

MINUTES

REGULAR MEETING OF AUGUST 12, 2020 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, August 12, 2020 at 6:00 p.m. This meeting was conducted virtually via Zoom.

A. CLOSED SESSION – TIME CERTAIN - 5:00 p.m. to 5:45 p.m.

The Board held a Closed Session to consider negotiating strategy pertaining to the Operating Engineers Local Union No. 3 (pursuant to NRS 288.220).

B. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

C. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*

On roll call, present were Trustees Tim Callicrate, Sara Schmitz, Matthew Dent, Peter Morris, and Kendra Wong.

Also present were District Staff Members Director of Finance Paul Navazio, Director of Public Works Joe Pomroy and Engineering Manager Nathan Chorey.

No members of the public were present in accordance with State of Nevada, Executive Directive 006, 016, 018 and 021.

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

Dick Warren said he wanted to talk about Item I.3 – General Business – District Fund Balances - Congratulations Staff, with respect to Fund Balances you have moved us forward to June 30, 2020; however, you seem to be unwilling to amend the FY 2021 Budget to deal with the excess fund balances after what was required to be committed for 6/30/2021 planned expenditures. And BTW Staff, you did not even do the 6/30/2020 Fund Balances correctly; for example, the Utility Fund you list as “Unaudited UNRESTRICTED Net Position at 6/30/2020 as \$14,080,153”. Really Staff? In the last paragraph on page 109, first sentence, “At its meeting of March 3, 2020 the Board took action to restrict \$9,656,890 in Utility Funds for the expressed purpose of earmarking the funds for the Effluent Pipeline Project...” Do

you review what you write before you send it out to the public, or do you just wing it? He would suggest you go back to Cliff Dobler's June 9th email where he discusses what needs to be done during FY 2021. Cliff starts with Fund Balances as of 6/30/2020; He believes he used budgeted amounts for each Fund, but you can now go back and fill in the actual Fund Balances as of 6/30/2020. But then Staff needs to deal with 2021; for each Fund you need to determine Restricted & Unrestricted requirements for each Fund, you need to determine the minimum balances for each Fund, and you need to commit the excess funds to their appropriate places. As you well know, because Cliff pointed it out to you back in June, "...the Fund balances at the end of FY 2021 will not be in accordance with the appropriate level of Fund balances required under Board Policy 7.1.0 and Board Practice 7.2.0...." The Board has approximately \$6-7M of excess funds which exceeds the appropriate levels for the General Fund and the two Special Revenue Funds. Plus the Utility Fund is substantially below the required appropriate level of Unrestricted Net Position. Staff will need to transfer excess funds from the General Fund and the Community Services and Beach Revenue Funds to the Community Services and Beach Capital Project Funds in order to meet the 5 Year Capital Plan. What is irritating is that Cliff laid this out for you 2 months ago, and here you are just fooling around with 6/30/2020 Fund Balances. Go back and just follow Cliff's format, he has done the work for you already. And Staff, Cliff doesn't get paid to do this, but you do. And Board Trustees, remember, if the FY 2021 Budget is NOT amended, you will NOT be in compliance with Board Policy 7.1.0 and Board Practice 7.2.0. Hopefully, the Board will not consciously ignore Board policies & practices. Thank you.

Cliff Dobler said that he is speaking about the Burnt Cedar pool. He is one of the citizens on the committee and that Option 1, a family pool, where he pushed for the pathway connecting the east/west is a part of Beach Master Plan. This design calls for a slightly larger pool and to be clear and entirely clear, he requested a site civil plan which was not completed. He also didn't agree to accept one estimator and he doesn't agree with a not-to-exceed design contract. He doesn't accept the \$2.7 million estimate without a reference to the source. IVGID doesn't have an inside estimator nor does it have the Staff to negotiate a contract. Site civil base plan was completed would have allowed for a good estimate to inform decision. IVGID requested information from Terracon in 2019 and Terracon provided materials which is assumed IVGID has them as they were paid. We have plenty of time to accomplish a new pool so let's do it properly as we have 14 months.

Linda Newman said when you begin with flawed facts, you reach flawed decisions. When you make bad decisions it impacts every member of our community and the consequences do not end with your terms. Your failures to do what is right by the

law, by your own policies and in the best interests of our citizens will be your legacy. This Board packet is loaded with selective and factually incorrect information. The background memo and attachments for the new Burnt Cedar Pool omits critical reports from the first consultant hired who submitted an \$840,000 estimate for CONSTRUCTION of a new Pool with contractor markup and soft costs to be added and leaps to Staff's guestimate of \$2.7 million and a new consultant's \$5.6 million for the best new concept design. And to make matters worse, although the Board has not approved any concept, does not have a site/civil base map of topography and existing conditions and schematics to determine the feasibility of the concepts and provide a foundation for the estimation of real costs for independent estimates, the General Manager, without Board approval, has determined that the project will be constructed under CMAR and has already advertised for RFQs and received responses. This project does not rise to the complexity that requires a Construction Manager At Risk. CMAR is also inappropriate as it denies the opportunity for open competitive public bidding. Although, she supports Concept 1 for a new Burnt Cedar Pool, there is no excuse for Staff to ignore best management practices. As a Board you need all the facts to make the right decisions and determine the budget and how it will be funded. After raising the Beach Fee to \$500 to provide funding of \$2.7 million for the new pool and with a surplus of \$1.5 million above the appropriate level of fund balance in the Beach operating fund, the District will be short \$1.4 million to fund Concept 1. So, where will you get the additional money in this upcoming fiscal year? Issuing a \$3, 4.5 or 6 million bond is an outrageous proposition. Why this amount of money, when in the highest price scenario, we only need \$1.4 million more? And, raising money from our beach facility fees for bonds, are always problematic. Because as we all have learned, even after a bond matures, the District never lowers the annual facility fees – it continues to collect the principal and interest no longer needed to service the bond and repurposes it for other spending. This has become known as “perpetual” bonds. Although we have a new GM, Finance Director and Chief Engineer, we still have STAFF in charge while the Board and our citizens are kept in the dark.

Margaret Martini said although Staff identified during the fiscal 2021 Budget meetings that our property owners had been overcharged \$100 for the availability of the use of our recreational facilities in fiscal year 2020 -according to the agenda, this matter cannot be resolved tonight. It can only be discussed. This really is unacceptable. \$100 per property owner may seem meaningless to a staff that proposes a \$5.6 million Burnt Cedar pool, \$425,000 for unnecessary advertising, and spends hundreds of thousands for legal fees but \$100 may be very meaningful for someone in our community that is unemployed or living on a fixed income. Or simply, someone who didn't get what they paid for. There is an easy solution: direct

staff to look at the 2020 Rec roll and issue a \$100 check to every entity that paid a Rec Fee especially when Staff is holding over \$3 million in excess money for Community Services. As for other matters on the agenda, she supports a new Burnt Cedar Pool and the first design that allows adults and children to have all of the programs and amenities our community desires. She does not support this Board making any decisions on the Burnt Cedar Pool until you have all the facts. The estimates for this pool began at \$1 million two years ago, ballooned to \$1.7 million, expanded to \$2.7 million and now floats into the stratosphere at \$5.6 million in just a matter of months. How is this possible? You need solid and verifiable information. It is not in this packet. She also supports Option 3 for the Utility Fund Rate Study. She recommends you rely upon the experience and advice of Ray Tulloch to write the scope of work for the independent consultant. Our utility fund is not only being mismanaged financially and operationally but neglecting the replacement of 6 miles of failing pipeline and the lining for the emergency effluent pond, threatens our health and safety and irresponsibly threatens to endanger Lake Tahoe. According to the GM report, the status of funding support from the US Army Corps of Engineers is still to be determined and there is no report from our expensive Federal lobbyist. A project of this magnitude can no longer wait. We need a plan, a timeline, accurate budgeting and funding for this project. Now. Then, there is the final general business item on fund balances and recommended transfers. She doesn't know how you can make sense of this as the terminology is incorrect. Please direct Staff to make all necessary corrections and provide you with accurate terminology and information.

Frank Wright said he is a candidate for the Board. Listening to the callers tonight, there is some excellent information that has been provided and is on target, everything is spectacular. Each and every one of them is working for free and doing it because they care about their community. He has done it for 10 years and has gotten a lot of push back from some of our residents. Where has the money gone? It has been overspent with consultants. When are we going to stop all this and do this the right way. Mr. Dobler could probably design this pool and do it for half of the cost. He spent a good time last week trying to get documentation on the land sales. Come to find out he didn't, Staff acted unilaterally and sold the public property. What was his punishment? There was no punishment. Our Board has to exercise oversight, and if he is elected, he will hold people accountable. If people are not held accountable, it is going to continue. Sole source projects are just wrong when you can save so much with competitive bids and build it cheaper. As we move forward, let's do it right. Let's start doing it right and stop all the crazy stuff, let's cut people who are doing things wrong and do it fast.

Rick Kimble said he uses all the recreational facilities and that he usually doesn't get involved but that something seemed egregious about a year ago and that we know this pool needs to be replaced but that he is shocked about the pool costing between \$4 and \$5 million. He also found out that IVGID switched engineers. Large swimming pools are not unique. It sounds like this one isn't that unique and not that crazy. Normal procedures would be to establish project expectations and prepare plans, seek regulation, and then go to bid with the project. Seems like a straight forward project. Use TSK for design engineering and then use CMAR. At the very least, IVGID should have one or two estimates after the site plan is completed and, if necessary, do a third estimate so as to make sure our Trustees have a firm basis to make a decision. This should be placed out to bid in a public process; number one – get a site survey which would cost around \$5,000 and number two should be to get two or three bids.

Aaron Katz said that he will be submitting a couple of written statements. Regarding the proposed rebate, he understands that Staff's interest differs from parcel owners thus he finds the recommendation an absolute insult because of the excess fund balance. If this is all, don't rebate anything. For the Burnt Cedar pool, as early as May of 2019 the projections were \$2.25 million because the 2019 budget appropriated \$800,000 and we have already paid \$800,000, then we paid \$75,000 and then another \$50,000. In 2020, we already budgeted and paid \$55,000 and in 2021 we will pay \$225,000 so we will have paid \$1.555 million – the options for costs are outrageous. Staff is proposing \$5.5 million. What about the high valued projects at the beaches? We simply can't afford it and we have to scale back the project so send this project out to public bidding. Hold the Board members to a vote on a bond and we can't bond at the beaches because it is private property. Any bond you issue, everyone and everything guarantees repayment including people without beach access guarantee it so you can't do it.

Mike Abel said he does not think that in his 20 years in Incline Village, that he has been as upset about anything as he is about the pool program now before the Board. In 2018 – GM Pinkerton hired Terracon Engineering to evaluate the swimming pool. They recommended replacement of the pool with a ROUGH ESTIMATE of about \$1 million. How does that number, and a modestly expanded project, convert to a project cost 5.5x larger than that given in a rough estimate just 1.5 years ago. Looking at pool construction costs on the internet, which are not hard to find, he comes up with a figure of about \$834,000 on a 4440 sq. ft. pool. In May of this year, Cliff Dobler, who has extensive heavy construction experience, told Staff that they should get an engineer certified site plan for this project. Staff **has not ordered** such a plan. **THIS PROJECT CANNOT PROCEED WITHOUT A SITE PLAN.** If such a site plan had been prepared the \$32,000 schematics that were

prepared by TSK could have been overlaid on the site plan and we would have had nearly final plans to go to permitting. This past Spring, did Staff go back to Terracon who have engineered over 1000 municipal pools and have them help design an expanded pool schematic? NO. Stating that Terracon was difficult to work with, our GM and staff engaged in an artful deception, whereby in March our GM put out a RFQ for a CMAR – **no-bid contract** and hired a new design firm TSK. Then Staff concealed detailed Terracon cost estimates from our Board and the public despite public record requests from Mr. Dobler. Finally, our GM and Staff neglected to inform the Board and the public that it had on July 2nd issued an RFQ for a contractor to build a pool under the CMAR exemption from bidding, and that the bidding on a contract **that you knew nothing about** closed 6 days ago. Finally, instead of preparing proper plans and opening this project to bidding by a number of contractors, Staff is proposing a CMAR exemption to the bidding process. With hundreds of public pools built and renovated each year, there is nothing unique to this project that should exempt it from the normal bidding process. Bidding on public projects is the preferred and established American system to eliminate fraud and abuse in public projects. Our Trustees have a fiduciary duty to see that our funds are spent wisely and responsibly. He urges the Board to do your duty in this regard.

Ray Tulloch said he wanted to talk about the utility study item. He would strongly urge the Board to adopt Option 3, as Options 1 and 2 are usual things and can be done with a spreadsheet. Under Option 3, you would get a proper study and a long term capital plan over 10, 20 or 30 years. Also you should include examination of the capitalization policies which are, at best, questionable. There has been over \$3 million spent on repairs that have been capitalized and that when replaced, will be written off and that is unlikely to comply with GAAP. It will also look at financing. After 44 years in the utility business, he has never seen a utility who collects it upfront as the pipeline should be funded by long term debt thus what we are doing right now is simply wrong. He would again strongly encourage the Board to adopt Option 3. Also this should not take 12 months, based on his experience, maximum of 3 to 6 months for a very small team.

