on. I think dysfunction reigns supreme. I'll attach Cliff's memo which was sent to Schmitz and Dent.

Chairman Callicrate, Cliff still requires an apology from you for your false statements accusing him of making derogatory comments about the auditors Davis Farr. Cliff has asked you 3 times to provide any evidence what so ever which you have not done because he made no derogatory statements. Your lying is unethical.

Attachment of Memo from Cliff Dobler to Trustee Dent and Schmitz - 1-25-2022

Memorandum - from Cliff Dobler

To: Trustee Dent and Trustee Schmitz - Sent 1-25-2022

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Capital Improvements

Page 68-77 - No Project Summary sheets for the 263 items on 10 pages of capital improvement projects

Expenses are included in Capital Improvement Summary Report. An expense is not a capital improvement

Page 70 - No budget for Pond Liner. Estimate is \$4.7 million plus more for DAM renovations. Only \$1,550,000 budgeted in 2021.

Page 70 - Effluent Pipeline only has \$8 million for expenditures for next five, however, Segment 3 which is planned to be replaced is expected to cost \$1,000 per LF or about \$14 million.

Page 71 - Champ Golf Carts planned for replacement in 4 years. Carts are expected to last 5 to 7 years.

Page 71 - Champ Golf Course Cart paths has budget of only \$457K. Based on Howard estimate of 57% needing replacement and with recent costs by Carson on the 14,649 LF should be estimated at \$1.3 million.

Page 71 - Practice Green expansion of \$220K never part of any master plan

Page 74- Ski Way & Diamond Peak Parking lot could never be replaced in fiscal 2023. Paving could not even be started until June 2023. No plans and estimate is stale.

Page 74 - Diamond Peak - Snowflake Lodge - \$6.2 million. Planned for 2027. Budget based on 2015 cost estimate which was to be constructed between 2020 to 2023. No updated budget for inflation costs. Building designed for 8,500 sf and 450 seats. Additional revenues \$1.7 million with expenses of \$1.2 million and assumes summer lunch & dinners and weddings. Winter revenues portion would only increase by \$557K with related expenses of \$329K plus 33K of additional overhead or net of \$195K.

Page 76 & 77 - Beaches - NO INCLINE BEACH BUILDING

Page 76 - Intent to spend \$2 million to replace Burnt Cedar Pool in 2027 when new pool is not yet completed