

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winqest
General Manager

SUBJECT: General Manager's Status Report
Prepared for the meeting of September 30, 2020

DATE: September 22, 2020

General Manager & Board of Trustees Priority Projects & Tasks

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Effluent Pond Lining Project Request for Qualifications (RFQ) <i>*updated</i>	CMAR RFQ Process to begin in October 2020	GM Winqest/DPW Pomroy Trustees Wong/Dent	Currently working on a RFQ to hire a CMAR Contractor.
Effluent Pipeline Project Request for Qualifications (RFQ)	See above	GM Winqest/DPW Pomroy Trustees Wong/Dent	See above
Burnt Cedar Pool Project <i>*updated</i>	Design Phase	Engineering Manager Chorey/GM Winqest	Schematic Design Proposal approved at the 9/9/20 BOT Meeting
<u>Internal Controls Project(s)</u>			
Review of Internal Control * Policies and Procedures	Winter/Spring	Director of Finance Navazio	Draft framework / project plan shared with Audit Committee; prioritizing procurement policy review
* Construction Contract Review <i>*updated</i>	Winter 2020	GM Winqest/Director of Finance Navazio	Moss Adams contract audit underway; completed document review and stakeholder interviews; fact validation by 10/30; final report 11/16
Ordinance 7 Administrative Revisions <i>*updated</i>	Fall/Winter 2020	GM Winqest	GM Advisory Committee Kick off meeting was held on 9/29/20.
Smith vs IVGID Litigation <i>*updated</i>	Ongoing	Legal Counsel/Board of Trustees/GM Winqest	Update provided by Legal Counsel at the 9/9/20 BOT mtg

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Utilities Performance/Asset Management Review <i>*updated</i>	Hiring of Consultant Fall 2020	GM Winquest/Board	Draft RFQ / RFP under final review; target date for engaging consultant 11/1/20
2020/2022 Strategic Plan	February 2020/21	Senior Management Team/Board of Trustees	Will discuss, in the future, during long range calendar
USFS Parcel Acquisition – Potential Dog Park	Ongoing	GM Winquest	Met with USFS Staff 4/2/20 process of filing a special use permit.
2020/2021 Budget Kick off Workshop <i>*updated</i>	November 2020	GM Winquest/Director of Finance Navazio	Will discuss during long range calendar
Recreation Punch card accounting <i>*updated</i>	Fall 2020	Director of Finance Navazio	Board Workshop took place on 9/9/20.
USACE Grant Funding for Pond Lining/Pipeline Projects	TBD	GM Winquest/DPW Pomroy	No Update

COVID–19, Impacts to the District & update on closures and restrictions

The Recreation Center is currently open with a limited capacity of 50% for current members only. Drop in use is being evaluated at this time. Reservations are required for Group Fitness Classes, Gymnasium, Pool, and Strength and Conditioning area. The Chateau Grille is currently open with limited capacity and reservations are required. Weddings, Banquets and Events are currently taking place with significant restrictions based on state and county guidelines and restrictions. A variety of Parks & Recreation programs are being offered with strict health and safety guidelines. The community parks remain open for drop in use and social/physical distancing is being closely monitored. The Tennis Center remains open until late October weather dependent.

Beach operations are constantly changing and Staff has and will remain flexible as restrictions are ready to either lifted or added dependent on impact of COVID–19 and observed behavior at the beach properties. Currently the beach operational season is winding down. Food & Beverage and lifeguard operations ended on September 7th. Beach Host Staff will continue to staff the entrance gates and the boat ramp as weather and utilization allows.

- All Beach Parking lots open 7am – 8pm daily
- Ski Beach Boat Ramp Gate is currently open and staffed from 8am – 7:00pm daily.
- Beaches are currently open to IVGID Picture Pass and Recreation Punch Card Holders only. Physical/Social Distancing required. Pop up tents only allowed in specific areas.

Championship Course	Mountain Course
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August	2019	% of Play	2020	% of Play	2019	% of Play	2020	% of Play
Total Rounds	5832		5269		4771		4204	
Residents	1498	26%	1796	34%	1532	32%	2062	49%
Play Pass	2115	36%	2123	40%	709	15%	676	16%
Guest of Resident's	714	12%	592	11%	623	13%	497	12%
Non-Resident	1265	22%	627	12%	1635	34%	884	21%
Other	240	4%	131	3%	272	6%	85	2%

**85% of rounds were Residents or Residents Guest – Championship Course*

**77% of rounds were Residents or Residents Guest – Mountain Course*

Championship Golf Course

The Championship Course continued to be busy for the month of August and operated at 89.7% capacity with COVID-19 restrictions. The California fires did impact play, with several cancellations the last half of the month. Closing day for the Championship Course is scheduled for October 18th and the Range will remain open until weather dictates otherwise. All of our managers and staff have jumped in to do whatever it takes to get daily operations accomplished and many have gone above and beyond to manage through COVID-19.

