

## MINUTES

### **REGULAR MEETING OF FEBRUARY 9, 2022 Incline Village General Improvement District**

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, February 9, 2022 at 6:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

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

The pledge of allegiance was recited.

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

On roll call, present were Trustees Michaela Tonking, Tim Callicrate, Sara Schmitz, and Matthew Dent. It was noted that Kendra Wong will be arriving late.

Also present were District Staff Members Director of Public Works Brad Underwood, Director of Information Technology Mike Gove, Engineering Manager Kate Nelson, and Human Resources Director Erin Feore.

Members of the public present were Pete Todoroff, Aaron Katz, Judith Miller, Dick Warren, Cliff Dobler, Ellie Dobler, and others.

(22 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

Chairman Callicrate made several announcements regarding what this meeting is, protocol, ways to contact Staff, etc.

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

Dick Warren said my comments relate to that disastrous Board meeting of last week, specifically the Budget Workshop. Trustee Schmitz had asked me NOT to make any Public Comments, since she was going to “ask the tough questions”, and if I raised these issues in Public Comments, Trustee Schmitz would be viewed as supporting the Malcontents, since apparently I am a Malcontent because I believe in honest accounting and profitability in Venues. Well, no need to worry about that, Trustee Schmitz wimped out. She didn’t have one good question on the Budget Workshop. Apparently she, along with Trustee Dent, have now joined the “Dark Side”, the Dark Side being the other Trustees of Timid Timmy, the

Teenager, and Wrong Wong. I am sure Indra is rejoicing now that ALL the Trustees support him. So we now have complete agreement among the Board & IVGID Management! This is just wonderful, we now put political considerations (getting votes from our "Special People" residing in Incline Village to elect worthless Trustees) above profitability considerations to make IVGID a fiscally responsible Operation. Aren't all of you Trustees & IVGID Management proud of yourselves? The Foxes are definitely in charge of the Chicken House. I hate to continue to point out the obvious, but the turkeys at IVGID Management cannot breakeven running their Venues. Without the Rec Fee they are "dead in the water". But, going forward, it really doesn't matter, because we now have a Board that is fully behind the stupid economics of IVGID Management. The Board is now also delinquent in their primary role which is to provide fiduciary oversight. The corruption of IVGID Management is now totally supported by the Trustees...we now have NIRVANA. BARF! Thank you.

Cliff Dobler read from a written statement which is attached hereto.

Aaron Katz said I have several written statements to submit. By the way if a supplement or more materials were prepared, I never got them. I never got notice of it. It's an open meeting law violation. If that's what you did, I'm going to file it and you deal with it. How can we intelligently argue about a rate study if we're not given access to it? You people are unbelievable. So let me demonstrate again how your Staff is dirty, deceitful, arrogant, and unsympathetic. This is just from what's disclosed in the staff memo, page 57. The proposed water rate increases only \$4.17 a month but amidst the water use charges. Staff tells us the average water customer uses 10,000 gallons a month. Since water use costs increase by 50 cents per 1000 gallons per month. That's another \$5. So the total increase is really \$9.17 a month and 19.7% increase. No, Mr. Underwood, not 19.3. Do your math. They state at page 58 the proposed sewer rate increases by only \$6.62 a month. But again, Mr. Underwood amidst the sewer use costs staff tells us the average sewer customer discharges 3000 gallons a month since sewer use costs increase \$1 for every 1000 gallons a month. That's an additional \$3 a month. So the total increase \$9.92 a month. That's a 15.3% increase, not 14.9, Mr. Underwood. Do the math. But it's not just the 19.7 and the 14.9% increases per page 59. It's 54% Water increase over five years and a 47% sewer increase over five years. That's 10.8% and 9.4% per year over the next five years. That's not minor. Staff arrogantly states on page 57 that we shouldn't think of these increases as 54 and 47%. Instead, we should look at them as only 6.43% per year for water and 4.9% for sewer over the last years. Well, Voodoo economics, Mr. Underwood's. Meanwhile, on page 58, Staff argue we shouldn't start charging the district and its special interest group buddies the excess water fees the rest of us pay, which are now \$3

per every 1000 gallons to use, because it would significantly impact operating costs at recreational venues that consume gargantuan amounts of water. In other words, cook the book financially. On page 58, Staff argue it shouldn't charge the district and special interest group buddies the cost or additional demands on the sewer system costs because it would have a significant impact on our 233 commercial customers on top.

Judith Miller said I listened to the Board meeting last week when Trustee Dent brought up the subject of going out to the voters for bond approval since an election would be coming up this year. Instead of answering the question, Mr. Navazio sidestepped and responded to a different question. He only spoke about the steps required to issue a bond and indicated he would bring back a schedule. Apparently, not for a bond election. But for bond issuance. Please remind Mr. Navazio that the question from Trustee Dent was about the time needed to put a bond question on the ballot, not merely to issue a bond. That's what the majority of trustees promised they did when they ran for office. It also might be a good idea to survey the voters before an election with a list of projects, including cost estimates to prioritize. That was never done following the completion of the various master plans. Instead, each trustee throughout their pet project, and voila, the list of projects was inserted into the community services master plan. I find it appalling that the board and the public were not presented with even the draft of our utility rates study. We haven't had one in years. It's a complex undertaking, and to not even have it except for a few hours before the meeting, I think that it's outrageous, and to expect the board to come back and assimilate this in a matter of hours. And to come back with recommendations before they really had a chance to get a complete understanding of the report. I hope that you will at least take the presentation tonight and evaluate the needs of the community and the need of our businesses. And come back later with a recommendation not this evening. Thank you for your time.

Michael Abel said I've called several times on this issue. The fact that we're building this \$4 million pool, and now Ms. Nelson is asking for another change order on the thing is just absolutely out of control, and it's obvious that the board doesn't care what the thing costs. We will be spending over \$4 million to build the pool and the surrounding tarmac and walkways, which probably should have come in at a million half of \$2 million. We had a contract ramp up for the concrete, and then we had some bad weather hit and they pulled it back, and guess who gets to pay for it? Joe Sucker, like me, the taxpayer. It's unacceptable because they have these nonsensical CMAR contracts where IVGID gets sheltered from any cost increases, and the taxpayers get it stuck to them. I've made the prediction, and I will continue to make the prediction at public meetings that this \$4 million boondoggle will not be ready on time. We're going to be looking at maybe mid-July

when this thing will get operating because it's probably going to be another change order, and then you have to have staff training and you have to have still to have concrete poured. It's going to be a disaster on any level. Lastly I wanted to compliment the analysis that Mr. Katz is doing. You did a quite accurate analysis of our water rates. It's interesting to know that Mr. Dobler pointed out that IVGID uses 17% of the water pumped out of Lake Tahoe for Incline Village, yet IVGID venues pay only 5% of the cost of that water. Joe Sucker, the rate payer, gets to pay the bucks. I can understand why they would get a break on water because it uses a large quantity of and some of its not going into the sewer system so perhaps a discount of 5% might be ordered, but the fact that we have a discount of 12% is ridiculous. IVGID Venues should be required to pay their fair share for water.

Charlie Miller said I looked at my water bill the other day. I think it was \$45 for the last month. When you look at anywhere else around the Lake, Tahoe City's unmetered water is \$107. So you can play games with numbers. There's a rate study going on right now. I think Shawn Koorn is doing it. He's done them all around the lake. Our rates are the best you can pay, and it tastes great. Thank you, public works. Next topic is the Rec Center; I want to support Duffields, and what a great project they are doing. I'm at the Rec Center right now, which I'm probably here three times a day actually - dropping off picking up kids. The gym is stacked with people. It's such a gracious thing and needed in this community. It's great for our health for seniors and youth to expand it. So again, thank you so much for that. I want to bring up a new topic about some of our employees who work at ski, golf and the beaches. There's a lot of great people that kind of get screwed because they get laid off between seasons. They're very seasoned. We've had groomers up there and then guys trying to be golf pros. It's not that many of them, but we got a workforce problem, and I want them to get benefits. Make them full-time, benefited positions to make it more attractive to keep people working in a community. I think that's critical. I want to thank a lot of people, Pandora, TK, Peter Salazar, front desk staff, Carol, Tom. You do a lot for our community. The programming is top shelf, which is shown in our basketball teams or swim teams, all the athletics. It keeps him out of trouble.

