

## MINUTES

### **REGULAR MEETING OF JULY 29, 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, July 29, 2020 at 6:00 p.m. This meeting was conducted virtually via Zoom.

#### **A. PLEDGE OF ALLEGIANCE\***

The pledge of allegiance was recited.

#### **B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES\***

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

Also present were District Staff Members Director of Finance Paul Navazio and Director of Public Works Joe Pomroy.

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

#### **C. PUBLIC COMMENTS\***

Linda Newman said that she requests that this Board not approve the unnecessary expenditure of our public funds for EXL Media. To protect the health and safety of our community and our Staff, we must limit the occupancy of our recreational venues to ensure social distancing and other responsible measures that enable our property owners and residents and their guests to have access to safely enjoy our community's recreational programs and facilities. As these uncertain economic times are placing a financial burden on many of our property owners and residents, rather than spending hundreds of thousands of our rec and beach fee dollars on advertising, consider returning \$100 per parcel owner for money over collected from last year's rec fee. You might also consider reducing entry fees for picture pass and punch card holders at our golf, tennis and rec center. As the District collects close to 7 million dollars from our property owners for the availability for our use of our facilities and annually subsidizes the shortfalls in covering the costs of operations, capital projects and debt service for our recreational and beach venues, please use this money for our community's benefit. In the interest of accountability and transparency, she requests clarity on who engaged Mr. Beko to

challenge Mr. Katz' writ before the Supreme Court and the amount of public money that has been appropriated. It is her understanding that all decisions on litigation must be made by the Board in a public meeting. The Board must also approve the engagement of legal counsel and appropriate public funds in a public meeting. So who made these decisions privately and authorized the unknown and unbudgeted amount of our public money? After we have spent hundreds of thousands of dollars on retainer fees and continue to pay a law firm that was terminated and after we have spent hundreds of thousands more on frivolous litigation against Flashvote and the citizen lawsuit seeking public records which is still ongoing, please provide the public with an accounting of all these legal expenses to date. What actions will be taken to define the scope and engagement of new legal counsel and prevent further unnecessary and irresponsible spending of our money on legal fees. There are many Board priorities that supersede a Board presentation by Tri-Strategies. We have already wasted \$3,000 last month and should not also have to waste this Board's and our citizens time. Please prioritize the engagement of a consultant for internal controls and an independent utility and capital reserve study, a public records retention policy to comply with current State law, the inclusion of public correspondence in our Board packets, and the availability of public comment on each general business item and most importantly, ensure our accounting and reporting policies comply with the law and achieve the objective of providing accurate and complete financial information. Thank you.

Margaret Martini said at a time when our State and local economy is in shambles, our community's health and safety is at risk and uncertainty is a certainty, committing hundreds of thousands of our public money for advertising is to say the least, irresponsible. First, our District has taken measures to restrict beach access to picture pass and punch card holders, and to follow State guidelines by limiting attendance at our other recreational venues to ensure the safety of our Staff and our community. Advertising our recreational venues conflicts with the prudent measures we are taking to enable our community to safely use our facilities and programs. Secondly, as we look toward the months ahead, there is a high probability that we will have to limit capacity at Diamond Peak to maintain social distancing and there could be constraints placed on food and beverage services as well as the management of lifts. Spending our money to crowd out our property owners, residents and their guests does not serve our community's best interests. Thirdly, after years of EXL Media advertising, there has not been a return on our investment. Our Annual Rec and Beach Facility Fees have not been reduced while our user fees at most venues have increased. We have a marketing staff, a public relations consultant and an IVGID Quarterly. We also have a website and a comprehensive mailing and email list of recreational users to get the word out on the availability of our recreational venues. There is no justification to expend our

public money on EXL Media advertising. After spending \$3,000 last month, there is also no reason to engage Tri-Strategies for the next special Legislative session. We cannot continue to expend funds that do not benefit our tax, fee and rate payers to benefit advertising agencies and lobbying firms. She has recently learned that our Board Chair and GM discussed the Village League's proposed settlement with Washoe County for the decades long litigation to recover the overpayment of three years of our property taxes. Please provide an update on the amount of money IVGID will need to repay their share of the overpayment of property taxes and how much money the General Fund has reserved toward this amount. As this is a vital and mandatory expenditure, she would like to know why a lobbying presentation and a request for advertising money is on the agenda and this important issue has been omitted. Thank you.

Cliff Dobler said he would like to talk a little bit about General Business Item H.2. which reads "*Review and discuss projected Fiscal Year 19-20 Year-End Fund Balances and review and discuss possible next steps...*" and it goes on. Now, the reality is you are going way beyond that and the idea is that the proprietary funds – utilities and internal services - do not have fund balances yet you include them in this memorandum from Staff. He sent all the Board members a redline of that memorandum with all the mistakes and errors in it. Now what is interesting about it is that we file a report called "*Annual Fiscal Form 4409LGF*" and we also printed it in the Tribune and yet you are talking about fund balances but yet the Utility Fund and the Internal Services Fund, because they do not have fund balances, we are talking about cash and cash equivalents. So he is not so sure that, as he reads this Board agenda item and the memorandum of what the recommendations are, that anybody knows what they are really talking about. Now, as far as what you are trying to talk about, is that you would like to reallocate some funds from the Community Services and the Beaches Special Revenue Funds to the Capital Projects Funds and commit those funds. However, it was conveniently left out is the General Fund and where is all the money – it's in the General Fund. We have an estimate of \$3.6 million dollars that is going to be the estimated fund balance at the end of June next year of which we only need \$180,000 so our fund balance is 20 times, 20 times what is needed. Now we know we are going to need some money for this property tax rebate which is about \$1.2 to \$1.5 million but that still leaves almost \$2.5 million dollars sitting in there that we are collecting the maximum taxes that we can from the property owners and not telling anybody where we intend on spending it and he thinks that should be talked about. Number two, form 4409LGF is not included in the packet which appears to be something that he has never seen before and he is sure that it needed Board approval before Staff goes and advertises it in the newspaper and sending it to the State. This

seems like a total breakdown and he is not even sure this agenda item should even be discussed. Thank you very much.

Judith Miller said that she finds Staff's assertion that our venues prioritize customer service over profits and service to our local residents and stakeholders before others to be another example of a long standing disconnect between IVGID and the community. Both profit and service are important after all if there is no profit, is that serving our local property owners and residents who have to keep paying \$830 every year? Equally puzzling is Staff's statement that we spend a great deal more time and effort insuring that our local residents and stakeholders are informed about the programs, services, and discounts that our venues provide that might be justifiable if we were strictly a for profit business. If anything, we should spend much less time, effort and money since we can easily identify and communicate with these customers. And does Staff think that second homeowners aren't capable of looking on the IVGID website or reading the contents of the IVGID Quarterly? Do the local homeowners have to subsidize the cost of advertising from second homeowners? Then the comment about visitors subsidizing our venues seems backwards to her as she believes it is really the other way around. Property owners are subsidizing amenities for other property owners as well as for visitors. Year after year, our venues don't even cover operating costs let alone capital expenses. Ski has been the exception for the last couple of years but for ten years before that property owners heavily subsidized Diamond Peak. IVGID has probably acquired too many amenities for this small community to maintain. We need to decide what is most important and divest ourselves of the excess. Expanding facilities seemed like a great idea a few decades ago but escalating costs and aging facilities have brought us to the point of where we really need to consider scaling back. And even before COVID-19, many of our venues exceed their comfortable carrying capacity so much so that locals avoid them – is that a resident first mentality? Additionally, the comments about ROAS and ROI are so unconvincing and she is mindful that it is not an exact science and difficult to measure results. She does agree that the amount and kind of data we collect is insufficient to draw any well founded conclusions. Her suggestion is to take the year off from advertising, evaluate what we really want to market and then come up with a plan to better measure the results of marketing campaigns. This report falls short. Thank you.

Frank Wright said he is a candidate for the Board. Couple of things he wants to expand upon – we have lawyers that have been fired that are still working for us. They are still working for us, they have been terminated, tells him they are still riding it out, they are not capable of giving us good advice and now that they have been terminated, no advice worth anything. Keeping them around any longer is a

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mistake. EXL Media – they have been fighting this one for a long time and to give them a penny is ludicrous. Tri-Strategies is also ludicrous. Mr. Abel contacted our legislators and they didn't contact anybody during the emergency session. They will give us a story about what they did. This money would be better spent by getting help for our Staff on preparation of our agendas and getting our Board packets out in a timely manner. You are not being very smart in the spending of our money. People do care and so he is asking this Board to do the right thing, cut these guys loose and spend money on what is important. Thank you.

Mike Abel said that he agrees with Mr. Katz' email about the advertising for fiscal 2020-21 and the comments made by Ms. Newman, Ms. Martini, and Mr. Wright. The Board should vote to spend zero on advertising in fiscal 2020-21. The proposed EXL Media contract is un-needed and un-necessary in the coming year. To spend \$289K or more on advertising in this pandemic makes no sense. He proposes ZERO expenditures on venue advertising in 2020-21. Get rid of the EXL Media contract completely. Then we can see how effective advertising of ANY KIND is for our district's businesses. If our Trustees see a need to spend a modest amount like \$10,000-\$20,000 to advertise directly to IVGID residents and homeowners on venue services and availability, let this become part of Staff's job description in 2020-21. His hypothesis is that we gain little by advertising with the possible exception of some nominal gains from advertising for the golf course during the summer. With our course's limited capacity this year and possibly next year, even the advertising proposals for the golf courses looks like a poor investment. As for Diamond Peak, it gets most of its non-resident sales from the fact that is the cheapest decent skiing in the area. Its family friendly environment where the slopes feed into a central area, plus its position as the cheapest decent skiing in the basin are its main draw. Staff makes the sideways argument that 6.6% of the people surveyed said that billboard advertising was **ONE** of the various ways that they learned about Diamond Peak. Then Staff correlates that number directly to 6562 tickets purchased. Using this specious argument, if 6.6% of all people looking at a Toyota billboard – bought a Toyota – he would bet that our roads would be plastered with hundreds of Toyota billboards. Sorry Staff, \$175-\$200 Alpine Meadows/Squaw and Northstar tickets are the biggest advertising for Diamond Peak. Virtually every skier in the Tahoe basin and the Bay Area knows this differential and they buy accordingly. Using Staff's own statistic that 52% of Diamond Peak survey respondents said that "word of mouth" was one of the ways that people learned about Diamond Peak - proves my point.

Yolanda Knaak said we should not sign a media contract until after COVID pandemic is over and then it might need revisions depending on whether on timing.