Mountain Golf Course

The Mountain Course is continuing to enjoy great success this year and play for August was at 75.2% capacity with COVID-19 restrictions. Much like the Championship Course, the Mountain Course was also affected by the California fires. Closing day for the Mountain Course is scheduled for October 11th.

Public Works

- IVGID Public Works will temporarily suspend disconnections and penalty charges for delinquent accounts during this time. We will work with customers facing financial hardship to develop payment plans in order to assist with past due balances. We encourage any of our customers to contact us if they have concerns about their account balances. We expect to discontinue this by December 1.
- Solid waste violations and fines have been reinstated as of all new violations beginning August 31, 2020.

Ordinance 7 General Manager Advisory Committee

All committee members have been given a variety of historical and supporting material and data for thorough review. A kick off Zoom meeting will be held on September 29, 2020 to kick

off the project. Staff is anticipating this will be 4-month process and should include opportunities for the community to weigh in prior to presenting recommended draft amendments to Ordinance 7. A formal process and timeline will be presented to the Board of Trustees in October, 2020. Committee members are all full time residents and have a strong understanding of the District.

The Board of Trustees and community were provided with a verbal update on the committee members and the process at the September 9, 2020 Board of Trustees Meeting. The members of the committee are: Diane Becker, Mary Danahey, Denise Davis, Kristen Ferrall, Scott Hill, Margaret Martini, Hal Paris, Trevor Smith, Bruce Townsend, Karen Viel, Ken Viel, Frank Wright, Indra Winquest, IVGID District General Manager, Tim Callicrate, IVGID Board of Trustees, Chairman, Administrative Support Staff: Kari Ferguson and Susan Herron. A page on the IVGID website has been created and that link is <https://www.yourtahoepace.com/ivgid/general-managers-committee-on-ordinance-7>.

Key Project Updates

Burnt Cedar Swimming Pool Improvements

A 2020/2021 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. A design consultant has been selected and worked with IVGID Staff and a community group to develop a preferred conceptual design. On August 12, 2020, the Board of Trustees unanimously selected a preferred option. On September 9, 2020, the Board of Trustees unanimously authorized schematic design services. On September 30, 2020, the Board of Trustees will review the project delivery method (Construction Manager-At-Risk or Design-Bid-Build). Schematic Design is tentatively scheduled to be presented to the Board of Trustees at the November 18, 2020 Board Meeting.

Tennis Center Renovation

The project includes remodeling the pro-shop and restrooms, enclosing the existing kitchenette area, expanding and enhancing the deck area, and layout improvements to make the venue more welcoming. The construction contract was awarded at the June 10, 2020 Board of Trustees meeting. Construction has commenced and the project is scheduled to be substantially complete April 1, 2021.

Daniel Fraiman 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)
\$709,000	\$25,358	\$734,358	\$107,287	\$627,071

Effluent Pipeline Project

District Staff provided a detailed Effluent Export Project update to the Board of Trustees on January 29, 2020. 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 mitigate a potential future leak site. At the February 26, 2020 Board of Trustees Meeting, a design services scope of work was presented to the Board to begin replacement of Segment 3, the scope of work was not approved. The Board has placed this project on hold pending the hiring of a Project Manager/Construction Manager-At-Risk (CMAR) to conduct a complete project review of the Effluent Export Project. IVGID staff is preparing a Request for Qualifications (RFQ) to solicit responses from potential CMARs.

Effluent Pond Lining Project – 2599SS2010 (this is a new capital project #) – PO#

A component of the Water Resource Recovery Facility (WRRF) operation is a 2.4-million-gallon effluent storage basin located adjacent to the wastewater resource recovery facility (Plant). The WRRF Effluent Storage Alternative Analysis Memorandum, September 2018, recommends a reinforced concrete or the combination of concrete and shotcrete lining that provides the best long term value, maximizes storage volume, and has low maintenance to keep in service. At the February 26, 2020 Board of Trustees Meeting, a design services scope of work was presented to the Board for lining the pond, the scope of work was not approved. The Board has placed this project on hold pending the hiring of a Project Manager/Construction Manager-At-Risk (CMAR) to conduct a complete project review of the Effluent Export Project. IVGID staff is preparing a Request for Qualifications (RFQ) to solicit responses from potential CMARs.

Financial Transparency

Fiscal Year 2019/2020 Year-End Audit

Staff has been working on fiscal year-end close and completed trial balances and preparation preliminary financial statements for review by the District's Independent Auditor first week in September. Audit team is finalizing field work and testing District's financial transactions are 10-14 days behind schedule re deliverables, but are working to ensure overall audit plan is completed within required timeframe. Audit team is finalizing their field work and completing "testing" of sample transactions. Draft financial statements are scheduled to be completed in October with the final Comprehensive Annual Financial Report due to be delivered by the statutory requirement of November 30, 2020.