Shelia Bowman-Meyer said that she and her husband have been owners and taxpayers for 7 years, they live in condo, and boat parking is not permitted. Now IVGID has taken away parking everywhere. She would like IVGID to consider doing something for the average taxpayer as we need some place to store our boats. She is proposing at Diamond Peak and that requester has to provide a proof of deed or ownership and then they would receive a sticker, sign a release on boat and trailer so as to remove liability, and that we, as boat owners, could pay a small fee. There is a lack of storage so please consider this solution. IVGID owes it to the average taxpayer and those who are unable to get affordable boat storage.

Debi Moore said she was on the community committee for the pool and we discussed what the users would want. We came up with the different options and things like removing trees, making the pool larger, and discussed the uses of the pool. Also discussed a walkway to connect the two sides of Burnt Cedar. We didn't really discuss funding or the cost of the pool rather we were just trying to set out what the community needs are for a new pool. She has heard a lot talk about looking into this more, look at the options and the plans we came up, and then she hopes that the Board can figure out the funding. She thinks it is very important that we do it and that it must be completed in one year as we can't take away the pool for two years. As to parking in Incline, parking is a real problem and having some place for overnight parking at Diamond Peak would be a great benefit to people who have visitors, etc. Many of us don't have enough parking in our condo complexes.

Yolanda Knaak said that she thinks the Staff and the General Manager have done a great job implementing COVID-19 measures at all our venues. Thank you for working on the effluent pipeline and that she is hoping that a liner can be put in instead of digging it all up. Thank you to the Audit Committee as you are doing a great job. Thank you for working on the pool as it is shocking that 50,000 gallons is leaking per month in groundwater or the lake; she thinks we should get two more estimates.

Alex Taylor said that he is a new full-time resident of Incline Village who enjoys frequenting the beaches with his children. As we are all aware, there is a public health crisis leading to severe economic dislocation caused by Covid-19. One of the simplest things our community can do to slow the spread of infection is wear masks. Yet when he goes to the beaches, hardly anyone seems to be protecting themselves or others by wearing face coverings. It might seem that masking is unnecessary as Incline's beaches are outdoors and relatively less crowded than other venues, so social distancing can be maintained. In his experience, this is decidedly not the case. He frequently finds himself with people passing within 6 feet of him, or often he and his children are unable to avoid interaction with others (his children enjoy crawfishing which sometimes attracts a crowd). Incline's schools will not be open per usual this fall despite the desperate need to get back to normal in educating our children. Seemingly innocuous interactions on the beach are undoubtedly part of the reason why. Put simply, it is time for IVGID to MANDATE mask-wearing on all public beaches at all times for all beach-goers, with the possible exception for when in the lake, and then enforce this mandate aggressively. Doing so will go a long way toward protecting our community from the deleterious effects of the global pandemic.

E. APPROVAL OF AGENDA (for possible action)

Trustee Schmitz said that she would like to have a brief discussion related to the item on Consent Calendar. Chairman Callicrate said that the item is removed from the Consent Calendar and will now be the first item on General Business. Hearing no further changes, Chairman Callicrate approved the agenda as amended.

F. DISTRICT STAFF UPDATE (for possible action)

F.1. District General Manager Indra Winquest

District General Manager Winquest went over the written submitted report and announced a couple of personnel changes; new Communications Coordinator, eliminate Recreation Supervisor position and incorporating some of those responsibilities to other Staff as part of an ongoing restricting of that department. Additionally, we have appointed a Director of Information Technology and he is in the process of formalizing what he is going to do with Parks and Recreation. Trustee Morris said, referencing agenda packet page 5, at the bottom, that a meeting was held in July and that we are a month in so is this just starting. District General Manager Winquest said that Staff is compiling the information and once that is received, they will commence. Director of Finance Navazio said that should be done by the end of the week, followed by a three to four-week review, interviews will be set up, and that Staff will provide a more updated schedule in the next General Manager's report. Trustee Schmitz said, referencing agenda packet page 5, regarding the grant funding for the pond lining, we don't have any update so who owns this matter, who is following this matter, and who is trying to bring it to closure? District General Manager Winquest said that the Director of Public Works is on the front line and that he is privy to any new information. Staff is frequently checking in with Mr. Faust and that any time there is new information, they get it to us in a timely manner. Staff will continue to try and push for some new information and Staff can also try and set up a meeting with Ms. Whitney possibly for the next Board meeting; he understands that this is extremely frustrating. Trustee Schmitz said that Ms. Whitney set our expectations so improperly. On agenda packet page 13, the broken out numbers, that she is a little curious as to how much of those funds are interest as Mr. Lowe references a meeting that you and then Chair Wong had to talk about the negotiations so was Legal Counsel involved and was there any discussion at that time about the interest amount not being the responsibility of IVGID. District General Manager Winquest said we did have

that meeting and that the North Lake Tahoe Fire Protection District (NLTFPD) Chief was there as well and that, yes, we did have the attorneys there. The same attorney represents NLTFPD that does IVGID. The conversation was more about where they were in the process and IVGID teaming up with NLTFPD to send communication to Washoe County that we were in favor of settlement rather than appeal. There has been discussion about interest. Trustee Wong said it was an informational meeting and at one point, NLTFPD tried to fight paying this and they weren't unsuccessful. If we don't want to pay the interest then we should take a look at that lawsuit. Trustee Schmitz asked if NLTFPD's attempt was basically suing to relieve the interest payment? Trustee Wong said that there trying to be relieved of the interest and that the claim was because the NLTFPD was not choosing to prolong but Washoe County was, they were trying to not pay any interest or penalties as they just wanted to pay it and be done with it. Chairman Callicrate said that he also recalls something about that and the Fire Chief coming before the Board. It has changed some many times and that this is the up side and that we must settle it. It is fortunate that IVGID and the NLTFPD have set it aside so we can get it taken care of, settle it, and move on.

F.1.a. Discussion only regarding possible rebate to individuals that pay the Recreation Facility Fee and/or the Beach Facility Fees

District General Manager Winqwest went over the submitted material. Trustee Wong said thank you for putting this together as it is really valuable information. It is important to have this conversation and that in looking at the numbers and the data, giving a refund isn't the most cost effective way to bring value to our parcel owners as a return for the period we were closed. She would like to discuss other ways and that might be when we set our rates, adding an additional 10% or extend our community weeks to provide a longer benefit and that she thinks there are other creative ways to give back the value while we were closed. Chairman Callicrate said that there is a lot of merit to these numbers and that the numbers are on the lower side and then there is the cost to issue a check. Trustee Dent said that he appreciates Staff putting this together and that the numbers are in line with what we have talked about as well as the deliverables. He doesn't know what they would look like as originally he envisioned a check or a credit and not IVGID bucks or a coupon that could be used as he likes the idea of giving a hard dollar amount. Can Staff take a look into

the cost of what that would take? The next best step is applying something on the fees and a discount. Again, he appreciates Staff putting this together and he would like to have a cost of issuing checks as he is curious what those costs would look like. Chairman Callicrate said that he too would like the actual dollar costs versus a credit on the next tax bill as that will get a ballpark on the process and that would help us if we want to go in that direction; we need some hard and fast numbers. District General Manager Winqest said that we can have the Finance Team look into a ballpark figure of issuing checks and that he doesn't know about a credit on the tax bill. Issuing a credit would be a lot cheaper and Staff will look into all of that. Trustee Schmitz thanked the Director of Finance for putting all this together and that she did some simple math and she came up with \$62.50 and that this amount would a quarter of a refund of that amount. She is concerned about the overhead cost and what the true value is that comes to the property owner. It is helpful in making a well informed decision. She was thinking it was going to be a higher amount however a substantial portion of the Recreation Fee is capital. Looking at it from an Operations perspective, we have also had to add for additional cleaning, PPE's, and an increase in our operational expenditure to deal with the COVID situation. She also reviews the weekly bill pay and the credit cards and she is seeing the expenses that are related to COVID. District General Manager Winqest said that Trustee Schmitz brings up a very good point and that Staff has had a lot of conversation. We have cut back on Staff but that savings is being eaten up with other expenses and at the Recreation Center, we have had to incur additional expenses to do our jobs and provide a clean and safe environment and that he feels that the District has done a great job. Trustee Morris said that he concurs with what his colleagues have said and that the one thing that he was concerned about is that it costs us a lot of money to return money which means spending the public's money to do that. He is concerned about that and it has already been asked about and it will be dealt with. This is really about the operational side as we still have the capital costs. He feels that we could be more generous with credit instead of cash. Chairman Callicrate said that he wanted to reiterate something about the operations at the Recreation Center and the beaches; he has been hearing nothing but compliments from the members of our community; kudos to everyone and especially the Staff at the beaches. Please pass onto to the Staff that the Board is very happy with the level and quality you have been able to maintain. Trustee

Dent said so we are talking about 2019/2020 fiscal year and that everyone needs to be aware that we don't know what is coming. We may not have a ski resort that pushes off additional revenues to fund these venues. We could be in a situation of not being able to open which we will revisit at a later time as well and that the focus is on the current fiscal year. We don't know what is coming, don't know what the winter holds and there is a lot of uncertainty. Chairman Callicrate said that is a good point and that Staff has an idea of what the Board wants to know which is the costs of the actual rebate such as mailing a check and giving a credit on the tax bill and then hold off to see what happens this year as we need to be very prudent.

F.1.b. Review with the Board of Trustees, by the District General Manager, the Long Range Calendar

District General Manager Winqest went over the long range calendar with the following being highlights:

- ✓ Rebate item will probably come back sometime in September.
- ✓ Staff is also working on a budget timeline which we will show soon on the long range calendar.
- ✓ District General Manager will probably have an update on the Ordinance 7 committee.
- ✓ Chairman Callicrate will get the edits to the District General Manager's job description on a future date on the long range calendar.

Chairman Callicrate said that there have been some comments made in regard to the Ordinance 7 committee and that he wanted it known that this is a joint effort that is not being done in vacuum as both he and the District General Manager have been working on the participants and that he wanted to thank the District General Manager for the hard work he has put in.

Trustee Schmitz said that she would like to add to the parking lot something that she has been discussing at length with the Director of Finance and that is the development of pricing policies as the District doesn't have pricing policies. The District also doesn't have discount policies or coupon policies for all of our offerings. Also, they have discussed the project summaries and how they are updated and revised and then what causes

budget revisions so she would like those two items added to the parking lot. District General Manager Winquest agreed that the pricing policy is long overdue.

Chairman Callicrate called for a break at 7:30 p.m., the Board reconvened at 7:45 p.m.

G. REPORTS TO THE IVGID BOARD OF TRUSTEES*

G.1. Board Treasurer Sara Schmitz

Board Treasurer Schmitz reported that she has been reviewing the procurement card reports and the weekly bill pays. In the process, she has been bringing things to the attention of the Director of Finance, and in some cases, there have been some charges going to incorrect cost centers. Financials haven't been updated, on the website, since the May 31 and she doesn't know why so she has brought that to the attention of the Director of Finance as well. There have been quite a few expenditures fulfilled related to COVID and that increased janitorial supplies and services has had an impact on expenses. The goal was to have a monthly Treasurer's report and monthly reports and she knows that Staff is working on updating the formats, however she hasn't seen those in any draft or template form yet and she is looking forward to seeing them but she has limited information as of right now. Chairman Callicrate said that he is hopeful that we can get that updated in the next week or so as we need to be a little more timely on those postings. Trustee Wong said with respect to the June 30 financials, it is our year end and it always takes longer to close our year end so she certainly understands why they aren't posted yet. Chairman Callicrate said that is a valid point, there is a lot going on, thus the patience of the Board and the community, in general, it is appreciated. The increase in janitorial, etc. speaks directly to what is going and that we are practicing the best practices for the safe use by our citizens.

H. CONSENT CALENDAR (for possible action)

H.1. Review, discuss and possibly authorize the reallocation of funding amongst Fiscal Year 2020/2021 Information Technology Capital Projects as follows, re-allocate \$9,300 from Windows Office License (CIP # 1213CO1803), and re-allocate \$33,700 from Server Storage and Computing Hardware (CIP #1213CO1505), to augment, by \$43,000, Windows Server Operating System (CIP #1213CO1804)

(Requesting Staff Member: Director of Information Technology Mike Gove) **[moved to General Business Item I.0.]**

I. GENERAL BUSINESS (for possible action)

- I.0. Review, discuss and possibly authorize the reallocation of funding amongst Fiscal Year 2020/2021 Information Technology Capital Projects as follows, re-allocate \$9,300 from Windows Office License (CIP # 1213CO1803), and re-allocate \$33,700 from Server Storage and Computing Hardware (CIP #1213CO1505), to augment, by \$43,000, Windows Server Operating System (CIP #1213CO1804) (Requesting Staff Member: Director of Information Technology Mike Gove) **[was Consent Calendar Item H.1.]****

Trustee Schmitz said that the reason she wanted this item discussed, and that she has no problem with what Staff is doing, but she wanted to use it to talk about the project summaries and what she and the Director of Information Technology talked about. Director of Information Technology Mike Gove said that they spoke about the two project data sheets (1803 and 1804) and that they are clones of each and were created before he got to the District. Staff has had discussions about cleaning them up and planning out for five years. Trustee Schmitz said, referencing agenda packet page 29, that because of the change of direction that you have gotten and the budget that is laid out, none of those funds are actually needed in 2021 to 2026 and as such those numbers should be replaced into our capital fund. Particularly, for 2021, \$91,000 is not needed and you are talking \$33,000 from this budget so the remaining funds should be removed from the budget for this fiscal year. So this is about talking about the data sheets and when we do have data sheets that have changes, do we need to revise the budget as well. Chairman Callicrate said that this is a good example of how we can adjust our data sheets when we have the necessary information to bring it back to our budget that we have already approved. Director of Information Technology Gove said, for 2021, Staff does not presently see the need for what is listed there nor in 2022 as it was purchased in 2020 however in 2025 it will be needed. He will ensure that he gets them corrected going forward.