Ellie Dobler read from a written statement which is attached hereto.

Trustee Wong joined the meeting at 6:22 p.m.

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

District General Manager Winqest said I would like to pull the item receiving the Audit Committee report from the agenda. The reason for that is breakdown of

communication. I had a good meeting with Audit Committee Chairman Tulloch today. I'm just not comfortable that there's been enough communication on this issue. In particular, I'd like to see Staff's and Management's response to the Audit Committee Board report be placed on the next Audit Committee meeting so that the Audit Committee and Staff can discuss the Management's response. Once that occurs, Staff will work with the Audit Committee Chairman to basically recalibrate, putting this back on the agenda for a future meeting. We are ear-marking the 3/9 meeting. In the meantime, there seems to be more communication work done on this again. I did meet with Audit Committee Chairman Tulloch, and he agrees, so we're going to pull this item, assuming the Board is comfortable with that.

Trustee Schmitz said I would like to remove General Business I.2, and that is setting a date for the public hearing due to the fact that we have not received the final report. I think this is a very important decision that we make, and I feel that we need more time to digest the information and validate some of the numbers. I found discrepancies in the capital improvement budget numbers, and I think it's premature to go and set that date at this point. Trustee Wong said I disagree with that change. I would like it to stay on the agenda so that if a majority of the Board is ready to move forward with setting the date, we can.

**MOTION:** Trustee Schmitz moved to remove General Business Item I.2. from the agenda. Trustee Dent seconded the motion. Trustee Tonking asked if we approve those specific numbers in that agenda item, do they have to be those exact numbers or can they go lower because I remember there was something with the rec fee that could be lower, but it couldn't go higher; I'm just curious about how that works. District General Counsel Nelson said yes, we could go lower than what's posted on the agenda, and we wouldn't want to go higher. The motion carried 3-2. Trustees Wong and Tonking opposed. General Business Item I.2., as well as Consent Item H.2. receiving the Audit Committee report was removed.

#### **E. DISTRICT GENERAL MANAGER REPORT\***

District General Manager Winqest said I have two updates for my report and then happy answer any questions. First, as everyone knows, we have hired special counsel to review. I won't go through all these issues on page 6 of the board packet. I'm working with a couple of members of the Ordinance 7 committee; we put together draft recommendations that have been given to special counsel. The special counsel is currently reviewing them. I had another meeting with a member of the Ordinance 7 committee and special counsel. The special counsel is comfortable with 90% of what has been given to him. There are a couple of other issues that we're continuing to work through as we gather more information.

However, I have enough information now where I am finalizing the draft recommendations while layering in the survey materials, adding in some historical information, and painting the picture on all the different recommendations that we're going to be making. I expect down with that middle of next week. Then, I will have to call a final meeting with the Ordinance 7 committee to go over the draft recommendations with the entire committee. If we need to make any final edits, we will. I'll be emailing the full board about your availability for a special meeting to deliver these recommendations. A lot of things will have to come together for a meeting like that. We need all the trustees, special counsel, legal counsel and hoping to have all members of the Ordinance 7 committee present. We want to acknowledge them for all their hard work and help make presentations and answer questions by this board. I know this has taken a lot longer than we all would have liked, including myself, but these are huge decisions that impact the community and our parcel owners in the district. We are taking the right path by having special counsel review this. The special counsel is also reviewing all the other issues that were included in the scope of work. And so he continues to work through all of that, ask questions, gather information, and look at relevant case law that may be out there. We're taking this very seriously because these are very serious decisions that we will be making. I want to give you an update on that. I've been receiving correspondence regarding the United States Forest Service special use permit for a potential dog park. And I finally was able to touch base with the planner we've been working with. And for those of you who don't know, there's a new US Forest Service Manager. They needed to get all the information to him so that he can get familiar with this special use permit to decide whether or not they were going to continue to push forward and work with us. I've also been it's also been signaled to me by the United States Forest Service that they're extremely short-staffed. And they've had some issues. And so for all these reasons, this process is now being slowed down, unfortunately. As I've stated, I'll be putting together an Advisory Committee for a dog park over the next couple of weeks. Not just for this particular location, it could mean identifying other locations that we can continue to pursue as we try to build a dedicated dog park. Thank you, Trustee Schmitz, for volunteering to represent the board on that committee. She and I work together on selecting reasonable and fair folks that we think would be productive on a committee like that. Unfortunately, I have found out that a few community members have continued to reach out to the Forest Service in protest of us getting this parcel. I have two things to say about that one, based on what I've heard, a lot of the things being said to the Forest Service are false as far as what we're trying to do there. To those folks who are listening if you're opposed to this effort, you should discuss this with myself or members of the board. And certainly, if you're going to contact the Forest Service, please don't give false information and be truthful about what we're doing there, which is a dog park with some walking trails and a very

small restroom with a little bit of parking. That's what the plan would be if we were to proceed. We must continue to poll the community. I believe it's been three or four years since we went through the Community Services Master Plan process, where a large portion of the community was very much in favor of dog Park. And I believe that one of the things that we're going to do as a committee is re-survey the community on this issue because if the community is not interested in this anymore, then there are many other things that we could be working on. The other thing is that everyone will need to realize that to continue allowing dogs off-leash and making Village Green a temporary dog park, we will continue to have some of the conflicts that we've had within the community in different user groups. And at some point, we're going to have to decide whether or not we're comfortable with that moving forward, or we started looking at other parcels or potentially purchasing a parcel in the community where we can do this. I know this is a big topic of discussion out there, so I wanted to update you on that. Happy to answer any questions.

Trustee Schmitz said I have a question related to the rate study that we'll talk about later. Do you have any update on the grant funding for any of our infrastructure projects such as pond or the effluent pipeline? District General Manager Winquest said Director of Public Works Brad Underwood could give you an update. I will tell you that I met with Mr. Solaro, the Assistant Washoe County Manager, last week. They have a team sorting through all of the ARPA funding requests. Tri Strategies spent a lot of time on lobbying efforts with the county. I've also done a lot of work myself with county staff. They had gone through the first round of funding. Our funding was not included in that, but that's OK; we have that expectation. We're hoping sometime in the next three to four months that, we will have an answer to our funding request, which is for \$5 million.

Director of Public Works Underwood said we continue to work with the Army Corps on funding for projects specially on the effluent pond project as we thought we were closer to final design; however, we've had some setbacks. I think you're all aware of and we will update you on the 23rd of February about discussions with the Army Corps. It appeared we were going to get the 75% funding for the project, so we'll see what the estimates turn out to be once we move forward. District General Manager Winquest asked if we are on track for a partnership agreement. Director of Public Works Underwood said we are regrouping based on information received on the pond, too. Once we have a plan, we can move forward with the model agreement. But we are taking a step back.

Trustee Wong said she wanted to call attention to page 11 of our board packet – congratulations to Director of Finance Navazio and District General Manager

Winqest for getting our audit report across the finish line and receiving the letter from the state. So thank you for all of the work that our finance team does. I know it was a lot of heavy lifting and happy to put this one behind us.

Trustee Schmitz said I know District General Manager Winqest has been working with the county on many different issues. I also know that the community has been pretty vocal with the county on some of the county's decisions relative to our community. I'm wondering if it's having any negative impact on your ability to maintain a good working relationship with the county manager. District General Manager Winqest said that's a good question. At times because a lot of what they did is just straight negativity with not a lot of recommendations for solutions. The relationship with the county has gotten significantly better in the last couple of years. I'm building bridges, not burning down bridges. I try to stay in my lane and remain neutral on a lot of these things and be vocal when I can. The community must understand that we are trying to strengthen our relationship with the County. I am trying to go after funding; it's not just the ARPA funding, but we're trying to go after the community support funding for youth and senior programming and parks down the road, and for us to do that, we have to have a good relationship with the county. I think it does impact us negatively, but I'm seeing that less over the last year.

Board Chairman Callicrate said I've heard really good feedback from county commissioners, the county manager, and Staff that the working report with Incline Village General Improvement District has certainly improved quite a bit in the last couple of years. So that's very positive on the part of our District General Manager.

