

MEMORANDUM

TO: Board of Trustees

THROUGH: Bobby Magee
General Manager

FROM: Adam Cripps
Assistant Director of Finance

SUBJECT: Fiscal Year 2024-25 Budget Workshop

DATE: May 23, 2024

I. RECOMMENDATIONS

That the Board of Trustees:

1. Review, Discuss, and Direct Staff on the Fiscal Year 2024-25 Budget; and,
2. Review, Discuss, and Direct staff on the Facilities Fee for the Fiscal Year 2024-25 Budget; and,
3. Review, Discuss, and Direct Staff on the Fiscal Year 2024-25 Capital Improvement Budget Program.

II. DISTRICT STRATEGIC PLAN

This action supports Long Range Principle #3, Finance; *“The District will ensure fiscal responsibility and sustainability of service capacities by maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.”*

III. BACKGROUND

Overview

Each Director has summarized changes to their respective budgets, in a high level summary form, as follows:

General Fund

The IT department's operating Supplies and Services budget has stayed mostly static from the previous FY with the only changes being related to inflationary changes and additional software licensing costs to include a Digital Contract Signing and Management Solution. In addition, Staff has recognized a sharp increase in the cost of laptop and desktop computer hardware over the last several years and as such has increased the annual budget for these items by \$15,000 or 20% - it should be noted this is the first time this line item has been increased in the past 5 years.

In addition to the Operational Supplies and Services, staff is requesting support for the modification and reclassification of one IT position and one recommended new position. Starting with the reclassification of the Software Specialist to the IT/Project Manager, this position will allow the department to have a succession plan for the Director. In addition to managing the District's internal IT support desk, and being the main point of contact for the District's long term IT projects, the IT/Project manager will work directly with the Venues to ensure that their needs are being met and plan any technology projects and or implementations they may have.

Following extensive review of current District business needs and a collaborative discussion with the Assistant Director of Finance, the HR Director and the IT Director, Staff is proposing a reclassification of a current position (Revenue Manager, grade 29) to POS/Product Administrator (grade 22) In this newly reclassified role, the POS/Product Administrator would be responsible for the management and support of the District's POS systems, including product administration and reporting. This will allow venue management to have one point of contact for all revenue reporting and product pricing controls. This position will primarily report to the IT management team, while having a "dotted line" partnership with the Finance team. This position would also be utilized to support the Hardware associated with the District's Point of Sale PC's and peripheral hardware.

The capital budget for FY25 includes the replacement of the District's two Server Clusters budgeted at \$275,000.

The Human Resources budgets remain relatively flat, with only two recommended staffing changes and recommended nominal increases to training and education. The staffing change proposals include: reclassifying the Senior HR Analyst/Safety Supervisor (grade 31) to HR/Risk Manager (grade 33), following the identification of significant deficiencies due to the lack of Districtwide risk management oversight; and reclassifying the Payroll-Benefits Coordinator (grade 25) to HR/Benefits Coordinator (grade 25), following the change of reporting back to

Finance for the Payroll functions. Further, in doing so, this will allow the Coordinator an opportunity to provide greater analysis to District employee wellness and benefits programs and HR data analysis.

Finance Department staffing changes approved in fiscal year 2023-24 were fully funded for fiscal year 2024-25. Upon review, funding for the Director of Finance position was reduced to six months of the year leading to a decrease in the salaries budget. Contractual obligated increases to salaries and benefits lead to some increases in the benefit accounts. Through the review process, reductions were made from the fiscal year 2023-24 budget to the fiscal year 2024-25 budget in the audit, professional services, and computer license and fees accounts.

Parks services include maintenance, snow removal, grounds and turf management, urban forestry, customer service, and waste management to District parks, fields, facilities, and open spaces. Fiscal year 2024-25 budget includes projects the Community Services Master Plan 2018 and Strategic Plan. These projects include Skate Park expansion, higher defensible space and tree health management, venue management, enhancements and beautification, Stream Environment Zone (SEZ) protection. There is no request for increased staffing levels, however increases to salaries are due to contractual obligated increases.