Trustee Schmitz made a motion to authorize the re-allocation of funding included in the FY2020/21 budget for specific Information Technology capital improvement projects, as follows, re-allocate \$9,300 from Windows Office License (CIP # 1213CO1803), and

re-allocate \$33,700 from Server Storage and Computing Hardware (CIP #1213CO1505), to augment by \$43,000 Windows Server Operating System (CIP #1213CO1804). Trustee Dent seconded the motion. Chairman Callicrate asked for comments, receiving none, he called the question. The motion was unanimously passed.

- H.1. Review, discuss and possibly confirm the goals and objectives (insert goal and objective number(s)) to be included in preparing a scope of work for a utility study and that the goals and objectives to be included in the scope of work may be all or a combination of the following items:**

**Goal and Objective #1 - Utility Rate Setting Methodology
Goal and Objective #2 - Reserve Fund Balance Analysis
Goal and Objective #3 - Performance Management and
Asset Management Analysis**

and

Review, discuss and possibly direct Staff to proceed with a Request for Qualifications for Professional Services consistent with the approved scope of work, through public advertising, for the set goals and objectives. (Requesting Staff Members: Director of Finance Paul Navazio and Director of Public Works Joe Pomroy)

District General Manager Winqest gave an overview of the submitted material. Chairman Callicrate thanked everyone for putting together these recommendations and having had more discussions, it almost seems like Goal and Objective #3 is setting the stage. We need to be looking at the long range because these are big tickets items for our community. The pipeline is at the top of the Board's radar because if it had been done 20 years ago, it would have been worked into the process. We are looking at a much more robust plan and at the long range. Trustee Dent said that District General Manager Winqest gave a great overview and where we landed. As both of you touched on, Objective #3 gets use through the next forty years and that is something of knowing where we are going. Knowing the rates is the easy part and that by going this direction, we can give Public Works a tool and a roadmap on where we need to go. Thanks to Mr. Tulloch as he is a valuable member of that committee and helping us to get the ship heading in the right

direction. Option #3 is the best route and then we can come back into the other two items. Trustee Wong said that she has struggled with this topic ever since it was proposed mainly because she thinks our Staff does a really good job with our rates. Quite frankly, she is prepared to support #1 and #2 as it has ballooned out of portion and now we are wasting the time and the resources of our Staff and our community. Trustee Morris said that he concurs with Trustee Wong and that initially we talked about a Utility Rate study being done and that he didn't feel it was required as our team has done a good job so he doesn't see the reasoning for doing the full scale process. He doesn't see the sense in doing the whole analysis as Utilities have been doing a good job all the way through. Trustee Schmitz said that she spoke with District General Manager Winquest from the very beginning about doing the Utility Rate and reserve study. Unless we look at the big picture, we potentially could be establishing rates and reserves that don't fit with our long term needs. She is in support of looking at the big picture, looking at operational efficiencies, and doing that before we start setting rates and setting up reserves. If we don't do it, we might be missing the big picture. Chairman Callicrate said that the last time we took a big, deep dive was 22 years ago and that's why he is in support of a larger scale. He is sensitive to what both Trustee Morris and Trustee Wong have said with regards to the initial concerns. We had a more robust discussion and what we, as a District, are dealing with. He thinks that this is an opportunity to look at the bigger picture to make sure we are setting our rates and reserves and to address it so that a future Board doesn't have to inherit this. This is an opportunity to look into it, address it, and look at the financial commitment for Option 3. We do have an individual who has donated his time and his tremendous expertise and that he would like to have him explain his perspective as it is valuable insight. We are using the expertise of our Director of Public Works and his team and then the community. Again, it is an opportunity to look at the bigger picture and plan for further down the road. Trustee Morris said that he doesn't believe that there are numbers in here and do we have an estimate for what all of this might cost. District General Manager Winquest said no, we do not and that it has been talked about a little bit and that it will probably cost more than \$50,000 but that Staff can explore that and then notify the Board of Trustees. Director of Finance Navazio added that we don't have a good sense so Staff would probably recommend to do the RFP for Option #3 alone and that it will be in excess of \$50,000 but that it may not take \$50,000 to do the rate study however he does think it will be in excess of \$100,000 or in that ballpark. Trustee Wong said that the cost for the studies doesn't factor in the cost of our Staff time. Trustee Schmitz said that one of the things that a local member, Mr. Tulloch,

said are that there are significant cost savings that could be found so while we are spending money on doing this, it will be identifying improvements and efficiencies in costs. Trustee Morris said that Trustee Wong made a very good point about cost as well as Staff time. This is another consultant and here we are once again talking about another consultant and it just doesn't make sense to him. Chairman Callicrate said he takes a different tact and that is that the District has hundreds of millions of dollars in infrastructure that we are looking at and the effluent pipeline has ballooned up and we have dozens of miles of water and sewer, pump stations, water treatment, etc. So to give us a good idea of what we are going to need, and we may be under charging or over charging, he wants to make sure that once he is off the Board that we can say we looked down the road and we looked at the bigger picture. It is a costly venture and it will take time from our Staff; we have an excellent Staff and that it is an opportunity to leverage the talent in the District and have a robust overview of what we are trying to do. These are general improvements we are going to be looked at and that he doesn't want to belabor this topic. Trustee Wong said why is that we trust our Staff to provide the right information to the consultant but that we are not trusting our Staff to do their jobs? Chairman Callicrate said we have so much going on within our community with Ski Way, the beach house, the Burnt Cedar pool, etc. that Staff has said we don't have the bandwidth at a crucial time so let's work along with an external resource and come up with a great opportunity to have reserves for x amount of dollars and we can accumulate that over the years and take that opportunity now. He doesn't see it as mutually exclusive as it is about teamwork and our District will work with a consultant. He doesn't see it as a negative, he sees it as a positive. Trustee Wong said that she would like to leverage the expertise we have in house and not pay someone to duplicate the in-house expertise and go out for the expertise if we don't have it in-house. Chairman Callicrate said that we can disagree.

Trustee Dent made a motion to confirm the goals and objectives - Goal and Objective #3 - Performance Management and Asset Management Analysis are to be included in preparing a scope of work. Trustee Schmitz seconded the motion. Chairman Callicrate called the question and Trustees Schmitz, Callicrate and Dent voted in favor of the motion and Trustees Morris and Wong voted opposed to the motion; the motion was passed.

Trustee Dent made a motion to direct Staff to proceed with a Request for Qualifications for Professional Services, through public

advertising, for the set goals and objectives #3 - Performance Management and Asset Management Analysis. Trustee Schmitz seconded the motion. Chairman Callicrate called the question and Trustees Schmitz, Callicrate and Dent voted in favor of the motion and Trustees Morris and Wong voted opposed to the motion; the motion was passed.

H.2. Review, discuss and possibly select a preferred alternative for the Burnt Cedar Swimming Pool Improvement Project – Fund: Community Services; Division: Beaches; Project 3970BD2601. (Requesting Staff Member: Engineering Manager Nathan Chorey and District General Manager Indra Winquest)

District General Manager Winquest gave an overview of the submitted material. Trustee Schmitz said as it relates to this agenda item, there are things that were not included in the packet such as the leak detection report that was done in 2017, the condition assessment, who had a leak detection firm, that was done in roughly summer of 2018, and then the fixes that were made to the pool. The District paid Terracon \$14,000 for a site study analysis and coming up with cost recommendations and documents and none of those deliverables were included in this packet. She understands that the District General Manager wasn't happy but we too, as Trustees, should review this information as well as have this information in front of us. This item references Community Services and in the motion, and this is specific to the Beach Fund, and Community Services is an entirely different fund and to have that in the subject line and in the motion is inappropriate because we can't use any of that money. We don't have all of the information, which is important information, and she knows that the pool needs to be replaced and that it is unfortunate that it is not being replaced this year but that we have to make sure that we are doing the right thing for the community along with the features so there is a broad spectrum of concerns as it relates to this agenda item. Trustee Morris said with due respect to Trustee Schmitz, we should not get into the weeds. We get a detailed report from Terracon or whomever and that is why we employ experts and the fact that they say it is leaking works for him so he doesn't need to see the reports and the same thing holds for the other things that were mentioned. He doesn't believe that the Board should be down in the weeds and that what the Staff is saying is we have to replace the pool and they are telling us it is in a bad state. He doesn't think that the Board needs those details as we are where we are and we need to move forward and that is what Staff has brought forward to us. If we are going to replace the pool, that information won't change anything.

Trustee Schmitz said that is not her point. We paid Terracon for a design so we should have that as part of our review. The fixes were brought up and she doesn't know if we have done another leak analysis. The Board and the public need to have all the information and the facts to understand where we are and why our costs have gone up. Why did this end up to be a CMAR project? This is a pool and you put together the design and then you go out for competitive bids and take care of the pool. Chairman Callicrate said in looking at the recommendation, the preferred option, and we are not talking about the financials, but what is the preferred option? After we hear Staff's presentation, we will then decide how we want to proceed. He understands where Trustee Schmitz is coming from so let's not belabor that issue. Engineering Manager Nathan Chorey gave an overview of the submitted materials and the process of what we went through to get to this point. Chairman Callicrate said that Option 2 is basically keeping things where they are and cleaning it up and that this option misses out on the added decking, kiddie pool and the views of the lake. The preferred option is Option 1 and as this is laid out, it is either keep it the same or take this opportunity to turn it into an intergenerational mecca. Engineering Manager Nathan Chorey continued his overview. Trustee Morris said on Option 2 that he was not entirely certain on what he heard as Option 1 included the new pathway so does Option 2 also contain it? Engineering Manager Chorey said yes and that the existing deck layout will change and yes, Option 2 will include the path. District General Manager Winquest said, from a venue manager's viewpoint, Option 2 is an in kind replacement. The steps on the south side of the pool (which is the dark line around the deck line) would be considered a significant upgrade and that would be the only area of the deck that would be replaced. It is his opinion that on the east/west connector, we would save a lot more money by doing this as a part of this project even though it wasn't included in the original plan. It doesn't need to happen but it did get a lot of traction with the community and the Board. The group unanimously recommended that we add this to the project. Both of these options include the surface skimming system which is a huge benefit to everyone. In Option 1, it gives you a view of the lake and the mountains and incorporates some protection with the pump room as well as some separation, more deck space and it would relocate the slide. We do have a core group of Aquasizers that use this pool and they like the modern design pool. Chairman Callicrate said that the length of the pool would be reduced down to 75 feet so what is that the case? And what would it add if that was extended to 75 feet? District General Manager Winquest said that the pool is wider. Engineering Manager Chorey add that it was the recommendation of the consultant to use 25 years or 75 feet. If the pool was 8 feet longer, it would cut into the deck and that

affects the layout. Chairman Callicrate said that cuts down the potential for swim meets and that the District has said no outside people for swim meetings since it is a private beach. If the 75 feet accommodates the current pool standards that is good however he doesn't want to miss out on any future opportunities to cut it short. District General Manager Winquest said that part of it was the layout and the positioning of the pool. There was also a discussion about the 9-foot deep diving well and that was thrown around but it was dismissed by the group. He thinks that the Board will hear a little more insight from Mr. Dobler and Mr. Paris who were part of the group. Trustee Schmitz asked if you could please clarify, in looking at Options 1 and 2, if the wading pool is a totally different shape and what is the reasoning for the different shape? Also, in Option 2, if the fun features weren't available, could they be added as an option or was it because of the shapes? Engineering Manager Chorey said that these two shapes are presented for discussion and that the wading pool can change as can the fun features. We were trying to show elements and then the Board can make a decision. Trustee Schmitz said in Option 2 it appears that the wading pool is significantly bigger than Option 1 so is one bigger than the other? Engineering Manager Chorey said that the calculated square footage is a 29 square foot difference in both designs and that contributes to a significant cost. District General Manager Winquest said that the layout in Option 2 offers more room for a larger wading pool. Trustee Schmitz said that you are right and that the shape of it looks like more room and that Option 1 looks smaller. District General Manager Winquest said that a lot of these options are plug and play and we can look at what we want. Engineering Manager Chorey continued his presentation and went over the cost estimate. District General Manager Winquest said that the wading pool play equipment would require separate pump equipment which is one of the main issues of costs. The committee and Staff didn't want to recommend it but wanted to leave it in there. We have never had that feature but it would be a nice feature to have and that's why it is not included. Trustee Morris said that he wanted to check a couple of public comments – they weren't involved in pricing so this is somewhat nice. Engineering Manager Chorey said yes, that is correct and that their main objective was to identify the needs and wants of the pool. Trustee Morris said that he likes that there is a list of options and the thing that stands out to him is that the actual new swimming pool is only \$1.3 million and it is all these other things that add up. The next stage of this effort is that until we do some more detailed design, we won't know the real numbers and therefore, sometime in the future, the Board will have to make a decision. Engineering Manager Chorey said that one guarantee that he is making is that these numbers will change. This is a concept design and the