District General Manager Winqest said District General Counsel Nelson and I drafted updated East-West Park maintenance agreements. It's exactly how I reported the reimbursements as for actual cost, not a set amount in advance. Additionally, we have included in the agreement that the County would be responsible for any level of capital maintenance and repair and investment moving forward that was not in agreement before. We're happy to maintain as long as we're getting reimbursed 100%, and if the county wants to bring capital into those parks, they could be at their expense. We have now given those draft agreements to Mr. Solaro, who will be working with their attorneys. Once we finalize the agreements assuming the county is comfortable, we will bring those agreements to the board for approval. It's probably a combined \$12,000-14,000 a year between both parks. We feel it's important that the Board approves those final agreements. We have now word moved on to starting work on potential updates to the interlocal agreement for snow removal on Ski Way. We're just looking at updating the agreement if the board reserves the right not to approve that going forward. But



when we get to that point, Staff will be making recommendations either way, so hopefully, that satisfies questions I have been getting from community members.

#### **F. REVIEW OF THE LONG RANGE CALENDAR (for possible action)**

District General Manager Winquest said two Trustees could not be present at the meeting scheduled for the 23rd of February. Clearly, we don't want to have a budget workshop with Trustees not there, especially when involving capital, so we cannot move it to 3/2 because it is Ash Wednesday. This is a very important budget workshop. I know that some Trustees don't have availability on the 22nd or the 24th either. I guess we are looking at Tuesday 3/1 or Thursday 3/3 to have this workshop, and that's our options. We are more than likely moving forward with a 3/9 board meeting and maybe combine all that on the 30<sup>th</sup>. There are a lot of moving parts. Are you available to move that meeting to either Tuesday the 1<sup>st</sup> or Thursday the 3<sup>rd</sup>. Trustee Wong said she can do the 1<sup>st</sup> but cannot do the 3<sup>rd</sup>. Trustee Tonking said I can do either day. Trustee Dent said I can do 3/1. Chair Callicrate can do either, but 3/1 if that's preferable. Trustee Schmitz said she is available for 3/1 and 3/3.

District General Manager Winquest said he will tentatively be scheduled for 3/1, 6 p.m. and will send an email to confirm. He said we have four Board members available on 3/9 and recommends continuing with that.

Trustee Dent asked for times for future meetings. He said the Audit Committee would show up on the long-range calendar. District General Manager Winquest said he is working with Audit Committee Chair Tulloch to schedule the Audit Committee meetings next week or the following week. As I mentioned, we have a meeting scheduled on the 9th depending on whether or not we can move things to the 30<sup>th</sup>. I don't believe we're going to be able to. As long as we have four Board members, I think we go ahead and proceed with that meeting. And then, of course, the 30th. I did note that Trustee Wong was not available on April 27 and Trustee Dent was not available on 8/10.

District General Manager Winquest said Trustee Schmitz requested adding dates for the parking lot items in the long-range calendar. We will apply dates to those moving forward.

Trustee Dent asked if we could put on the agenda in the near future, considering Policy 15.1.0 was just approved, to solicit members of the public to fill the vacant seat that has been vacant for a very long time. We were waiting for the policy to be approved. We need to move forward with that. And maybe, perhaps an easy

step is to go back to some of the previous candidates and see if they're interested in filling that term for a few months. Or maybe we broaden it, and one person is appointed immediately, and one more be appointed. I think two are coming up. But one would be appointed when the others turnout? I think it's important to have a full committee and make sure we're moving things forward. District General Manager Winquest said I would discuss that with Audit Committee Chair Tulloch at our next meeting and District Clerk Herron about setting up that process and maybe put it on the audit committee agenda to have that discussion. And if the Board is ready to appoint, we can go ahead and start that process. There are two or three community members that I've reached out to who are interested in being on the Audit Committee. I think you'll get a few more folks that are interested. Chair Callicrate said to Trustee Dent's point; it's important that we have a full committee, a full complement of members on the committee. I would support sooner as soon as we can to get that on an earlier board meeting.

Trustee Schmitz said it's still in the parking lot; I would like to remove it from the 4/13 list of agenda topics to have the review draft of the handbook. My thought process is that we will have some good deliverables from Dr. Mathis and those deliverables should be incorporated into a Trustee handbook. And I think it would be important for us just to sit tight, we haven't taken action on this item in such a long time, and I think you're near having maybe some really valuable input to incorporate. So it's still down in the parking lot. But I think it's actually on the 3/30. It's the first line that says 'review draft of the Trustee handbook.' I would like to remove that. District General Manager Winquest said I think we put it on 3/30 because we thought at that time we were going to be done with this training. So we'll go ahead and leave it on the parking lot and take it off of the long-range calendar for the 30<sup>th</sup>.

**G. REPORTS TO THE BOARD\***

**1. Verbal report from Legislative Advocates Tri-Strategies – Eddie Ablesser and/or Paul Klein**

Tri-Strategies Paul Klein provided a presentation. There were no questions. Board Chairman Callicrate thanked them for their updates.

**2. Verbal report from District General Counsel Joshua Nelson on the Mark Smith v IVGID case**

District General Counsel Josh Nelson said the public would remember the last time I provided an update. It was in response to this special master's report and the court's order upholding that report. That special masters

report set forth a standard to apply to determine from which emails are attorney-client privileged. That standard was stricter than had been previously applied by IVGID, so a substantial number of emails were released in response to that report. After that report was released, the parties attempt to settle and resolve the matter; unfortunately were unable to do so, but I do appreciate the plaintiff is willing to engage in those discussions. In an effort to move the case forward, IVGID went back and reviewed all of the emails that are still at issue in the case, applying the standard identified by the special master, and based on that review, we produced a substantial amount of those emails that have been previously retained. We also voluntarily provided a supplemental privilege log. In an effort to find a way to move the case forward, the plaintiff has filed a motion for the status conference which IVGID did not oppose having a status conference to get some input from the court, but in their motion, the plaintiff requested another independent third party review at IVGID's expensive of all of the remaining emails. We have initially objected to that request given that we just went through that exercise voluntarily and don't believe in independent third party review at our cost is warranted. The court has granted the motion but has not set a date for a status conference, and we're working with plaintiff's counsel to do that and hope to have that status conference heard by the court in early March. Once we have further guidance from the court, we will make sure the public remains aware. One issue not included in my report that I anticipate we'll get questions on, is current expenditures to date on the case. I do not have that number this evening, but we'll make sure the next time we bring this back, we provide a legal expense to date accounting. I'm happy to answer any questions. There were no questions.

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

1. **SUBJECT: REVIEW, DISCUSS AND POSSIBLY AWARD A CONSTRUCTION CONTRACT FOR THE REPLACEMENT OF THE MAIN ELECTRICAL BREAKER AS PART OF THE WATER RESOURCE RECOVERY FACILITY IMPROVEMENTS PROJECT – 2021/2022 CAPITAL IMPROVEMENT PROJECT: FUND: UTILITIES; DIVISION: SEWER; PROJECT #2599SS1102; VENDOR: MERIT ELECTRIC COMPANY IN THE AMOUNT OF \$50,117.00 PLUS \$5,000 FOR CONTINGENCY**

Trustee Schmitz asked District General Counsel if she could share the recommendation she made regarding invoices submitted by the contractor.

She referenced page 18; all documentation, drawings, reports, invoices submitted to this project would include IVGID project number. After speaking with the Director of Finance, Mr. Navazio explained that beneath the project codes are additional account codes that would identify whether the items were to be this project was to be expensed or capitalized. And my suggestion was to include the additional numeric codes so that it is more efficient and can expedite the handling of incoming invoices. That was a suggestion that I believe District General Counsel was in favor of and the Director of Finance Navazio.

