

1
 2 INCLINE VILLAGE
 3 GENERAL IMPROVEMENT DISTRICT
 4 BOARD OF TRUSTEES
 5 SPECIAL MEETING
 6
 7
 8
 9
 10 TRANSCRIPT OF HEARING
 11 PUBLIC MEETING
 12 Live and Via Zoom
 13
 14 Held at the Boardroom
 15 893 Southwood Boulevard
 16 Incline Village, Nevada
 17
 18 Monday, May 20, 2024
 19
 20
 21
 22
 23
 24 Reported by: Brandi Ann Vianney Smith
 25 Job Number: IVGID 39

1 APPEARANCES
 2
 3 **BOARD MEMBERS PRESENT**
 4 SARA SCHMITZ, CHAIR (via Zoom)
 5 MICHAELA TONKING, SECRETARY
 6 RAY TULLOCH, TREASURER
 7 DAVE NOBLE, MEMBER
 8
 9
 10 **ALSO PRESENT**
 11 SERGIO RUDIN, LEGAL COUNSEL
 12 HEIDI WHITE, DISTRICT CLERK
 13
 14 -o0o-
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 INDEX 3

2		PAGE
3	A. PLEDGE OF ALLEGIANCE	4
4	B. ROLL CALL OF TRUSTEES	4
5	C. INITIAL PUBLIC COMMENTS	5
6	D. APPROVAL OF THE AGENDA	10
7	E. CONSENT CALENDAR	11
8	F. GENERAL BUSINESS	
9	F 1. Fiscal Year 2024-2025 Budget Workshop	12
10	G. FINAL PUBLIC COMMENTS	86
11	H. ADJOURNMENT	88
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 Incline Village, Nevada - 5/20/2024 - 12:00 P.M. 4
 2 -o0o-
 3
 4
 5 TRUSTEE TULLOCH: Good after and welcome,
 6 everyone, to the special meeting of the Incline
 7 General Improvement District Board of Trustees
 8 meeting, twelve o'clock on May the 20th.
 9 We'll start the meeting with the Pledge of
 10 Allegiance.
 11 A. PLEDGE OF ALLEGIANCE
 12 (Pledge of Allegiance.)
 13 B. ROLL CALL OF TRUSTEES
 14 TRUSTEE TULLOCH: Trustee Noble?
 15 TRUSTEE NOBLE: Here.
 16 TRUSTEE TULLOCH: Chair Schmitz?
 17 CHAIR SCHMITZ: Here.
 18 TRUSTEE TULLOCH: And Trustee Tulloch,
 19 here.
 20 We have the apologies from Trustee Dent,
 21 who will not make the meeting, and we also have
 22 apologies from Trustee Tonking, who is going to be
 23 delayed about 30 minutes. But we have a quorum, so
 24 we can kick off the meeting.
 25 We'll start with initial public comments

5

1 here in the room.

2 C. INITIAL PUBLIC COMMENTS

3 MR. KATZ: Good evening. Aaron Katz,

4 Incline Village. I've submitted several written

5 statements to be attached to the minutes of this

6 meeting.

7 The Board needs to understand what we are

8 and what can do, and what we're paying for what we

9 can do. We're not a city. We're not a county.

10 We're not an unincorporated town. And for

11 Michaela's benefit, we're not quasi-government.

12 We're a limited purpose, special district, just like

13 a limited purpose mosquito district. That's it.

14 And, apparently, you can't provide basic

15 administrative services for less than \$11 million

16 annually, that's what budget says, and you require

17 at least 31 full-time employees, just in the general

18 fund. And you must pay them \$6.9 million annually,

19 82.5 percent more than last year. And you must

20 pay \$1.641 million annually in unidentified service

21 and supply costs, a 134 hundred percent more than

22 last year. And you must charge other district

23 divisions 2.417 million of allegedly necessary and

24 reasonable central service costs, nearly double the

25 1.3 million of just two years ago. And you must pay

6

1 our GM nearly 500,000 a year, annually. And our

2 glorified secretary, Susan Herron, 288,000. And

3 Adam Cripps, 243,000. And an assistant GM 341,000.

4 And a finance director 341,000. Erin Feore and a

5 risk manager 209,400 each. And an IT director 243.2

6 thousand. And a PR coordinator 158.4 thousand.

7 You want to raid the last \$889,000 of our

8 general fund so there's nothing. And staff wants to

9 allocate an additional 1.74 million for themselves

10 and other divisions to make it look like the general

11 fund is balanced when we all know isn't.

12 Your want to increase my rec fee from zero

13 last year to 3.7 million this year. And you think

14 you're responsible stewards? If so, how about you

15 start by giving up your \$9,000-a-year salaries? By

16 the way, they're not required by the code, and many

17 other districts don't pay their board members

18 salaries, like the school district. That would be a

19 first start.

20 You know, if you didn't tax me to

21 subsidize these glorified and wasteful expenditures,

22 I wouldn't care. I'd say knock yourself out. But

23 if you're going to hit with me these kind of funds,

24 well, then, I'm going to come here complaining.

25 And if you can't survive without these

7

1 outrageous costs you need to consider --

2 (Expiration of three minutes.)

3 MS. WELLS: Good evening, Board -- good

4 afternoon I should say.

5 During the May 8th board meeting, I spoke

6 about several donations coming directly through

7 IVGID when District Policy 138 clearly states that

8 all funding is to go through the Incline Tahoe

9 Foundation, also known as ITF.

10 During that meeting, community member

11 Michael Gross spent quite a bit of time explaining

12 the benefit of both donors and IVGID working with

13 the ITF, and specifically asked that his donation to

14 the veteran's memorial go through the ITF.

15 This lead me to do some more research, and

16 I was connected with Delores Holets, the president

17 of the board of ITF. Delores has provided the

18 history of ITF and IVGID relationship, and asked

19 that this be included in the minutes of today's

20 meeting. I'm submitting this on her behalf because

21 she couldn't attend today.

22 Moving on today's agenda items, the 2024

23 to 2025 budget. Holy smokes. I said this two weeks

24 ago and I will say it again: You have to stop this

25 bleeding. This district cannot sustain at this

8

1 level of spending.

2 Our current state of funds and the budget

3 asked being submitted show neither this board or our

4 current general manager are being fiscally

5 responsible with our money.

6 Thank you.

7 TRUSTEE TULLOCH: No further public

8 comments in the room. I see several on the phone.

9 MR. DOBLER: Cliff Dobler here.

10 For seven years from 2016 to 2022, IVGID

11 was able to deliver operations for the community

12 service venues without use of the facility fee, also

13 known as "the rec fee." In fact, with management

14 changes, fires, and COVIDs, operations actually

15 generated 2.4 million in surplus over the

16 seven years, excluding depreciation charges.

17 The entire facility fee was able to be

18 directed towards capital projects. The only failure

19 was projects could not be completed, resulting in a

20 buildup of fund balance to over 18 million. Things

21 went downhill from there.

22 In 2023, according to unaudited financial

23 statements, an operating loss of 1.3 million

24 occurred, and an operating loss of 641,000 is

25 projected in 2024.

9

1 Along came Magee and Cripps, two
 2 unqualified employees who have brought their first
 3 budget for 2025, which could be found on page 96.
 4 The 2025 budget for community services now includes
 5 the parks venue, since there was never enough money
 6 in the general fund to support the operations,
 7 excluding the facility fee, which historically was
 8 not required for operation, the community services
 9 venues operating is budgeted to lose 4.8 million for
 10 2025. Again, that's 4.8 million or 22 percent of
 11 budgeted revenues.

12 How will this massive loss be covered?
 13 Use up the fund balance, which at this rate, will
 14 end up by zero 2026, or increase the facility fee.

15 The ending fund balance is predicted to be
 16 only 4.7 million, which is only 48 percent the
 17 9.7 million required reserves established by Board
 18 Policy 7.1. Is this their idea of zero-based
 19 budgeting?

20 For several years the facilities fee was
 21 set at \$830 annually for each dwelling unit and
 22 provided 6.7 million in mandated fees, which was
 23 intended for capital projects since operations were
 24 breaking even. Originally, the facility fee was
 25 required to pay for bonds which financed

10

1 improvements at Diamond Peak and Champ Golf Course.
 2 Once the bonds were paid, the facility fee was to be
 3 lowered. Never happened.

4 According to page 96 and page 113 for
 5 beaches, the combined 2025 operating losses will be
 6 6.7 million, thus consuming the entire historical
 7 facility fee of 6.7 million. This will leave
 8 absolutely nothing for capital projects.

9 Does anybody want to address why Magee and
 10 Cripps prepared a resolution indicating the facility
 11 --

12 (Expiration of three minutes.)

13 MS. KNAAK: Oh, hi. Yolanda Knaak,
 14 full-time resident.

15 I just wanted to tell you all I have some
 16 concerns, but I'm not ready to go over them at this
 17 time. But I'm very interested in finding out what's
 18 going to happen at this meeting.

19 Thank you so much.

20 MR. BELOTE: That was our last public
 21 comment in the queue.

22 TRUSTEE TULLOCH: We'll move on to agenda
 23 item D.

24 D. APPROVAL OF AGENDA

25 TRUSTEE TULLOCH: Do we have any requests

11

1 for changes in the agenda?