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next phase is to get a design contract, get a schematic and then with that information in hand, we are better equipped to go to firms and get pricing and that this is just about agreeing on a concept. Chairman Callicrate said that this is not allocating funds today and that this is a concept decision. He does want to hear from the two committee members. We need to look at all the opportunities and make sure we have the appropriate funding and are spending the money wisely. He really appreciates all the hard work that everyone has put in as it is a monumental project so let's do it the right way given an exceptional overview and that we will come up with the price tag. He would like to see the additions on the kiddie pool as it is an opportunity and let's not discount all the opportunities. Trustee Schmitz said as you have been working on this conceptual design and with building in Tahoe, TRPA has an incredible amount of power and typically they require a site plan so as to weigh in. She is wondering if TRPA has been provided with any of this information specifically about putting the path close to the lake and with the change, if any, of these elevations – has that been discussed as part of this conceptual design? District General Manager Winquest said we do need to go through the permitting process and we do have a pool there right now so he is not anticipating TRPA having any major issues and yes, we will have to go through that part of the process. Trustee Schmitz said so shouldn't we have a site plan so they could know that ahead of time? Engineering Manager Chorey said that Staff has had initial discussions and that we can't present until we know what we are building. That is where we presently are and TRPA will complicate the process and that is one of the arguments for the CMAR process as it gets a contractor on board early to work through those options. As this pool is on the shore of Lake Tahoe and is one of our busiest venues, TRPA is going to have an extra set of eyes on it. The contractor needs to know all of this and we need to bring the contractor on board early to collaborate. That is why it is Staff's recommendation to go with CMAR as IVGID has had that success at Diamond Peak and at the Chateau and it is not a foreign concept. They are required to bid projects in accordance with the Nevada Revised Statutes just like we would. It is a fairly open process and while you don't need to decide that tonight, you will need to decide that fairly soon. Chairman Callicrate said that you just summed up a very important piece of this as there is much more to this as this is at the water's edge. We have a great relationship with TRPA and he appreciates the work that Staff has put in. He would know like to move to the committee members. District General Manager Winquest said he would like to go to Mr. Dobler, followed by Mr. Paris and then return to Engineering Manager Chorey to wrap it all up. Chairman Callicrate said that is fine. Mr. Dobler said that the team put together the design and that he thought it was well thought

out as the fellow from the aquatics team knew his stuff. He told the Board, in his public comments, that his primary goal was that as he went through the estimate, when you start estimating and tacking on a contingency, you end up with a \$5.6 million price and \$1.6 million of that is contingency which will shrink and then it will come down with CMAR, etc. He thinks that the design is a good thing and that the connector is very important. It will be nice, just like the pathway at Sand Harbor and not really that expensive however maybe we don't need to do the sidewalk. Just to give you an example on the contingency, we had 15,000 square feet of deck and we asked the designer how much do we need. He was comfortable with 9,000 square feet but we have 15,000 square feet and so we took out a part of the deck in this estimate so he can't get too excited about it right now. The biggest risk in the whole pool is if we have this leak, water is going to go somewhere. After we pop the deck and the pool, we may have to re-compact that entire area. It is hard to estimate something when you can't look under the deck and we need to remember that this pool was built in the 1960's. If you start high and then work lower because everyone is happier with that, well, we don't know if the earthwork estimate is a good number. He doesn't appreciate Mr. Wright saying he could do it for half as he has no clue. If we do it with a CMAR contract and get them in early, we might be able to solidify it. The big number is mobilization as site work and moving trees, etc. will all tighten up so we could bring in CMAR after the site plan. The Board has to decide on an option and he thinks that Option 1 is the best option. He doesn't know why we changed the look of the kiddie pool as it seems that it was important. At some point, the Board has to select an option. Chairman Callicrate then asked Mr. Paris for his comments. Mr. Paris submitted the following as written speaking points:

Chair Callicrate and Members of the Board of Trustees, thank you for asking me to participate on this project and allowing me a few minutes to share some of my passion. Some background for those he doesn't know - 1st visit in 2004 was to Burnt Cedar and that next to the Recreation Center was where his first welcome came from our current District General Manager. He has a 35+ year professional career in Parks & Recreation and he started teaching swimming lessons at age 13. He was a 12-year competitive swimmer and he spent 4 years as a High School swim coach. He first met ADG in 1994 and he has worked with them on a renovation and 3 new installs, including up to an 18+ million aquatics family park. He doesn't know TSK but he was impressed. This committee group was one of the better ones in my career. More importantly than all that is my wife and I are 15 year

property owners in Incline, (kids went thru IMS/IHS); I know this pool is what the vast majority of Incline wants/needs and will gladly help you sell whatever funding mechanism you choose as it will be a very easy sell. The beaches are the most highly used facility in all Incline, survey after survey speaks to the value the property owners place on these amenities, a typical year will see a combined 200K visits – you’ve heard 65,000 visits to Burnt Cedar, you’ve also heard more than 300 head count in the pool daily and up to double that on the pool deck, and 400+ in swim lessons. What you may not hear unless you actually walk around the pool deck daily are the memories this facility creates in Incline families. Next to our water supply, (and thank you for that Director of Public Works), swim lessons is simply the single most significant important safety feature of IVGID - you may not know of the average 4 to 5 drowning deaths in Tahoe every summer. IVGID has not experienced one, EVER. That is a big thanks to quality swim instructors, lifeguards, and the NLTFPD with their annual elementary school safety training. Incline is perched right on the shore of Tahoe, cold water and 6200’ – someone has to take up the torch of teaching our kids how to safely navigate that challenge and IVGID has accepted that responsibility. We can’t decide to drop it now. For numerous reasons they can’t all be absorbed at the Rec Center. The concept report presented in tonight’s board packet has some overly nice words when it comes to the current pool conditions – the reality is that the Burnt Cedar pool could likely be shut down at any time. You should be very proud of the hard work your Recreation Staff has put in over the last few years to keep it operational way beyond it’s normal lifespan. Without District Staff and the Aquatics Staff, the weekly closures due to poor water quality would be daily, and ultimately the pool would be closed by the Health Department. District Staff has a great relationship with County Health and they respect IVGID’s well-earned reputation however it only takes one misstep to change that, County Health can show up at any time unexpectedly and shut everything down. Pool Manager vs Dad a former LG over pool closure – do you want this to become an HR issue? The delamination of the fiberglass coating is a bigger concern than the report states – a typical glass coating lasts about 7 years, if you’re really lucky with weather and other operational conditions you might extend to maybe 10 – the BC Pool is entering year 11 or 12? Strictly for cost considerations. And a side note about COVID – you should also be proud that your staff has been very diligent in following all protocols but also finding a way to keep this pool open at even a limited level – I’m aware of multi-

million dollar facilities that remain locked up. Remember one of the goals of this project – to eliminate the loss of 50,000 gallons of water monthly – that’s a full 7’ square box of water every day that drains somewhere, taking untold amounts of sun-screen with it. Under District General Manager and Engineering Manager’s directions and with assistance from the designers, this committee reviewed several options - fully embracing and supporting Option 1 to match the programmatic needs with recreation swim and taking into consideration the Tahoe view. This is not a renovation – this is a complete demo and new build. Think the Diamond Peak skier services building or the Chateau, if your memory can reach that far back. You did it right on those projects. My 35+ year career has taught me in public facilities you get one chance to do it right. I’ve heard it said that this gives you only 75’ of new water. Let’s just reiterate even a few of the high points of Option 1 to make it really clear for those that maybe didn’t read all the fine print - eliminating water loss and bringing pool water clarity via turnover rates up to current standards – out of the 60’s. New entrance on the west side to provide safety and security for the pump room, fully ADA and health code compliant throughout the facility and meeting standards for lap lane size – increases opportunity. Orientation to maximize view of Tahoe and of both pools (for parents) and provide additional deck space, including a designated food area with views of both pools. Orientation allows full length of pool for both depth and shallow water plus steps on shallow side provide significant improvements to both recreation swim and programs. Toddler pool improvements to meet code; increases overall usability along with the steps the full length of the main pool significantly increase use opportunities for this age group. Deck lighting allows for increases in operating season length and daily operating hours, significantly improving ROI. If you decide to go with Option 2 you do need to clarify how much deck will be removed to locate all the leakage, that could add large costs to where you may not be saving what you think you are. For costs – you’ve heard from several folks, including some very informative comments from fellow committee member Mr. Dobler – I would expect and encourage you to deep dive into a healthy debate on how to fund this project. But please remember these key points - you get what you pay for. Not anyone can build a successful public pool and you don’t want a replacement that would be what you have currently. This concept report is a first look, While ADG is the top of the top, you should expect and require more info, and as that process continues you should know

the numbers will change, and that means the potential for both up or down. The Terracon report is embarrassingly short on detail. To ask for more information before making a commitment of this sort is something you should absolutely do – however know that the Terracon report is extremely short of that info. Throw out that \$1 million figure as it really means nothing. There is overwhelming community support for the Burnt Cedar Pool and your challenge is to not opt out of this difficult discussion. You can't say it and I couldn't for 35 years, I can say it how – the Burnt Cedar Pool has a direct impact on my property value and if you don't believe that just compare homes 3 miles in either direction. Your challenge is to build something that is worthy of Incline and the massive use of this amenity. This is potentially your legacy as a board, if you decide to kick this can down the road any further just know the current facility has a potentially very short life before permanent closure.

Chairman Callicrate said he can't thank you enough for your participation as he has known Mr. Paris for many years and he loves his passion. You spoke to the importance of what we need to do so thank you and he seriously does appreciate it. This is a signature project that the Board is going to approve, etc. and this is an opportunity to do it the right way so he appreciates your help, expertise and thanks Mr. Dobler for his experience and background. It is pretty impressive to reach out to a community and have so many people weigh in. Mr. Dobler said that he is trying to encourage you to make a decision as he and District Staff are going to get a site map and a schematic and then when the CMAR guys comes in, we have got to know what we have and do we have enough money. We can't be fiddling with it and that we can't reach forward as we are going to have to start this in March. We are short \$1.325 million and we have to know damn well after the schematic is done. Engineering Manager Chorey said that we will have a scope of work in two weeks and then we can begin the design followed by a presentation of the design along with a cost estimate. District General Manager Winquest said aren't we waiting until the site work is completed? Engineering Manager Chorey said we have requested a proposal. Chairman Callicrate said we have a Board situation where we have heard a tremendous presentation for a very critical aspect of what we are trying to do as a Board and as a community and asked if we have an opportunity to move this forward? What do we want to do and does someone want to make a motion? Did we have enough information brought to us to move forward? He is tired of waiting on this and he would like to act. Trustee Morris said that he is definitely ready to make a motion in support of Option 1. Trustee Wong said that she has a

recommendation and that is that she knows that Option is without the kiddie pool and without shade structures and that she would like to start the process with all of the recommendations in Option 1 before we start cutting. Value engineering and scope creep has served us better and we could accomplish things that are within the Beach Master Plan. Trustee Dent asked what the elevation was of the existing pool deck? Engineering Manager Chorey said his guess is 6,235 feet. Trustee Dent said it looks to be foot feet under the lake so we probably need to look at the cost of doing dewatering which it doesn't look like our estimate includes it anywhere. District General Manager Winquest said that he will get with the consultant and ask them to look at that as he isn't sure if it is four feet under the lake. We should also have a topographical site survey as well so we will look into that. Trustee Dent said that overall he likes the design and thinks that the boardwalk is a no brainer. The costs are super, super inflated and it looks like we were given a very big number. As we get a plan, we will need to sharpen that pencil and figure out what it is and be within budget. He doesn't see the advantage of going with CMAR for this process as it seems like we are paying a fee to a contractor to manage a contractor that they are going to hire plus \$150,000 in costs for IVGID staff and is this a bandwidth thing because we have other things going on within the District? Engineering Manager Chorey said no, it is not about bandwidth and rather it is just a preferred delivery method. This is a complex project as there is dewatering, constructing on the shore zone, traffic control, pedestrian control, etc. It is one of the busiest venues and it will be a signature project. We need to succeed and getting a contractor with a proven track record who is experienced with estimating. They will weigh in at each phase with final construction documents. It has to be a one season construction project and that is another reason to have a contractor that we have full faith in. There could also be schedule benefits and then there is our success at Diamond Peak which is a proven track record. Other entities use this process and everyone speaks highly of the delivery method. Trustee Dent said given the bidding climate, and seeing a downturn, it seems like it is in the best interest of the District to design something, put it together and then see who ends up with the project. TRPA is going to do what they do and when we are going to have to build to that and they will want the shoreline to look a certain way. Managing people or having a busy venue, he doesn't see how CMAR changes that in thinking it through he just doesn't see the benefit to CMAR especially during a super competitive bidding environment. Engineering Manager Chorey said that the staging area for this project will grow and contract and thus having them on board and working with them will be important because otherwise you have to state it in the scope of work and