Aaron Katz said he is going to talk about EXL Media – spend nothing The Board is relying on recommendations of an employee who, in his opinion, lacks competence and this is a competence problem we have across the board. Does he have a business degree? No, his degree is in philosophy. Does he work as a full time Marketing Manager? No, he is the Managing Director of the IVGID quarterly. He complains about a lack of data, it's the best we have, well, who was hired to retrieve the data? His philosophy for advertising is misplaced as well. He contends that we are supposed to spend money in the communities where our second homeowners live to let them know about what facilities we have available. Apparently, the IVGID Quarterly, which he heads as its Managing Director, isn't doing a good enough job and he doesn't understand that. How the District measures its ROI on paid advertising is another interesting category he speaks about. He relies upon customer surveys and digital spend reports we get from EXL Media; the surveys are a joke as they are crafted in a way to get results that Staff wants rather than the truth. The spend with EXL Media relies on a whopping \$68,000 which costs us \$51,000 to make all of his conclusions. The proposed cost reductions he proposes are a joke. What about agency fees with a little paltry \$4,000 reduction? We have a 15.9% reduction in total media buys under Option A yet only a 5.8 reduction in agency fees - something is out of whack. Furthermore, EXL Media is either collecting 21.8% or 23.11% agency fee when the industry standard is 15%; what a sweet deal for them, what a lousy deal for we, property owners. Let's get competent people running marketing and let's eliminate these wasteful advertising spends and by the way, how about giving the excess money back to the property owners who are paying them in good faith. Thank you.

Ray Tulloch said he would like to comment on H.1. He had identified some inaccuracies in the proposal and that is that the District has a magic billboard that produces \$637,000 in revenue based on false figures and that he would like to find out where that billboard is so he can recommend that to all of his clients. The savings proposed are in trade values. Staff states that are trade values are shown as 1 to 1 value which is contradictory. In options a. and b., Staff discounts the trade value based on assuming non-use of that good value which contradicts the statement on agenda packet page 28. Thus, the District is still on the hook for \$80,000. It would be disrespectful to move forward and he is urging the Board to reject totally the advertising spend given that most of it goes to Diamond Peak and that every resort is uncertain, should not be spending on this at this moment, numbers will be restricted and this is pushing for additional attendance. Mr. Tulloch concluded by stating that he urges the Board to reject totally not spend money until we understand what is going to happen in the future.

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

Chairman Callicrate asked for any changes to the agenda; none were received so Chairman Callicrate approved the agenda as submitted

**E. DISTRICT STAFF UPDATE (for possible action)**

**E.1. 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.

Trustee Schmitz asked about a parking lot item and that is enterprise versus special revenue accounting. She knows that the Director of Finance has been doing a lot of work on this particular item and so she would like to know when that item can come out of the parking lot and onto an agenda. District General Manager Winqest said he is not comfortable with that item right now and that he can include something in the General Manager's report on August 12. Chairman Callicrate said that we do need to move on that item.

**E.2. Verbal Update from Eddie Ableser of Tri-Strategies on the State of Nevada Legislative Special Session (July 8, 2020 to July 19, 2020) (for discussion only)**

Eddie Ableser of Tri-Strategies gave an overview on the State of Nevada 31<sup>st</sup> Legislative Special Session as follows:

*What was expected to be a three-day special session to address a \$1.2 billion state budget gap caused by the COVID-19 pandemic, turned into a 12-day legislative marathon. It ended on Sunday, July 19 as one of the longest special sessions in the state's history. Legislators had to make tough decisions to raise revenue and/or cut expenses. The high-level overview of the governor's original proposal was approx. \$600 million (+/-) in transfers from reserve funds and federal aid reimbursements, and \$600 million (+/-) in state agency reductions. As labor and interest groups became more vocal in their opposition to agency cuts, the legislature came under pressure to find and explore other revenue-generation proposals. The continuous mention that the mining industry is undertaxed was prominent throughout the session. Thus, the debate on AB4, a change to the calculation of net proceeds on mining. The Senate failed twice to pass AB4, as new revenue increases require a two-thirds*

*majority of the legislature for passage. At least one senate republican must join the democrats to approve a tax increase. In the end, the final budget bill (AB3) partially restored some of the proposed cuts from the Governor's Office of Finance and halved the originally proposed number of furlough days for state workers. Of the restored money, \$81 million is for health care and social services, including \$49 million to optional Medicaid services that faced elimination. Also, of interest and concern to IVGID, was AB 2 which would have allowed unused dollars from localities such as individual schools to be swept to offset some of the education shortfalls. This bill has been the source of friction between the Legislature, the Clark County School District, and the Governor. Thankfully, many municipal and governmental entities, along with Tri-Strategies, successfully lobbied to defeat this bill. While AB 2 was not successful, I would encourage the IVGID board to take notice that education advocates are looking for fund balances to possibly sweep into the general budget for any future budget shortfalls. In the final hours, an amendment was added to transfer \$50 million in federal CARES Act dollars to a state budget account is overseen by the state superintendent and establishes a grant program for K-12 schools. The Legislature also passed a resolution calling on the federal government to provide flexible funding to help the state manage its fiscal shortfall. One of the unique factors of the special session was that the public was not allowed to enter the building. With this barrier, we had to be strategic and innovative to accomplish our goal of face-to-face communication with legislators. We were successful in our communication efforts and making sure that IVGID was represented. The Tri-Strategies team was fully present in Carson City and had multiple out-of-building meetings, strictly observing the Governor's social distancing and face mask directives, with legislators and staff. To the comment in public comment, our team, due to the significant limitations with the person to person interaction focused our efforts with the majority leadership in both the assembly and the senate. In connecting with them, we found success in defending localities and IVGID. Finally, the Governor has indicated a second special session on police and social justice reform, election reform, evictions, and business and government immunity from COVID lawsuits.*



**F. REPORTS TO THE IVGID BOARD OF TRUSTEES\***

**F.1. Audit Committee Chairman Matthew Dent**

Audit Committee Chairman Matthew Dent said that the Audit Committee had a meeting this afternoon and that prior to the meeting on July 22, 2020, Trustee Callicrate resigned as an Audit Committee member which triggered a reorganization so there is no need to discuss that matter with the Board of Trustees and that, as of today, we had our five members. Some of the items that the committee went through were acknowledgement, reviewed Policy 15.1.0, roles and responsibilities, elected a new Chair (Matthew Dent) until December 2020, and scheduled their next Audit Committee meeting for Wednesday, August 19 from 3 p.m. to 6 p.m. The committee members also reviewed the engagement letter and then talked about the Audit Committee work schedule. The newest members were brought up to speed and we tabled the item on the liaison and noted that, in the past, it has been the Audit Committee Chair. Trustee Schmitz requested that we add this item and it will be discussed at a later meeting. Internal controls were deferred and the last item was deleted off the agenda; it will get freshened up and resubmitted at another time. Trustee Morris congratulated Trustee Dent on his re-election as Audit Committee Chair and stated that he listened in to the meeting which was a great kick-off. One thing that came up was that this Board determine the official start date of the at-large members and he knows that we cannot take that action now but that the Board has to fix that date. Audit Committee Chairman Dent said that he and Trustee Schmitz brought up some areas and that while not perfect, that is one of the questions that did come up. They were appointed on June 23 however they were not technically seated until 5 days ago and then with today being their first meeting, this leaves the question about when does their term start so we will be bringing that question back as we want to set a date which starts their terms as we don't want to cheat them out of their service.

**G. CONSENT CALENDAR (for possible action)**

**G.1. Grant of Easement to NV Energy on District Property APN: 131-240-02 for the Purposes of Constructing, Operating, Adding to, Modifying, Removing, Accessing and Maintaining Above and Below Ground Communication Facilities and Electric Line Systems (Requesting Staff Member: Director of Public Works Joe Pomroy)**

Trustee Wong made a motion to approve the Consent Calendar. Trustee Morris seconded the motion. Chairman Callicrate called the question and the motion was unanimously passed.

**H. GENERAL BUSINESS (for possible action)**

**H.1. Review, discuss and possibly approve an item for the 2020/21 Fiscal Year allowing the District to enter into an agreement for media buying services for 2020/21; Venues: Diamond Peak, Championship Golf Course, Mountain Golf Course, Facilities; Vendor: EXL Media (Requesting Staff Member: Marketing Manager Paul Raymore)**

Marketing Manager Paul Raymore gave an overview of the submitted materials.

Trustee Dent said doesn't the District have any type of CRM where we can target users who purchase passes from us, don't get the IVGID Quarterly, and/or e-mailing folks who have used from us before? Marketing Manager Raymore said yes and that it is only as good as the data. When a purchase is made online, an account is created. On e-mails, an open rate of over 20% is a win and that 20% is pretty good as well at about the industry standard. The problem is that we have walk up purchases as we don't create a customer account so we don't have a way to market to them; there are limitations. Trustee Dent said that the District does post on Facebook and Instagram and that he does see our employees out there taking pictures and thus getting people interest. Do we somehow boast posts on Facebook and Instagram to the location? Marketing Manager Raymore said yes, 100% and that is where a lot of the money goes and feeding that information from our CRM and targeting them on Facebook. Trustee Dent asked if it was Staff managing those efforts or was it EXL Media? Marketing Manager Raymore said there are a couple of ways that the Staff uses these social media platforms and that sometimes it is Staff and sometimes EXL Media spends money to boast them and broadcast them. One might also see Facebook and Instagram ads and that is where we are sending EXL Media the creative content and then they are posting on our behalf which is not in the newsfeed but is off to the side as we need to spend money to boast a post. Trustee Dent said so boasting a post is being done by EXL Media and not by Staff? Marketing Manager Raymore said that is correct as they have the tools to track and obtain the ROI that those boasts are generating. Trustee Dent said that he is familiar with that as he has done it. Which of the previous years

have we cut the EXL Media spend other than last year? Marketing Manager Raymore said that he didn't think that we have ever spent the full amount but we have come in close. We are very lean and the amount we spend is the bare minimum. There are many opportunities to spend more but we haven't really used them. Trustee Dent said that he thinks that COVID-19 might hang around a little longer and until we get a vaccine, what do we know right – will Diamond Peak be operating at 50% capacity? Marketing Manager Raymore said we don't know and that Staff is hoping for the best. Based on the industry, we are hoping that Diamond Peak is set up well and getting close to our normal capacity while trying to plan ahead for all the scenarios while ensuring safety is the goal. It is a tough balancing act and there are the 3 peak dates that are always naturally at capacity where we would be shutting off advertising and if we see we are at capacity on the weekends, we will be working hard to boost mid-day skiing and riding. We will need that to make up for some of the revenues that we will have with the restrictions. Trustee Dent said that he can see a time when school is not in session so there will be no vacations. There has been a boom in real estate as people are relocating to live where they want to live. This is a tough year and he feels that the more he thinks about the marketing plan, the more questions he has. He gets both sides of the argument and he doesn't know if we will see the impact if we do nothing as no one can give us an answer just because there are so many unknowns. He is just hesitant in spending the money because we don't know if we are going to have money and so he may want to skip this year and have Staff do some boasting. He doesn't know if marketing is going to be driving people up to our resort and he doesn't know if it ever did. Trustee Schmitz said thank you for spending time with her and providing the background information as she appreciates the variable fee and the effort. She still has some concerns about this year and it being so different. She doesn't want to necessarily get us locked into specific contracts as we are in a billboard contract that may not be able to get out of so she doesn't want to go down that path. On agenda packet page 24, based on the surveys, it would have been helpful to have some dollar values (expenses and revenues) to know what was spent on which because social media has much more traction than billboards and ads in the newspaper. Staff's answer on the newsletter that only 20% were opened, it showed on agenda packet page 24 a higher percentage so she is struggling to understand the overall value. Trustee Schmitz continued that she has spent the last year or more trying to understand all of the short term rentals and the tax revenue that they are bringing in to our District. They pay transient occupancy tax and a significant dollar amount comes back to our visitor's center which is chartered with doing tourism. The way they are