Fiscal Year 2020/2021

Staff has closed the first accounting period of the new fiscal year (July) and is scheduled to close August week of 9/28. Consistent with the fund structure of the adopted FY2020/21 budget monthly operating and capital project reports have been updated. Staff is evaluating potential modifications to the District's adopted budget based on feedback received from the Board related to Punch Card accounting as well as treatment of deferred revenues (fees paid in advance of facility use).

Work also continues on the engagement with Moss Adams to perform a review of the District's contract management practices. Consultant has completed document review for identified projects as well as stakeholder interviews. Fact validation is scheduled to be completed by the end of October with a final report delivered by mid-November.

Incline Village Crystal Bay Visitor's Bureau

Please see the attached letter dated September 15, 2020 from President/Chief Executive Officer Andy Chapman.

Personnel Update

Director of Public Works Joe Pomroy has tendered his resignation with the District effective October 2, 2020. We wish him the very best in the next chapter of his professional career.



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September 15th 2020
Indra Winqest
Incline Village General Improvement District
Via Email

Indra

Thanks for the conversation last week regarding questions that have come up related to IVGID's possible changes in the promotion and marketing of IVGID owned assets including Diamond Peak Ski Resort this winter. I have reviewed meeting video as well as the board meeting minutes for Item H1 from July 29th and have linked below.

(https://www.yourtahoeplace.com/uploads/pdf-ivgid/I.1. - Meeting_Minutes - July_29_2020.pdf).

There continues to be substantial misinformation regarding how the Incline Village Crystal Bay Visitors Bureau operates in our partnership with the North Lake Tahoe Resort Association in the marketing and promotion of the North Lake Tahoe region (including Incline Village and Crystal Bay). I have outlined a few points for consideration below.

1. Incline Village Crystal Bay Visitors Bureau (IVCBVB)

The IVCBVB is the official visitor bureau for the Washoe County portion of Lake Tahoe. The Bureau was created in January 1991 by the Reno Sparks Convention and Visitors Authority (RSCVA) as a distinct and separate organization. Articles of incorporation were filed with State of Nevada on June 25th, 1991. The IVCBVB is overseen by a 5-member, appointed board of directors and adheres to State of Nevada NRS regulations.

The mission of the IVCBVB reads: "To encourage tourist visits and ultimately enhance the occupancy and revenues for lodging facilities in the Incline Village and Crystal Bay areas".

2. TOT Collection and Distribution

Visitors to the Incline Village/Crystal Bay region, when staying overnight at an accommodation, pay a 13% tax on room cost. This tax is paid by the overnight visitor. Residents of IV/CB do NOT pay this tax, nor do businesses located in the region, nor do visitors that do not stay overnight. The overnight visitor pays this tax, it is collected by the accommodation and remitted monthly to the RSCVA tax authority for distribution. Distribution is designated by NRS Code and is distributed as follows: 4 and 5/16 % to RSCVA; 3 and 5/16 % to IVCBVB; 2% to Reno Sparks Convention Center Expansion; 1% to Nevada Department of Education; 1% to Washoe County; 1% to Reno Downtown Special Events Center; and 3/8 % to State of Nevada Taxation.

3. North Lake Tahoe Marketing Cooperative (NLTCM)

The NLTCM was established in October 2006 by an agreement between the IVCBVB and the North Lake Tahoe Resort Association (NLTRA). This agreement was developed through an extensive process with both the IVCBVB and the NLTRA. This agreement has been extended 3 times, each for a three-year period. In 2015, both organization's board of directors revised the agreement to be perpetual in length with the ability of either organization to request a formal review of the



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agreement. The NLTMC is overseen by a committee made up of 4 members from each organization.

The NLTMC was developed with the following objectives: 1. Distinguish North Lake Tahoe from our competitive set, 2. Build awareness of North Lake Tahoe in specific target markets, 3. Increase overnight visitation to North Lake Tahoe. In addition, the NLTMC determined these strategies: 1. Create a single destination voice for the North Lake Tahoe region, 2. Eliminate confusion from prior messaging from IVCBVB and the NLTRA, 3. Stretch limited budgets to compete with identified competitive destinations.

The NLTMC effort is designed to reach a target audience that may not know much about the NLT travel product. We support the strategy that it is the Coop's responsibility to market where our individual businesses cannot. It is our strategy to develop and drive visitation to new markets, typically outside of our traditional Bay Area drive market. This includes US domestic efforts as well as targeted international efforts. These efforts have been modified during the COVID-19 pandemic that we are currently experiencing (please note that the NLTMC has stopped all paid marketing efforts since March 15th). While our efforts are designed to promote the region, it is not our responsibility to be viewed as an in-house marketing arm of any one part of the destination. However, the various activities and product offering within the NLT region is vitally important to promote and is a critical part of our messaging.