2 CHAIR SCHMITZ: I would like to remove
 3 general business F 1. In reviewing it, it appears
 4 as though there's significant inconsistencies and
 5 language that is not properly defined, and I think
 6 that we should work and provide our feedback to
 7 General Manager Magee and see if we can determine an
 8 approach of putting something together that is
 9 meeting the Board's objectives and being clear and
 10 consistent.

11 TRUSTEE TULLOCH: Thank you, Chair
 12 Schmitz. I was going to make the same request.
 13 Trustee Noble? Okay. See no objections,
 14 we'll remove general business item F 1.

15 Moving onto consent calendar.

16 E. CONSENT CALENDAR

17 TRUSTEE TULLOCH: Item E 1, approval of
 18 the IVGID Board of Trustees meeting minutes for
 19 April 10, 2024. Requesting staff member, District
 20 Clerk Heidi White.

21 Do we have a motion to approve?
 22 TRUSTEE NOBLE: So moved.
 23 CHAIR SCHMITZ: Second.
 24 TRUSTEE TULLOCH: Seconded. We'll take a
 25 vote. All those in favor?

12

1 TRUSTEE NOBLE: Aye.
 2 CHAIR SCHMITZ: Aye.
 3 TRUSTEE TULLOCH: Aye.
 4 Moving on to new item F 1.

5 F. GENERAL BUSINESS

6 F 1. Fiscal Year 2024-2025 Budget Workshop

7 TRUSTEE TULLOCH: Fiscal year 2024/'25
 8 budget workshop. Requesting staff, Assistant
 9 Director of Finance Adam Cripps.

10 Just before we move in there, I have just
 11 a couple remarks to make in terms of responding to
 12 some of the public comments, just setting --
 13 ensuring that people understand what has been
 14 happening with the process.

15 I've heard lots of complaints from the
 16 public about transparency here. And the Board has
 17 not seen any of these numbers until earlier this
 18 week, at the end of last week. The first indication
 19 the board members had of our \$1,500 facility fee was
 20 seen advertised in the local press. So I would
 21 stress, this not something that -- this is not
 22 budget or this is not budget numbers, this is not
 23 facility fees that has been approved by the Board.

24 The purpose of this meeting is to go
 25 through this and understand why there's such a huge

13

1 increase in spending. I won't identify the
 2 individual amounts at the moment. I'll pass the
 3 floor to Mr. Cripps.
 4 MR. CRIPPS: Appreciate your letting me
 5 take the time today to go over some of this.
 6 TRUSTEE TULLOCH: For those on the call,
 7 dialing in on Zoom, the board members just received,
 8 two minutes before the meeting started, the
 9 supplemental material, which I believe is what Mr.
 10 Cripps is showing on the screen at the moment.
 11 MR. CRIPPS: Yes, that is correct.
 12 If I may, I would like to go -- it's a
 13 presentation, so what I will do is go through what
 14 we have here, what was presented as supplemental,
 15 and then from there, I will have staff available to
 16 kind of go over some questions if we have any.
 17 Some of opening points that I would like
 18 to address is the current proposed budget, it
 19 includes the facility, recreation, and beach fee of
 20 a \$780 total, combined total.
 21 A ongoing part of this new budget process
 22 is actually to perform quarterly budget reviews,
 23 analytics, and performance with actuals to the
 24 budgets. Staff, district-wide, was involved in the
 25 process, using the professionalism in order to put

14

1 their zero-based budget together. Continuous
 2 training within the Enterprise ERP system will
 3 continue, and will indefinitely continue throughout
 4 the District as staff changes or needs change.
 5 The labeling on the headers is based on
 6 current wage allocations to be compared with the
 7 recommended change. There was a typo that I would
 8 like to address in the sales and fees numbers to the
 9 water department. The numbers should read "7.4
 10 million."
 11 I did want to also address the estimate
 12 actuals are based on the information that was
 13 available to staff at the time, and they can be
 14 subject to change. We are still within that fiscal
 15 year, and operations continue to move forward.
 16 And at the end here, I would ask that the
 17 Board consider an increase to the District liability
 18 costs. These invoices are the renewals, they just
 19 came in, and there would be an increased -- an
 20 additional increased cost of \$462,000.
 21 So with regards to the personnel and
 22 staffing costs, there was a prior practice that did
 23 what was called "a contra expense," and what that
 24 did is it had a budgetary line of salaries and then
 25 did a negative budgetary line to create a net

15

1 effect. We have not done that this year. This year
 2 is tied specifically to the position control list,
 3 and I've gone ahead and indicated that there was a
 4 total budgeted salary savings of \$1.1 million.
 5 So another item to bring up this year in
 6 regards to the salaries, the difference in the
 7 salaries, is there was a significant change to the
 8 workers' comp insurance rates. There were a number
 9 of claims that -- what the end result of this was
 10 because a number of claims, however, what I have
 11 done is broken down by fund if you would like to see
 12 here, but the net estimated actual over the budget
 13 is \$727,000 this year.
 14 The staffing and personnel costs, it does
 15 include contractually obligated, the COLA
 16 adjustment, as well as the possible merit increase.
 17 Health insurance continues to increase, year
 18 over year, again another 8 percent over the
 19 prior year, with dental insurance increasing 4.5
 20 percent. The budget, again, currently set to the
 21 approved master position list administered by HR,
 22 and then, of course, in the '24/'25 budget with the
 23 recommended changes. And also I have that indicated
 24 as page 123 of the packet.
 25 Onscreen here is the list of personnel

16

1 changes, the new positions for the fiscal year
 2 '24/'25 budget. Included in this is a brief
 3 synopsis of what the position is going to do as well
 4 as the fully burdened cost included in the
 5 '24/'25 budget that we see presented here today.
 6 The next few slides here, what I'll be
 7 doing is going over a number of items that staff has
 8 identified. This isn't the entire list, but it is a
 9 number of items that is -- what -- this is going
 10 under the operating costs, these are ongoing issues
 11 that we've identified throughout the District, that,
 12 through General manager Magee and Board's direction,
 13 to have these items addressed.
 14 What's been taken a look at is what are
 15 the needs around the District, and then it is being
 16 included and requested for, some of them, in the
 17 '24/'25 budget, with, of course, only being able to
 18 accomplish what we can with the amount of time that
 19 we have seasonally here.
 20 I'll slowly go through and, again, it's
 21 just identifying some pictures throughout the
 22 District. These ones here specifically to The
 23 Chateau. A number of items with the Champion Golf
 24 Course. Some of the operating expenses for ski.
 25 The pictures here are for expenditures that would be

17

1 at the Recreation Center.

2 The following pictures here are

3 district-wide. These pictures demonstrate some of

4 the lining from a Public Works tank that is being

5 requested in the '24/'25 budget. The examples that

6 are shown here are examples of all the manholes, and

7 there is a manhole cover project. The picture

8 identified in the right here is actually what was --

9 it is called a "relined manhole," and that's why you

10 see the difference in the coloration and the

11 texture.

12 Included in the operating expense costs,

13 it is -- recommended budget includes 4.5 million in

14 repair and maintenance and costs, district-wide.

15 And then to have included a fund breakdown and

16 that's on page 121 of your packet. These budgets

17 lie within the services and supplies.

18 Moving into the general fund, which is

19 identified as page 83, the main point here to make

20 -- and after this, we can go into the questions that

21 we have. But on the first page, what this does is

22 it just shows the general fund as is without any

23 kind of recommended changes by staff. This does

24 indicate that the ending fund balance is going to be

25 out of board compliance.

18

1 The next page is a recommendation of doing

2 a wage allocation. Currently there is an entire

3 department, the information technologies department,

4 as well as positions such the general manager

5 position that are currently fully burdened by the

6 general fund. It is being recommended that these

7 wages are allocated out. While they can't be a

8 component of the central services costs at this

9 time, because of board policy, those are tied

10 specifically to accounting and human resources.

11 Moving forward in fiscal year '24/'25,

12 early on in the year, staff does anticipate

13 requesting by the Board do to a professional cost

14 allocation plan to which these cost are believed to

15 be rolled back into the central services, and at

16 that point, the salaries would be appropriately

17 readjusted.

18 The intent is to memorialize the

19 distribution of wages, that way it's not to see any

20 kind of spikes or valleys in the future wages when

21 analysis are being done. So, what staff will do is

22 we will look to make sure to find a way to

23 memorialize the action, should it be approved.

24 With this recommendation, the fund

25 balances within board policy, however the next

19

1 fiscal year could be in jeopardy of becoming out of

2 compliance with board policy and NRS.

3 The third and final sheet, which is

4 staff's recommendation at this time to the general

5 fund, is the previously discussed wage allocation,

6 as well as moving the parks department back over to

7 the community services fund. And then on page 86,

8 if you wish to see it, there is a separated sheet to

9 just indicate what the parks' department budget

10 looks like.

11 Into the utilities fund, I wanted to

12 discuss that the rates are tied to the current rate

13 fee study for the proposed fiscal year

14 '24/'25 rates.

15 Of the fund balance, I did want to make

16 sure to indicate that there is -- \$14.2 million of

17 that is restricted by board action, that is

18 specifically tied to the effluent pipeline project.

19 The department is expected to bring before

20 the Board a request for a rate study to address the

21 future needs of the department and correlating

22 rates.