marketing is not location centric. For weddings in Incline Village, they are not showing the Chateau as number 1 rather it is a random thing in with Placer and Washoe counties. She doesn't think that the RSCVA would want the dollars used outside of Washoe Country. The Visitors' Center gets \$1,000,000 or more and their sole purpose is to pursue marketing in Washoe County so if we cut back here, there are other methods for getting advertising. She is trying to wrap her head around the right decision and all of us are having a difficult time because of so much uncertainty. She sees more mid-week skiing, high yield skiing, and also having the transient occupancy taxes collected. She is not sure because 68% of the people have been here before and word of mouth and family, friends and people who are moving here, she is just not sure and not sure of what the right decision is and that she wanted to share, with her fellow Trustees, the information about the transient occupancy tax. Chairman Callicrate said that this has been a sticking point for the District through the last several decades with monies being collected up here and then being used for marketing as a tourist destination. Trustee Morris said that he didn't hear much of what Trustee Schmitz said as he was having Internet troubles. To what extent are you tracking the other ski areas in marketing for the upcoming year? Marketing Manager Raymore said that he thinks everyone is in somewhat of a wait and see mode. We are ready if somehow the kids are out of school and everyone decides to come and ski mid-week. Staff will do everything we can to limit advertising and this contract gives us that flexibility without commitments and while being fiscally responsible with the best interests of the community in mind. He doesn't know of any resort that plans to stop their marketing plans rather they are paying to promote flexibility, programs and being open for business as a great outdoor activity and to tell their customers what they are doing to keep their customers safe. It is not about just the view, value and the vibe but we are doing to keep our customers safe so they can come and recreate. It is very important this year because people are still freaked out and if Diamond Peak has any hope of breaking even, we need crowds of people, we need to convince our customers that we can keep them safe and there is a very good chance that our advertising will tell that story; stay socially distanced and still have a great time. Trustee Morris said that his concern is that we have got to be ready to turn on a dime with what we do as we have an aggressive target for Diamond Peak and the change in rec fees is relying on Diamond Peak delivering a good return. He is pleased to see that this is all basically a not to exceed contract. Can you confirm that the budgets you have done and what we might spend are all not to exceed? Marketing Manager Raymore said yes, these are all not to exceed amounts. Trustee Morris said thank you as that is important to him. He comes with 40

years of sales and marketing background and he knows the value, particularly in down times. If we don't do something this year, we won't see it this year but we might next year. He feels pretty strongly that we should be doing something because of the impact to a locals' pass. In the end, we do have to trust our team through our General Manager and that he is putting the right people in the right place and that they always have the best interest of the people in Incline Village and Crystal Bay in their hearts and their goals. He is comfortable with this item as we do need to bring in those full paying visitors. He thinks that this is something that we should be allowing for, have regular reports so we can keep tabs, and so we will know where we are heading. Marketing Manager Raymore said he is happy to provide status reports throughout the season as that is the reporting we get from EXL Media and he is happy to modify the contract to write that in. Trustee Morris said that would be pretty important and would help to get more visibility on this spend. Trustee Wong said that cutting our marketing budget could be a double edged sword and that she had all her answers in the last presentation. If we cut too much, it is potentially our fault if our venues don't meet our targets. Given that everything is not to exceed, she would like to approve the original budget and trust our Staff so that they can meet their budgeted targets. Chairman Callicrate said for the last several years, he has never been against you and your associates and the work you have done. He has an issue with, this year specifically, with the outlay of marketing dollars. He does appreciate the hard work that you have put in to lessen the overall burden. The opportunity that we have, if we were to forego the marketing for a year, is that we will see what the concerns are for our main venues and if they take a hit. He is not a gambler and this is not just throwing the dice. We have an obligation to our community and if we aren't able to open the ski resort, and he doesn't have a crystal ball, it would be more prudent to work in house with your budget and the in house team, with you in the lead, coming to grips with the use of social media as he shares Trustee Schmitz' concerns with billboard. Please remember that we are not attacking you or your team rather he sees it as investing in the customer experience as it is a nightmare when the ski resort is at capacity especially for our locals. Everyone steers clear on the weekends as we know it is a big money maker. We don't know what is going on with COVID but when we get a lot of snow, we make money, when we don't have a lot of snow, we have snowmaking. He thinks that the word is out there and with all the money we have spent on marketing, we rarely make the RGJ or our hometown newspaper or television as it is always Mt. Rose and rarely is it Diamond Peak. Not even making it in the local situations on a consistent basis is troubling for him. We have money earmarked for marketing that can be spent at the particular

venues for customer service this year and then we can access it at years' end as we might be pleasantly surprised. He might be the outlier as he generally is but he has experienced this constantly as long as he has been on the Board. Marketing Manager Raymore said that it is a bad year to start experimenting as he doesn't think we will be able to draw any conclusions. It is a big gamble to change a strategy that has resulted in great snow years. Last year, we closed early and we made a profit. Chairman Callicrate said that he will take slight increase with that as we have had great snow years during the last 5 years. We had 4 banner years and the day we closed the ski resort, this year, was the best ever. It is not a year to be cavalier and that is not how he feels. It is an opportunity to reinvest those dollars in customer experience. He has been hearing from a lot of people that are opposed in this particular year to go forward and that doesn't mean we can't pool our resources and do the marketing we can do without EXL Media. District General Manager Winquest said that we have had this conversation every year as far as how much money we spend on marketing; it goes back to what he said when he was Interim General Manager – IVGID has an identity problem. We are a localized mountain with the exception of holidays when he chooses not to ski or snowboard on those days. It goes back to the Tennis Center where he was told by the then General Manager to double prices and he told him that if we do that, we won't have anyone here. He did raise those rates and the business went down. However, thanks to pickleball, we have seen the Tennis Center come back. It is an easy decision to take out a Tennis and the Recreation Center as we can do our own shoestring marketing. Staff has agreed we could also cut back at Golf. Moving forward, Staff is comfortable with utilizing other resources to market. With Diamond Peak, we need to be cautious as we will be damned if we do and damned if we don't. If we don't have a season or if we have a normal season and haven't spent any money, it could be problematic. If we significantly cut back, we won't know the impact for two or three years and the risk that we know for sure is that we will have lost our niche in the market. For a long time, Diamond Peak couldn't meet its budget, etc. We believe we have been able to find our niche as our Marketing Team has done a good job. It is disingenuous to come down on our Marketing Manager who has done a solid job of evaluating so we have a sustainable mountain as we spend a lot of marketing. Billboard marketing – he is adamantly opposed to that marketing. It makes sense to show where our marketing dollars is going. Whatever the Board of Trustees decides today, we will live with it. Staff does want a level of flexibility to spend money where it is appropriate as everyone seems to be a marketing expert. We have good marketing people. We have eliminated a marketing position which is part of the reason he was

comfortable with that move because we had outside resources. If everything is in house, we will have to re-evaluate our structure. We could be wrong in spending no money and if we find out that we don't lose any business, that's fine too. Staff is comfortable with whatever the Board of Trustees decides and we will work with it. Diamond Peak has had really good seasons with the snow however some part of that is due to the marketing. We are trying to find the sweet spot however it could be detrimental if Diamond Peak loses its place in the market so be cautious with that decision. Marketing Manager Raymore said that he would like to reinforce what the District General Manager mentioned and how vital this service is. Media buying is outside of the scope of what we could effectively and we will do it badly compared to the expertise that EXL Media has and we won't be able to utilize trade. As mentioned in the memorandum, trade is a great thing as there are unused times and the breakage is such that it makes it a stellar deal; it pays for itself with trade. Because we have lost a member of the sales and marketing team, this is a very vital service to allow us to go forward with our marketing plans. Trustee Schmitz said that she would like to ask that this decision be postponed for a month and that in that month we ask Staff to get more information from the Visitors' Center and from RSCVA as it relates to marketing our venues and then bring that back to the Board so we can have information about those million dollars' worth of marketing dollars that could potentially impact us. Marketing Manager Raymore said that those are TOT funds that come from Washoe County and then back to the Incline Village/Crystal Bay Visitors' Bureau which is placed into the North Lake Cooperative which has an agreement with Placer County, North Lake Tahoe Resort Association (NLTRA) and the Incline Village/Crystal Bay Visitors' Center have all agreed to pool their resources to promote the North Shore. He does have some issues with not having much of an Incline Village/Crystal Bay landing page within the NLTRA website. Those are the decisions that are made at the NLTRA and the Visitors' Center where we don't have control and is mostly made by the lodging properties that control the Board which is one more reason to have some budget to promote IVGID specific venues is so important because we don't show up on this website and to reach out to those customers and work with a local agency like EXL Media. Trustee Schmitz said that one thing that our Marketing Manager mentioned to her is that they are in process of revamping their website to give area specific as opposed to being all of North Lake Tahoe and her feeling is that our County commissioners and RSCVA, as a whole, would very much want that to happen as they would want the dollars to come back here and that is why those dollars are being delivered to the Visitors' Center is to promote that. All she is suggesting is that in a month, she would like to get a bit more

clarity and understand how much do have the ability to influence over how they are doing their marketing. Chairman Callicrate said that this Board has had a good discussion and that we will have to agendize on how to deal with NLTRA and RSCVA in a month. He would like to ask District General Counsel if we can table or postpone for a month as he wants to make sure it is done in the right way or do we have to vote on it to table or postpone this item. District General Counsel Velto said that if you move to postpone he would recommend that you allow discretion unless you have a specific date. Chairman Callicrate said that the Board is going to table this for a month with the date to be determined, which District General Counsel Velto that the Chair can take this action, and to see if we can get monies from RSCVA which may help us out. He doesn't want us to get weighed down in the minutia and the untapped potential with the RSCVA and doesn't want to drag it out. So we can either do this at the next meeting or the following month as he doesn't want to drag it out too far. Trustee Dent said besides seeing what the Visitors' Center has got and bringing that back to us, currently the IVGID Staff doesn't spend any money in boasting posts. Marketing Manager Raymore said yes, in general that is true, and there may be a last minute boost of \$10 on an event. Trustee Dent asked what is the dollar amount. Marketing Manager Raymore said \$25 and that he likes to spend that with EXL Media so we can track it. Trustee Dent said so Staff doesn't have the capacity if we were to utilize Staff so if we were to potentially add another employee and focus on internal marketing, do you have the capacity to do that or did he hear you say you didn't? Marketing Manager Raymore said it is capacity versus efficiency and yes, in theory, we could do this. He could also build a culvert and that is the reason that we hire an expert. We hire an expert and it is why we hire EXL Media which gets us tremendous additional value. If we are going to table this item, the only thing he would ask is for specific guidance on what the Board needs to make this decision and commit to giving him those specific questions and he will get the answers. As to the RSCVA and the IVCBVC, he will reach out to them and try and get as many answers. He can give Mr. Chapman a call as all their finances should be available. Chairman Callicrate said that the Board has had a robust discussion on something that is either a given or a no. It is a critically important decision so he is tabling this item and he will get together with the District General Manager. Trustee Wong asked what are the business ramifications for putting off this decision for another month. Marketing Manager Raymore said that the media plans are long term plans and that Staff starts planning for Diamond Peak right now. The impact is not as great to Golf in a normal year. If we are going to start planning Diamond Peak campaigns and not utilizing EXL Media, it will be a huge impact as



there will be a business impact. Staff needs a decision very soon. District General Manager Winqest said that he would add that we are in a holding pattern and if we spend the minimal amount, Golf probably won't get hurt nor will Parks and Recreation and Tennis and we may have to spend some marketing dollars on lower level things so we will be okay for a month. Whatever that decision is, we need to know that so we can shift our efforts to understand how we move forward; we will be okay for a month. Chairman Callicrate said that the latest will be at the end of the month and hopefully it will be on the August 12 agenda. Staff will give you clear information so we aren't shooting in the dark and Staff will reach out to Trustee Schmitz as she knows the ski industry very well. The District General Manager and he will coordinate to get that information.