Funding for the coop and all related marketing, sales, communication, social and promotional efforts is shared between the IVCBVB and the NLTRA. Historically, the IVCBVB has contributed approximately 40% of the total cooperative funding budget with the NLTRA funding the remaining 60%. As an example, this past year, the IVCBVB contributed \$850,000 to the cooperative effort while the NLTRA contributed \$1,500,000. For every dollar we spend in marketing the NLT region, our contribution covers .40 cents with the NLTRA contributing .60 cents. In combining our collective resources to promote the NLT region as a single travel destination, we not only maximize our resources, but we also are able to compete against larger destinations all of which are actively inviting visitors to their location.

Regarding the RSCVA or Washoe County. Both organizations are aware of the NLTMC effort and the efforts behind promoting the region as single destination. In addition, we work closely with the RSCVA to ensure that our portion (Incline Village/Crystal Bay) is getting an appropriate amount of promotional effort from the RSCVA sales and marketing effort. I sit on the RSCVA board as our Incline Village Crystal Bay bureau representative.

4. GoTahoeNorth.com

There has been some misinformation shared and discussed with your board as related to our region's consumer website, www.GoTahoeNorth.com. As stated above, via the NLTMC we market under a single destination umbrella and the single website as our fulfillment. As our



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efforts are targeted at developing new visitation, we must first sell the destination against our competitive set (South Lake Tahoe, Santa Cruz, Mammoth, Monterey, Palm Springs, Colorado and Utah resort, to name a few). With this, our consumer website promotes the entire destination of NLT including Incline Village and Crystal Bay. We have 13 distinct and different regions within NLT. Each provides the visitor with a unique experience tailored to their specific travel interests. IV and CB is no different in that effort. As an example, here are two links to specific IV and CB pages within our consumer website.

<https://www.gotahoenorth.com/lake-tahoe/towns/crystal-bay/>

<https://www.gotahoenorth.com/lake-tahoe/towns/incline-village/>

In addition, IVGID facilities are all listed on our site in various locations based on the type of search being conducted. In fact, on our winter landing page here <https://www.gotahoenorth.com/lake-tahoe-activities/winter/> you can see that Diamond Peak is prominently positioned with a photo and location ID on the Find Your Mountain section of the winter page. Diamond Peak is listed (with all other NLT ski resorts) in all applicable pages and links

<https://www.gotahoenorth.com/lake-tahoe-activities/downhill-resorts/>. IVGID's golf product is

also promoted within the golf section of the site <https://www.gotahoenorth.com/lake-tahoe-activities/golf/> as is the tennis center <https://www.gotahoenorth.com/listing/incline-village-tennis-center/> and the Chateau <https://www.gotahoenorth.com/listing/chateau-at-incline-village/>

The design of the new site also allows the guest to customize their search to narrow down the content. As an example, you can search for just Incline Village lodging via the lodging page

<https://www.gotahoenorth.com/lodging/>, the dining page

<https://www.gotahoenorth.com/dine/bytown/> and the deals page

<https://www.gotahoenorth.com/deals/> amongst other.

5. Diamond Peak Marketing and Winter 2020

Just a few thoughts regarding this upcoming season. As I am sure you can agree, no one has a clear crystal ball of what the 2020 winter season will bring us. What will Mother Nature send our way in terms of snow, weather, temperatures? What will the COVID pandemic bring as it collides with the regular winter flu season? What will the traveling consumer be looking for from its host destinations? While none of us have these answers, we all need to be prepared as best we can to pivot and respond based on conditions on the ground. I am sure you have seen the information released last week from Vail Resort on how they will be handling pass holder and day visitor "reservations". I am sure Alterra will follow and perhaps Diamond Peak is also considering some adjustments to their operations. From the intel we have received as well as information provided by various organization such as NSAA, this season will no doubt be a regional, drive market, market share game. Resorts will focus on their key relationships with pass holders and close drive market guests. There will little to no long-haul market promotion or visitation (airlines are sure to reduce their capacity to RNO once CARES Act funding ends in October) and international efforts will be diverted to drive immediate guest visitation and returns. With that, we should expect all



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the Lake Tahoe ski resort operators to be focused on the close drive markets. This season will no doubt be a market share race to see who entice the visitors to their facilities. This and the unknown of what the season will bring in snowfall and temps may not be the best time to initiate a dramatic change in the marketing operation for Diamond Peak.

Indra, I hope these points are helpful in your review and ultimate determination of your efforts moving forward and that I have been able to shed some light on how we operate as well as potentially clear up some misinformation regarding various aspects of our operations. I am happy to further discuss any of these or other items that may be appropriate.

Best Regards

Andy Chapman

Andy Chapman

President/CEO

Incline Village Crystal Bay Visitors Bureau