23 A comparison of the budget with and

24 without the allocation of wages from the general

25 fund are indicated by the "No Wage Allocation

20

1 Update" versus the "Wage Allocation Update" headers

2 on the pages. This is to demonstrate, should the

3 wage allocation recommendation go forward or not,

4 how the numbers will tie out.

5 And then currently, although identified in

6 green, I did want to identify that the -- due to the

7 restrictions, that unrestricted fund balance does

8 not currently meet board policy for this fund.

9 Included in this fund, \$3 million is budgeted for

10 operating, expense, repair and maintenance.

11 In the community services fund, again, I

12 have the comparative sheets. This one is going to

13 see three of them. You're going to have the --

14 between the three different recommendations that we

15 saw in the general fund. This is the comparison

16 with including parks, with not including parks, but

17 also including the wage allocations.

18 The department is still continuing to

19 work to identify deferred maintenance and future

20 capital needs. The recommended budget does include

21 a facility fee of \$450, which is a component of that

22 \$780 total. The estimated total for the fund is --

23 there's an estimated total of \$3.6 million to the

24 fund.

25 To the beach fund, the '25 recommended

21

1 capital projects include ingress/egress projects,
 2 which will become combined with the Beach House
 3 project inclusive of Ski Beach. The fiscal year '24
 4 budget for the Beach House was \$4 million, which
 5 work will need to continue into fiscal year '25, so
 6 the unused funds will go into balance for '24;
 7 however, staff will be bringing a recommendation
 8 forward to reappropriate those funds once the
 9 project -- as the project moves forward.

10 The recommended budget includes a beach
 11 fee of \$330, which is, again, a component of the
 12 \$780 combined total, bringing an estimated \$2.5
 13 million to the fund.

14 The internal services fund, the 2025 staff
 15 anticipates work productivity to increase through
 16 filled vacancies, and this leads to a higher rate of
 17 internal services billings, so there are some
 18 adjustments, and that is included in the increased
 19 costs of this department.

20 At this time, that is the conclusion of
 21 the presentation. I do have staff on hand here.
 22 What I would like to do is if we can go from fund to
 23 fund in order, we'll start with if there's any
 24 questions to the general fund, and then we'll move
 25 into 200, which is public works, 300 is community

23

1 facility fee in revenue and it's being included in
 2 revenue and it's making the losses look less than
 3 what they are, because there's, in places,
 4 \$3 million of facility fee and then there's another
 5 \$3 million of losses. The Board was been clear in
 6 the past.

7 The other thing that I think we need to
 8 understand is what is all being included with
 9 salaries, wages, and benefits? Because if it's
 10 including employee morale budget, if it's including
 11 workman's compensation, those things, then, were not
 12 actually doing a year-over-year comparison from the
 13 salaries.

14 I think that in the general fund, the
 15 general fund has staff that I believe we need to
 16 remove from the budget. I don't believe we need to
 17 be budgeting for positions that we have no intention
 18 of filling, and I believe that there's not an
 19 intention to fill an assistant general manager's
 20 position, so it should be removed. If we don't have
 21 the intention of hiring a director of finance in
 22 this next fiscal year, it should be removed.

23 All of those added costs are putting
 24 additional burden on the venues through either
 25 central services cost allocation or through this

22

1 services, 390 being beach, and then 400 would be
 2 internal services.

3 (Trustee Tonking joined the meeting at
 4 12:26 p.m.)

5 TRUSTEE TULLOCH: Thank you, Mr. Cripps.
 6 What we'll do, I'll ask for comments in
 7 general from the Board first before we start into
 8 individual funds. I think there's a lot of things
 9 at the macro level.

10 I notice, unlike previous years, you've
 11 not provided the Board with a rolled up, single page
 12 sheet to let us identify all the costs. I also
 13 noticed, compared to last year, for the budget
 14 presentation last year, we had it fully documented
 15 from every department identify the reasons for their
 16 increases, what the plans and things were.

17 I see none of that today. I see only this
 18 presentation that appeared to the Board two minutes
 19 before the start.

20 I'll pass that to my board colleagues
 21 first before we go into detail or not.

22 CHAIR SCHMITZ: Thank you. I have a few
 23 comments.

24 First of all, when need to -- the Board
 25 has requested multiple times to not be including the

24

1 allocation of wages and salary.

2 I believe that parks belongs in the
 3 general fund from an operational perspective,
 4 because parks is something that is open to the
 5 general public; it's not something that is a
 6 restricted access venue. But I do understand the
 7 issue with parks, perhaps, is more of the capital
 8 improvement projects. And if we could be funding
 9 the capital improvement projects for parks through
 10 another method, and perhaps we do do capital
 11 improvements for parks through community services.

12 But, to me, parks is -- in any government,
 13 parks are usually part of the general fund. And
 14 what is happening is that we have so much getting
 15 loaded up in the general fund because we've got IT,
 16 as you mentioned, that isn't getting allocated, we
 17 have the General Manager's staff that works across
 18 all of the venues, even the trustees, they have been
 19 a hundred percent burdened in the general fund, when
 20 in reality, we work acrossed all of the venues.

21 I think the fund needs to be seriously
 22 looked at. And I think parks needs to be part of
 23 that. But I don't feel that anything has been put
 24 before us is ready to go.

25 I don't understand why our central

25

1 services cost allocation, when it's going up to over
 2 2 million, why in our budget sheets, it's showing a
 3 reduction in many of these subfunds. That doesn't
 4 make sense to me.

5 If we have \$4.5 million just in community
 6 services, and then 3 million in utilities for
 7 deferred maintenance, my question is: Can you get
 8 all of that work actually done this fiscal year?

9 It's loading up. I understand that,
 10 perhaps, there's been a buildup of deferred
 11 maintenance, but then you have to look at it
 12 realistically and say: Are you trying in one year
 13 to get us caught up on things that have been
 14 deferred for many years?

15 Maybe this needs to be spread out over a
 16 few years. Staff hasn't indicated whether they can
 17 actually get these deferred maintenance done now or
 18 later.

19 My feeling is is that come Thursday, I
 20 would recommend that staff come back with details on
 21 their individual venue budgets to say: Please
 22 explain to us why these wages, even with cost of
 23 living increases, what have you, why are they
 24 increasing so much? Including services and
 25 supplies, professional services, central services

26

1 cost allocations, and then costs of goods sold.
 2 When one of our subfund's costs of goods
 3 sold went up 75 percent, we need to have something,
 4 by venue, helping us, as a board, to understand what
 5 is driving these huge increases? Because as public
 6 comment mentioned, we have been able to cover
 7 operational costs without a facility fee or a rec
 8 fee in community services, and suddenly now it's
 9 looking like it's going from not needed anything to
 10 needing \$6 million.

11 I think there's a lot of work that needs
 12 to be done, and we're back up against a wall because
 13 the budget has to be turned in by the end of this
 14 month.

15 From my perspective, those are the things
 16 that I would like to see staff come back with,
 17 venue-by-venue breakdowns and explanations as it
 18 relates to these particular issues.

19 Thank you.

20 TRUSTEE TONKING: Are we just starting
 21 with the general fund?

22 TRUSTEE TULLOCH: Let's just start in
 23 general with the budget at the macro level first
 24 before we drill down. I'm not sure it's worth
 25 drilling down on individual funds at this stage.

27

1 TRUSTEE TONKING: Well, the second meeting
 2 was scheduled when I'm unavailable, so this is my
 3 only opportunity to speak on the matter.

4 TRUSTEE TULLOCH: Okay. We will cover
 5 that. Let's have an overview first.

6 TRUSTEE TONKING: I don't have anything to
 7 say on an overview. My complaints are much on,
 8 like, each of the funds themselves. I think there's
 9 a lot of detail that is still missing.

10 I'm looking at -- I was under the
 11 assumption in professional services, when I spent
 12 some time in there, that that was a lot of capital
 13 expenditures. But when I looked through, that
 14 wasn't the biggest driver, that was only about 10 to
 15 30 percent most of them of the increase, so there's
 16 a lot of other things going on that I'd like a
 17 breakdown in.

18 I think -- I like how in the general fund
 19 you broke down a lot of the outline items, and you
 20 can see it broken down in those sub tabs. It's just
 21 helpful to look at. One thing I would flag when we
 22 get there is the professional consultants, some of
 23 these lines are just increasing a lot.

24 The other thing is I don't agree with
 25 allocating the IT staff and admin staff acrossed and

28

1 just making into wages and benefits, I think it's
 2 super confusing. It gets rid of the apples to
 3 apples. We already talked about that.

4 And then I really want to talk about the
 5 tying out to the CIP plan and to the capital
 6 outlay. I was having a lot of trouble looking at
 7 that and really thinking how is this going to look
 8 in the next five years if we're only focusing on
 9 priority ones? Which is fine. I see Trustee
 10 Schmitz' point about do we have time to do it all?
 11 But then those aren't getting rolled over in a way
 12 that it's accounted for in any of the following year
 13 budgets, so that becomes concerning. So by year
 14 four, we're going to be in this weird issue. I
 15 really wanted to flag that as something to talk
 16 about.