At 7:55 p.m., Chairman Callicrate called for a break; the Board reconvened at 8:10 p.m.

**H.2. Review and discuss projected Fiscal Year 2019-20 Year-End Fund Balances and review and discuss possible next steps in designating funds in support of priority Capital Improvement Projects (Requesting Staff Member: Director of Finance Paul Navazio)**

Director of Finance Navazio gave an overview of the submitted materials.

Chairman Callicrate said that the importance of what we are trying to do tonight is based on our prior conversations and that we are taking monies and putting them into capital projects by restricting, committing, or assigning. We want the community to know that we are at the beginning of taking the steps of committing the funds to the respective areas we want them to go to. Hopefully, we will have that at the end of the month, we will have those dollar amounts, and then we can see this be putting towards whatever projects and then telegraph that to the community that we aren't collecting money just to collect money and that it has a specific purpose. He is looking forward to getting the dollar amounts, fleshing out those capital projects, and committing them thereto. Trustee Schmitz said, referencing agenda packet page 43, relative to fund balances, the Utility Fund has a year-end cash and cash equivalent of over \$4 million and if we go and restrict the additional \$2 million that we are collecting from ratepayers this year, does that than reduce that by \$2 million such that the ending cash would be \$2 million less than whatever that number is? Director of Finance Navazio said he would need to look at that a little more closely to determine an answer. Trustee

Schmitz said she doesn't see anything that identifies restricted funds because she believes that we have \$9.7 or \$9.8 million that are restricted which she didn't see in here but that she saw the \$4 million and that she is assuming the restricted dollars are set aside somewhere else. Director of Finance Navazio said let him look at that as the restrictions work a little bit different in other funds. It is already committed and not available for use other than by action of the Board. Agenda packet page 43 is very much rolled up and used to report to the State. There is more in the financial statements and the budget where the reservations and restrictions will be called out. Trustee Schmitz said so to answer her question about the \$4. whatever million, we do restrict the \$2 million and that would change it to \$4. whatever million it is to \$2. whatever million it is; that is just what she heard Staff say. Director of Finance Navazio said he is not sure and that he needs to research that question. Trustee Schmitz said we have operating revenues and operating expenses and \$9.7 million doesn't seem to be reflected. Director of Finance Navazio said what we will have for you, on August 12, is that Board action that says that at the first meeting of the new fiscal year, this Board will take the action to reserve the next \$2 million and that you will be adding another \$2 million restriction consistent with your prior action. Chairman Callicrate said on August 12, we will have an audited fund balances/reserves, and that the terminology is different on the Utility Fund from Community Services and that he wants that to be properly termed on August 12; he is looking forward to getting those actual numbers and then start taking action. Director of Finance Navazio said that recommendation a. needs to be in conjunction with the recommendation statement that is above it and that is that Staff will return on August 12 with an action item that will authorize the transfer of fund balances from the Community Services to the Beach Fund for capital projects. Chairman Callicrate said to bring back, on August 12, those two things and we won't act on them tonight as there are no numbers involved so we don't want to transfer funds without actual numbers. Director of Finance Navazio said yes, on August 12, Staff would like to have an item with dollar amounts so the Board can take an action to transfer fund balances to capital. Chairman Callicrate said so tonight we are not taking action? Director of Finance Navazio said as long as the Board is comfortable with taking action on August 12, Staff is fine with that. Trustee Morris said he would like to clarify or check if we are all on the same page on one of the things we are talking about. The District has a number of projects we want to accomplish, we have this pot of money, we want to spend the money on this project or that project and that we want to communicate that to the community. We do need to revisit our priorities and we do need to agree on what our priorities are and then how we earmark

funds towards those things and that it doesn't hamstring a future Board if a catastrophe occurs. Director of Finance Navazio said yes, that is Staff's understanding and what Staff is suggesting is an incremental step by step process. We want to identify monies in the fund balances and then move them to the Capital Project Fund. We will include an item to restrict the additional \$2 million for the export pipeline and the District General Manager wants to restrict a portion of the General Fund for the Washoe County tax settlement. Staff is ready to do that. As the Board looks at the proprietary projects, the Board will elevate its earmarking as it sees fit. Chairman Callicrate said that works for him and asked if Staff has clear direction. District General Manager Winqest said if we knew what we intended to budget for the Incline Beach house, Burnt Cedar pool and the Ski Way project, it would be easier to earmark those funds and we do have two of these projects coming before the Board in the coming month. Once we evaluate all of this, it will be easier and we will have a very good incremental plan that is more comprehensive; stick with us. Trustee Morris said as a quick clarification, he thinks he heard Staff say that we set ourselves an action item on the pipeline so he would like an item on the next meeting agenda to protect that money. Director of Finance Navazio said that is the plan. Chairman Callicrate said you have the direction so let's bring this back on August 12.

**I. 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 Schmitz said that our community is going to be getting two additional resources from the Washoe County Sheriff's Office to help us with our parking. Chairman Callicrate said that is nice to hear that Washoe County is stepping up more and more.

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

Raymond Tulloch passed on his opportunity to speak.

Linda Newman passed on her opportunity to speak.

Cliff Dobler said that he wanted to mention something and that is that in the Audit Committee, we didn't get around to discussing the 14 points and that the memorandum is dated July 22 and that it is about 7 pages long. Linda

Newman and he have been working on this for the past several years and their information is based on GASB and GAAP and that they don't have any questions as it is based on facts. They don't have any claims as it is based on facts. Everyone is worried about the word "illegal" so he looked it up and it is unlawful and then he looked up the word "unlawful" and it means illegal. NRS is the law and if the law says prepared with GAAP and GASB and then if we are not following GAAP, which is GASB, we are breaking the law. We can use illegal and unlawful, as it doesn't matter the word, we didn't follow the law. Disingenuous to say not in compliance – pick a word – illicit, etc. It doesn't matter, you did not follow the law and no one will go to jail; we are not following the law. To answer Trustee Schmitz' question about not understand the cash and cash equivalent, there is about \$9 million in the kitty, cash and cash equivalents are not.

Yolanda Knaak said thank you for putting off the signing the contract for the media because she is really not for bringing people back into our community who might have COVID-19 and that is a smart move.

Derrek Aaron said thank you to the Marketing Manager for the time you took to prepare the presentation and he asked the following questions:

1. What are the expected and historical returns IVGID has experienced for each of these marketing platforms (he assumes IVGID utilizes all of these): FB, IG, EXL Media (XLM) , newspaper, email newsletters?
2. Do you think IVGID has exhausted its social media organic growth?
3. What analytics will XLM provide onsite hits, etc.?
4. Can XLM provide comps (success, shortcomings) from similar ski areas that they have marketed/supported?
5. If approved, when would XLM support begin and over what period?
6. Is XLM just providing website support or will they also support other IVGID marketing platforms?
7. Did IVGID shop around for \$ comps from other similar media companies?
8. Is XLM a special line item in the IVGID Marketing budget or will general funds from the annual Marketing budget be used to pay for this expenditure?
9. If we did go with XLM, how would we measure that it was a successful marketing campaign: skier visits, revenue, other similar?
10. What are your thoughts on email blasts becoming a more effective means of marketing and reaching/connecting with customers (other than social media)?

11. Is XML designed to cover possible shortcomings that may occur this upcoming season given current and future unknowns due to COVID?

**K. ADJOURNMENT (for possible action)**

The meeting was adjourned at 8:41 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 Aaron Katz (15 pages): Written statement to be included in the written minutes of this July 29, 2020 Regular IVGID Board ("Board") Meeting – Agenda Item H(1) – Staff's second bite at the EXL Media buy contract

Submitted by Paul E. Smith (3 pages): Testimony for the 29 July 2020 Board of Trustee's meeting

**WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JULY 29, 2020 REGULAR IVGID BOARD (“BOARD”) MEETING – AGENDA ITEM H(1) – STAFF’S SECOND BITE AT THE EXL MEDIA BUY CONTRACT**

**Introduction:** For the last several decades, IVGID staff have contracted with one or more media buying agencies to place print, digital, radio, television, billboard, internet, social media, paid search campaign and other advertising on behalf of the District. Prior to and continuously “since the 2013/14 Fiscal Year, the IVGID Marketing Department has utilized the services of Incline Village-based media buying agency EXL Media for the District’s media buying services.”<sup>1</sup> Over this stretch of time local parcel/dwelling unit owners have been assessed millions of dollars intended on advertising intended to attract the world’s tourists to the public’s recreational facilities. And on June 23, 2020 staff sought Board approval to spend another \$425,700 on this endeavor with EXL Media<sup>2</sup>.

But a funny thing happened on the “doll out another pay day to one of staff’s ‘favorite collaborators’ at local parcel/dwelling unit owners’ expense” way. After staff had unbelievably placed this matter on the consent calendar for what they hoped would be “rubber stamp” approval without comment or discussion<sup>3</sup>, this Board put its foot down by transferring the matter to the general business calendar for discussion, and ultimately a vote “No!”<sup>4</sup>

Now staff have returned with a feeble effort to meaningfully reduce costs<sup>5</sup>. And that’s the purpose of this written statement.

**Staff’s Proposed Cost Reductions:** are set forth at pages 26-29 of the 7/29/2020 Board packet<sup>6</sup>, and quite honestly, they’re a joke! Before I begin my analysis of staff’s proposed reductions, since Mr.

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<sup>1</sup> See page 498 of the second packet of materials prepared by staff in anticipation of the Board’s June 23, 2020 meeting [“the 6/23/2020 Board packet part 2” ([https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT\\_Packet\\_Regular\\_Part2\\_06\\_23\\_2020.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_Part2_06_23_2020.pdf))].

<sup>2</sup> See pages 497-509 of the 6/23/2020 Board packet part 2.

<sup>3</sup> See page 2 of the first packet of materials prepared by staff in anticipation of the Board’s June 23, 2020 meeting [“the 6/23/2020 Board packet part 1” ([https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT\\_Packet\\_Regular\\_Part1\\_06\\_23\\_2020.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_Part1_06_23_2020.pdf))].