**Motion: Trustee Wong moved to approve the consent calendar. Trustee Tonking seconded the motion. Board Chairman Callicratec called the question and the motion passed with Trustee Schmitz voting opposed and added that the suggestion should have been incorporated.**

District General Manager Winqest asked for clarification; are you suggesting we put the actual GL account where it's being charged to into the contract? Trustee Schmitz said in the conversation that I had with Director of Finance Navazio, he indicated that there are additional numeric codes that would help identify. If you recall, we've had issues with whether it is expensed or capitalized. So by identifying it here, the decision is being made, and therefore, there isn't a judgment call when individual invoices come in, and there's less probability of error so that was the suggestion. Trustee Wong said what Trustee Schmitz is suggesting is an accounting matter and doesn't really have any bearing as to whether or not we approve this contract. If this is something that she wants to work with our finance team and District General Manager to bring a proposal back offline, I'm totally fine with that. But that's an accounting matter, not a contract matter. Trustee Tonking asked if we do that in any of our other contracts? So it would just be on this one which would be odd. Director of Finance Navazio said I think that's a correct assumption, we don't. I just might clarify that. I think we understand Trustee Schmitz's intent in that is that we're all clear upfront about how we're going to account for it. I think it would be unusual to put in the contract, or what I would clarify if it's helpful is it when a contract like this work to is approved, the next thing we do is set up a purchase order. The purchase order has to tie to a specific account code based on where it's budgeted and the nature of the expense. So as long as the vendor is referencing the project, as noted here, and we set up the purchase order with the proper accounting, that happens automatically. We would be providing the vendor with the account codes because they don't make that

determination. Our process already is set up to ensure that the invoices are paid for the proper account based on the project, the fund, and the nature of the expenditure.

Board Chairman Callicrate said the motion did pass as it was presented. But I think that moving forward with what Director of Finance Navazio had just mentioned, through the purchase order situation, the clarification that Trustee Schmitz brought up, I think that there is an opportunity, if that would be the appropriate place. But if that's an opportunity to incorporate the concerns of Trustee Schmitz, which are valid, to whether it's expensed or capitalized, if we were able to do that through the PO situation, to give more clarity, so that there aren't any mistakes or misunderstandings, I think that would be an appropriate opportunity.

Director of Finance Navazio said there is an opportunity for us to say some things because there's no guarantee on a particular contract that every dollar charge in the contract is going to one account code. So in the purchase order, there are different line items. Still, it's incumbent on the contractors to accurately report information on the invoice sufficient to allow Staff to be appropriately allocate by line item. So I don't want to give it the impression that it's just a one-size-fits-all fix. Trustee Schmitz's comment arises from past situations where we've had some confusion. We've addressed them as best we can we're going to continue to work on them. I'm not sure about putting in the contract the account codes because it'll depend on the nature of the expenditure.

District General Manager Winquest said I completely understand Trustee Schmitz's points of concern on this. The best thing to do is to work with Trustee Schmitz and show her the process we go through. And if she's still not comfortable, we can discuss other ways to do this, just to make sure we're transparent about how we are charging our expenses.

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

- 1. SUBJECT: REVIEW, DISCUSS AND PROVIDE DIRECTION AND COMMENT TO STAFF ON THE FISCAL YEAR 2022 IVGID UTILITY RATE STUDY; DIRECT STAFF TO PREPARE DOCUMENTS AND UTILITY RATE SCHEDULES FOR A WATER UTILITY RATE INCREASE, A SEWER UTILITY RATE I NCREASE, AND INCREASE CHARGES ON THE PUBLIC WORKS FEE SCHEDULE**

Director of Public Works Brad Underwood introduced the item. Shawn Koorn, HDR, provided a PowerPoint slideshow.

At approximately, 8:00 p.m., the Board took a brief recess and reconvened the meeting at 8:09 p.m.

Board Chairman Callcrate said thank you Mr. Koorn, for that presentation. There's a lot of information to process and digest. I want to open it up by saying that I need to take a much more in-depth look at all this to digest it. And I don't want to preclude anybody else or my colleagues from giving feedback, but I think that because it was kind of late notice for us. I think that we're going to need to probably take this on board go through it more in-depth outside of tonight's meeting, and probably bring this back after we've had a chance to digest it and talk with Director of Public Works Underwood and other members of our senior Staff and our District General Manager. I'll open it up to my colleagues to get feedback from them. So we can give you some immediate feedback, and then, you know, decide what we would like to do this evening.

Trustee Dent said thank you, Shawn. I appreciate the presentation. You listed off kind of just some general feedback. But is there anything specific that you need that helps shift some stuff that way? We can be as specific as possible for you. We just got a ton of information just over 24 hours ago. I'm just trying to back into how we're coming up with some of these numbers or our assumptions. Because we don't have anything greater than a five-year plan for some of these capital projects, could you help narrow our focus? Like a preliminary step for us, given that this is very new information?

Mr. Koorn said absolutely. And that's a great clarifying question. When you break it into the three boxes that I kind of talk about as we go through this being, the first thing the revenue requirement. Are you comfortable with those revenue projections and those rate impacts for that average single-family customer? And again, those apply across the board to commercial irrigation, etc, in this presentation. Is that feasible for you? So as you look at some of the supplementary information provided that lays out what those costs are, how we're funding the capital, how that comes back, and what needs to be funded each year. I think that's the first question is does that fit? And I would just say, on the water side, as I mentioned, we're just simply trying to get revenues up to pay the bills, both operating and the capital side. On the wastewater, it's not as much of a jump to the overall change in the bill because we're almost there. It's just making sure that we're covering those current costs and planning for the future as we get into 23, 24, 25, and out.

I think that is the first piece. Is that revenue requirement from the board's perspective feasible? How do we want to account for that? And how do we adjust rates to get there? Obviously, if we're not paying for all of our operating capital needs then something's got to give somewhere if revenues aren't there to fund that. And so that's where we would start for you all to start. The second piece would then be thinking about the cost of service. So looking at those results, there's a lot more deep detail in the supplementary information provided. I don't expect you all to exactly be able to interpret that, but you'll see a lot of the information. I had actual numbers and dollars graphically here. Do you want to consider what we've recommended, which isn't across-the-board adjustments? Or do you feel that some changes should be made on the irrigation side, for water or the commercial sewer side? That would be the question of the cost of service. And then on the rate design. We've maintained your structure. I think your structure is good; it's contemporary and reflects industry approaches. Is there anything you've heard from your constituents that we shouldn't be changing this? At this point, I don't see a need to change that. And I would add that when you start changing multiple components of a rate study, increasing rates, making adjustments for cost of service, and changing a rate structure, that essentially compounds the impact that we may have on customers. We want to try and take as big a bite at what we can do as soon as we can do that. But also understand that we want to try and probably phase in any adjustments over a long-term period so that we don't have bills going way up or way down in any given year that we're able to kind of stair-step adjustments. Those will be the three areas for you all to provide feedback to Staff and then ultimately myself as we finalize the analysis.

Trustee Dent said he answered my questions, but I feel like it's a little preliminary to kind of weigh in on some of this stuff. But seeing that we have an 80% increase in our combined water and sewer bill over the next five years, it just seems like a huge amount, over a revenue kind of increase. As Shawn alluded to and I've mentioned, we're a little ambitious with our planning when it comes to the projects that we complete, and we have these massive CIP carryover projects every year. And I feel like if we could simplify that, or take a more accurate shot at some of these amounts that we need each year which are actually much less. It'd be interesting to analyze how much from the utility fund we said we were going to do over the last five years but didn't and carried that over. And then we could take that into account as we're looking at what our CIP budget is every year and maybe we only hit 75% or our mark every year, and well let's stop being as ambitious in our, in our planning over the next five years as to what we're going to do, because we know we can't hit those numbers because those are huge cost factors. One of the other things that I was a little thrown off by in the memo, and I thought we addressed this at the last meeting, and I think Trustee Schmitz might have talked

about this with Staff, but the funds we have in the capital improvements, that does include part of that \$2 million? Based on our conversations last meeting, it was my understanding that we were going to be removing that from our assumptions. I don't know for what it's worth. If we're looking at some of these projects, the last 50-75-100 years, I don't think the rate payers should be paying for it today with cash and funding it in the next couple of years when we can line that out over the next 30 years. So even if we are paying a little bit higher rate, you're not paying for something that you're not going to fully use or even use a portion of.