17 And then I think it's really interesting
 18 what Trustee Schmitz just bought up that we are not
 19 thinking about hiring specific positions but they
 20 are included. I had those flagged as they were.
 21 And so I think that would be a really interesting
 22 conversation to have and better understand, because
 23 I do think we really need to focus on cutting our
 24 expenses. We're running low. We don't need to be
 25 running through every reserve we have and still be

29

1 charging a rec fee.

2 That's an overarching view of how I feel.

3 TRUSTEE TULLOCH: I've got a few notes

4 here as well. I'm deeply concerned, as I mentioned

5 earlier, about the complete lack of transparency and

6 revealing numbers at that last minute here.

7 When I go through the -- at the macro

8 level, we've got 20 percent increase in salaries and

9 wages. And I notice the first comparison you're

10 showing in the information being given is '22/'23.

11 I went back to '21/'22, the salaries and wages and

12 benefits then was 19.18 million. We've managed to

13 increase that by 50 percent going into the third

14 financial year. That's a huge increase.

15 We've increased salaries and wages and

16 benefits by just over 5 million, which basically

17 wipes out the 6.2 million beach fee and rec fee

18 that's being proposed to be collected.

19 Costs of goods, there's a 60 percent

20 increase in services and supplies costs. There's a

21 42 percent increase in costs of goods sold. Yet

22 revenues remain flat all acrossed the venues.

23 That's not comparable if we're 42 percent increase

24 in costs of good sold, that should also be getting

25 reflected through to revenues.

30

1 You've managing to achieve the -- what's

2 previously been unthinkable in the current proposal

3 from staff, even Diamond Peak makes a loss, and

4 that's before we even account for depreciation.

5 There's no indications of carryover or depreciation

6 costs. There's no indications of how we've come

7 with an allocation of facility fee to different

8 parts of business. The allocation facility fee to

9 Championship Golf is \$125 per parcel alone.

10 We're doing all sorts of slight of hand to

11 move costs out of the general fund rather than

12 actually addressing -- without actually addressing

13 costs anywhere. All we're doing is trying to shift

14 them about and move them to venues, which explains a

15 lot of the -- some of the increased costs.

16 Going through the -- we have no written

17 explanation from the different venues what's there.

18 As I said, if you look at what happened in

19 last year's budget, we had a full description, a

20 full breakdown from every venue of what was being

21 proposed so we could actually review that. We

22 weren't just handed a sheet just two minutes before

23 going on into the meeting.

24 There's a request for 4.5 million for

25 capital expenses. Absolutely no commitments in

31

1 what's going to be delivered for that. Also going

2 back to last year's budget paper, on page 505 of the

3 May 26th meeting, it points out that there was 1.3

4 million being reallocated from capital towards

5 capital expense -- 1.379 million, actually, to be

6 correct. There's recognition of that. I don't

7 think, as we've noted, we haven't seen much work

8 being done.

9 If I go into your spreadsheet for the

10 capital expenses breakdown, on the details, I go

11 into park services, the things that have been

12 claimed as expense that are now expensed were

13 previously capitalized: \$1,150 for hard scape, \$750

14 for lumber and wood products, \$1,250 for signage,

15 \$9,170 for fencing, \$500 for barbecue repairs.

16 Now, I'm not sure these were ever capital

17 expenses; these just seem to be normal operating

18 expenses. I've got to question what the rest of the

19 services, supplies -- what these other services and

20 supplies costs were used for previously because this

21 just doesn't add up. I don't think under any of our

22 capitalization policies any of these things would

23 have been eligible for capitalization.

24 As you've heard in public comment, we're

25 seeing some strange bedfellows. We've got Ms. Wells

32

1 and Mr. Katz both pointing out the same thing.

2 It's -- maybe the world has turned on its axis. I

3 have to agree with them. All we're seeing across

4 here is no increases in revenues, no justification

5 for these things. We are adding \$700,000 in

6 personnel positions in the general fund. We're

7 creating new roles. A community ambassador that's

8 going to cost \$280,000 or something, no explanation

9 of what that is.

10 I think you're doing a disservice to the

11 Board in coming forward with this at the

12 last minute. I share the concerns of the public.

13 My email and my phone have been going red hot,

14 particularly since people saw the \$1,500 rec fee

15 being proposed in the press, which would be

16 basically quadrupling from what we're taking at the

17 moment.

18 I think as also pointed out in public

19 comment, we're not a city, we're not a municipality.

20 We have limited powers. But we see a 50 percent

21 increase in wages and benefits basically over three

22 years. If some of that is in terms of -- I did a

23 quick calculation here, you're showing about 1.3

24 million attributable to increase workers' comp

25 costs, yet our insurance premiums which covered

33

1 workers' comp costs before, as I understand, have
 2 also increased overall premiums, so I'm not sure how
 3 it's suddenly gone from \$800,000 to -- on my
 4 estimate based on your 1.4 -- about 2.3 million for
 5 insurance and workers' comp. That seem a huge
 6 increase, again with no breakdown of it.

7 As has also been commented going through
 8 the individual funds, it's hard to tell what is the
 9 real costs, what's the cost? We've got one cost
 10 with allocations, one cost without allocations. We
 11 have other funds that don't have any allocations.

12 We're collecting a facility fee which
 13 appears to just basically be covering the increase
 14 in salaries and benefits.

15 I'm not sure where we go with this. I
 16 mean, we can go through individual funds, fund by
 17 fund, but I'd like to see not just people standing
 18 up claiming things, I'd like to see some real
 19 deliverables.

20 Interesting quote from a congressman,
 21 congressman Willard Duncan Vandiver, who served in
 22 the United States House of Representatives from 1897
 23 to 1903. In his speech he declared: I come from a
 24 state that raises corn and cotton and cockleburrs and
 25 Democrats, and frothy eloquence neither convinces

34

1 nor satisfies me. I'm from Missouri, you've got to
 2 show me.

3 I think this board deserves a proper
 4 breakdown of what is being proposed and why so we
 5 can actually understand what's involved in this
 6 budget, because as you've heard from public comment,
 7 everyone is aghast at what's being proposed, at the
 8 increases being proposed across the board. I'd like
 9 to understand why it's there.

10 I think I'll pass it across to my
 11 colleagues, whether we want to go through fund by
 12 fund, but I would expect for Thursday's meeting a
 13 full written breakdown and justification or
 14 understanding of what all those additional costs are
 15 for and why.

16 I note in your memo, you said that you're
 17 going to have a quarterly review with venue managers
 18 on expenditures. I mean, there are two major
 19 venues, the two most costly venues are basically a
 20 five-month season. If we did a quarterly review, it
 21 would be coming way too late to actually do -- make
 22 any recovery or to make any corrections. I would
 23 have thought a monthly review, at minimum, of most
 24 venues of what's happening with expenditure. I also
 25 look at in the budget papers, I look at the

35

1 expenditures for last year, I see several areas
 2 where salaries and wages have gone 40 to 50 percent
 3 over budget.

4 Is that just a case -- I think the concern
 5 you're hearing this that, yes, if you're looking for
 6 additional and funds to operating costs that were
 7 previously capitalized, is that just going to go to
 8 wages? Because that seems to have happened in some
 9 areas as well. If we're not minding the shop, what
 10 is the point of having a budget?

11 I'll pass it to my colleagues on how they
 12 wish to proceed with this.

13 TRUSTEE TONKING: I have a couple of
 14 questions for clarification. And then, again, given
 15 that I can't make the next meeting and was given an
 16 opportunity to Trustee Dent to be there, I'd still
 17 like to have some dialogue since I feel like we both
 18 only get one voice during this process.

19 TRUSTEE TULLOCH: Understood.

20 TRUSTEE TONKING: And I can make it fast,
 21 make it worthwhile.

22 My first one is what is the date that this
 23 has to be submitted to the State?

24 MR. CRIPPS: The submission is due by June
 25 3rd.

36

1 TRUSTEE TONKING: Looking at your CIP
 2 sheet, the one that you did on capital expenses
 3 breakdown, that sheet, my understanding is those --
 4 only the some of these expenses were actually
 5 included in the CIP sheet as actual capital, more
 6 like capital expenses. A lot of these are repairs
 7 and maintenance, but you flagged some in there then
 8 that were then flagged in the CIP that are moving as
 9 capital expenses; is that correct?

10 MR. CRIPPS: That is correct.

11 TRUSTEE TONKING: Okay. So, a lot of
 12 these weren't meant as true capital expenses, or
 13 capital projects.

14 MR. CRIPPS: Correct.

15 TRUSTEE TONKING: Because I only found a
 16 handful of them that I saw that were on the CIP
 17 colored sheet that then were moved into that capital
 18 expense breakdown, I would say 15, maybe, roughly.
 19 I don't remember if it's helpful and I can show you
 20 what I did, but just to label those ones on the
 21 sheet that got moved over.