<sup>4</sup> See page 257 of the packet of materials prepared by staff in anticipation of the Board’s July 22, 2020 meeting [“the 7/22/2020 Board packet” ([https://www.yourtahoeplace.com/uploads/pdf-ivgid/0722\\_-\\_Regular\\_-\\_Searchable.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/0722_-_Regular_-_Searchable.pdf))].

<sup>5</sup> See pages 26-29 of the packet of materials prepared by staff in anticipation of this July 29, 2020 Board meeting [“the 7/29/2020 Board packet” ([https://www.yourtahoeplace.com/uploads/pdf-ivgid/0729\\_-\\_Regular\\_-\\_Searchable.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/0729_-_Regular_-_Searchable.pdf))].

<sup>6</sup> I have reformatted them into a spreadsheet, included them as percentage reductions, and this spreadsheet is attached as Exhibit “A” to this written statement.

Raymore recommends against his proposed Option C reductions [he laments they severely cut into advertising plans at Diamond Peak, Golf and Facilities which he states may have serious long term consequences<sup>7</sup>], let's forget about them for the moment and concentrate solely on his proposed Options A and B reductions. Summarizing them,

**Cash Media Buys:** Mr. Raymore's proposed Option A reduces proposed cash buys by a paltry \$16,000 (6.02%). Moreover, there are *no proposed cost reductions whatsoever* at Diamond Peak, Golf and Facilities<sup>8</sup>. His proposed Option B is only a very slight improvement over proposed Option A. It reduces proposed cash media buys by another paltry \$27,700 (10.43%). And again, there are no proposed cost reductions at Diamond Peak or Facilities, and there's only a modest \$11,700 proposed reduction at Golf<sup>9</sup>. Essentially all proposed reductions are the elimination of worthless Tennis and Rec Center cash buys, and a proposed \$48,000 reduction in Diamond Peak trade<sup>10</sup>.

**Trade Media Buys<sup>11</sup>:** Mr. Raymore's proposed Option A reduces these proposed buys paid with trade rather than cash by \$48,000 (52.17%), *all* of which is assigned to Diamond Peak. His proposed Option B is only a very slight improvement. It reduces proposed media buys with trade rather than cash by \$66,000 (71.74%). \$60,000 are assigned to Diamond Peak, and \$6,000 are assigned to Golf<sup>10</sup>.

**EXL Media Agency Fees:** Mr. Raymore's proposed Option A reduces these already excessive (see discussion below) agency fees by a paltry \$4,000<sup>8</sup> (5.88%), from \$68,000 to \$64,000. His proposed Option B is only a very slight improvement over proposed Option A. It reduces proposed agency fees by \$7,000<sup>9</sup> (10.29%), from \$68,000 to \$61,000. In other words, a 15.97% reduction in total media buys under Mr. Raymore's proposed Option A, yet only a 5.88% reduction in proposed EXL Media agency fees. Similarly, a 23.66% reduction in total media buys under Mr. Raymore's proposed Option B, yet only a 10.29% reduction in proposed EXL Media's agency fees.

### ***Is This the Best You Can Do Mr. Raymore?***

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<sup>7</sup> See page 30 of the 7/29/2020 Board packet.

<sup>8</sup> See pages 27-28 of the 7/29/2020 Board packet.

<sup>9</sup> See pages 27 and 29 of the 7/29/2020 Board packet.

<sup>10</sup> See page 27 of the 7/29/2020 Board packet.

<sup>11</sup> "Both Diamond Peak Ski Resort and the Golf Courses utilize trade value (vouchers which allow the holder to access and use these facilities in lieu of paying user fees) to offset the cost of paid advertising programs as much as possible. At Diamond Peak, we propose to set aside \$80,000 in trade value to utilize in the place of cash for media buying. At the Golf Courses, we propose to set aside \$12,000 (\$6k Champ/\$6k Mountain) in trade value to utilize in the place of cash for media buying" [see page 105 of the packet of materials prepared by staff in anticipation of the Board's March 11, 2020 meeting ["the 3/11/2020 Board packet" ([https://www.yourtahoepace.com/uploads/pdf-ivgid/3-11-2020-BOT\\_Packet\\_Regular.pdf](https://www.yourtahoepace.com/uploads/pdf-ivgid/3-11-2020-BOT_Packet_Regular.pdf))].

***And is This Because His Job Duties Require Him to Split His Time By Being the IVGID Quarterly's Managing Editor?*** That's right. Check it out<sup>12</sup>!

**How Does EXL Media's Agency Fee Compare to the Industry Standard?** "The most common way media buying agencies get compensated is by earning a commission on your total advertising spend. A common (commission) rate is 15 percent (15%) of your total advertising spend. For example, if you buy \$15,000 worth of advertising in a newspaper, the media buying agency will earn \$2,250."<sup>13</sup> This represents "the standard agency commission for services such as media buying, planning and trafficking, which are carried out by accredited advertising agencies."<sup>13</sup> Some agencies charge nothing for placing trade media. However, under EXL Media's proposed contract with the District, "when(ever) trade is issued to a third party, IVGID services and products will be (commissioned) at full rack rate."<sup>14</sup> Translation: EXL Media's agency fee is calculated to compensate it for placing IVGID's media advertising via use of trade rather than cash.

Under Mr. Raymore's proposed Option A, the standard agency fee in the industry for all placed media would be \$44,055. Under Mr. Raymore's proposed Option B, it would be reduced to \$39,600. Yet Mr. Raymore recommends we pay EXL Media \$64K in agency fees under his proposed Option A, and \$61K under his proposed Option B<sup>10</sup>. Thus Mr. Raymore wants the District to pay EXL Media \$19,945 *more* in agency fees than the industry norm under his proposed Option A, and \$21,400 *more* under his proposed Option B. *And for what?*

**How Does the District Know EXL Media Isn't Getting Some Secret Payment or Kick Back From the Advertisers it Places Advertising With on IVGID's Behalf?** Sections 2(e) and (f) under EXL Media's proposed contract provide that "all media/vendors (for the advertising placed by EXL Media on the District's behalf) shall look to EXL (Media solely) for payment." "EXL (Media) will provide copies of original invoices from (those) third party vendors" to the District, and it "will pay all (of those) invoices from media/vendors on behalf of (the) District (after)...receipt of payment from (the) District for the same invoices."<sup>15</sup> But how does the District know whether EXL Media's actual cost is reflected on those invoices? In other words, how does the District know that EXL Media isn't getting some secret payment or kick back from the advertisers it places IVGID advertising with? "Who Are Media Agencies (Really) Working For?"<sup>16</sup>

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<sup>12</sup> For 2020 alone, see page 4 at [https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID\\_Qrtly\\_Feb2020.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Qrtly_Feb2020.pdf), page 4 at [https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID\\_Qrtly\\_April2020.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Qrtly_April2020.pdf), and page 4 at [https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID\\_Qrtly\\_June2020.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Qrtly_June2020.pdf).

<sup>13</sup> Go to <https://bizfluent.com/info-8600134-do-buying-companies-charge-services.html>.

<sup>14</sup> See section 1(b) of the proposed EXL Media contract at page 34 of the 7/29/2020 Board packet.

<sup>15</sup> See page 35 of the 7/29/2020 Board packet.

<sup>16</sup> Go to <https://www.trinityp3.com/2013/10/media-agency-remuneration/>.



“For many media agencies transparent contractual remuneration...barely cover(s their) cost(s. But) the remuneration terms agencies need to offer to win business leave them no choice but to recover funds elsewhere. (Since) their media agency rivals are doing it...unless they play this game too, it’s impossible to compete...Media Agencies have a simple choice – recover funds at the other end from media owners, or sit back and watch as their business dwindles away. After all, while the advertisers are spending less than 5% of the media spend on media agency fees, the media owners have 20% – 30% of the media spend budgeted for sales incentives and for digital (advertising, and) this can rise to 80%...It’s the elephant in the room that everyone pretends doesn’t exist...(Simply stated,) it happens and it’s here to stay no matter how much the agencies protest it is not.”<sup>16</sup> So what can the District do to protect itself?

“Some will suggest a media financial audit. But you only have the right to audit the agency’s accounts related to *your* business. What if the fund is passed through a related third party such as another entity owned by the holding company (here EXL Media)? Or what if the value is provided through bonus inventory which is being monetized with another client’s account...you cannot audit? (Although)...these (types of) financial audits (may) find...mistakes...they will not find...new rivers of gold in media.

Others are demanding more transparency from agencies which is largely falling on deaf ears at the agency end. Because transparency alone is no solution, (it)...simply returns agencies back to their unsustainable level of remuneration. (Moreover,...even if...advertisers know what is going on, none (is)...willing to pay the fees required to stop it. In fact, many would use the knowledge simply to try and extract these funds for themselves. (Thus) both agency and media owner(s) will strenuously fight this...(So) the question is what (is the District) going to do? Stomp (its) feet and demand transparency? Or...use the situation to...our advantage?”<sup>16</sup>

“In this new environment it becomes critical for advertisers to set clear performance goals and ensure the(ir) media agency is held directly accountable to delivering these (goals). And increasingly, these performance goals should be both client based and media based. Media performance assessment should move beyond reach and frequency goals to include leads, sales and brand tracking measures...This way the agency is being paid and rewarded for the value (it) contribute(s) or create(s).

If aggressive client-based value targets are being met and exceeded, then the unknowns of media owner kickbacks and pay-offs matter little. And the greater the bonus potential and upside offered by advertisers, the more likely they (will)...receive a healthy share of the free inventory and goodies media agencies increasingly have at their disposal as a function of these deals...Recognition of the new marketplace ensures smarter clients maintain their control, and that (media) agencies continue to work for them rather than...media owners.”<sup>16</sup>

**The Proposed Contract Must be Modified to Provide For Aggressive Performance Goals:** So with the foregoing in mind, let’s look at the proposed contract’s<sup>17</sup> performance goals. If they existed,

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<sup>17</sup> See pages 33-38 of the July 29, 2020 Board packet.

they would appear under “section 2 – EXL’s Obligations,” wouldn’t they? Yet unsurprisingly<sup>18</sup>, *there are none!* Therefore staff should be directed to modify the proposed contract to include REAL, aggressive performance goals.

**Mr. Raymore Continues to Misrepresent the ROI And Reasons For an Admittedly Low ROI on EXL Media Sales:** Incredulously, at page 19 of the 7/22/2020 Board packet Mr. Raymore represents that because we are in recreation businesses which

“prioritize customer service...to our local residents and stakeholders...over profits...our marketing efforts reflect these priorities, including our paid advertising strategies.”

Therefore Mr. Raymore wants the Board to believe that,

“We spend a great deal more time...effort (and marketing dollars) ensuring that our local residents and stakeholders are informed about the programs, services and discounts that our (recreation) venues provide than might be justifiable were we a strictly (series of) for-profit business (enterprises. Thus) this includes analysis of where our second homeowners live, and dedicating paid advertising dollars to reach those homeowners in their primary communities.”<sup>19</sup>

In other words, the District’s nearly \$1.2 million marketing budget<sup>20</sup>, which originally included at least \$425,700 of sales with EXL Media<sup>10</sup>, primarily exists to reach our 60% or greater of second homeowners who live in distant out-of-state communities. And since the IVGID Quarterly, which Mr. Raymore heads as its managing director, which is mailed to every local parcel owner, doesn’t do the job, he is arguing for the expenditure of hundreds of thousands of advertising dollars more “to reach (our community’s second) homeowners in their primary communities.” I didn’t realize that was the primary purpose of advertising efforts. Did you?