Trustee Schmitz said I concur with the comments that Trustee Dent made. I think that we should look at making things a bit more equitable. I think in public comment, there was an indication of, you know, 17% use, but yet only paying 5% of the cost. I think we should do that analysis and ensure that things are equitable. The other question I had is that when it was a straight 15% across all of the other fees, I'm curious if those other fees were really looked at and delved into to say if these fees are enough? And I'm talking about the plan, check fees, inspection fees because I don't believe they've changed since 2019. And I think there have been substantial wage increases and benefit increases. Were the sewer connection fees looked at and compared to other jurisdictions, and is that another way potentially that we could increase revenues in another way? We received all of this information just yesterday afternoon, but I did glance, and I just really struggled. I couldn't map it out. We had a baseline capital improvement five-year plan provided to the board just a few meetings ago, and I could not get that this capital plan to align with the capital numbers and the plan in the spreadsheets that were provided. And there was a comment that also Mr. Dobler made that our capital plan was roughly \$40 million, but in here at \$67 million. As Trustee Dent said, it's important for us to clearly understand what capital projects we can accomplish because we shouldn't be charging ratepayers for things that will get carried over and not completed. We really need to take a good hard look at what the going in assumptions were for the five-year capital improvement plan and make sure that these are good numbers that we all feel are good for assumptions. I couldn't figure out is when I calculated the reserve funding; I came up with the numbers in this plan being about half a million dollars higher than what we had in our baseline budget. So I feel like we need to spend some time looking at these numbers, maybe sharpening our pencils a little bit and making sure that we all understand that the assumptions going into these rates increase. A 20% water increase is not a gradual increase. As trustees and as the board, I think we have to be able to answer to our constituents about all of this. And there's a great deal of numerical data that I think needs to be closely examined.



Director of Finance Navazio said I just wanted to make one point of clarification. And it did come up in the public comment. Just last week, as part of the budget workshop, we talked about this baseline budget. I was hoping that we were clear that the baseline budget that we presented related to the capital is based on the last, five-year plan that the Board adopted last May. We're going through year one, so years two through five plus a year six is the baseline. The workshop that we will be having with the board in early March will focus on the capital budget and the adjustments and updates to the capital plan that the Staff is working on. And just to clarify, it's the updated utility water and sewer capital plan that was provided to Shawn for purposes of rate setting. The utility rate studies probably have a more advanced presentation of what the utility operating budget and capital budget will require. Part of the reason why we had crossed out the forecast and the utility fund for the workshop was that the board was scheduled to have this presentation. Otherwise, you'd be seeing this update in the next workshop. I just want to clarify we have a disconnect between the starting point of the budget, where we're going with the budget, and the work that Mr. Koorn has done to sort of preview where we are with utility fund for purposes of rate setting.

Trustee Schmitz said I appreciate that Director of Finance but the numbers don't sync. I can give you some examples - the vector truck in our budget, the baseline was \$470,000. In this utility study, this is one that went lower, it's only \$271,000. So that's a significant difference. As a board, we need to understand our accurate five-year plan, come to terms with the numbers, and see how that impacts this. In regards to growth, I understand we're a community from a residential perspective that's been built out. However, I'm curious about the impacts of both Boulder Bay and Cal Neva and whether those impacts were taken into consideration as part of this planning process.

Director of Public Works Underwood said no, they have not because it's uncertain whether that's actually going to happen. So you don't put something that is in the planning stages into a rate model. I also want to clarify the Capital worksheets; there were some adjustments made because we saw some needs that needed to occur and be included in the rate model. Understanding this is it's a working document is not approved by the board, but this is where we felt we needed to go in order to develop a robust rate model that would meet capital needs. And then I just want to remind you all of a couple of things. One is \$50 million of the capital with the pond storage project and the plant project. We're moving full steam ahead as quickly as we can on those. If the board wants to slow down, that's okay, but we've had another leak on the effluent pipeline this week. I would encourage you to think of it this way, 20% is not in a single year because we've lost two years prior to this. I have not seen any rate increases. We lost that compounded value of

money over the last couple of years, and then we've seen costs go up that we didn't anticipate either. So anyway, that's my comments for now.

Trustee Schmitz said you did put into the model growth, so I guess that's why I was asking about Boulder Bay and Cal Neva because that would be potential growth. And I do understand that we haven't had rate increases, but I commend the public works department because we have been able to get through and maintain levels of service. I think you all fixed it in the past by doing a good job of managing the budget. It sounds like you and your team have worked really hard on putting together a comprehensive five-year capital plan for this rate study. And I think it would be very helpful if we could review that sooner rather than later as part of our budgeting process to understand what was put in this rate study.

Trustee Tonking said I wanted to thank Mr. Koorn for the presentation. It was really helpful and it was a lot to take in quickly, but it was very helpful and informative. I also appreciated your use of graphs; they're very easy to follow. I kind of want to touch on a few of the things. I think maybe when we get that final report in its final form, some of those basic assumptions that were made could be laid out in some form of charts and show how they align; I think that might add some background and clarity that a lot of people seem to be looking for in this conversation. I don't know if that's too tall of a task, but I think maybe that might be a little easier for us all to look at. I'm having an issue with a high increase for people who are on fixed income or some of our lower income, socio-economic families in town. I want to push back a little on Trustee Schmitz's comment that even though we haven't done it for two years and shouldn't rectify the past, we've also held off on certain capital projects over those last two years without this rate increase. I think there have been decisions made knowing we're going to push those forward, but we still need to adjust. I'm running into this catch 22 issue where I feel like the rapid increase is a little scary for some of our families within our community. Still, I also understand that we need to do those things because we've been delaying and delaying. When I get to have a deeper dive into this report, I'm hoping I can find a landing point on that.

Board Chairman Callicrate said this is extremely important for Mr. Koorn and his company to take this feedback. But I also feel that we as trustees need to have more time to go through this, discern and drill down on where our concerns are, and then get some clarity from our Director of Public Works and his team and our District General Manager.

Trustee Dent said there are so many moving parts with this. We're seeking state, federal, and county funds. Is there a way to simplify this into some sort of excel

sheet for us if Tri Strategies were able to secure \$4 million so we can understand how that plays into the rates? Because it sounds like there's a pretty good opportunity for us to land something. If we're putting a rate study together based on things that aren't really going to happen, then we're forecasting, or we're not taking into account what could happen. I think we need to see all scenarios so we can find a way where how we can land in the middle. And I think until that, we see this as a worst-case scenario, assuming we don't get the federal, state, or Washoe County funds. And I feel like the chances are very high that we're going to get something out of that, which will drastically change this entire conversation. Shawn, is there a way to have some sort of excel sheet or something where we can quickly factor those numbers and spit out what our rates should be?

Mr. Koorn said absolutely. It's in the models. I have both utilities in excel. And so if you dig through and get to the CIP tab, I think it's exhibit four for both utilities and the supplemental information; you'll see on the last page that we have those spots for that. For that potential funding, especially on the sewer side, it will offset the debt and or lower-cost debt. All that flows right into the model, into the bottom line, and runs its course through the model. So that's something we can do as part of that.

Trustee Schmitz said I have a question about the fees and the 15% as it relates to staff time. I think that's a question I'd like to understand. I think Trustee Dent's point was spot on. There's something that's on the service schedule of services, and I don't know what it means. It's called sewer retroactive capital improvements. Could someone just explain what that is on our fee schedule? And is that impacted by this rate study as well?

Mr. Koorn said that's part of your capital connection charge program. There are two fees. Those are both for new customers connecting to the system. And so that's your connection or capacity fee. There are all kinds of different names for those. Kind of what you mentioned earlier, Trustee Schmitz, has that been looked at? Part of my scope is to work with Staff and not recalculate it. But that's something we can look at. You can't set that fee based on what neighbors are doing. That's actually a specific calculation based on the value of your system. So that's kind of that's a separate study. I'm working with the Director of Public Works on looking at that and how that was calculated. At this point, it appears as it was calculated appropriately; I don't know what that number would be today through this study.

Trustee Schmitz asked what the retroactive capital improvement is and does that change by just the flat 15%? I just don't know what that means on the connection

fees. What is a retroactive capital improvement? Mr. Koorn said there are two pieces to a connection fee, or your capital charge, those two charges that you have on your schedule. And when you think about a capacity or connection fee, there are two components to it. One is a buy-in into the existing system. So there's available capacity today in the system that everybody's been paying for. And so if you're buying into that. The second part of that fee is then the future capital needs related to growth or expansion necessary to serve that new customer. So that's those two fees. One is kind of the buy-in to the system fee, and one is the future. So I think that retroactive, from my understanding of that, is really that buy-in component, buying into the existing system. So you're on par with all the other customers paying for the available system. And then the other fee is for that future component and what that value is going forward. Trustee Schmitz said my underlying question is, if we go forward with this type of a rate increase to do this buy-in, I would think it would be more than a 15% increase. I was just trying to understand what that was, how that came into play, and how it was determined. It looks like we need to figure out how to potentially gather some additional revenues and do it in an equitable fashion. Mr. Koorn said absolutely, and I think that's one of those areas that, unfortunately for you, will never be a big revenue generator just because you don't have the large growth anymore. Years ago, that probably was bringing in much more revenue. Trustee Schmitz said and if we do have projects, like Boulder Bay and Cal Neva, it does become an opportunity.