therefore it is a complicated enough project to warrant the CMAR process. Trustee Schmitz said that anytime you do anything you should do a bidding process. Engineering Manager Chorey said it is a part of the process. Mr. Dobler said that by accident, he is looking for a couple of estimators and he ended up talking to Travis Coombs of Core Construction and he would be one of the contractors that you would get through the RFQ. The other estimator that he talked to said no and that he asked him the number one question – what are you getting out of it. He replied that they will get hired back by the municipality so they are willing to take a lesser profit and that yes, they do bid out all the subcontractors. We don't have the bandwidth in Engineering and this person is the construction management company. There are a construction management company and they will be bidding the project out so you will might get a lower bid that other way but you are taking on that associated risk. One subcontractor goes bid, it delays the contract and then there are liquidated damages that are paid every day. They want to do a good job because they want to come back and do more work. He is not for it or against it, it just makes a lot of sense as they want to do a good job because the municipality will hire you back a second time. Trustee Schmitz said on Option 1, she is concerned about the smaller size of the wading pool and having a lot of decking. The decking is such an expensive piece, and referencing agenda packet page 94, we have got the steps so she is curious as to whether the group ever talked about this area or maybe having a picnic area outside the pool area? Engineering Manager Chorey said it wasn't discussed at that level of detail and the focus was on the concept; there will be opportunities to value engineer as there is quite a bit of decking. The first phase was to arrive at a conceptual plan and Design Workshop is part of the team so we will have pretty pictures to show you the design. Trustee Schmitz asked if there was landscaping included in this budget? Engineering Manager Chorey said yes, there is landscaping in there. Mr. Paris said regarding the toddler pool that they were focusing on the other one and just giving a little more room in front of the pump room and in either of these two designs, ADA will be met which is a big thing to remember. It meets some needs that you have out there and that the size of the pool deck is where Incline can be different from anyone because the extra space is valued. Trustee Schmitz said that she just wants to make we aren't undercutting the little kids and toddlers as she remembers taking her daughter and enjoying that type of pool. If the experts say it is big enough then it is big enough and let's make sure that the toddler pool is the right size. Mr. Paris said that the steps add another complete area for that age group. Chairman Callicrate said with Option 1 or 2 are we able to add in those other amenities and how would that be worked in? Mr. Paris said yes,

you can add in on either option. District General Manager Winquest agreed and said they can be added into either option. Chairman Callicrate is one easier than the other or are they both the same? Engineering Manager Chorey said that they are both about the same in general terms and play equipment could be added. Mr. Paris said, in general terms, you can put the toddler pool in either option. Trustee Schmitz said this ties to a comment that Trustee Dent made and lake level and depth level. In Option 2, it might pose more issues the way it is positioned right now so we need to understand that aspect before we make a decision. Chairman Callicrate said what about 20 or 30 feet above the lake; Mr. Paris discussed about a pool floating. Trustee Schmitz said there is a misunderstanding as she was not asking about the current location as the question was more tied to Trustee Dent, Option 1 and reorienting and asking if we need to understand the lake level? Mr. Paris said that Aquatic Design Group knows their business so the expert needs to make that decision and that, in 2008, it was not a problem. Engineering Manager Chorey said it is always an unknown especially with groundwater so we do need to resolve this before selecting an option; 6,243 feet is the pool level which is 14 feet about high water. Trustee Schmitz asked about the current pool decking? District General Manager Winquest said that it is not an issue but it is a question that needs to be answered and it doesn't prevent the Board from making an option choice as it will be built into the design and it doesn't prevent the Board from choosing Option 1. Trustee Morris said like what we learned about the Tennis Center, we can decide what we want.

Trustee Morris made a motion to accept Option 1 with the wading pool play equipment and no fixed shade structures. Trustee Wong seconded the motion and said that the comment by Trustee Schmitz was not an appropriate reference with Community Services.

Chairman Callicrate asked if there was a division of beaches within Community Services? District General Manager Winquest said the Board should include all aspects which include the lighting. Mr. Dobler said that here is what is the problem – he doesn't know who drafted this but they took it from the chart of accounts and beaches and Community Services were separated and that is because the chart of accounts hasn't been changed. It has to be from the Beach Fund and it cannot be in the Community Services fund so that needs to be understood. The legal aspects of it has to be done by resolution. Director of Finance Navazio said that this project is included in the CIP as a beach funded project and it consistent with how the Board has been taking action. The recommendation could proceed with Burnt

Cedar and reference the project number and focus on the option and then Staff can bring back and clarify the funding and accounting. District General Counsel Nelson said that he agrees as the Board is not obligating any funds which is important to get clarification on which alternative. Chairman Callicrate asked if the Board needed a motion amendment or can we move forward? District General Counsel Nelson said it is a reference to a fund and not an obligation and that can be dealt with when this is brought back to obligate funds. Trustee Morris said that he would like to have the record include the project number rather than the other descriptor. District General Counsel Nelson said that doesn't change the motion.

Hearing no further comments, Chairman Callicrate called the question and the motion was passed unanimously.

Chairman Callicrate thanked everyone for their efforts and input. Engineering Manager Chorey asked for clarity on the CMAR process and should Staff continue or abandon. Chairman Callicrate said that there is an opportunity offline to discuss that question as he doesn't want to cloud the issue so let's touch base on this in the next day or so. District General Manager Winquest agreed to take it offline.

At 10:25 p.m., Chairman Callicrate called for a 5-minute break; the Board reconvened at 10:30 p.m.

H.3. Review, discuss and possibly take all or part of the following six (6) actions related to the District's Fund Balances. (Requesting Staff Member: Director of Finance Paul Navazio)

- a. **Acknowledge receipt of an update on Unaudited Fund Balances as of June 30, 2020.**
- b. **Authorize additional reservation of \$1,912,767 in unexpended utility rate revenue collected during Fiscal Year 2019/2020 in support of the District's Effluent Export Pipeline Project.**
- c. **Authorize commitment of \$1,360,000 in available fund balance in the General Fund for anticipated settlement of the property tax dispute filed against Washoe County et al, Nevada State Board of Equalization and the Department of Taxation by the Village League to Save Incline Assets, Inc. (Case No. CV03-06922)**

- d. **Authorize the District's General Manager to direct the District's Director of Finance to reflect allocation of estimated FY2019-20 year-end Community Services Special Revenue Fund fund balances as follows:**
 - i. **Reflect commitment of \$5,594,546 in support current year FY2020-21 Capital Improvement Projects, and**
 - ii. **Affect transfer of additional \$1,100,000 in Community Services Special Revenue fund balance to the Community Services Capital Fund(s) in support of future priority capital improvement projects.**
- e. **Outline and possibly set future agenda items in order to designate additional available fund balances in support of specific future Capital Improvement Projects in conjunction with the Board's ongoing refinement of the District's Capital Improvement Plan priorities for Fiscal Year 2020/2021 through 2024/2025.**

Director of Finance Navazio gave an overview of the submitted materials. Trustee Morris said that he feels comfortable with all of this as we have talked about this and understand the nomenclature and trying to keep us all on board. He understands the valid comment on getting our terminology consistent moving forward and that he would like to put off item e as Staff can bring back that item. Chairman Callicrate said he agrees. Director of Finance Navazio said that the only purpose is that a. through d. is not the end all and be all.

Trustee Morris made a motion as follows:

- a. Acknowledge receipt of an update on Unaudited Fund Balances as of June 30, 2020.
- b. Authorize additional reservation of \$1,912,767 in unexpended utility rate revenue collected during Fiscal Year 2019/2020 in support of the District's Effluent Export Pipeline Project.
- c. Authorize commitment of \$1,360,000 in available fund balance in the General Fund for anticipated settlement of the property tax dispute filed against Washoe County et al, Nevada State Board of Equalization and the Department of Taxation by the Village League to Save Incline Assets, Inc. (Case No. CV03-06922)

- d. Authorize the District's General Manager to direct the District's Director of Finance to reflect allocation of estimated FY2019-20 year-end Community Services Special Revenue Fund fund balances as follows:
 - i. Reflect commitment of \$5,594,546 in support current year FY2020-21 Capital Improvement Projects, and
 - ii. Affect transfer of additional \$1,100,000 in Community Services Special Revenue fund balance to the Community Services Capital Fund(s) in support of future priority capital improvement projects and that there may be additional actions in the future.

Trustee Wong seconded the motion. Chairman Callicrate asked for any further comments, hearing none, he called the question and the motion was unanimously passed.

J. APPROVAL OF MINUTES (for possible action)

J.1. Meeting Minutes of July 22, 2020

Chairman Callicrate asked for any changes, hearing none, the minutes were approved as submitted.

K. BOARD OF TRUSTEES UPDATE (NO DISCUSSION OR ACTION) ON ANY MATTER REGARDING THE DISTRICT AND/OR COMMUNITIES OF CRYSTAL BAY AND INCLINE VILLAGE, NEVADA*

Trustee Morris said that this coming Friday he shall be attending the Washoe County Debt Commission meeting.

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

Margaret Martini passed on her opportunity to speak.

Yolanda Knaak said you did a great job and one thing on the refund, do it through Washoe County and have it come across on our tax bill as a credit.

Frank Wright said he is a candidate for the Board, will there be an environmental study for the pool? He is concerned about the 7-foot depth. Overall, a pretty productive meeting and the members of the community who chimed in, did a good job. Moving forward, doing pretty good.

Cliff Dobler said he has a few comments on the packet – the Recreation Fee refund, giving coupons to use the facilities is not a good way to go as it is favoring people who use the facilities. He is amazed that Trustees Morris and Wong, on the rate study and the reserves, after 4 or 5 years, blew through \$5 million and now \$2.5 million in the hole because of contracts that have been overpaid and for you people to sit there as cheerleaders, he is going to send you some pom poms to say use Staff. To Trustee Wong, not knowing what the cost is and to make a statement like that, he finds appalling.

Mike Abel said that he made some comments on the chat room on Livestream that he wanted to read into the record. Bidding on the public projects is the preferred method on public projects, this CMAR is a pile of crap in his humble opinion. The Board hasn't even considered a new way of building pool – stainless steel. The most environmental friendly and might last over 100 years. IVGID staff hasn't even mentioned stainless steel, it is a new world out there that has to be taken into consideration and you may have to pay more which will may very well be worth it. Mr. Paris is incorrect, personally measured the pool 82 feet-1-1/2 inch; 25 meters long. Trustee Dent, good for you on refusing CMAR. There are several projects that are being built that are similar in perception. Staff has already issued that he has artful disclosed and why haven't they mentioned it? Covering his butt and he should be fired. Hope the Board's goes ahead with Option 1, 25 meters long, because it is the standard length and he would support it with proper public bidding.

M. ADJOURNMENT (for possible action)

The meeting was adjourned at 10:58 p.m.

Respectfully submitted,

Susan A. Herron
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 Paul Smith: IVGID Board of Trustee's Testimony dated 12 August 2020

Submitted by Aaron Katz: Written Statement to be included in the written minutes of this August 12, 2020 regular IVGID Board meeting – Agenda Item I(2) – Possible selection of a preferred improvement option for the Burnt Cedar beach swimming pool capital improvement project ("CIP") and its funding

Submitted by Aaron Katz: Written Statement to be included in the written minutes of this August 12, 2020 regular IVGID Board meeting – Agenda Item F(1)(a) – Possible rebate of a portion of 2019-20's Recreation ("RFF") and Beach ("BFF") facility fees based upon Staff's inability to make the public's recreation/beach facilities available to be used by those owners/occupants of assessed parcels

Submitted by Aaron Katz: Written Statement to be included in the written minutes of this August 12, 2020 regular IVGID Board meeting – Agenda Item I(2) – Possible selection of a preferred improvement option for the Burnt Cedar beach swimming pool capital improvement project ("CIP") and its funding

IVGID BOARD OF TRUSTEE'S TESTIMONY

12 August 2020

My name is Paul Smith and I live in Tyrolian Village HOA in Incline Village.

Incline Village has several large HOA's that maintain their own water and sewer distribution and collection systems. These systems represent no cost or liability for IVGID. All systems connect directly with the IVGID system at the boundary line of the HOA.

HOA's currently pay a full water and sewer development fee. Not one fee, even though these HOA's have a single meter, but rather a separate fee for each and every unit in the HOA. The HOA built and maintains the piping distribution of water and the collection of sewerage among its units.....but IVGID charges each unit the same water and sewer development fee as a single family home in Incline that has full IVGID service directly to the house meter.