And I find it telling that Mr. Raymore ignores the instruction of past Boards that most of our recreation venues should operate financially on a break even or positive cash flow basis. I’ve previously reminded this Board that on December 11, 2002 the Board adopted Resolution 1736<sup>21</sup> which enacted Financial Standards for the District’s various recreational facilities. ¶VII(A) of

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<sup>18</sup> I say “unsurprisingly” because look at the professionalism and competence of our over compensated and benefited marketing staff.

<sup>19</sup> See pages 19-20 of the 7/29/2020 Board packet.

<sup>20</sup> See page 107 of the 3/11/2020 Board packet.

<sup>21</sup> A copy of Resolution 1736 is attached at pages 192-199 of the packet of materials prepared by staff in anticipation of the Board’s April 14, 2020 meeting [“the 4/14/2020 Board packet” ([https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT\\_Packet\\_Regular-4-14-20.pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular-4-14-20.pdf))].

Resolution 1736 declared that the services provided at most of our recreational facilities should be “provide(d) on a breakeven basis.” The subject was again discussed by the Board at its October 1, 2013 meeting. Thereat, Board members were asked whether they believed each of the District’s recreational facilities and the programs offered thereat “should generate a profit, break even, or simply provide value?” All five (5) trustees declared that essentially all of our recreational facilities should operate on at least a breakeven basis<sup>22</sup>. So where does Mr. Raymore get off representing he was not employed as a marketing professional to drive more revenues at the District’s recreational facilities?

**Moreover, the Answers to Mr. Raymore’s Surveys Reveal We *Don’t* Need to Spend Money Dedicated to Advertising to Reach Second Homeowners as He Represents:** This is a subject I addressed at the Board’s July 22, 2020 meeting. The answers to Mr. Raymore’s surveys reveal that the top three (3) responses to the question how “you...learned about Diamond Peak” were: word of mouth, I live in Incline Village, and I performed a Google search. In other words, there is no need to spend advertising dollars reaching second homeowners in their primary out-of-the-area communities. Don’t you listen to your responders Mr. Raymore?

**How the District “Measure(s)...ROI (on its) Paid Advertising Campaigns:”** At the IVGID Board’s June 23, 2020 meeting Mr. Raymore offered testimony on this subject that based upon “customer survey(s)...(which) ask(ed responders)...how they heard about Diamond Peak and what influenced them to...come to (Diamond Peak, he concluded that)...the total revenue attributable to (all) paid advertising programs was \$3.9 million...and the total profit attributable to all those programs was (an unbelievable) \$1.3 million.”<sup>23</sup> His complete testimony on this subject was,

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<sup>22</sup> A spreadsheet depicting trustees’ views on this subject was attached to the minutes of the Board’s October 1, 2013 meeting [see page 126 of the materials prepared by staff in anticipation of the Board’s October 30, 2013 meeting (“the 10/30/2013 Board packet”)], and a duplicate copy appears at page 201 of the 4/14/2020 Board packet.

<sup>23</sup> The IVGID Board livestreams its public meetings (<https://livestream.com/accounts/3411104>). The portion of the livestream of the Board’s June 23, 2020 meeting where the quote language appears is at 6:31:39-6:34:16 at <https://livestream.com/ivgid/events/9186678/videos/207841724> (“the 6/23/2020 livestream”).

“We take...customer survey(s)...(which) ask (responders)...how they heard about Diamond Peak and what influenced them to...come to the resort<sup>24</sup>... They have all sorts of (answering) options. Everything from word of mouth, to billboard ads, to internet ads, to e-mails....social media...online review sites...print ads, television, radio (and) things like recommendations from the Hyatt...(We) take those number...and percentage...(answers and) multiply them by the average yield for skier visit...the profit per skier visit and (then) try to...come up with a ROI analysis...by...marketing channel...So for example...for this past ski season...the total revenue attributable to (all) paid advertising programs was \$3.9 million...and the total profit attributable to all those programs was \$1.3 million...Billboards for example spent \$76,795 cash (and) trade value combined...the total revenue attributable to those billboards was about \$638,000 (and the)...profit (was) approximately \$206,000.”

Now Mr. Raymore tells us staff “measure(s) the success of (their) marketing campaigns in many ways”<sup>25</sup> and he points to two<sup>26</sup>. First, “reporting provided by EXL Media which analyzes the amount of website traffic generated by our paid advertising campaigns, the amount of online revenue brought in overall and online revenue that’s attributable to those paid advertising campaigns, (fancy terms such as)...Return On Advertising Spend (ROAS), and other industry standard metrics such as cost per click, click-through rate (“CTR”), and number of impressions.”<sup>27</sup> And second, “an analysis of our customer survey results, specifically...multiple choice question(s).”<sup>28</sup>

With respect to the latter measure, on June 24, 2020 I made a public records request asking to examine “the surveys allegedly relied upon by Mr. Raymore...and...the ROI conclusions reached...as a result” thereof. In addition, “if Mr. Raymore or anyone else on his behalf prepared summary reports speaking to this ROI either for staff or EXL Media purposes, during the time period in question, I (asked)...to examine those reports.”<sup>29</sup> Staff’s response to my records request revealed that its

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<sup>24</sup> Now that we’ve seen the surveys we see that they did *not* ask responders what influenced them to come to Diamond Peak. All they were asked is whether they *learned* about Diamond Peak as a result of a particular type of advertising. Notwithstanding, Mr. Raymore deceitfully states that “we ask this question to get a-sense of what marketing channels our customers are telling us that they have used in making their decision to patronize our venues.”<sup>31</sup>

<sup>25</sup> See page 19 of the 7/29/2020 Board packet.

<sup>26</sup> See pages 20 and 22 of the 7/29/2020 Board packet.

<sup>27</sup> See page 20 of the 7/29/2020 Board packet.

<sup>28</sup> See page 22 of the 7/29/2020 Board packet.

<sup>29</sup> The complete e-mail string on this subject between Ms. Herron and me, which includes my June 24, 2020 public records request and Ms. Herron’s response was attached to a written statement I submitted to the IVGID Board I asked be attached to the minutes of the Board’s July 22, 2020 meeting.

interpolation of the alleged cost-benefit of EXL Media placed advertising insofar as Diamond Peak as a whole were concerned, was based upon a 2019-20 survey of 78 *artfully crafted* questions answered in part or in all by 391 responders (*out of 110,000 budgeted seasonal skier visits*). Since the overwhelming majority of those 78 questions had nothing to do with the reasons why each responder chose to visit Diamond Peak when he/she did<sup>24</sup>, I excised them from the list and was left with two (2) questions which had some relevance to my query. Although that survey, IVGID staff's conclusions and my criticisms are included in a written statement I asked be attached to the minutes of the Board's July 22, 2020 meeting, let me repeat my observations and conclusions.

**Garbage-in-Garbage-Out ("GIGO"):** Initially, please understand that Mr. Raymore's survey suffers from the same problem nearly all of IVGID's other surveys suffer from. That is, staff's artful crafting of questions designed to adduce pre-ordained answers intended by staff to fit their spin, rather than the impartial truth<sup>30</sup>. As stated, here there were two (2) somewhat relevant questions pointing to ROI which are replicated along with their responses as follows:

Question 4: "Please (tell) us...*ALL* of the ways you...learned about Diamond Peak."<sup>31</sup> Out of 382 responders there were 643 responses. Yet instead of reporting individual response categories by a percentage of total responses, Mr. Raymore chose to report them as a percentage of those responding<sup>32</sup>. *In other words, he has intentionally juiced the percentages*<sup>33</sup> so he can argue the results more closely align to the responses he covets!

Putting aside the fact this question *doesn't* ask if the responder went to Diamond Peak specifically because he/she learned about it as a result of EXL Media advertising<sup>24</sup>, 68.1% of those who responded were already familiar with Diamond Peak because they weren't first time visitors. Moreover, given word of mouth (with 199 responses<sup>32</sup>), I live in Incline Village (with 119 responses<sup>32</sup>), and I performed a Google search (with 86 responses<sup>32</sup>) were the top three responses to the question, and *none* relied upon EXL Media placed advertising, *there was no evidence that any responder chose to visit Diamond Peak specifically because of an EXL Media advertisement*. In other words, *the questions*

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<sup>30</sup> If staff were truly interested in learning whether the District's recreation venues have realized additional revenues they would not have otherwise realized as a direct result of having purchased advertising through EXL Media, don't you think they would have asked the question? But because staff are afraid of the answers, they ask round about questions such as have you seen a newspaper or billboard advertisement and then make conclusions based upon the answers.

<sup>31</sup> Also see page 23 of the 7/29/2020 Board packet.

<sup>32</sup> See page 24 of the 7/29/2020 Board packet.

<sup>33</sup> 25 billboard advertising responses out of a total of 643 responses<sup>32</sup>, translates into a rather paltry response percentage of 3.89%. Yet the same number of advertising responses compared to a total of 380 responders, nearly doubles the response percentage to 6.6%. Since Mr. Raymore's goal is to boost the response percentage for EXL Media placed advertising, the technique I have described is a simple yet deceitful means of achieving the goal.

*asked and the answers given are worthless, in my opinion, insofar as making a cost-benefit connection between EXL Media placed advertising and Diamond Peak revenue or profit.*

Question 7: “What made you choose Diamond Peak over the other ski resorts in the Lake Tahoe region (choose all that apply)?” Out of 380 responders there were a total of 1,236 responses.

Again putting aside the facts: this question *doesn't* ask if the responder chose to visit Diamond Peak specifically because he/she learned about it because of an EXL Media placed advertisement<sup>24</sup>, and 86 of those who responded were season pass holders who by definition chose to visit Diamond Peak for reasons having nothing to do with advertising in general nor EXL placed advertising in particular, at best only 132 or less responses have value because they came from responders who possibly could have been influenced by EXL Media placed advertising. However, we'll never know the answer because responders were intentionally *not* asked the seminal question<sup>24</sup>. In other words, again, *the question asked and the answers obtained are worthless insofar as making the cost-benefit connection between EXL Media placed advertising and Diamond Peak revenue/profits are concerned.*

**Mr. Raymore's Conclusions Based Upon the Answers to These Questions:** “We can start analyzing the amount of Diamond Peak revenue (based upon)...skier visits (99,424), average yield per skier visit (\$97.18), and average profit per skier visit (\$31.36)...that's impacted by these (various)... channels.”<sup>34</sup>

“For example: Billboard advertising costs for 2019-20 were \$76,794...(So) if 6.6% of Diamond Peak customers learned about or were influenced by our billboards last season<sup>35</sup>, that's 6,562 customers...multipl(ied)...by the \$97.18 average yield per customer (and the)...\$31.36 average profit per customer ...(or) \$637,694 worth of revenue...and...\$205,784 in profit vs. \$76,794 of spend.”<sup>34</sup>

But just because a Diamond Peak customer saw a billboard doesn't mean he/she chose to visit the resort specifically because of that “look-see.” Mr. Raymore even admits this truism:

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<sup>34</sup> See page 25 of the 7/29/2020 Board packet.