District General Manager Winqwest said that I know there was a growth factor built in as it relates to growth. The project at 947 is one where we're going to have 40 new units; however, you got to remember they're tearing down the building and replacing it with new infrastructure. So it doesn't necessarily mean there will be significantly more use. There'll be connection fees, but it's not guaranteed it's going to be significantly more use of water. The Cal Neva has been down for a long time, and that'll increase, so we see some growth there. I understand where Trustee Dent was coming from as far as the capital plan; we carry over X amount of dollars or push out projects. We are looking at that at bandwidth and trying not to build an annual capital plan that we can't accomplish. That's one of the things I've brought up to the capital team. That being said, I got to believe that most of that's occurring is coming on the community services side. Much of what we budget for and the capital side for utilities has to occur. And so if, it doesn't occur in year one, it's going to occur in year two; if it doesn't year occur in two, it's going to occur in year three. So all of that capital still is in the five-year plan. It's still going to happen. It's not going to affect the five-year look. Overall, maybe it's something that's pushed out, but It is a good point that Trustee Dent brings up. There was a comment about how the Staff has been able to manage through the last couple of years with no rate increases, which in my opinion, was a mistake by the district and not increase

rates. I'm confident it would go up 4% each year, so there's 8% right there. And I think we all need to acknowledge that and accept that it might not have been the right decision as a district. At the same time, we managed because our former Director of Public Works pulled out like \$450,000 in a combination of operating and capital, and we did the same thing last year. That is not sustainable. That's not how we can continue. I think we got lucky in year two that had no rate increases because we had a lot of attrition at public works. We had several vacant positions, so we had significant savings in those scenarios. But that's not what we want. We don't want turnover, especially in public works. Thinking that we can continue on and kick this can down the road is not a sustainable model to continue pushing out and cutting corners.

Director of Finance Navazio said I want to remind the Board that this year's budget had an 8% rate increase for water and sewer built-in, which is not happening. The projected increases were actually more than 4% a year; it was 6% two years ago, and 8% this year. So we're kind of going into next year 14% below where we would have been. Trustee Dent's point is really spot on in terms of the potential for some favorable financing and funding opportunities to reduce the impact on ratepayers of our capital projects. That's something that we've talked about with Mr. Koorn who said the model could handle it. In addition to our lobbyists' work, some of the federal funding is likely to go through the state revolving loan fund. That assumption, question. We've got, 20 year bonds that are 4.5% if not higher interest built in. So any grants that we receive, if we go to the state revolving loan fund, we can get much more favorable interest rates, so it'll greatly impact it. My sense is, and I think Mr. Koorn would concur is that that would certainly help with sort of the peak and the tail of the rate increases, less likely to impact the year-one adjustment, but over time, it would. I'm not sure if it's a worst-case scenario because we don't have final costs. And we know where interest rates are going if we had to do debt financing. We are optimistic that financing opportunities will present themselves that will allow the district not to implement the full scope of the multiyear rates that you see tonight.

Director of Public Works Underwood said I want to share with the Trustees that I'm hearing what they're saying. And I've done this for many years, so capital projects that get carried over constantly are not something that we want to be in the habit of doing. Regarding Trustee Schmitz's question about the 15% increase, no, we did not do an in-depth analysis of that. We didn't have the bandwidth with some openings in the department and then didn't ask Mr. Koorn to do that. And if we want Mr. Koorn to do some additional work, it's not in his scope now, I'm happy to do that, but I want to be fair to him and the company that he works for as far as getting them paid for that as well.

Trustee Dent said I throw this out to my colleagues. I've thrown out a lot about removing that \$2 million, and we still have that \$2 million in the forecast. It's roughly \$20 a month off the ratepayer's bill just for the sewer portion of the CIP. And that's \$2 million that's supposed to go to the effluent pipeline. We could completely wipe out the 15% sewer increase by removing it. We could draw down the funds we've been collecting for that effluent pipeline to help offset some of these rate increases. It's it is the ratepayers' money. We are not using it. It's been sitting here. We're going to use it in the next few years. However, given the fact that we're going to be potentially bonding these projects anyway, that's one way to offset it. Either drawdown from the reserves so the rate increases don't look as big; decrease the \$20 that's part of the capital improvements with the sewer rate, and use a portion of that to offset the rate increase. I don't know what my colleagues think about that. I've been kind of throwing that out the last six months or eight months. The rate increase doesn't look as large if we don't hold everything. The overall dollar amount of your bill could even decrease and still meet the sewer rates if we don't collect \$2 million.

Mr. Koorn said so right now that in the model and the details of all those pages you have now are going away after next year. However, the debt service for that project right now is more than \$2 million a year. So when we look at those capital rates, that \$2 million is still needed because I keep that flat for the first two years, and then we start bumping it up for the other when you look at the actual rates. That \$2 million is being used to pay the debt service to finance the effluent pipeline. So if you take that \$2 million out, then the funding is not there for the effluent pipeline debt service as you go forward. In the rate study, we are trying to balance both the operating and capital side to the best that we can. But that capital number or that capital charge actually needs to increase out into the future, at least for the next five years. After that, I think there will be some ability to adjust that. So we tried to match that right up with the capital. If capital changes, then that capital charge could change. It's just a matter of timing. Trustee Dent said it makes sense as I see it in the 10-year plan on page 725 and how it stops after 2026. Mr. Koorn said essentially after 2023; we're not putting any funds towards the effluent; we basically turn around and use that to fund the debt incurring in 2024 to fund that effluent pipeline project. It kind of flips away from being put into reserves to being used annually. Trustee Dent said it is a timing factor; I understand.

Trustee Schmitz said I understand what Trustee Dent was saying, and I understand what your answers are. If we don't do some assumption analysis of funding from other sources, we again are planning and putting in a rate increase for potentially truly the worst-case scenario. I think we should look at some of those

potential models and see how that does change the numbers. I wanted to comment on Director of Public Works statement that we could slow down the effluent pipeline. I don't want to put words in my fellow trustees' mouths, but I feel like we all understand the importance of that project, which is not what we're discussing here. We're really discussing the overall five-year capital plan and how to address the issues.

Trustee Wong said thank you for all the work that you put into this. I appreciate the detail and overview presentation that you gave. It pleases me to see that the methodology you have used is consistent with what our former Director of Public Works used to present to us and gives me confidence and what our Staff has been presenting to us over the years. To Trustee Schmitz's point, I think it would be absolutely wrong for us to plan for funding that we don't know what will materialize. To be financially responsible for the District and our assets, we need to plan now that we're not going to get any funding from any outside sources. And if any of that funding happens to come through, that's great and we can reduce the rates at that time. But I think it would be irresponsible of us to start planning now that we could potentially get funding. If you want to model that out, that's fine, but I think setting rates like that would be irresponsible.

District General Manager Winquest asked Mr. Koorn if it is easier to set rates based on exactly what Trustee Wong just said, expecting the worst, and then scale back if we get funding, whether it's ARPA or it's the State? I certainly understand the request to look at the models based on funding. It's a completely valid suggestion and request by the trustees to be able to, and I'd like to see that as well. Is it easier to set rates based on worst-case scenario, and scale back if funding occurs? Or should we spend another month trying to decide whether we're going to assume that we're going actually to get funding and set rates that way, and then we find out we don't and then we go back to increase rates? It seems to me like it would make more sense to do the first. I'm just asking that question.