22 Public Works did a great job of saying
 23 what made up those. The other ones is a little bit
 24 more of a game of matching to find them all. I
 25 think that was just a little confusing there. I

37

1 just wanted to make sure I understood the sheet
 2 right when I said that.
 3 And then I don't know if this is something
 4 you'll be able to do for Thursday, but Trustee
 5 Tulloch has alluded to it and I believe Trustee
 6 Schmitz also alluded to it, and this was those
 7 budget sheets that we had last year from staff that
 8 kind of talked about all the different breakdowns
 9 and all the different reasons why things increased
 10 and what kind of programming and service levels they
 11 provide. It really gave us a really good insight as
 12 to kind of what is happening and it explained things
 13 in more of a big picture sense.
 14 For a minute sense that I would really
 15 like is a line item breakdown of the services and
 16 supplies line and the costs of good and services
 17 sold for all the subfunds so those can be tracked,
 18 if possible.
 19 TRUSTEE TULLOCH: Thank you, Trustee
 20 Tonking.
 21 CHAIR SCHMITZ: I just wanted to circle
 22 back on a couple of things. And Trustee Tonking
 23 used the words "apples to apples," and we need to
 24 have an element of consistency. And if we, as a
 25 board, are understanding and wanting to include IT

38

1 and general manager and even trustees into some sort
 2 of central services cost allocation, then I think
 3 that we should do it as a central services cost
 4 allocation because, otherwise, you are skewing the
 5 salaries and wages and you lose that historical data
 6 point, because now you've reallocated salaries from
 7 the general fund into the Championship Golf Course,
 8 and they have been there before, so I think it
 9 creates some inconsistency.
 10 Back to Adam's presentation, I have just a
 11 couple of questions.
 12 You indicated that, if I heard you
 13 correctly, you said you identified \$1.1 million in
 14 salary savings. I can't understand what you mean by
 15 that when we are seeing these huge increases to
 16 salaries, be it additional positions added, whether
 17 it's COLA and other costs, but I'm puzzled by that
 18 statement.
 19 And then my last question about your
 20 presentation is related to the CIP list you have
 21 provided to us that had that color coding and the
 22 breakdown, it appears to me that some of the things
 23 that are in the '24/'25 budget are projects that are
 24 already in the works. So, are you including
 25 carryover as part of that '24/'25 CIP budget? I

39

1 think the Ponderosa water main is a project we
 2 approved a few months ago. I just would like some
 3 clarity.
 4 I have the salary savings and the CIP
 5 question.
 6 MR. CRIPPS: Yes. Thank you.
 7 My comment on the salary savings was
 8 actually with regards to the way that the budget was
 9 creating for the fiscal '23/'24 year. Those numbers
 10 identified, those are actually budgeted numbers.
 11 What happened is there's a gross number in the
 12 salaries lines, then an addition number, which is a
 13 negative expense, in the salaries lines to provide a
 14 picture of a net effect.
 15 CHAIR SCHMITZ: What you're saying, if I
 16 understand you correctly, is that this is part of
 17 the cleanup that you did in how they had been
 18 budgeting it before where they had a larger
 19 number for salary, and then, basically, reduced it
 20 by something, a line item called "salary savings,"
 21 and you're saying that you found a million one by
 22 getting that cleaned up; is that correct?
 23 MR. CRIPPS: So, budgetarily, yes. But
 24 what it does is the net impact does look like it's
 25 an increase to salaries because that budgeted item

40

1 is a negative expense, so it impacts the original
 2 salaries line negatively showing a net effect of a
 3 reduction.
 4 CHAIR SCHMITZ: Can you please clarify for
 5 all of us what -- in your sheets that you provided
 6 where you have wages and benefits, what are the line
 7 items that is roll up into that? Because I'm still
 8 puzzled as to where workers' comp is.
 9 MR. CRIPPS: I can provide the answer to
 10 worker's comp, it is included in the salaries and
 11 benefits.
 12 CHAIR SCHMITZ: Is that where it's
 13 historically been classified?
 14 MR. CRIPPS: Yes, it is.
 15 CHAIR SCHMITZ: Historically it's been
 16 there. So it's not a change?
 17 MR. CRIPPS: Correct.
 18 CHAIR SCHMITZ: Okay. It's deceiving to
 19 have it called "wages and benefits."
 20 What other things -- is it also the budget
 21 for -- I know we budget for employee retention
 22 efforts, we budget for other things, is that also
 23 included in that roll up?
 24 MR. CRIPPS: Not in the salary and
 25 supplies, no.

41

1 CHAIR SCHMITZ: No. On wages and
 2 benefits?

3 MR. CRIPPS: No, it is not. Not in wages
 4 and benefits. Sorry.

5 CHAIR SCHMITZ: Okay. I think it would be
 6 helpful if we had the line items to understand what
 7 rolls up into wages and benefits.

8 And then I have my outstanding question
 9 about your CIP budget, and is it including carryover
 10 projects?

11 MR. CRIPPS: With the list there, it does
 12 indicate as the amount of budget requested for the
 13 '24/'25 year. Any projects that are ongoing now
 14 from '24 that will carry over into '25, that will be
 15 brought back before the Board for a budget
 16 augmentation, that way, it will be demonstrated what
 17 was done in '24, and what the needs are in '25 to
 18 finish up the '24 work. And then, of course, the
 19 '25 budget is already included with the sheet I've
 20 submitted already.

21 CHAIR SCHMITZ: I'm going to have to look
 22 into that, because what you're now telling me is we
 23 have to budget another \$800,000 for that Ponderosa
 24 water main project, which we just approved a
 25 few months ago. I'm really concerned about where

42

1 all of these numbers are going because now you're
 2 telling that me that what we have done, what we've
 3 done over the past few months doesn't cover that
 4 project. We have another \$800,000 that is going to
 5 come before us for that water pain project.

6 MR. CRIPPS: To help clarify, I do have
 7 interim Director of Public Works Kate Nelson here if
 8 you would like.

9 CHAIR SCHMITZ: It's okay. You answered
 10 my question. It does not include carryover, and
 11 that really was my question. It's okay.

12 As it relates to going through the funds,
 13 I understand Trustee Tonking wants to go through
 14 them, and I think it would be, perhaps, instructive
 15 for staff to go through that. I've got some
 16 comments as well. And I think that having some
 17 feedback as far as what we need in order, as a
 18 board, to make decisions and approve this budget
 19 because, given what we've been presented with to
 20 date, I can't approve this budget.

21 So, I think that what we need to provide
 22 to staff is direction of what the Board is looking
 23 for and is needing so that we can move this process
 24 forward. And I think we have to add some element,
 25 delve a bit into each of the subfunds.

43

1 That's my feeling.

2 TRUSTEE TULLOCH: If I can follow up on a
 3 couple of items there as well.

4 I noticed under the parks, there's 500k
 5 for the skate park that's already been this year.
 6 And that 500k also included a 250k grant, which is
 7 not shown, it's not been deducted, so the full 500k
 8 has been asked for in the capital, less the 250k.

9 Coming back to the confusion, because I'm
 10 afraid your explanation over the staffing left me
 11 even more confused, my understanding from the
 12 original description from staffing is that you put
 13 in the full cost of all these allocated staff
 14 positions, you haven't reflected any savings for
 15 positions that are not filled, so that's actually
 16 increased the cost by 1.1 million. Is that a
 17 correct interpretation? It's not been a savings. I
 18 don't see any savings anywhere for it.

19 MR. CRIPPS: Included in the '24/'25
 20 budget, there is an additional line for salary
 21 savings as a contra expenses. What is seen there is
 22 the fully burdened rate for the year for the list of
 23 employees.

24 TRUSTEE TULLOCH: You're requesting
 25 funding for every employee that's actually listed on

44

1 the sheet -- is that correct? -- whether or not the
 2 position's filled.

3 MR. CRIPPS: Yes.

4 TRUSTEE TULLOCH: Historically, there's
 5 been about 10 percent saving for unfilled positions,
 6 so you're requesting this as additional money.

7 I come back to -- I understood we're going
 8 through a zero-based budgeting process. Now, for
 9 zero-based budgeting, you zero out everything. It
 10 would appear you've only done -- looking at this,
 11 the zero-based budgeting has not looked at the
 12 current allocations positions, it's not made any
 13 examination of whether these positions are actually
 14 required or necessary now. You've added positions,
 15 but you haven't removed any from the list; is that
 16 correct?

17 MR. CRIPPS: At this time, I don't know if
 18 there any reductions of staff.

19 TRUSTEE TULLOCH: Okay. So the zero-based
 20 budgeting are the real expenditures, but not staff
 21 levels?

22 MR. CRIPPS: Staff levels were still
 23 looked at, but at this time, the recommendation is
 24 the additional staff members.

25 TRUSTEE TULLOCH: Okay. So we still have

45

1 a director of food and beverage included in the list
2 as well, a position, I believe, that has
3 disappeared. This 1.1 million includes -- this cost
4 of staffing includes a lot of positions that have
5 not been filled and are not going to be filled, so
6 it's still requesting budget for them; is that
7 correct?

8 MR. CRIPPS: There are positions that are
9 currently vacant, but the budget has requested for
10 them.

11 TRUSTEE TULLOCH: Why?

12 MR. CRIPPS: Those positions are intended
13 to be filled.

14 TRUSTEE TULLOCH: Do we know how long
15 they've been vacant? The director of food and
16 beverage has been vacant for, coming at
17 eleven months now, and my understanding from the
18 Board is is it not going to be filled.

19 MR. CRIPPS: I would need HR to help opine
20 on that.

21 TRUSTEE TULLOCH: Thank you. I see Ms.
22 Feore's just come in. We'll ask that.

23 So the -- can you just clarify what the
24 additional costs of the workers' comp is? You have
25 mentioned a number of 800 or 1,000 there, but yet I

47

1 comp, then we move that into next year's.