<sup>35</sup> Did Mr. Raymore's survey ask Diamond Peak customers if they were “influenced (to patron Diamond Peak specifically because of)...our billboards last season?” Were they “influenced (to patron Diamond Peak specifically because they)...learned about (Diamond Peak because of)...our billboards last season? If not, how can he legitimately conclude that gross revenues and profits were generated as a direct result of that knowledge or influence?

"Customers *might* see an advertisement...20 times, but then *might* commit to (visiting Diamond Peak)...after a friend mention(s) trying it...(Although) all of those impressions (i.e., branding) *may*...have played a...role in getting the customer...to make the purchase once a friend's recommendation triggered it,"<sup>36</sup> they *may* have just as well played *no role whatsoever!*

**Since That's Called Speculation Mr. Raymore**, why do you represent that the expenditure of \$76,794 on Diamond Peak billboards generated "\$637,694 worth of revenue...and...\$205,784 in profit?" Unbelievably, Mr. Raymore has an answer to this question:

"A...limiting factor (we have)...at our venues...is the amount of customer data we collect...(So) the District's Marketing team takes the (limited) data that is available...and makes what we hope are the most fiscally prudent spending decisions possible."<sup>37</sup>

**Like I said, GIGO!**

**Reporting Provided by EXL Media:** With respect to the former measure, Mr. Raymore has attached a 2019-20 report of internet (Google, Yahoo)/social media (Facebook, Yelp, You-Tube) "clicks,"<sup>38</sup> "impressions,"<sup>39</sup> "Digital Revenue," "ROAS Buys,"<sup>40</sup> and "Awareness Buys"<sup>41</sup> associated with Diamond Peak ("summary of 2019-20 Diamond Peak digital revenues and ROI") to his memorandum

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<sup>36</sup> See pages 25-26 of the 7/29/2020 Board packet.

<sup>37</sup> See page 26 of the 7/29/2020 Board packet.

<sup>38</sup> "In online advertising, the CTR is the percentage of individuals viewing a web page who click on a specific advertisement that appears on the page. Click-through rate measures how successful an ad has been in capturing users' interest. The higher the click-through rate, the more successful the ad has been in generating interest" (see [https://www.investopedia.com/terms/c/clickthroughrates.asp#:~:text=In%20online%20advertising%20C%20the%20click-through%20rate%20%28CTR%29%20is,successful%20the%20ad%20has%20been%20in%20generating%20interest\).](https://www.investopedia.com/terms/c/clickthroughrates.asp#:~:text=In%20online%20advertising%20C%20the%20click-through%20rate%20%28CTR%29%20is,successful%20the%20ad%20has%20been%20in%20generating%20interest).)

<sup>39</sup> "An impression is a metric used to quantify the display of an advertisement on a web page...Impressions are not a measure of whether an advertisement has been clicked on, only that it was displayed" (<https://www.investopedia.com/terms/i/impression.asp>).

<sup>40</sup> "ROAS is short for 'return on ad spend.' It is a measurement of how many dollars you will receive for every dollar you spend on advertising" (<https://www.disruptiveadvertising.com/marketing/roas-return-on-ad-spend/>).

<sup>41</sup> I don't know what an "awareness buy" is as my search of the internet has not returned a response.

in support<sup>42</sup>. What do these terms mean and more importantly, how do they measure an actual sale as a result of a specific advertisement, if at all?

**Click Through Rate:** Although a high CTR “can...be used to measure the effectiveness of advertising copy, titles, and descriptions that make up the metadata of online content,” and as a result can “help a website owner support the site through advertising dollars,” what do they accomplish insofar as demonstrating an actual sale as a result of a specific advertisement? *NOTHING!*

**Impressions:** “are used in online advertising, which often pays on a per-impression basis<sup>43</sup>. Counting impressions is essential to how web advertising is accounted and paid for in search engine marketing.”<sup>44</sup> However, since impressions “are not a measure of whether an advertisement has been clicked on, only that it was displayed...exactly how that figure is interpreted is up for debate. Some online advertising experts believe that there is no exact way to count impressions since a count can be skewed by a single person registering the same ad in several page views...(Moreover,) there are several more ways for total impression numbers to be skewed...(For these reasons many) advertisers...view any impression figure with...skepticism.”<sup>44</sup> And moreover still, how do impressions demonstrate that an actual sale has been made as a result of a specific advertisement? *NOTHING!*

**Digital Revenue:** Although there does not appear to be a standard definition for the term “digital revenue,” it appears to be revenue derived from new media, online, internet, electronic delivery or interactive sources<sup>45</sup>. But “digital revenue doesn’t necessarily refer to *all* online commerce. When customers purchase physical goods online and have them shipped to their home, they are buying from online retailers and simply using the internet in place of a (purchase at a) tangible retail location. However, in other cases, purchases and delivery can happen entirely within the digital realm. In these cases, digital revenue refers to income from (wholly) digital sales.”<sup>46</sup>

Notwithstanding, and not that we can tie an actual sale to a specific advertisement (ROAS), for purposes of argument let’s assume EXL Media’s digital revenue and spend numbers<sup>43</sup> which make this connection are accurate. For the entire 2019-20 ski season this summary tells us that Diamond Peak generated a less than impressive \$68,484 in gross “paid digital online revenue” presumably from EXL Media placed online (Google, Yahoo, Facebook, Yelp, You Tube, Division D Remarketing and DynAdmic Video Network) advertising.

**Digital Spend:** According to the EXL summary, this term represents the cost of internet/social media “clicks,” whether/not they have resulted in actual digital revenue. According to Mr.

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<sup>42</sup> See page 21 of the 7/29/2020 Board packet.

<sup>43</sup> Note EXL Media’s summary of 2019-20 Diamond Peak digital revenues and ROI. The cost of the revenues reported (identified as “digital spend”) are reported in “cost per click.”

<sup>44</sup> See <https://www.investopedia.com/terms/i/impression.asp>.

<sup>45</sup> Go to <https://go.greaterpublic.org/blog/2016/02/defining-digital-revenue-current-public-media-trends/>.

<sup>46</sup> Go to <https://smallbusiness.chron.com/digital-vs-retail-revenue-31099.html>.



Raymore, the “digital spend” incurred to presumably generate \$68,484 of digital revenue was \$43,471. But this spend number doesn’t include EXL Media’s agency fee. Since the agency fee as originally proposed represents 19.01% of total placed media advertising (see Exhibit “A”), let’s add 19.01% of actual digital spends (\$8,263.84) to the total digital spend number. That puts us at a more accurate digital spend number of \$51,734.84.

Therefore out of \$8,141,257 of 2019-20 of year-to-date Diamond Peak revenue<sup>47</sup>, a whopping \$68,484 (1.33%) came from digital revenue sources. And in order to generate \$68,484 of 2019-20 Diamond Peak digital revenue, independent of IVGID’s marketing department and other related costs, Diamond Peak incurred \$51,734.84 in digital spend costs. And based upon this data, Mr. Raymore concludes that “for this past ski season...the total revenue attributable to (all) paid advertising programs was \$3.9 million...and the total profit attributable to all those programs was \$1.3 million<sup>23</sup>!

**ROAS:** Although “ROAS...is typically used to evaluate the effectiveness of a specific campaign, ad group, ad or even keyword,” its usefulness in this particular inquiry is questionable at best. “Unlike some marketing calculations, it’s fairly easy to figure out your ROAS...(You) simply divide the revenue you made from your ad campaign by how much you spent on the campaign<sup>48</sup>...(However,) the limitation of th(is method)...is that it...is only as good as the cost and revenue numbers...you put into [the equation (thus GIGO again)]. Now...if you’re an ecommerce company, this should be fairly easy, since you can directly track which clicks le(a)d to which purchases.” However, if like us you’re not an ecommerce company, “it’s...harder to track.”

So how is EXL Media able to track a “click” on a third party’s web site like Google or Yahoo to an actual District recreational venue purchase? Although EXL Media’s spreadsheet reports \$895,698 of 2019-20 of “online revenue” presumably from 332,752 of diamondpeak.com “sessions,” how is it able to track any specific sale to a specific ad group, ad or even keyword? Without more data, it is irresponsible to be making the conclusions EXL Media has made based upon ROAS.

**Awareness Buys:** I searched all over the internet for a definition of this term, and I could find nothing. Nevertheless, look at the numbers reported: \$4,041 of digital revenue generated from \$14,414 of digital spend (not including EXL Media’s 19.01% agency fee). This is something we’re supposed to be impressed with?

***Is Anyone Other Than Me Actually Reading Mr. Raymore’s “Foot-in-Your-Mouth” Justifications?***

***And Am I the Only One Questioning the Competency of Our Employees to Be Making Unsubstantiated Multi-Million Dollar Decisions Based Upon Statistically Unsupportable Speculation?***

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<sup>47</sup> Go to page 11 at [https://www.yourtahoepace.com/uploads/pdf-ivgid/2020.05.31\\_MFR\\_-\\_BOT\\_.pdf](https://www.yourtahoepace.com/uploads/pdf-ivgid/2020.05.31_MFR_-_BOT_.pdf).

<sup>48</sup> Which is exactly what EXL Media has done on its summary of 2019-20 Diamond Peak digital revenues and ROI<sup>42</sup>.

**Conclusion:** I find the facts uncovered relating to IVGID marketing rather amazing. To be making conclusions as to the added revenue and profits generated at Diamond Peak as a result of \$425,700 or more of EXL Media placed advertising, based upon the speculative interpolation of: the answers of less than 400 responders to a maximum of two (2) questions which fail to ask the reasons why responders chose to visit Diamond Peak on the day of the survey; and, EXL's summary of 2019-20 Diamond Peak digital revenues and ROI founded upon \$68,484 of digital sales; is statistically flawed and incredibly irresponsible. And then to temper your speculation by complaining about your inability to gather relevant data ("it's the best we have"); unbelievable!

Moreover, when only: 6.6% of those surveyed respond that they've seen a Diamond Peak billboard; 6.1% of those surveyed respond that they've seen a Diamond Peak mobile/internet advertisement; 2.4% of those surveyed respond they've seen a Diamond Peak newspaper/magazine advertisement; 0.3% of those surveyed respond that they've heard a Diamond Peak radio advertisement; compared to 68.1% of those surveyed who responded were already familiar with Diamond Peak because they weren't first time visitors; your customers are telling you that *YOU'RE WASTING YOUR MONEY ON ADVERTISING PLACED BY EXL MEDIA AND APPROVED BY PAUL RAYMORE!*

Think about it for a moment. Mr. Raymore's Option A still proposes spending \$357,700 with EXL Media. And his Option B still proposes spending \$325,000. This means EXL Media placed advertising needs to generate a minimum of \$325,000-\$357,700 in added revenue we would not have otherwise generated but for Option A or B proposed advertising. Or stated differently, if we spend nothing with EXL Media this year on media advertising, we can suffer a \$325,000-\$357,700 loss in revenue because of a lack of advertising as opposed to COVID-19, and we're no worse financially than had we spent the money. Given one of Mr. Raymore's alternatives to the Board is to *not* authorize any of the proposed media buys<sup>49</sup>, that's what I and others recommend the Board do.