Mr. Koorn said there are advantages and disadvantages to each. I think you laid it out. If we set it on the worst case, and it doesn't happen, it's not a bad story to reduce the rates, but as a board and as a district, you have to follow through on that. For example, Tahoe City PUD set rates for five years in 2012. We set a five-year schedule. We didn't make it to the actual end. They never increased rates all the way. By the end of the ten years, we were at the level we projected them in this last study. They set it up in the worst case, and then they adjusted each year, which I recommend all agencies for Staff look at. This is a plan, just like many other documents you work on, and may change the second I send it to you. This is a working, living, breathing plan. I think it's good to know both sides; if things happen

or if things don't happen. I think the question of how you set rates is also a timing issue to some extent. Many agencies nowadays are adopting multiple years at a time, maybe two years, maybe three years, maybe five years. I generally say don't go past five years which is too long, but you can. If you're adopting a plan year by year, than I think as a board in the district, you may have more ability to react. If we're going to adopt a multi-year plan, I would be conservative, and I'm always going to be conservative. I'm going to be somewhat conservative as I go through this. From a short-term plan, our adjustments are pretty tight to where they need to pay for the current budgeted O&M and capital in 2023. It's the out years that we have more play. In a long-term plan, if the board wanted to adopt multiple years, I would adopt the higher rate. As you go through that process, the conservative approach, understanding when we run the scenario of grant funding, low-interest loans, that's going to be the floor amount that you could bring that down to based on all the inputs that we have here.

Board Chairman Callicrate said I hope that you've heard a lot of the concerns of my colleagues. Suppose we were to give all of us a chance to dig down deep since we just got this within the last 24 hours. I think that that would allow us to really discern what has been giving us fits and starts or what we think looks absolutely ideal, and we will bring this back at the next board meeting. Is that going to create an issue for you regarding timing and things that you need to do? Mr. Koorn said I don't think it's necessarily a timing issue. Once I receive the feedback from you all, it's just a matter of my team wrapping it up, updating the assumptions, adjusting the capital plan; however, that needs to be adjusted, rewriting the model, and going forward with it. I don't think that's super time-intensive; what we built in the model right now is a rate adjustment for a year. So if we start trending into fiscal year '23, we will have to start cutting that back, and the model can do that. We can pick the number of months the rates are effective. So that would be more of the timing of when you all want this implemented and good to go. The guts are all there. It's just a matter of fine-tuning. Board Chairman Callicrate said I need more time to look at this then we can bring this back to the next meeting. So we still are close to our timeframe, maybe not March 30, but the first time in April for the public hearing or however that makes sense.

Director of Public Works Underwood said we'll just adjust the time. And as you know, we've got to put 45 days notification for the hearing. I heard Trustee Schmitz talk about more of our fair share as assumptions go. I wasn't sure if that's a separate rate schedule for irrigation customers or if that's changing the board policy to require the irrigation customers, and the public recreation service customers to pay water charges. So just be helpful to have clarity from the Board on that. I want to have Mr. Koorn finalize the draft report for you all and get that in



your hands. And hearing that, we'll adjust the sewer rates for the commercial side. But on the irrigation side, there are a couple of different options. We can have a separate rate schedule for irrigation customers or go back to that long-standing board policy in the ordinance.

Board Chairman Callicrate said there's a lot that we haven't digested. I'll ask legal if we have to vote on this; can we just say that this will come back at the next meeting. District General Counsel Nelson confirmed the item can be brought back. Board Chairman Callicrate said that would be a prudent way to go. It gives us a chance to ask questions and get the answers we're seeking. So we can have a document moving forward that makes sense and that we all feel comfortable with and the community feels comfortable with. I think we're just about there. They're just some fine-tuning and tweaking that we need to do. Thank you, Mr. Koorn, for the tremendous presentation and the work you and your team have done. I think we've had some really good conversations, and hopefully, you've gotten some feedback from us that you've needed. And thanks, everybody for a spirited but important discussion. These are the nuts and bolts of what we do.

2. **SUBJECT: REVIEW, DISCUSS AND SET THE DATE/TIME FOR MARCH 30, 2022 AT 6:00 P.M. FOR THE PUBLIC HEARING ON THE PROPOSED AMENDMENTS TO THE SEWER AND WATER SCHEDULE OF SERVICE CHARGES, FEE SCHEDULE; AND TO PUBLISH THE NOTICE IN ACCORDANCE WITH NEVADA REVISED STATUTES 318.199**
3. **SUBJECT: REVIEW, DISCUSS AND POSSIBLY PROVIDE FEEDBACK REGARDING THE BURNT CEDAR POOL PROJECT UPDATE: A VERBAL UPDATE PROVIDED BY ENGINEERING MANAGER KATE NELSON**

District General Manager Winquest introduced the item. Engineering Manager Kate Nelson provided a verbal update of the Burnt Cedar Pool.

Board Chairman Callicrate thanked Engineering Manager Nelson for jumping in the middle of all of this and having to sort through some of these situations. With the vagaries of TRPA, Washoe County Building, and our tight timeline, that would have been nice to have that in initially with some kind of a staircase or a path. I think that the option you talked about with large boulders, other maybe some hardscape, and other additional landscaping that wouldn't interfere with the irrigation already in place. It wouldn't cost \$20,000 to bring in some stuff to put in there to create a barrier, and you've got a nice big walkway. Hopefully, there'll be people there to direct the kids to use the walkways and not trample through the

vegetation. At this point, while the carvings might be a nice addition, I think that that's too iffy. I think that one of the trees they took down shattered because it was dead inside. I think that just doing what we can to mitigate potential issues and move forward, but I want to hear from my colleagues and see how they feel about it.

Trustee Schmitz said I agree; I think those are all valid points after listening to District General Manager Winquest's comments and concerns. If we put down large stepping stones through the landscape, are you saying that that isn't an option because of ADA requirements? Engineering Manager Nelson said there might be a possibility of having some stepping stones. I don't know about large stepping stones, but there are still concerns with the existing irrigation system. We would have to just double-check that we're not impacting that at all. And that also can be done not as a part of this construction project, but it can be done in a year, or if we do see the problem once the landscaping grows, it's going to provide a natural barrier, people aren't going to want to walk through the mugo pines and that kind of thing.

Trustee Dent said I agree with Trustee Schmitz and following the District General Manager's recommendation.

Trustee Wong said I have a clarifying question about the hardscape. That wouldn't be a change order on the existing project, right? Engineering Manager Nelson said if we wanted to do it correctly, we wanted to incorporate it into this project. If we choose the large pavers or stepping stones, it could be a separate, smaller project at a later date. Trustee Wong said I don't understand the concept of the CMAR project. Is it because we're making a change that there would be an additional cost? Engineering Manager Nelson confirmed that it is not included in the original or in the final design to be that way. And so it's not included in the project at this point; it would be a change to put it into the project. Trustee Wong said I concur with everyone else and am inclined to agree with District General Manager's recommendations.

**4. SUBJECT: REVIEW, DISCUSS AND POSSIBLY ADD A PARCEL TO THE RECREATION ROLL – 1709 LAKESHORE**

District General Manager Winquest introduced the item.

**MOTION: Trustee Wong moved to add parcel number 130-33-103, address 1709 Lakeshore, to the District Rec Roll. Trustee**

**Tonking seconded the motion, Board Chairman Callicrate called the question and the motion was passed unanimously.**

- 5. SUBJECT: REVIEW, DISCUSS AND POSSIBLY APPROVE A MEMORANDUM OF UNDERSTANDING BETWEEN THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND THE CHERYL AND DAVID DUFFIELD FOUNDATION FOR THE CONCEPTUAL PHASE OF THE EXPANSION OF THE RECREATION CENTER**

District General Manager Winquest introduced the item.

**MOTION: Trustee Wong moved to approve the memorandum of understanding between the Incline Village General Improvement District and the David and Cheryl Duffield Foundation for the conceptual phase of the expansion of the Recreation Center. Trustee Tonking seconded the motion.**

Trustee Schmitz said I just have a question for the District General Manager - when it talks about administrative space in Exhibit A, could you just clarify the administrative space? I'm assuming you're not talking about administrative space, i.e., the admin staff's movement over to that building? District General Manager Winquest said that's correct. We envision, upon entry, a small front desk area to check people in. And then probably a couple of offices administration offices for Staff, such as an office for Staff and maybe one for the Boys & Girls Club. Trustee Schmitz said under the project cost estimation, I see that this will be an outsourced project. But there still will be some element of IVGID staff time; it probably won't be significant. But when we get the project cost estimation, can we please also estimate IVGID staff time? District General Manager Winquest said I want to clarify. I felt it is important. There will be a minimal amount of staff time during the conceptual phase. I have talked to the Duffield Foundation; they are aware that as we move into the actual project, internal engineering time and staff time will all be included in the grant amount we will be getting from the Duffields. So it would include similar to what you see with our other projects, and estimation of engineering staff or engineering time as part of the project. Trustee Schmitz thanked the District General Manager for answering the questions. Trustee Wong said I just want to make sure we express our gratitude to the Duffields for their continued support of our community, and I'm very excited to see this project move forward. The motion carried unanimously. Chair Callicrate thanked Dave & Cheryl Duffield.