2 TRUSTEE TULLOCH: Okay. How are we
3 recovering the 727,000 for this year? Are we just
4 absorbing that?

5 MR. CRIPPS: It's being absorbed, yes.

6 TRUSTEE TULLOCH: So the budget this year
7 was able to absorb that, but we're adding it for
8 next year?

9 MR. CRIPPS: It's being included for
10 next year's budget.

11 TRUSTEE TULLOCH: It's been added to
12 next year's budget?

13 MR. CRIPPS: That's correct.

14 TRUSTEE TULLOCH: But this year, we were
15 able to cover it within the budget?

16 MR. CRIPPS: There were a number of
17 vacancies.

18 TRUSTEE TULLOCH: Are we not expecting any
19 vacancies next year?

20 MR. CRIPPS: I believe there's always
21 going to be vacancies, but I would like the venue
22 managers to help opine on that for their staffing
23 levels.

24 TRUSTEE TULLOCH: I would like the
25 taxpayers to be able to opine on that as well. I

46

1 go through your chart here and there seems to be
2 about 1.3, 1.4 million. What is the actual cost?

3 MR. CRIPPS: The workers' comp itself is a
4 component of the salaries and wages, so it's not
5 identified as the insurance lines. But what has
6 happened and what I did have a breakdown of, and
7 that's on slide number 4, is what had happened is
8 there was a series of claims, and with those claims,
9 there was an increase to the premiums for the
10 workers' comp insurance.

11 Currently for fiscal year '24, it is
12 estimated that we're going to be over budget by
13 \$727,000, and that's because of the timing of when
14 the renewals come for the workers' comp premiums.
15 Those actually arrive to us in the month of June,
16 which is well after the budgets are approved.

17 TRUSTEE TULLOCH: So our actual costs have
18 increased by 727, you're projecting this through
19 into next year, or is this to recover this year's
20 overspend?

21 MR. CRIPPS: No. It's projected through
22 next year.

23 This year is over budget, and what
24 next year does do is it projects the current -- at
25 the rate we're currently being charged for workers'

48

1 think it's -- if we're budgeting and people budget
2 for positions that are not going to be filled, it's
3 not something I've ever seen, it's not a normal
4 practice. That was my comment on that.

5 I would also echo Trustee Tonking, when I
6 went through the capital, the CIP sheet, the
7 priority one projects, the number there didn't seem
8 to tie to the number in the budget papers. There
9 seemed to be about a 3 million variance there. I
10 also noticed that several of these projects, as
11 Trustee Tonking, appeared to be expense projects
12 rather than capital projects.

13 Are they included in the 4.5 of what you
14 wish to add to goods and services for projects that
15 were previously capital rather than expense, or is
16 that additional to that?

17 MR. CRIPPS: No, it's not additional. But
18 the items that you identify as capital expense that
19 are on the list, those are identified in the
20 requested 4.5.

21 TRUSTEE TULLOCH: They're all included in
22 the 4.5. So, perhaps for Thursday, you can give us
23 a breakdown of what projects are being included in
24 the 28 million capital that's actually been
25 requested. Perhaps you can clarify which ones,

49

1 since there are two different ones over the weekend.

2 MR. CRIPPS: What's shown on the screen

3 now is the one that's attached in the packet.

4 TRUSTEE TULLOCH: If we go to the first

5 tab that shows the priority one projects.

6 MR. CRIPPS: This is the page from the

7 packets, so it's in a breakdown by fund.

8 TRUSTEE TONKING: So, I guess to help

9 eliminate a lot of questions as we go through the

10 funds, my first question is I see that in red that

11 you have all your priority ones, and that seems to

12 be what's ended up in the budget. Kind of. Some of

13 them don't match, and I can't figure out why.

14 There's a \$5,000 difference -- or 4, there's some

15 weird things going. We can talk about those, and I

16 can flag those for you to double check if your

17 formulas are working.

18 But my question is if we don't -- where do

19 we ever, then, see -- at some point, these priority

20 two, these priority three, these priority four

21 projects are going to need to be included in the

22 capital plan. And if I'm looking at this just

23 trying to estimate, I then have to carry over each

24 of these -- is that your thought? -- then I would

25 take all the greens and move them into year two of a

50

1 five year.

2 I guess I'm having a hard time when

3 they're budgeted in the five year that you sent us.

4 MR. CRIPPS: What the thought is on these

5 sheets and as far as the priorities go, they will

6 continue to live on as needed. There are some that

7 might be indicated at a different priority level,

8 they may not ever come to fruition, the department's

9 needs may change.

10 But if there are projects that are

11 intended to carry over that are not completed, and

12 we can go into if it's a priority two, for example,

13 then we would reevaluate: Are we looking for this

14 to come into the next budget year? Does it move out

15 two cycles?

16 Then the evaluation will be done at the

17 department level to determine if that project should

18 carry on as to be presented as a priority or

19 something should be looked at as a future need.

20 TRUSTEE TONKING: With that being said,

21 I'm a little concerned about tennis, the

22 reconstruction of courts 5 through 7 and 3 through 4

23 being a priority two, given that we've addressed

24 that there's a lot safety concerns and that's now

25 been stated out loud by us, as a board. And I think

51

1 we've learned that when we say those things, we

2 might need to actually start to fix them.

3 So, I'm a little concern that that's a two

4 instead of one, and so isn't budgeted for this year

5 at all.

6 MR. CRIPPS: That is an item that can be

7 brought before the Board for consideration. And at

8 that time, we would establish what the funding

9 sources would be, if it's fund balanced, or how

10 we're going to through the construction of that

11 project.

12 TRUSTEE TONKING: That's not included in

13 this year's budget at all?

14 MR. CRIPPS: Correct.

15 TRUSTEE TONKING: I guess my next question

16 is do we want to talk about how these tie out and

17 how you did that? Or should we just do it as we go

18 through some of the funds and we can flag them? I

19 don't know what's best for you, just you have them

20 on the forefront of your mind that they don't match.

21 MR. CRIPPS: It's at the Board's wish.

22 TRUSTEE TULLOCH: Maybe we'll look at them

23 as you go through the funds, probably the easiest.

24 Again, what's -- can you clarify from the

25 listing of -- the priority one, if I go to the

52

1 priority one tab on your spreadsheet, it lists about

2 25 million of priority one projects. Can you tell

3 me how many of them have been moved to the

4 4.5 million that's been requested for what was

5 capital, is now expense?

6 MR. CRIPPS: I could get that breakout. I

7 don't have it right now.

8 TRUSTEE TULLOCH: Well, I'm assuming we'll

9 have that for Thursday, so we'll know what actual

10 projects are being included. Like Trustee Tonking,

11 I couldn't reconcile a lot of the numbers. I

12 already mentioned the skate park for the 250,000

13 contribution that's not been identified, that the

14 500,000 has been claimed. I think that 500,000 was

15 already in this year's budget. That should be

16 carryover, it should not be new expenditure.

17 I see General Manager Magee nodding his

18 head in terms that. Let's make sure we're not

19 double counting there. Given the sticker shock

20 everyone's expressing, I think we need to look at

21 every item to make sure that we are actually correct

22 in what we're actually asking for.

23 Also, you just heard my comment on some of

24 the things that have been claimed as previously

25 capital under Parks and Rec. I suggest you go

53

1 through that list again and see if these things,
2 which just seem to be normal operating supplies, are
3 now being claimed as this was capital, which I kind
4 of struggle with, so perhaps you might want to
5 revisit that. And it's claiming for things like
6 topdressings, soil, and everything. I'm not sure
7 when that was ever capitalized. I thought it was
8 bad enough when we capitalized sand and bunkers, but
9 if we're capitalizing just normal operating
10 supplies, that never would have been classed as
11 capital under any of our capitalization policies.
12 Perhaps you can go through that list as
13 well before Thursday.
14 TRUSTEE TONKING: I think it's just the
15 label name of the sheet wrong. There's some
16 confusion. There are some CIP expenses that he had
17 moved into that sheet, but I think it's more of a
18 sheet label issue, not that those were labeled as
19 actual capital expenses.
20 TRUSTEE TULLOCH: Well, that's possible,
21 but it added up to the -- the total added up to it
22 might being claimed, that's why. And the tab was
23 labeled as the breakdown detail, so if that's not
24 correct, I'm sure that can be corrected. But if we
25 don't have the correct information, we can only go

55

1 something I do have on hand right now.
2 TRUSTEE TONKING: It looks like salaries
3 was a big expense, so maybe being able to explain
4 what was going on there. It doubles, almost.
5 The other one I wanted to flag is in your
6 government general manager account, we see
7 professional consultants, and there is about a
8 \$100,000 increase from last year budget. I just
9 wanted to flag that and understand better why we're
10 increasing that by so much because that's a lot of
11 money, especially in the general fund.
12 I spent a lot of time in the general fund,
13 and these are just being ones that I'm flagging, but
14 because we're seeing this huge increase and now it's
15 getting allocated acrossed all of our other funds
16 and it's becoming -- it's definitely a big burden on
17 them to take on, so I really want to look at some of
18 those. That one stood out.
19 The other one that I highlighted, we're
20 seeing a big increase in building maintenance
21 services, in that fund as well. I wasn't sure if
22 that was something you could also look into.
23 And then -- those are my big-spender
24 items, to keep it short and brief, just to take a
25 better look at and explain. And I think -- yeah, I