The Board needs to immediately terminate the wasteful EXL Media contract, and disband its worthless marketing department<sup>50</sup>. And to those asking why our Recreation ("RFF") and Beach ("BFF") Facility Fees 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!

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<sup>49</sup> See page 31 of the 7/29/2020 Board packet.

<sup>50</sup> At the Board's July 22, 2020 meeting I submitted a written statement I asked be attached to the minutes of that meeting dealing with comparable utility and recreation districts. Rather than employing the 1,012 or more employees IVGID employs (see to <https://transparentnevada.com/salaries/2019/incline-village-general-improvement-district/>), the North Tahoe Public Utility District ("NTPUD") employs but 67 (see <https://transparentcalifornia.com/salaries/2018/north-tahoe-public-utility-district/?page=2>). And rather than spending the \$1.2 million or more IVGID spends on the marketing of its recreational facilities<sup>20</sup>, the NTPUD spends *NOTHING!* And the revenues, excluding Diamond Peak and Championship Golf are fairly compatible.

**EXHIBIT "A"**

**Proposed Reductions in EXL Media Buys**

July 22, 2020

	<b>Original Proposal</b>	<b>Total Original Proposal</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
Diamond Peak Cash Buys	\$ 166,000		\$ 166,000	\$ 166,000	\$ 154,000
Diamond Peak Trade	\$ 80,000		\$ 32,000	\$ 20,000	\$ 20,000
Diamond Peak Total Cash Buys/Trade		\$ 246,000	\$ 198,000	\$ 186,000	\$ 174,000
Golf Cash Buys	\$ 51,700		\$ 51,700	\$ 40,000	\$ 33,000
Golf Trade	\$ 12,000		\$ 12,000	\$ 6,000	\$ -
Golf Total Cash Buys/Trade		\$ 63,700	\$ 63,700	\$ 46,000	\$ 33,000
Facilities Cash Buys		\$ 32,000	\$ 32,000	\$ 32,000	\$ 24,334
Rec Center Cash Buys		\$ 11,000	\$ -	\$ -	\$ -
Tennis Cash Buys		\$ 5,000	\$ -	\$ -	\$ -
<b>Totals - Cash Buys</b>		<b>\$ 265,700</b>	<b>\$ 249,700</b>	<b>\$ 238,000</b>	<b>\$ 211,334</b>
<b>Totals - Trade</b>		<b>\$ 92,000</b>	<b>\$ 44,000</b>	<b>\$ 26,000</b>	<b>\$ 20,000</b>
<b>Totals Cash Buys/Trade</b>		<b>\$ 357,700</b>	<b>\$ 293,700</b>	<b>\$ 264,000</b>	<b>\$ 231,334</b>
Reduction Cash Buys			\$ 16,000	\$ 27,700	\$ 54,366
Reduction Trade			\$ 48,000	\$ 66,000	\$ 72,000
Reduction Totals v. Original			\$ 64,000	\$ 93,700	\$ 126,366
% Reduction Totals v. Original			17.89%	26.20%	35.33%
<b>Totals Including Agency Fees</b>		<b>\$ 425,700</b>	<b>\$ 357,700</b>	<b>\$ 325,000</b>	<b>\$ 289,334</b>
Reduction in Totals v. Original			\$ 68,000	\$ 100,700	\$ 136,366
% Reduction v. Original			15.97%	23.66%	32.03%
Agency Fee @ 15% - Cash Buys	\$ 41,655		\$ 37,455	\$ 35,700	\$ 31,700
Agency Fee @ 15% - Trade	\$ 13,800		\$ 6,600	\$ 3,900	\$ 3,000
Agency Fee @ 15% - Total Buys/Trade		\$ 55,455	\$ 44,055	\$ 39,600	\$ 34,700
EXL Media Agency Fee		\$ 68,000	\$ 64,000	\$ 61,000	\$ 58,000
EXL Media Agency Fee % - Cash Buys		?	?	?	?
EXL Media Agency Fee % - Trade		?	?	?	?
EXL Media Agency Fee % - Total		<b>19.01%</b>	<b>21.79%</b>	<b>23.11%</b>	<b>25.07%</b>
% Reduction EXL Media Agency Fees			<b>5.88%</b>	<b>10.29%</b>	<b>14.71%</b>
Surcharge v. Industry Cash Buys		\$ 26,345	\$ 26,545	\$ 25,300	\$ 26,300
% Surcharge v. Industry Cash Buys		63.25%	70.87%	70.87%	82.96%
Surcharge v. Industry Total Buys		\$ 12,545	\$ 19,945	\$ 21,400	\$ 23,300
% Surcharge v. Industry Total Buys		<b>22.62%</b>	<b>45.27%</b>	<b>54.04%</b>	<b>67.15%</b>
<b>Summary</b>					
Reduction in Cash Buys			\$ 16,000	\$ 27,700	\$ 54,366
% Reduction in Cash Buys			6.02%	10.43%	20.46%
Reduction in Trade			\$ 48,000	\$ 66,000	\$ 72,000
% Reduction in Trade			52%	72%	78%
Reduction in Total Buys/Trade			\$ 64,000	\$ 93,700	\$ 126,366
% Reduction in Total Buys/Trade			<b>15.97%</b>	<b>23.66%</b>	<b>32.03%</b>
% Reduction in EXL Media Agency Fees			<b>5.88%</b>	<b>10.29%</b>	<b>14.71%</b>
Agency Fees Industry Standard (15%)		\$ 55,455	\$ 44,055	\$ 39,600	\$ 34,700
Agency Fees EXL Media		\$ 68,000	\$ 64,000	\$ 61,000	\$ 58,000
Surcharge Paid to EXL Media		\$ 12,545	\$ 19,945	\$ 21,400	\$ 23,300

**Herron, Susan**

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**From:** peseps@aol.com  
**Sent:** Tuesday, July 28, 2020 9:11 PM  
**To:** Info\_at\_IVGID  
**Subject:** Testimony for the 29 July 2020 Board of Trustee's meeting  
**Attachments:** Testimoney re punch cards and owner id 26 July 2020.pdf

**I request that the attached be entered as testimony at the next meeting (29 July).**

**The testimony addresses two matters:**

- 1. The Excel advertising contract; and**
- 2. Future discussion of picture pass and punch card use.**

**I would appreciate confirmation that this email has been received and the testimony circulated to the trustee's and placed into the minute of the meeting.**

**Thank you.**

**Paul E Smith**  
930 Tahoe Blvd.  
#802-557  
Incline Village, NV. 89451  
[peseps@aol.com](mailto:peseps@aol.com)  
775.833.2509

## **INCLINE VILLAGE OWNER IDENTIFICATION AND BENEFITS**

(General owner identification for the purpose of prioritizing owner use of IVGID facilities)

Recommendation presented by Paul E. Smith, 1437 Tirol Dr., Incline Village, NV 89451

[peseps@aol.com](mailto:peseps@aol.com) 775.833.2509.

The time has come to simply identify owners with picture pass cards and let those owners determine which guests and/or other family should be admitted to IVGID venues. The proposal below gives the maximum control over use of IVGID venues to property owners and ensures that accounting for monies collected represents actual money collected and not rec fee allocations.

Also, it is important that Trustee's cease all advertising of IVGID recreational facilities to the public until such time that it is clear owners are not fully utilizing the facilities. Bringing the public into Incline to compete with owners for access to facilities is unacceptable. Local businesses (hotels, restaurants, stores, etc.) can do their own advertising but IVGID should never spend owner money to degrade owner facility experiences.

**First**, define owners as: those listed on public records as the named owners of a parcel and/or those who are the documented beneficial owners of any entity (e.g. LLC, corporation, partnership, etc.) listed as owning a specific parcel.

**Second**, limit owner picture cards (for identification) to a maximum number per parcel i.e. 6 (six) allocated at the discretion of the owner(s) among those who are a listed owner of record and/or a listed beneficial owner of the legal structure holding the property. Regardless of the total number of owners listed of record and/or beneficial owners; only a maximum number picture owner cards may be issued. Many properties will have only one or two owners of record and thus will only require one or two picture identification cards. Consideration might be given to permit some of these six maximum allocated cards to be used for immediate relatives but this gets so complex that it is probably better to simply allow a maximum number of guests per picture pass card and charge an owners discounted fee for each guest. Yes, the pass holder must accompany the guests and pay for their entrance. For a time-share or where multiple owners exceed six (for example); a picture card may be considered but with specific dates of validity related to the ownership portion of that individual.

**Third**, should IVGID require entrance fees to different venues (i.e. beach, rec center, etc.) for the owner and/or guests; picture identification cards can be loaded by the individual using their personal credit card via the online portal offered by IVGID. Currently owners with a picture card are admitted to the beach free while others pay a guest fee. Whatever the future policy; picture cards could be used at the entrance to the venue and could be used to debit the associated owners account by whatever fee is being paid.

**Fourth**, the IVGID recreation fee paid annually with property taxes should be considered a cost of ownership in Incline Village GID. As such it is designed to cover maintenance and operations of the various GID services. Owners historically have received use of facilities free of charge or

at a discount simply because of this annual payment. There should never be an allocation of this "rec fee" amount (currently \$830) to owners to allow them to appear to be paying for the use of services. Either services will be free to picture pass holders or services will be discounted to picture pass holders. Those individuals allowed to use any facilities but who do not have a picture pass holder hosting them; will be expected to pay the full rate if they are permitted entrance at all. For example, those persons who do not have a picture pass and are not a guest of a picture pass holder might be allowed entrance to a venue after a set time e.g. two p.m. by paying a fee to enter.

**Fifth**, renters of properties in the area would typically not be permitted to acquire an owner picture pass card. The host (i.e. an owner) can typically take a guest to the venue (e.g. beach) at any time and pay the guest fee to get the renter into the venue. Rental agencies who have a staff member who might be an owner in Incline Village and thus has a picture pass is perfectly able to host renter guests by meeting them at the beach and paying for their entrance. No renter cards should be issued. IVGID is for the use of owners and the owners are the only persons with a picture pass identification card.

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Residents, like me, have simply stopped using the beach during the June-Aug. periods because it is simply too crowded and not a pleasant visit. By moving away from the issuance of numerous picture and punch cards; IVIGID will (with the above policy) be in a better position to control attendance and use of venues plus better determine market pricing for a venue when owner use is low enough to permit non owners to gain access to the venue (e.g. beach, golf, ski, tennis, etc.).

**I urge the Trustee's to address the current practice of opening the owner supported and paid for venues within IVGID to huge numbers of non-owner visitors. Furthermore, spending tens of thousands on venue advertising puts pressure on venues and means IVGID is advertising so that owners have less access to beaches and other venues. I urge that Trustee's start with the above limiting approach for one or two years before increasing or decreasing venue prices and before paying to advertise our owner benefits for use by the general public.**