For my HOA this IVGID development fee added to the water and sewer bill amounts to over \$6000 a month or \$72,000 per year. Additionally, each of the 226 owners in my HOA also pay HOA fees for system piping repair bills plus putting away reserves for future repairs and replacements to the water and sewer lines that IVGID has no liability and does not maintain.

HOA owners currently pay the full fare but get half service from IVGID. This study should highlight this inequity and correct the billing process going forward.

I request that under each "goal" being considered this evening that you insist on these additions as part of the future study:

Goal and Objective #1 - Utility Rate Setting Methodology

Any rate setting methodology must address the setting of rates for the services received. Those services will of course include water and sewer but must also account for the reduced piping and infrastructure costs associated with HOA's.

Goal and Objective #2 - Reserve Fund Balance Analysis

When doing the reserve fund balance analysis the study must focus on what IVGID is responsible to build and maintain and how those costs must be spread over the entire user community. Some users get to the door service and some do not. Those that do not get to the door service should not pay 100% of the development charges.

Goal and Objective #3 - Performance Management and Asset Management Analysis

If IVGID is serious about planning for fifty years out; then include in this analysis a cost of bringing all HOA and other private systems 100% into the IVGID repair and maintenance system. I believe, however, that once any correct analysis is done of the existing private systems that the huge cost will so frighten IVGID that the Board will leave them private and gladly offer a reasonable discount to recognize the high cost to each private system operator to keep a correct distribution system running.

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS AUGUST 12, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM I(2) – POSSIBLE SELECTION OF A PREFERRED IMPROVEMENT OPTION FOR THE BURNT CEDAR BEACH SWIMMING POOL CAPITAL IMPROVEMENT PROJECT (“CIP”) AND ITS FUNDING

Introduction: Here staff tell the IVGID Board and the public that “in 2018 Terracon Consultants, Inc. was retained to evaluate the pool shell and deck at the Burnt Cedar Beach Swimming...and Wading Pool(s and that) their findings (we)re presented in (a) ‘Swimming Pool Evaluation Study,’ dated December 4, 2018¹...Based upon Terracon Consultants, Inc.’s findings, they recommended a plan of action (which) include(s) the following:

1. Swimming pool replacement including perimeter overflow gutter system;
2. Wading pool replacement or spray pad in lieu of wading pool;
3. Pool deck replacement including rails and anchors and deck drains; (and,)
4. ADA compliance of Pool and deck area.”²

Although the Terracon evaluation initially included an August 6, 2019 cost estimate of \$840,314.32 plus an additional \$135,015.11 for equipment and 12% to 15% for design³, we are told that “IVGID staff (have chosen to) no longer rel(y) on this estimate for budgeting purposes” because Terracon “neglected to provide the complete cost of reconstruction.”⁴

Apparently as early as May 22, 2019, if not before, staff were able to come up with a projected \$2,250,000 cost for replacement of the current Burnt Cedar pool and adjacent toddler wading pool⁵. The 2019-20 budget appropriated \$800,000 for the project with the expectation that for 2020-21 the remaining estimated \$1,450,000 would be appropriated⁵. Of note, even today, the Project Summary for this CIP evidences the same \$2,250,000 number augmented by an additional \$225,000 for staff management and an additional \$225,000 for construction reserves (see page 51 of the 8/12/2020

¹ See pages 52-62 of the packet of materials prepared by staff in anticipation of this August 12, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/0812_-_Regular_-_Searchable.pdf (“the 8/12/2020 Board packet”)].

² See page 44 of the 8/12/2020 Board packet.

³ See page 59 of the 8/12/2020 Board packet. A copy of that estimate is attached as Exhibit “A” to this written statement.

⁴ See page 45 of the 8/12/2020 Board packet. Actually,

⁵ See page 9 of the approved 2019 5 Year CIP (https://www.yourtahoeplace.com/uploads/pdf-ivgid/5_Year_Capital_Improvement_Plan_Summary_-_As_of_5.22.19.pdf), This page with an asterisk next to the appropriated and projected expense is attached as Exhibit “B” to this written statement.

Board packet). And of further note, this means local property owners assessed the Beach Facility Fee (“BFF”) actually paid this \$800,000 which is now part of the current balance for this fund.

Meanwhile our current GM, Indra Winqest, decided to create “a community group of...staff (and)...interested stakeholder...residents...to evaluate the existing condition (of the subject pool), understand project objectives, and develop conceptual design options for pool reconstruction...Based on input received...the Design Team⁶ produced the ‘Burnt Cedar Swimming Pool Improvement Project - Aquatic & Architectural Design Report’ (‘the Design Report’⁷) to document their findings.”⁴

The Design Report proposes “two (2) conceptual design options (In-Place⁸ and Rotated⁹) for the Burnt Cedar Swimming Pool Improvement Project to address the identified issues and stated project goals. Both options...include a pathway to connect the east and west sides of Burnt Cedar Beach [this improvement is identified in the IVGID Beaches Recreation Enhancement and Opportunities Plan¹⁰ (at an estimated cost of \$500,000-\$600,000)”¹¹]. According to staff, “constructing the pathway as part of this project will allow the designer to integrate the pathway in to the final design and take advantage of a contractor mobilized on site.”¹⁰

According to staff the estimated total project cost for option #1 is \$5,623,480¹². The estimated total project cost for option #2 is \$4,296,932¹². And the 2020-21 budgeted cost for this project (CIP Project #3970BD2601) is allegedly \$2,925,000¹³. But the actual 2020-21 budget approved by the Board and submitted to the Nevada Department of Taxation for this project *appropriated only \$225,000 to this project*¹⁴, and this represents *design costs only*¹⁵.

⁶ Consisting of four “(4) IVGID staff members...one (1) IVGID Trustee, and the TSK...design team.”⁴

⁷ See pages 80-107 of the 8/12/2020 Board packet.

⁸ See pages 93-94 of the 8/12/2020 Board packet.

⁹ See pages 95-96 of the 8/12/2020 Board packet.

¹⁰ See page 47 of the 8/12/2020 Board packet.

¹¹ See page 61 at https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Beach_Enhanc_Opportunities_Plan_Feb_2016.pdf.

¹² See pages 47-48 and 98 of the 8/12/2020 Board packet.

¹³ See page 48 of the 8/12/2020 Board packet.

¹⁴ See page 44 of the 2020-21 Budget (go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/FINAL_IVGID_2020.2021_APPROVED_BUDGET_FORM_4404LGF.pdf) and page 51 of the packet of materials prepared by staff in anticipation of the Board’s July 22, 2020 meeting [“the 7/22/2020 Board packet {the Five (5) Year Capital Improvement Plan on Nevada Department of Taxation Form 4411LGF (https://www.yourtahoeplace.com/uploads/pdf-ivgid/H.1._-_General_Business_-_Indebtedness_and_5-Year_Capital_Plan.pdf)}”].

¹⁵ See page 51 of the 8/12/2020 Board packet.

Moreover, this assertion doesn't take into account that those assessed the BFF have already funded \$1,187,000 of the project's cost (see discussion below). And staff concludes that "funding to support either of the options presented in this report will require *additional funding*, beyond what is currently projected, through either: a) continuing to collect the current \$500 Beach Facility *beyond FY2020/21*; b) increas(ing) the (BFF) beyond the \$500 level established for this year; c) (and/or) pursu(ing) debt financing for all or a portion of the cost of the pool renovation project (which)...spreads the cost of th(is CIP) over the useful life of the asset."¹⁶

Contesting some or all of the foregoing facts and the proposals advanced by staff are the purposes of this written statement.

Staff's Contract With Terracon¹⁷: On or before October 17, 2018¹⁸ our previous GM entered into a contract with Terracon, without Board approval. The contract provided that Terracon would be compensated "on a time and materials basis, with the not to exceed amount (of)... \$15,500."¹⁹ According to the scope of work associated with this contract¹⁸, Terracon was retained to:

1. "Visual(ly) evaluat(e)...existing pool shells to determine prospective cause(s) of differential settlement, if any;
2. "Develop recommendations for additional destructive or non-destructive testing; and,
3. "Geophysical(ly) inspect...the exposed pool deck, pool shells, walls and floors.

Although there is no indication of the cost incurred with Terracon, Judy Miller has gone to OpenGov and determined that from/to fiscal year 2018-19 and 2019-20, Terracon was paid \$25,000. For 2018-19 the Board budgeted and local property/dwelling unit owners assessed the BFF actually paid \$75,000 towards these/other services assigned to this project²⁰. Apparently an additional \$50,000 was spent on these/similar services in addition to the \$25,000 to Terracon because according to page 101 of the 2019-20 Budget²¹, there was no carry forward for this project.

¹⁶ See page 49 of the 8/12/2020 Board packet.

¹⁷ "A full-service engineering consulting firm that provides aquatic design, pool structural, and pool electrical engineering services in house. Our aquatics team has designed over 1,000 commercial pool projects and possesses the experience and expertise to complete the Project and the scope of work described herein" (see page 59 of the 8/12/2020 Board packet).

¹⁸ See page 52 of the 8/12/2020 Board packet.

¹⁹ See page 74 of the 8/12/2020 Board packet.

²⁰ See page 112 of the 2018-19 Budget (https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Annual_Budget_FY2018-19_03122019.pdf).

²¹ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf ("the 2019-20 Budget").

For 2019-20 the Board budgeted and local property/dwelling unit owners assessed the BFF actually paid an additional \$55,000 towards these services²². And apparently all of the budgeted \$55,000 was in fact spent on these/similar services because according to page 44 of the 2020-21 Budget, there was no carry forward for this project.

Staff's Contract With Tate Snyder Kimsey (TSK) Architects ("TSK"): On or about June 3, 2020, our GM entered into a contract with TSK²³, without Board approval. The contract provided that TSK would be compensated "on a time and materials basis, with the not to exceed amount (of)... \$15,500."²⁴ According to the scope of work associated with this contract²⁵, TSK was retained to:

1. "Anal(yze)...existing (project) studies and reports completed to date;"
2. "Site/facility review;"
3. "Meet with 4-5 individuals as selected by IVGID to determine the scope and design direction for pool renovations;"
4. "Discuss...and Document...requirements and anticipated durations from the regulatory agencies;
5. "Provide Concept Design Options to reflect findings and recommendations from the earlier analysis and public outreach efforts;" and,
6. "Develop...(a) Concept Design Cost Estimate."

Staff's Third Party Beneficiary Contract With Aquatic Design Group ("ADG"): On or about May 12, 2020 TSK entered into a contract with ADG²⁶ on IVGID's behalf. The contract provided that ADG would be compensated "on a time and materials basis, with the not to exceed amount²⁴ (of)...\$12,500 (plus)...an allowance of \$4,000...for reimbursable expenses."²⁷ According to the scope of work associated with this contract²⁸, ADG was retained to:

1. "Visit the project site and meet with staff to determine facility program needs and other issues to be addressed;"

²² See page 100 of the 2019-20 Budget.

²³ See pages 63-75 of the 8/12/2020 Board packet.

²⁴ See page 74 of the 8/12/2020 Board packet.

²⁵ See page 71 of the 8/12/2020 Board packet.

²⁶ See pages 76-79 of the 8/12/2020 Board packet.

²⁷ See pages 77-78 of the 8/12/2020 Board packet.

²⁸ See pages 76-77 of the 8/12/2020 Board packet.

2. "Complete a site investigation document existing conditions, areas of concern and site opportunities for (the) swimming pool modernization project;"
 3. "Prepare a written site assessment report outlining observations and opportunities;"
 4. "Prepare a series of potential options for consideration by (IVGID), that c(ould) be used during public workshop meetings;"
 5. "Participate in outreach and workshop meetings as required;"
 6. "Participate in Agency outreach for pool modernization needs;"
 7. "Based upon selected swimming pool option, (ADG) shall prepare a basis of design document for use by (IVGID) that describes the pool characteristics, programmatic capabilities, and design intent for pool systems;"
 8. "Prepar(ation of) swimming pool plan view(s) for use in concept design package;"
- and,
9. Submit(tal of)...an estimate of probable construct."

So in Addition to the \$225,000 Budgeted For this Project in 2020-21, Hopefully the Reader Sees That Property Owners Assessed the BFF Have *Already* Paid at Least an Additional \$1,187,000 Towards This Project!

In Addition to an Astronomical Price Tag, Staff Proposes *Reducing* the Length and Possibly (Depending Upon Option #1 or #2) Expanding the Width of a New Replacement Main Pool, and Expanding the Size of the Wading Pool: The current main pool appears to measure "25 meter(s)²⁹ by 42 foot (3,445 SF total) with a maximum depth of approx. 10 feet...and an adjacent round wading pool (with)...a diameter of approx. 24 feet and a depth of approx. 2 feet."³⁰ In contrast option #1 proposes a "new 75 feet x 52 feet (3,900 SF total) Rec Pool," and a "new (rectangular) 32 feet x 24 feet (800 SF total) Wading Pool in new location(s)³¹. Option #2 proposes a "new 75 feet x 44 feet (3,300 SF total) Rec Pool," and a "new (round) 35 feet diameter (829 SF total) Wading Pool in new location(s)³². Thus both options are *shorter* than our current pool, option #2 is roughly the same width as our current pool, and option #1 is roughly 10 feet wider than our current pool.