54

1 off the information that we've been given.
2 Let's move on to funds. Do you want to
3 start with general fund, Trustee Tonking, since you
4 have a lot of comments there?
5 TRUSTEE TONKING: I'm going to start with
6 the general fund. I'm going to use the Excel files
7 you gave us because that's where my notes are mainly
8 embedded into and where I did some calculations.
9 I'm just going to give some things I would like
10 broken out for when we discuss this on Thursday, and
11 just for me to look at. And I can send my feedback.
12 As I mentioned, 22 professional services,
13 I would like that broken out, line item. I was able
14 to get the capital outlay to work for this one, so
15 that one was good.
16 I look at -- you actually provided all the
17 different department areas or account areas, so we
18 had admin, we could look at the general manager, we
19 could look at general fund trustees. Why are -- for
20 example, can you talk to me a little bit about the
21 general fund trustee account and what is really
22 included in there and why we're seeing such a
23 drastic increase in that area of about 105,000?
24 MR. CRIPPS: I would need to get the
25 details out of the budgetary system. It's not

56

1 think that's -- and, oh, just so you know, when I
2 speak about this, I'm only going to be speaking
3 about the tabs that are your summary templates, not
4 including some of your proposed changes, just to
5 make it clear on each of the sections when I'm
6 looking through the numbers.
7 CHAIR SCHMITZ: I think that as we go
8 through these, my feeling and my suggestion is look
9 at revenues line.
10 And for the general fund, revenues, it
11 appears as though it's increasing from sales and
12 fees at 11 percent, which isn't as significant, but
13 as we start going into this, anything that is
14 increasing in costs at a greater percentage than
15 what is increasing in our sales and fees, I think we
16 should have an explanation for.
17 Because if our sales and fees are only
18 going up by 1 to 3 percent, and we have our expenses
19 going up by 16 percent, which is the Diamond Peak
20 scenario, we need to have some explanation of why,
21 when we've increased rates, our sales and fees are
22 going up so small and our costs are going up.
23 And anything that is over here in this far
24 column that is showing 27 percent, 100 percent, 48
25 percent, I mean, some of these increases percentages

57

1 are astronomical. We need explanations.
 2 And I'm very concerned that in community
 3 services, we are underestimating our revenues and
 4 grossly overestimating our expenses. And is it's
 5 going on to be devastating. This is not a good
 6 situation.

7 So, from my perspective here in the
 8 general fund, you can see wages and benefits are --
 9 on the sheet I'm looking at -- up 37 percent,
 10 professional services up 27 percent, services and
 11 supplies up 48 percent. Central services cost
 12 allocation we understand. But those line items
 13 consistently through this budget are exorbitant
 14 percentages in most of the cases, and we need to
 15 understand why.

16 And if our fees are not going up at a
 17 similar percentage, then we have to look at what
 18 we're doing and how we're pricing things and what in
 19 the world are we putting in this budget and what can
 20 we take out.

21 TRUSTEE TULLOCH: I would echo these
 22 thoughts. I think where we're seeing any of these
 23 increases, certainly double digits, but I think, my
 24 personal view there, anything over 5 percent
 25 increases, the revenue side particularly.

58

1 If our costs are going up so much and
 2 we're not increasing our revenues to cover these, I
 3 think we need to revisit some of the rates that
 4 we've set because, obviously, we cannot do that.
 5 I'll about talk that particularly when we look at
 6 the golf one.

7 But, yeah, I think also if I look at the
 8 general fund, we've suddenly added three new
 9 positions for a total added cost of about 700,000.
 10 I think, given the situation of the general fund, I
 11 would ask you to revisit that. I don't think this
 12 is the correct time to add that level of overhead to
 13 general fund.

14 You've heard the concerns, we've heard
 15 them at more than one meeting now from various
 16 different people, when I look at some of these, is
 17 this really the time to add a full-time meeting
 18 coordinator within IT? It is this really the time
 19 that we need a full-time person just to set point of
 20 sale algorithms in the system?

21 I would encourage staff to look very
 22 carefully at these proposals. I think the assistant
 23 general manager that was proposed in the Moss
 24 Adams's proposal, which was not accepted by the
 25 Board from the Moss Adams' proposal, they also

59

1 listed it as an additive position, it was not an
 2 either/or position. That's one that is being
 3 removed.

4 I did have some questions about some of
 5 the things that have been cross-allocated from the
 6 general fund. It seems like we've just -- we're
 7 just trying to find ways to make that general fund
 8 balance.

9 While I agree with Chair Schmitz, that,
 10 yes, some things should be spread across it, I would
 11 question whether things like the Administrative
 12 Director is providing service across all the
 13 different venues. I would question why internal
 14 services are not being burdened with IT and things,
 15 since they obviously still use a lot of these
 16 facilities. Again, if we're trying to look at where
 17 it's worthwhile performing these services, we need
 18 to understand the true cost. We can't just say,
 19 well, that's okay, we will make it look cheaper by
 20 doing it ourselves by ignoring some of the costs and
 21 passing the costs on to other venues. And,
 22 conversely, if I'm a venue manager, I don't want
 23 to be -- it's one thing carrying costs I know I bare
 24 because then you do need to bear the cost of IT and
 25 and HR and finance, because the venues, particularly

60

1 a commercial venue, add significantly to these
 2 required cost and staffing. It's correct that
 3 equally -- all the other areas providing services
 4 should equally be burdened with them. It may only
 5 be a small difference, but, certainly, we need to
 6 make sure so we're actually seeing whether we're
 7 getting value.

8 Again, I mentioned strange bedfellows. I
 9 see Trustee Tonking nodding along with me as well.
 10 So, yes, I think you've -- I think this is maybe the
 11 best part: You have a budget, you've managed to
 12 unite all the community against you.

13 Anyway, that was my comments on the
 14 general fund. It seems to be a lot of accounting
 15 voodoo to try to make things balance, but then it
 16 throws it over everywhere else, and there's two
 17 different versions of what we're charging for
 18 salaries in different venues. It makes it pretty
 19 hard to follow. I just worked off the baseline
 20 numbers here when I did my roll-up sheet.

21 What do we want to move on to now, 200?
 22 200 utilities.

23 TRUSTEE TONKING: I am going to go into
 24 the subfunds, so I'm looking at water first.
 25 Wages and benefits, I flagged that one to

61

1 better understand that increase, because it's almost
 2 23 percent, which is higher than some of the other
 3 ones. Just maybe talk a little bit more about --
 4 and I know some of that's through positions, and so
 5 just to hear a little bit more about that would be
 6 super helpful from the director when we get there.
 7 The other thing I flagged, again, services
 8 and supplies and getting that broken out.
 9 My capital outlay here, I -- or capital
 10 improvements, I cannot get to match this CIP sheet.
 11 It's off. If I look at the total amount in there,
 12 you have 2.5, roughly, there's 660,000 difference
 13 from what it's put in, and then when I take out what
 14 is actually included that they have identified as
 15 should become capital expense, we're still off by
 16 about 5,000, so I just flagged that one as one to
 17 look at and figure out. That's the water one.
 18 Then I can go --
 19 TRUSTEE TULLOCH: Is that the 222 sheet,
 20 water sources and uses?
 21 TRUSTEE TONKING: Yeah. It's 200-2022.
 22 And then 200-27, that's solid waste,
 23 there's a 120,000 in capital improvement, that's not
 24 on your CIP sheet at all, there's nowhere for it,
 25 unless I completely missed it or I'm looking at a

62

1 wrong version. I just flagged that as one.
 2 The other flag I've been doing on all of
 3 them was just looking at operating, and then
 4 operating without facility fee in there. This is
 5 not relevant for utilities, but, again, we're in the
 6 red, taking out capital, obviously, for operating.
 7 Just flagging those, was a big flag, so something to
 8 look at. And that's different from what we've seen
 9 in the past years, especially in these accounts. I
 10 flagged that.
 11 Then I think the other one is sewer, which
 12 I have so many -- I think that one I actually got
 13 the capital to match. Again, on all of these, the
 14 breakout of services and supplies would be ideal.
 15 I think that's my overarching ones in that
 16 fund to get better detailing.
 17 CHAIR SCHMITZ: I'm going to start with --
 18 since Trustee Tonking went by the subfund, I'm fine
 19 with that.
 20 In solid waste, this \$400,000 is the
 21 franchise fee, I believe, from Waste Management.
 22 We're getting paid \$400,000, it's less than a 1
 23 percent increase, actual to budget, and our wages
 24 and services and supplies and utilities, they're up
 25 by 18 percent, 83 percent, 17 percent.