Utility Fund

Water creation costs have increased as have the wastewater costs which are mostly due to inflation. Staff is recommending accelerating residential water meters program due to numerous failures. Road cut and reinstatements are included in operating budget and staff needs to include those due to increased aging infrastructure resulting in breaks. Compliance training, which is required to maintain certifications as a water purveyor, has increased due to the costs to because training is only offered out of the area. For fiscal year 2024-25, Buildings Department Budget has returned to Public Works.

Community Services Fund (Recreation, Golf, Ski)

Recreation

Fiscal year 2024-25, staff is recommending an increase in revenues through new and existing programs along with a 5% minimum fee increase. Current challenges faced by programs is the loss of staff and coaches to administer several youth programs. Staff is recommending addressing some of these challenges by enacting upon strategies that include competitive wages, IVGID recreation benefits/privileges, and positive support and recognition of staff. The Incline Village Recreation Center, a 37,000 sq. ft. complex, is 31 years old and is identified by

staff as a challenge to completing Strategic Plan initiatives. It has been challenging to maintain expected service levels while addressing the planning repairs, renovations and equipment replacement. Recreation Center Operations, showing growth in areas such as membership products, service and user fees, rental income, and merchandise/food sales.

Golf

Coming into IVGID in March of 2024 the team as relied heavily on previous year's budgets and actuals provided from the Finance Department. Within those reports, Staff found many areas that were working well and some that were not. Staff's main goal for this budget cycle was to target and then adjust according. Some of the services and supplies needed to be addressed, while also weighing the fact of what services our team is looking to provide to our community.

The product in Golf Operations, Food/Beverage, and Golf Course Maintenance is that of a very high level compared to an Industry standard of a Top 200 resort in America. With that being said, Staff could find areas to trim and improve but also bolster areas of importance. This budget staff recommendation has had hours of involvement from many operational leads. Consisting of the Golf Course Superintendent, Assistant Golf Course Superintendent, Executive Chef, Sous Chef, Front of the House Manger, and Senior Head Golf Professional. Staff relies on the knowledge and awareness from these managers to build and execute our staff recommendation year in and year out.

Ski

The revenues from Ski are conservative as they have been for many years. Conditions, such as road closures and the timing of the circumstances, are out of staff's control and can lead to reduction of sales. Expenses, at the Diamond Peak Ski Resort, are focused on the care and condition of the community asset. Consumables are in the expense area of the proposed budget and these are usual and customary. Status quo is the business model with no new programs, etc. In looking at the most important area of our amenity, the human component, Staff is recommending a refinement to the hours to be worked by our seasonal positions. This compliments the daily operations of this community amenity.

Beach Fund

The Beach Fund budget stays relatively flat however as it is well known there is a major capital project where ground is scheduled to break May 2025. The Board of Trustees removed the \$4 million dollar cap for the Incline Beach House Project and combined it with the ingress/egress of that venue. Additionally, Ski Beach work

has been included in this capital project. Currently funding for the entire project, if it is to break ground in May 2025, has not been identified.

Facility Fees

A significant component of the fiscal year 2024-25 budget impacting the District’s Community Services and Beach funds is the level of the Recreation Facility Fee and the Beach Facility Fee assessed on the property owners for the upcoming fiscal year. The recommended budget includes a total combined Facility Fee of \$780. This is a return to the Facility Fee total of fiscal year 2022-23. The totality of the Facility Fee is a combination of two separate components, the Recreation Facility Fee, represented in the budget at \$450 and Beach Facility Fee, represented in the budget at \$330. These assessed fees represent a combined total of \$6,249,540 of resources available to the funds, splitting by fund in the amounts of \$3,692,700 to the Community Services fund and \$2,556,840 to the Beach fund respectively. Ultimately, the Facility Fee is set by the Board and as a discussion point, staff has mapped out the total available resources at two additional levels with possible breakdowns:

	\$ 780	\$ 1,000	\$ 1,500
Rec Facility Fee	3,699,450	3,699,450	3,699,450
Beach Facility Fee	2,561,460	4,269,100	8,150,100
Total	\$ 6,260,910	\$ 7,968,550	\$ 11,849,550
Rec Facility Fee	450	450	450
Beach Facility Fee	330	550	1050
Total	780	1000	1500

Attachment A is the breakdown of the Facility Fee from 2005 to 2023 and is provided as a reference.

Carry-Forward Appropriations

A component of the budget process is the review of the status of current projects. Staff has identified a list of projects, the status, and estimated dollar amounts in need of being re-appropriated in the new fiscal year. These projects and estimated amounts are now shown along with the staff recommended Capital Improvement budget sheet.

Capital Improvement Plan

The Capital Improvement Plan, which includes the estimate carry forward along with the identified projects, lists the projects staff has recommended in the fiscal

year 2024-25 budget. The sheet also includes a 5-year capital plan which now forecasts out to fiscal year 2028-29.

Transactions Authorized Through Annual Budget Appropriates

Payments made for insurance premiums (payments made to Menath Insurance for Nevada POOL/PACT related to Property, General Liability and Workers' Compensation premiums) and payments to utility providers such as AT&T, NV Energy, Southwest Gas, Waste Management and IVGID (water and sewer service), are deemed authorized by the Board through the approval of the annual budget and thus do not require separate Board action during the fiscal year.

VI. FINANCIAL IMPACT AND BUDGET

The recommended actions will not have any impact to the current fiscal year budget.

V. ALTERNATIVES

Absent Board direction on immediate changes to the recommended budget, the District risks falling out of compliance with NRS requirements for adopting a final budget.

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Budgeted Facility Fees per parcel, Last Ten Fiscal Years (unaudited)

Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Ski	\$ -	\$ -	\$ (200)	\$ (41)	\$ 29	\$ (83)	\$ (36)	\$ 13	\$ (27)	\$ (20)
Tennis	-	-	14	24	20	20	18	16	9	21
Parks	-	-	89	124	118	117	117	97	108	86
Recreation	450	100	342	285	262	268	269	197	241	204
Championship Golf	-	-	4	119	98	97	83	126	81	75
Mountain Golf	-	-	27	84	63	62	54	69	31	29
Beaches	330	680	500	125	125	125	100	100	100	100
Youth	-	-	26	25	25	26	26	24	21	20
Seniors	-	-	23	21	21	20	20	19	12	19
Adult Programs	-	-	-	-	-	-	-	-	1	1
Catering	-	-	-	-	-	-	-	-	-	(13)
Facilities	-	-	5	64	57	56	57	47	46	52
Reserves for Recreation	-	-	-	-	-	-	-	-	-	49
Golf/Tennis/Ski Bonds	-	-	-	-	-	-	-	-	85	85
Ski Lodge Bond	-	-	-	-	-	110	110	110	110	110
Defensible Space	-	-	-	-	12	12	12	12	12	12
Coverage sales	-	-	-	-	-	-	-	-	-	-
Other/Unclassified	-	-	-	-	-	-	-	-	-	-
Total	\$ 780	\$ 780	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830
Total Collected (in 1,000's)	\$ 6,250	\$ 6,089	\$ 6,569	\$ 6,741	\$ 6,758	\$ 6,746	\$ 6,747	\$ 6,746	\$ 6,746	\$ 6,742

Bracketed amounts represent a venue that does not collect, but rather puts back an amount per parcel into the total for other venues to use the proceeds for operations.

The Facility Fee can be a resource for operating expenses, debt service or capital purchases. It is set annually by the Board of Trustees.

SOURCE: Incline Village General Improvement District