**J. MEETING MINUTES (for possible action)**

1. Meeting Minutes of January 12, 2022 – The meeting minutes are approved pending the necessary changes that the District Clerk had identified.

**K. FINAL PUBLIC COMMENTS\***

Yolanda Knaack said I know the Trustees will be getting more information on the rate increases for water and sewer utilities. I wondered if that information could also be made available to the community on your website?

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

The meeting was adjourned at 9:31 p.m.

Respectfully submitted,

Misty A. Moga  
Acting District Clerk

**Attachments\*:**

\*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Cliff Dobler

Submitted by Ellie Dobler

Contacted Mr. Katz about his written statements and he has none to provide at this time.

This written statement is to be made part of the minutes of this meeting.

Regarding the Budget Workshop held on February 3, 6 days ago, I provided a memo to Trustees Schmitz and Dent regarding several gross errors contained in the presentation. Trustee Schmitz asked that I refrain from public comments as the items were embarrassing to the Board and she would disclose them at the meeting. She did not. Do not expect me to refrain from speaking any more.

On tonight's packet page 58, Underwood makes the following statement: "There are Public Service Recreation irrigation accounts that do not pay excess water charges. Revising this long standing Board policy decision would SIGNIFICANTLY impact operating costs at these venues." If proper charges were instituted it would save the 4,000 residential customers \$.30 per month \$14,000 per year. I find it laughable that \$14,000 per year is SIGNIFICANT when the Community Service and Beach Venues have a \$1.3 million budget for utilities in fiscal 2023. In Josh Nelson's world that would be incidental not significant. Staff is recommending doing nothing in order to continue their long term tradition of having property owners bear the costs of inefficient management of the venues.

The public just got the late arrival supplemental materials purportedly prepared by HDR engineering regarding the Fiscal Year 2022 IVGID Utility Rate Study.

The devil is in the details. According to the Water supplement (pages 23 and 28), Water delivered to the IVGID venues is 17.3% of total water delivered but IVGID only pays 5.3% of the total revenues collected. On a linear basis IVGID should pay \$615,000 more per year not the erroneous statement made by Underwood. Get the Picture.

The Pond Lining Project is estimated at over \$6 million with carryovers, up from the \$4.7 million estimated in September, 2021. A 30% increase in 5 months and the worthless earth dam will require more money. The assertion that the pond will be completed four months from now, is sheer fantasy.

So days ago, IVGID management presented that the water and sewer CIP budget for fiscal years 2022 to 2026 should be \$27.6 million. The budget was subsequently crossed out, probably based on my memo to Schmitz and Dent. According to the late arrival of the HDR report the water and sewer CIP budget for the same period will be \$67.9 million or an increase of \$40.3 million or 146%. To fund this, \$43 million must be borrowed, a yet to be seen grant of \$3.4 million from USDA completed and all pipeline set aside money used up.

Memorandum - from Cliff Dobler

To: Trustee Dent and Trustee Schmitz - Sent 1-25-2022

BOARD MEETING 1-26-2022

Worksheet budget observations

These written comments are to be part of the meeting minutes

It is quite apparent that IVGID Staff continues to compile an incomplete budget and 5 year capital plan that has little merit, is quite sloppy AND DOES NOT COMPLY WITH BASIC ACCOUNTING.

Page 33 - Summary

The executive summary for each fund and venue is not included so baseline staffing/service levels and outcomes are not available

Page 40 - Sources and Uses are CASH FLOW statements and should be labeled as such

Page 40 - Proceeds from Capital Asset Dispositions are the "Prior period adjustments" and should not be included as revenues. There is no cash flow from charge off of capital assets to expenses

Statements of Income, Expenses and Changes in Net Position for Community Services (page 56) and Beaches (page 61) - Facility Fees are NOT operating income but are NON operating income and should be reflected as such according to Moss Adams final report.

Page 41- Facility Fees for Community Services venues should be allocated to each venue and not be in Recreation administration department.

Page 45 - General Fund Services and Supplies at \$1.2 million are 300% higher than in fiscal 2020/2021

Page 45 - General Fund Services and Supplies amount does not agree with Services and Supplies on page 46

Page 80 - Champ Golf Course - Operating income from 2020/2021 compared to new budget increase by only \$286K but operating expenses increase by \$750K. Losses of \$1.3 million.

Page 80 - Champ Golf Course - No idea of what the \$623K transferred out in 2019/2020

Page 96 - Recreation - Rec Center - operating income from 2020/2021 compared to new budget increased by only \$190K but operating expenses increased by \$601K

Page 115 Beaches - operating income from 2020/2021 to new budget increased by only \$98K but operating expenses increased by \$781K - NOT ADEQUATE FACILITY FEE BUDGETED AS LOSS OF \$354K IS BUDGETED. FACILITY FEE MUST NOW BE \$1,750,000 OR \$226 FOR EACH OF THE 7,748 PARCELS. TWO YEARS AGO THE FACILITY FEE WAS \$125 PER PARCEL

Public Comment - IVGID Board of Trustee Meeting 2-9-2022 by Ellie Dobler

This written statement is to be made part of the minutes of this meeting.

I repeat, so days ago, IVGID management presented that the water and sewer CIP budget for fiscal years 2022 to 2026 should be \$27.6 million . The budget was subsequently crossed out, probably based on Cliff's memo to Schmitz and Dent. According to the late arrival of the HDR report the water and sewer CIP budget for the same period will be \$67.9 million or an increase of \$40.3 million or 146%. To fund this, \$43 million must be borrowed, a yet to be seen grant of \$3.4 million from USDA completed and all pipeline set aside money used up.

Do you want the public to believe that you as Trustees and your Management have any idea what is going on. I think dysfunction reigns supreme. I'll attach Cliff's memo which was sent to Schmitz and Dent.

Chairman Callicrate, Cliff still requires an apology from you for your false statements accusing him of making derogatory comments about the auditors Davis Farr. Cliff has asked you 3 times to provide any evidence what so ever which you have not done because he made no derogatory statements. Your lying is unethical.

Attachment of Memo from Cliff Dobler to Trustee Dent and Schmitz - 1-25-2022

Memorandum - from Cliff Dobler

To: Trustee Dent and Trustee Schmitz - Sent 1-25-2022

BOARD MEETING 1-26-2022

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## Capital Improvements

Page 68-77 - No Project Summary sheets for the 263 items on 10 pages of capital improvement projects

Expenses are included in Capital Improvement Summary Report. An expense is not a capital improvement

Page 70 - No budget for Pond Liner. Estimate is \$4.7 million plus more for DAM renovations. Only \$1,550,000 budgeted in 2021.

Page 70 - Effluent Pipeline only has \$8 million for expenditures for next five, however, Segment 3 which is planned to be replaced is expected to cost \$1,000 per LF or about \$14 million.

Page 71 - Champ Golf Carts planned for replacement in 4 years. Carts are expected to last 5 to 7 years.

Page 71 - Champ Golf Course Cart paths has budget of only \$457K. Based on Howard estimate of 57% needing replacement and with recent costs by Carson on the 14,649 LF should be estimated at \$1.3 million.

Page 71 - Practice Green expansion of \$220K never part of any master plan

Page 74- Ski Way & Diamond Peak Parking lot could never be replaced in fiscal 2023. Paving could not even be started until June 2023. No plans and estimate is stale.

Page 74 - Diamond Peak - Snowflake Lodge - \$6.2 million. Planned for 2027. Budget based on 2015 cost estimate which was to be constructed between 2020 to 2023. No updated budget for inflation costs. Building designed for 8,500 sf and 450 seats. Additional revenues \$1.7 million with expenses of \$1.2 million and assumes summer lunch & dinners and weddings. Winter revenues portion would only increase by \$557K with related expenses of \$329K plus 33K of additional overhead or net of \$195K.

Page 76 & 77 - Beaches - NO INCLINE BEACH BUILDING

Page 76 - Intent to spend \$2 million to replace Burnt Cedar Pool in 2027 when new pool is not yet completed