²⁹ This converts to 82.021 feet (approximately 82 feet, 2 inches).

³⁰ See page 84 of the 8/12/2020 Board packet.

³¹ See page 93 of the 8/12/2020 Board packet.

³² See page 95 of the 8/12/2020 Board packet.

In Addition to an Astronomical Price Tag, Staff Propose Relocating at Least One of the Two New Pools³³ to a Slightly “New Location.”

In Addition to an Astronomical Price Tag, Staff Propose Including a “New Pathway Connecting Parking to Burnt Cedar Beach” (Depending Upon Option #1 or #2) at a Cost Enhancement of Nearly \$1 Million:

In Addition to an Astronomical Price Tag, Staff Have Already Begun to Retain the Costly Services of a Construction Manager at Risk Contractor (“CMAR”): At page 49 of the 8/12/2020 Board packet staff tell the Board and the public that “the actual project costs will be provided by (the)... CMAR project delivery method (NRS 338.1685)...to (allegedly) provide greater insight into the construction costs during the design phase and obtain the best possible project value.”

This provision of the NRS is terribly confusing, seems too susceptible to conflicts of interest, and opens the door to the CMAR financially benefitting to a public body’s detriment for doing nothing more than his/her job. For instance, it places too much power in the hands of a third party CMAR. NRS 338.16985(1) instructs that “a (CMAR) who enters into a contract for the construction of a public work...is (the person) responsible for contracting for the services of any necessary subcontractor, supplier or independent contractor necessary for the construction of the public work and for the performance of *and payment* to any such subcontractors, suppliers or independent contractors.”

NRS 338.1696(1) instructs that “if a public body enters into a contract with a (CMAR) for preconstruction services...after the public body has finalized the design for the public work...sufficient to determine the provable cost (in other words, *prior to* actually determining the provable cost)...the public body *shall* enter into negotiations with the (CMAR) for a contract to construct the public work...for: (a) the cost of the work, plus a fee, *with a guaranteed maximum price*; (b) a fixed price; or (c) a fixed price plus reimbursement for overhead and other costs and expenses related to the construction of the public work or portion thereof.” In other words, *there is no opportunity to let the cost of the work out to public bidding*, and the public body is obligated to negotiate with the CMAR for his/her/its performance of the work.

NRS 338.1697 instructs that “a contract...for a guaranteed maximum price may include a provision that authorizes the CMAR to receive all or part of any difference between the guaranteed maximum price set forth in the contract and the actual price of construction of the public work, if the actual price is less than the guaranteed maximum price.”

If anyone actually believes that a CMAR isn’t going to cover his/her hiney by negotiating an excessive guaranteed maximum price with the expectation of pocketing that excess, I have a couple of bridges to sell you.

³³ Option #1 proposes a new pool in a new location with a new orientation³¹. Option #2 proposes a new pool in the existing location/orientation³².

ADG's "Preliminary Opinion of Probable Costs" For a CMAR Are Projected to Total an Unbelievable \$1,023,638: Take a look at page 99 of the 8/12/2020 Board packet³⁴. Here ADG estimates the probable costs for this project. Look at the top of the "Option #1 Fully Burden(ed) Construction Costs" column. There you will see a footnote 3. Now look for the asterisk towards the bottom of the page next to footnote 3. There you will see that this footnote reads: "Base Improvements include costs of approx. 29% for (Escalation, CMAR Contingency, General Conditions, Overhead & Profit, Insurance & Bonds)." Given the column has *already* included a \$593,925 "estimating contingency" (see the asterisk next to item 1.25), this 29% surcharge is in essence almost entirely devoted to the cost of a CMAR.

Construction Manager as an Agent ("CMA"): Given the represented reason for securing a CMAR is nothing more than "provid(ing) greater insight into...construction costs during the design phase," I don't understand why staff hasn't suggested use of a Construction Manager as an Agent which is essentially a CMAR without the alleged "risk" portion. Putting aside the fact our "in house" staff may not be competent to administer prosecution of this project, NRS 338.1718 provides for CMAs who must be: "(1) licensed...contractor(s)...(2) hold a certificate of registration to practice architecture, interior design or residential design...(3) be licensed as a professional engineer" [see NRS 338.1718(1)(a)]. Once we find a CMA we're comfortable with, he/she

"May enter into a contract with a public body to assist in the planning, scheduling and management of the construction of a public work without assuming any responsibility for the cost, quality or timely completion of the construction of the public work" [see NRS 338.1718(1)(b)].

Moreover, to avoid any conflict of interest, NRS 338.1718(1)(b) goes on to instruct that,

"A construction manager as agent who enters into a contract with a public body pursuant to this section may not:

- (1) Take part in the design or construction of the public work; or
- (2) Act as an agent of the public body to select a subcontractor if the work to be performed by the subcontractor is part of a larger public work."

In other words, a CMA can do everything a CMAR can do without securing a guaranteed maximum price.

Moreover, take a look at the project summary for this project³⁵. Staff have proposed reimbursing themselves \$225,000 for unreimbursed construction management staff time. And look at

³⁴ This page is attached as Exhibit "C" to this written statement.

³⁵ See page 51 of the 8/12/2020 Board packet.

ADG's "Preliminary Opinion of Probable Costs." Item 2.4 represents a \$136,603 payment to IVGID for "management costs." I don't know about you, but if we're going to pay anyone for construction management, I would much rather it be to a truly professional CMA rather than our staff!

Given the District Doesn't Have the Money to Complete Either Option, Staff Cavalierly Propose Bonding: Listen to page 49 of the 8/12/2020 Board packet:

"Funding to support the Burnt Cedar Swimming Pool Project will require additional funding, beyond what is currently provided for in the Beach (CIP). The current plan, including the one-year flip of Facility Fee from Community Services Fund to Beach Fund is now estimated to result in an estimated year-end excess fund balance within the Beach Fund of \$4.4 million, available to support priority Beach capital projects. Funding to support either of the options presented in this report *will require additional funding, beyond what is currently projected*, through either: a) continuing to collect the current \$500 Beach Facility beyond FY2020/21; b) increase the (BFF) beyond the \$500 level established for this year; (and/or, c) pursue debt financing for all or a portion of the cost of the pool renovation project. A typical funding plan for projects such as the Burnt Cedar Pool Improvement Project would include a debt financing component that spreads the cost of the capital improvement over the useful life of the asset." In other words, *BONDING!*

The District Needs to Learn to Scale Bank the Breadth of the CIPs it Tackles, and Staff Should be Instructed Accordingly: It's not just the \$5,394,749 of funding staff requests¹³. Again, listen to page 49 of the 8/12/2020 Board packet:

"The costs stated above *are estimated costs* based on conceptual design exhibits. As we proceed through final design, the actual project costs will be provided by the Construction Manager at Risk Contractor (CMAR) Contractor."

Translation: ***The ultimate cost of this project could very easily top the \$5,394,749 of funding staff requests***¹³.

And What About the Other High Valued CIPs the Board Contemplates at the Beaches? It's not just the Burnt Cedar Pool. What about the proposed Beach House Restaurant at Incline Beach? Given the estimates for this CIP range anywhere from \$3.5-\$5 million, add the \$5,394,749 million or more staff recommend for the Burnt Cedar Pool project¹³, and it very soon becomes apparent we simply cannot afford to be maintaining what we already have!

Thus Before Going Down This Road, Are Board Members Going to Adhere to Their Campaign Promises of First Seeking Voter Approval Before Incurring New General Obligation Debt? NRS 350.020(1) instructs that:

“Except as otherwise provided by subsections 3 and 4, if a municipality proposes to issue or incur general obligations, *the proposal must be submitted to the electors of the municipality.*”

Given NRS 350.020(4) is inapplicable to this discussion, NRS 350.020(3) instructs that:

“If payment of a general obligation of the municipality is additionally secured by a pledge of gross or net revenue of a project to be financed by its issue³⁶, and the governing body determines, *by an affirmative vote of two-thirds of the members elected to the governing body*, that the pledged revenue will at least equal the amount required in each year for the payment of interest and principal, without regard to any option reserved by the municipality for early redemption, *the municipality may, after a public hearing, incur this general obligation without an election.*”

Given every recreation general obligation bond issued by the District in recent memory has been additionally secured by a pledge of the Recreation Facility Fee (“RFF”), and I presume so will the current contemplated bond, are Trustees Callicrate, Dent and Schmitz going to vote to dispense with the election requirement notwithstanding each has pledged *not to do so*?

The District Cannot Bond the Subject Beach CIP Because NRS 318.015(2) Prohibits Use of “the Provisions of...chapter (NRS 318)...to Provide a Method For Financing the Costs of Developing Private Property:” We’ve had this discussion before. Since at least three courts have determined the beaches to be private property [*Wright v. Incline Village General Improvement District*, 597 F.Supp.2d 1191, 1197 (2009); *Kroll v. Incline Village General Improvement District*, 598 F.Supp.2d 1118, 1126-28 (2009); and, *Wright v. Incline Village General Improvement District*, 665 F.3d 1128,1137-38 (9th Cir. 2011)], and, NRS 318.015(2) prohibits IVGID from issuing general obligation bonds (“GOBs”) pursuant to NRS 318.275(1)(b) [“a district may borrow money and issue the following securities to evidence such borrowing...general obligation bonds”] and NRS 318.325(1)(a) and (b) [“a board of any district may issue on its behalf and in its name at any time...the following types of securities in accordance with the provisions of the Local Government Securities Law, except as otherwise provided in subsection 2 (not applicable here): (a) general obligation bonds and other general obligation securities payable from general (*ad valorem*) property taxes; (and, b) general obligation bonds and other general obligation securities...the payment of which securities is additionally secured by a pledge of and lien on net revenues”], the District may not issue GOBs to improve the beaches.

Furthermore, since GOBs are guaranteed by the full, faith and credit of the GID which issues them [“municipal securities issued hereunder and constituting general obligations shall pledge the full

³⁶ NRS 318.197(1) states that a GID “board may fix...rates, tolls or charges other than special assessments...and pledge the revenue for the payment of any indebtedness or special obligations of the district.”

faith and credit of the municipality for their payment, (and) shall so state" {350.590(2)}, as are all its assets, ***how can IVGID issue securities guaranteed by those in our community without beach access?***

While We're Looking For Potentially *Other* Unnecessary Fat in ADG's "Preliminary Opinion of Probable Costs," How About the \$593,925 "Estimating Contingency:" Line 1.25.

While We're Looking For Potentially *Other* Unnecessary Fat in ADG's "Preliminary Opinion of Probable Costs," How About the \$455,343 "IVGID Contingency:" Line 2.2.

Pull Our Staff Off This Project, Engage a Truly Professional Pool Designer so We Need Not Worry About Contingencies, Scope the Project the Right Way the First Time, and Eliminate a CMAR, and All Total We May be Able to Reduce the Cost of This Project by a Mind Blowing \$2,209,509:

Conclusion: This entire episode exposes one of IVGID's seminal problems. We simply don't have the population nor tax base to warrant the "big eyes" recreational facilities some of us covet. And to add to our dilemma, we accept a grossly overpaid and over benefited staff which is incapable of operating those facilities at a financial break even or on a positive cash flow basis. Which requires the involuntary subsidy of the RFF, BFF and allocated central services cost transfers from the Community Services and Beach Funds to the General Fund. We simply cannot afford a \$5.4 million replacement Burnt Cedar pool.

Staff had best start doing its job of letting major CIP projects such as these out to public bid. And scaling back by-and-large "pie-in-the-sky" wants which serve little purpose other than to unnecessarily increase costs.

And to those asking why our RFF/BFF are as high as they are, and never seem to go down, now you have another example of some of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

EXHIBIT "A"

Terracon

Burnt Cedar Beach Pool - Incline Village, NV
 *PRELIMINARY Opinion of Probable Construction Cost

8/6/2019

<u>ITEM</u>	<u>COST</u>	
Pool Estimate (1) Gutter	\$751,769.88	
Deck Equipment	\$72,855.56	
Loose Equipment	\$6,555.56	
Maintenance Equipment	\$7,694.44	
Safety Equipment	\$1,438.89	
Bulkhead (4')	\$0.00	
Bulkhead (6')	\$0.00	
Timing System	\$0.00	
<i>Pool Subtotal</i>		\$840,314.32
Pool Estimate (2) Skimmer	\$720,766.58	
Deck Equipment	\$65,355.56	
Loose Equipment	\$6,555.56	
Maintenance Equipment	\$7,694.44	
Safety Equipment	\$1,438.89	
Bulkhead (4')	\$0.00	
Bulkhead (6')	\$0.00	
Timing System	\$0.00	
<i>Pool Subtotal</i>		\$801,811.03
Pool Estimate (3)	\$130,809.55	
Deck Equipment	\$3,222.22	
Loose Equipment	\$0.00	
Maintenance Equipment	\$472.22	
Safety Equipment	\$511.11	
Bulkhead (4')	\$0.00	
Bulkhead (6')	\$0.00	
Timing System	\$0.00	
<i>Pool Subtotal</i>		\$135,015.11
TOTAL EQUIPMENT COST ESTIMATE (inflation & general contractor mark up not included)		\$1,777,140.45

The Consultant has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Soil conditions and structure methods can have large impact on project cost. Opinion of probable cost include typical structural design approaches, the consultant defers to the structural consultant for added cost if additional structure enforcement are dictated by project Geotechnical Report. Cost also are indicative of the typical General Contractor and Pool Contactor relationship. Specifics on constructor methods and associated cost will have to be study by outside firms. Opinions of probable cost are representative only of the Consultant's judgment as a design professional familiar with the construction industry. The Consultant cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.

EXHIBIT "B"



5 Year Capital Improvement Plan Summary - As of 5.22.19

Department	Project Number	Project Title	Project Manager	2020	2021	2022	2023	2024	Total
	4886LE0001	Fitness Equipment	Recreation Center Manager	44,200	45,000	47,250	49,000	-	185,450
	4899BD1305	Paint Interior of Recreation Center	Buildings Superintendent	15,500	-	15,500	-	15,500	46,500
	4899BD1801	Paver install Front Walkway at Recreation Center	Buildings Superintendent	82,500	-	-	-	-	82,500
	4899LV1721	2012 15-Passenger Van #667	Fleet Superintendent	-	-	45,800	-	-	45,800
	4899OE1607	Recreation Center Printer Copier Replacement 980 Incline Way	IT Analyst	-	20,000	-	-	-	20,000
	Total			142,200	65,000	93,050	49,000	15,500	365,750
Community Services Shared	4999OE1399	Web Site Redesign and Upgrade	Marketing Manager	-	80,000	-	-	-	80,000
	Total			-	80,000	-	-	-	80,000
	Total Community Services Less Master Plan Implementation			7,184,800	4,010,854	3,681,580	4,311,900	3,045,340	24,734,574
	Total Community Services With Master Plan Implementation			7,184,800	4,090,854	3,684,580	5,914,900	3,924,227	27,979,461
Beaches									
Beaches	3970BD2601	Burnt Cedar Swimming and Toddler Pool Improvements	Engineering Manager	800,000	1,450,000	-	-	-	2,250,000
	3972BD1301	Pavement Maintenance, Ski Beach	Senior Engineer	11,000	6,000	8,500	15,000	256,000	296,500
	3972BD1501	Beaches Flatscape and Retaining Wall Enhancement and Replacement	Senior Engineer	55,000	55,000	55,000	55,000	55,000	275,000
	3972BD1707	Burnt Cedar Dumpster enclosure	Senior Engineer	10,000	35,000	-	-	-	45,000
	3972FF1704	Beach Furnishings	Parks Superintendent	-	7,000	21,000	-	-	28,000
	3972LI1201	Pavement Maintenance, Incline Beach	Senior Engineer	-	6,500	5,000	7,500	16,500	35,500
	3972LI1202	Pavement Maintenance, Burnt Cedar Beach	Senior Engineer	6,000	6,000	17,500	7,500	310,000	347,000
	3972RS1701	Replace Playgrounds	Principal Engineer	-	30,000	100,000	100,000	-	230,000
	3973FF1204	Incline Beach Kitchen	Food and Beverage Director	-	-	7,260	-	-	7,260
	3974FF1101	Burnt Cedar Beach Kitchen	Food and Beverage Director	-	-	6,800	-	-	6,800
	3999BD1702	Resurface Burnt Cedar Pool Patio Deck	Buildings Superintendent	-	29,100	-	-	-	29,100
	3999BD1703	Replace Ski Beach Entrance Gate	Buildings Superintendent	-	-	-	-	19,500	19,500
	3999BD1708	Ski Beach Bridge Replacement	Senior Engineer	-	-	-	120,000	-	120,000
	3999DI1706	Burnt Cedar Beach Backflow Device Replacement	Engineering Manager	-	-	-	45,000	-	45,000
	Total			887,000	1,594,600	221,060	350,000	557,000	3,764,660
	Total w/o DP Master Plan			12,913,245	10,306,104	10,684,240	9,887,250	11,008,590	54,771,229
	Total w/ DP Master Plan			12,913,245	10,396,104	11,917,240	10,990,250	11,607,477	56,016,316

EXHIBIT "C"

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS AUGUST 12, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM F(1)(a) – POSSIBLE REBATE OF A PORTION OF 2019-20’s RECREATION (“RFF”) AND BEACH (“BFF”) FACILITY FEES BASED UPON STAFF’S INABILITY TO MAKE THE PUBLIC’S RECREATION/BEACH FACILITIES AVAILABLE TO BE USED BY THOSE OWNERS/OCCUPANTS OF ASSESSED PARCELS

Introduction: Here staff have come back to the IVGID Board with their proposals for some type of rebate of 2019-20’s RFF/BFF in response to the Board’s request on May 27, 2020¹. Because staff represents that “each fee...is allocated by the Board...in specific amounts to support...venue operations, capital improvements, and debt service,”² they recommend the Board “focus on the operating component of each respective fee...for (the) purpose of considering potential credits.”³ Given staff have “estimate(d) the proportion of each venue’s (non-)availability through fiscal year 2019/20 in comparison to a typical (non-pandemic) season (due to)...curtailment of facility access...from a high of 23.1% for the Recreation Center...to 0% for the District beaches,”⁴ their “estimate...of (an) appropriate credit for the operating component of facilities paid by property owners based upon curtailment of facility access ranges from \$29.86...to \$42.84.”⁵ And if “both the operating and capital project component(s) of the Facility Fee(s)” are included for credit purposes, the range increases to \$77.05... to \$118.30.”⁶ Finally, staff represent that “it should be noted that additional administrative costs to process property-owner credits would also be incurred, depending on the form of credit provided and the process required to administer the credit program.”⁷ Contesting these factual averments are the purposes of this written statement.

Estimated Actual General, Community Services and Beach Fund Balances as of June 30, 2020: according to the District’s final 2020-21 budget filed with the State Department of Taxation⁸ (“the

¹ See page 17 of the packet of materials prepared by staff in anticipation of this August 12, 2020 meeting [https://www.yourtahoepalace.com/uploads/pdf-ivgid/0812_-_Regular_-_Searchable.pdf (“the 8/12/2020 Board packet”)].

² See page 18 of the 8/12/2020 Board packet.

³ See page 19 of the 8/12/2020 Board packet.

⁴ See pages 19-20 of the 8/12/2020 Board packet.

⁵ See page 20 of the 8/12/2020 Board packet.

⁶ See pages 20-21 of the 8/12/2020 Board packet.

⁷ See page 20 of the 8/12/2020 Board packet.

⁸ See https://www.yourtahoepalace.com/uploads/pdf-ivgid/FINAL_IVGID_2020.2021_APPROVED_BUDGET_FORM_4404LGF.pdf.

2020-21 Budget”), were: \$3,765,586 in the District’s General Fund⁹, \$13,333,953 in the District’s Community Services Special Revenue Fund¹⁰, and \$2,159,262 in the District’s Beach Special Revenue Fund¹¹; for an unbelievable whopping total of \$19,258,801! Essentially all of these balances have been built up from the collection of excess RFFs/BFFs. Remember, spending assigned to the District’s General Fund exceeds revenues. For 2019-20, estimated actual revenues totaled \$3,717,000⁹, and expenses totaled \$4,614,000¹². The difference was subsidized by a combined \$1,367,400 of transfers⁹ [labeled “allocate(ed)...central services...costs”] from the District’s Utility (\$353,700), Community Services (\$903,200) and Beach (\$110,500) Funds¹³. But since expenses assigned to the District’s Community Services (\$25,403,086 for 2019-20¹⁴) and Beach (\$2,200,741 for 2019-20¹¹) Funds exceed revenues (for 2019-20, \$18,405,000 assigned to the District’s Community Services Fund¹⁰, and \$1,581,125¹¹ assigned to the District’s Beach Fund); one of those expenses in each of those funds is an allocated central services transfer to the District’s General Fund; all of the overspending in the District’s Community Services Fund is subsidized by the RFF¹⁰; and, all of the overspending in the District’s Beach fund is subsidized by the BFF¹¹; in essence, essentially all of the allocated central services transfers into the District’s General Fund are funded by the RFF/BFF.

Given the Excessive and Thus Unnecessary Run Up in Fund Balances Over the Last Several Years, There is No Need For a 2020-21 RFF/BFF: Remember, for 2020-21 the RFF per parcel/dwelling unit owner totals \$230 (for a total of \$2,706,990), and the BFF per parcel/dwelling unit owner totals \$500 (for a total of \$3,874,000)¹⁵. And according to staff, \$215 per parcel/dwelling unit owner (for a total of \$1,763,646) subsidizes operational overspending in the Community Services Fund, and \$85 per parcel/dwelling unit owner (for a total of \$658,580) subsidizes operational overspending in the Beach Fund¹⁵.

Moreover, Staff Have *Not Been Truthful* With the Board and the Public Over the Last Several Years in Representing That Excessive RFFs/BFFs Have Been Required: Listen to the District’s Finance Director, Paul Navazio, in his May 21, 2020 memorandum to the Board:

⁹ See Schedule B-9 at page 8 of the 2020-21 Budget.

¹⁰ See Schedule B-12 at page 11 of the 2020-21 Budget.

¹¹ See Schedule B-14 at page 13 of the 2020-21 Budget.

¹² See Schedule B-10 at page 9 of the 2020-21 Budget.

¹³ See page 114 of the District’s 2019-20 Budget [https://www.yourtahoepalace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf (“the 2019-20 Budget”).]

¹⁴ See Schedule B-13 at page 12 of the 2020-21 Budget.

¹⁵ See page 9 of the 2020-21 Budget.

“Each year, the District establishes an annual Recreation Facility Fee and Beach Facility Fee to be collected from property owners within the District through a levy placed on the property tax bill and collected on behalf of the District by the Washoe County Treasurer's Office. These fees are established based on the revenues *required* to support debt, capital expenditure and operations for the District's various recreation and beach facilities. These revenues, combined with service charges collected by the District for facility use and program activities serve to (financially) support the operations of the District funded by the Community Services Fund and Beach Fund, respectively.”¹⁶

Note the italicized word *required*. This comes from ¶11¹⁷ of the “report (prepared by staff) for the collection on the county tax roll of (2020-21) recreation standby and service charges [aka the Recreation...and Beach Facility Fee(s)]”¹⁸ which recites,

“The amount of moneys *required* for the fiscal year extending from July 1, 2019, to June 30, 2020, has been determined by this Board to be about \$5,783,115 for the Recreation Facility Fee and \$968,500 for Beach Facility Fee for the proper servicing of said identified bonds and for the administration, operation, maintenance and improvement of said real properties, equipment and facilities.”

Yet as we have seen, \$5,783,115 of RFFs were not required as represented because the beginning Community Services Fund balance increased by \$2,688,484 from \$10,645,469 to \$13,333,953¹⁰. And the beginning Beach Fund balance increased by \$432,287 from \$1,378,091 to \$1,810,378¹¹. And \$1,367,400 of allocated central services cost transfers to the General Fund were not required as represented because the beginning General Fund balance increased by \$1,242,800 from \$2,522,786 to \$3,765,586⁹.

Like I said, **Staff Have *Not Been Truthful* With the Board and the Public Over the Last Several Years Insofar as the RFFs/BFFs Required!**

Therefore a Recommended “\$29.86...to \$42.84”⁵ Per Parcel/Dwelling Unit Owner Credit For the Operating Component of Facilities Paid by Property Owners is a Disrespectful Slap in the Face:

As is a Recommended “\$77.05...to \$118.30”⁶ Per Parcel/Dwelling Unit Owner Credit For “Both the Operating and Capital Project Components of” Facilities Paid by Property Owners:

¹⁶ See pages 102-103 of the packet of materials prepared by staff in anticipation of the Board’s May 27, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-27-2020.pdf (“the 5/27/2020 Board packet”).]

¹⁷ See page 114 of the 5/27/2020 Board packet.

¹⁸ See pages 111-116 of the 5/27/2020 Board packet.

Conclusion: Given the level of staff untruthfulness and unnecessarily excessive RFFs/BFFs over the last several years, if there is to be a 2019-20 RFF/BFF credit, it needs to be substantial. I therefore recommend what I and others recommended at the Board's May 27, 2020 meeting¹⁹; the full \$830 combined RFF/BFF!

And to those asking why our RFF/BFF are as high as they are, and never seem to go down, now you have another example of some of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

¹⁹ See pages 8-12 of the minutes of that meeting [pages 71-75 of the packet of materials prepared by staff in anticipation of the Board's June 30, 2020 meeting ["the 6/30/2020 Board packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/0630_-_Regular_-_Searchable_.pdf)] and page 109 of the 6/30/2020 Board packet.