63

1 What is it -- if we're outsourcing solid
 2 waste, what is it that our staff is doing? And when
 3 our franchise fee is only going up by a small
 4 percentage, we can't bear these types of other cost
 5 increases. This is significant from a percentage
 6 standpoint.
 7 And to go into water, I understand you
 8 have a correction here, because I couldn't figure
 9 out how you're going to get to \$17 million in budget
 10 for that.
 11 But, again, look at change from '24 actual
 12 to budget. Wages, 40 percent; professional
 13 services, 81 percent; services and supplies, up by
 14 126 percent. We have to have some explanation. I
 15 mean, this is -- again, not to be redundant, but
 16 then going to overall, looking at Public Works,
 17 which is, I believe, page 87 with the no-wage
 18 allocation, you're going from an actual in '23/'24
 19 of 15 million in sales and fees, that was our
 20 actual, our budget was 16 million, so we're almost
 21 short a million dollars on this year. And now
 22 you're budgeting, trying to target 17 million. So,
 23 if this is the number, again, it is short by
 24 a million, that is detriment. Looking at the
 25 bottom, we're already negative \$325,000.

64

1 If this revenue number is not attainable
 2 and these costs -- if you look, wages, 30 percent;
 3 professional services, 23 percent; services and
 4 supplies, up 87 percent in the utility fund. These
 5 numbers, they don't work. We can't sustain
 6 operating businesses like this.
 7 And the utility fund is no different than
 8 community services. These types of increases to
 9 sales and offsetting increasing to expenses, there
 10 unsustainable businesses. And we need staff to come
 11 back to us using their professional judgment and
 12 identify how are we going to effectively run these
 13 businesses? Because the way this budget is looking,
 14 we're not.
 15 TRUSTEE TULLOCH: I have some comments on
 16 those sheets as well.
 17 If I look at the 200 22 budget, sales and
 18 fees are showing they're going up, this is for
 19 water, from 6 million in the coming year actual to
 20 7.4 million for next year, a 25 percent increase.
 21 As I recall, the rate increase is only of
 22 the order of about 10 percent this year, which is
 23 more than significant. And remember these
 24 increases, they're all being paid by the community,
 25 basically by the parcel holders. They're not

65

1 increased revenues; it's increased charges. It's
2 more money parcel holders have to pay across.
3 What I also can't understand is because,
4 for the most part, if I look at my utility bill, the
5 charges for sewer volumes are based on the measured
6 water volume. Yet when I go into the sewer fund,
7 the increases in revenues are only showing at about
8 8 percent, so I'm not sure how we suddenly increased
9 25 percent in water and only 8 percent on the sewer
10 side. I see also there's almost a 40 percent
11 increase in wages there. There's 28 percent -- too
12 many comments here. Yes, again, major increases in
13 services and supplies. And the capital improvements
14 don't seem to tie back to the CIP either.
15 Some other areas here, if I look at the
16 sewer sources -- yep, sewer only shows revenues up 7
17 percent, but water revenue is up 25 percent. And,
18 perhaps, Kate can just clarify as well: Is the
19 inter-fund services, is that the charges to Diamond
20 Peak and to the golf courses when it's shown in
21 water, that's shown as going down, so we're going to
22 use less water this winter and this summer; is that
23 correct?
24 Because it only shows as going down. I
25 was staggered by how small that charge is. Working

67

1 of notes here on things that I think the full Board
2 would like to see. And I just wanted to recap a
3 couple of these things here.
4 You would like to see a full, written
5 breakdown by venue and the whys between these for
6 every single fund, ever single budget.
7 You want budget sheets by line item for
8 every single venue.
9 You want a line item breakdown for every
10 line item by every fund, including costs of goods
11 sold.
12 And couple other things, you wanted to
13 double check on the grant, that was not double
14 counted for Parks and Recreation.
15 What projects were included in the \$28
16 million capital request.
17 What capital got moved to expense.
18 What was in the general fund, for example,
19 the \$100,000 increase in the trustee account, which,
20 obviously, that would be part of the line item
21 breakdown.
22 Consultants, building maintenance, and
23 some of these other things.
24 I might suggest to the Board that if you
25 could release staff at this time, we'll huddle up,

66

1 in the industry, I know what water costs us. If
2 we're only paying 170,000 this year for irrigation
3 and snow making, it seems a pretty low number. Kate
4 can follow up on that.
5 200 2899, Tahoe Water Suppliers
6 Association, perhaps you can clarify where the
7 revenues come from that. How they're increasing 16
8 percent. Sales, supplies and services are
9 increasing 20 percent. Are we just sponsoring more
10 films or something? The solid waste, as Chair
11 Schmitz pointed out, 17 percent increase in salary
12 and wages, 84 percent increase in services and
13 supplies.
14 The 120k in capital, I seem to recall, I
15 thought we'd budgeted that this year, that was for
16 the hazardous waste storage shed. I seem to recall
17 that came to the Board already. I could be wrong.
18 It hasn't come. Okay. That's where that comes
19 from.
20 Utility funds salaries and and wages up 25
21 percent, and we still don't seem to meet the fund
22 balance requirements.
23 MR. MAGEE: I think I might want to
24 suggest to the Board -- I hear the Board's concerns,
25 I hear the Board's comments, and I've made a number

68

1 and we'll start putting every bit of this together.
2 We will do our best to have this published by
3 tomorrow for Thursday's meeting. Unless -- I know
4 Trustee Tonking may have some additional comments.
5 I hear what the Board is saying, and I
6 think I would suggest that it may be a more
7 productive use of the Board's time to let staff run
8 off and start working these things immediately.
9 TRUSTEE TONKING: That makes sense. I
10 think if -- yeah, like, my comments would be the
11 same. The other one is just making sure that
12 capital improvements tie.
13 But then one other thing I was wondering
14 is if you had a breakdown from the carryover from
15 last year yet, that you were thinking about carrying
16 over, the projects that were approved in last year's
17 budget, if we could just add that as a line item on
18 that CIP plan for the prior year, just so we could
19 see. I don't know if that is done yet. That's okay
20 if not.
21 MR. MAGEE: Which one?
22 TRUSTEE TONKING: From the current year
23 we're in right now, just so that -- to Chair
24 Schmitz' point, like when we looked at the
25 Ponderosa, or portions of the Beach House were

69

1 budgeted in that. Just so we can see what those
 2 were broken down.

3 MR. MAGEE: I want to make sure I
 4 understand. That's from last year rolling into this
 5 budget or this current budget rolling into next
 6 year's budget? Which we have not, obviously, done
 7 that yet. That's going to come forward later.

8 TRUSTEE TONKING: If you could just kind
 9 of show it was budgeted, just what we approved for
 10 it in that last year's budget, just put it as a
 11 column, that's fine.

12 TRUSTEE TULLOCH: Is that the rollover
 13 from '22/'23 to '23/'24? The carryover from '22/'23
 14 to '23/'24?

15 TRUSTEE TONKING: I actually wanted the
 16 carryover that would -- I wanted to know what we
 17 budgeted for the FY '24, so I could see how it
 18 rolled into -- have a rough idea of how it rolled
 19 just by the projects I know.

20 TRUSTEE TULLOCH: Copy.

21 I think on the skate park, the 250k has
 22 been budgeted since '22/'23, so it's already been
 23 budgeted and collected for. But we've put 500K into
 24 next year, so that should be 500k that drops out in
 25 terms of new funding required.

70

1 Okay. Yeah, I'm in agreement with that.

2 CHAIR SCHMITZ: I just want to -- when you
 3 go back and are looking at something, in golf,
 4 there's some things that didn't seem quite right to
 5 me when I compared Champ to Mountain.

6 So, in golf, Champ's revenue was a
 7 3 percent increase in revenue, Mountain was 1.6.
 8 But here's where there's significant changes:
 9 Services and supplies for Champ is going up 62
 10 percent, yet at Mountain, it's only going up 24.
 11 Then costs of goods sold at Champ is going up
 12 75 percent; costs of goods sold at Mountain is up 16
 13 percent. Then you've got wages are up less than 1
 14 percent at Champ, but wages are up 16.5 percent at
 15 Mountain.

16 So those, to me, in golf, I just couldn't
 17 understand why there was such a difference between
 18 the two courses. And I think staff might be able to
 19 explain that when they put their venue sheets
 20 together.

21 That was my only the comment.

22 TRUSTEE TULLOCH: And I would agree with
 23 General Manager's comment. I'm assuming Mr. Cripps
 24 can still stay? Yeah. Thank you.

25 And since we've moved on to golf, when I

71

1 look at 32031 for Championship Golf Course, I'm
 2 extremely confused. It's less than two weeks since
 3 we had the General Manager of Golf present to the
 4 Board and tell us that golf operations, based on his
 5 revenue projections, were basically breaking even at
 6 2.9 million expense and 2.9 in revenues. Yet I go
 7 to the Championship Golf budget sheet, and I see
 8 1.95 million increase in costs, but only 1.2 million
 9 additional revenues.

10 So, I'd like to understand where this is
 11 all coming from. If golf operations are breaking
 12 even, yet we're still showing a facility fee of 125
 13 bucks per parcel to support golf on these numbers,
 14 at 63 percent, for Championship, increases in
 15 services and supplies, 75 percent increase in costs
 16 of goods sold, no discernable increase in revenues
 17 across the board, it just -- none of this makes
 18 sense.

19 If we're spending an additional 75 percent
 20 in costs of good sold, that should be impacting the
 21 revenue line. I'm assuming this is including the
 22 losses in food and beverage, and the question then
 23 becomes: Why are we sustaining losses in food and
 24 beverage? If we're not pricing according, why are
 25 we doing that?

72

1 Other things on Mountain Golf, I see,
 2 similar as Chair Schmitz remarked, revenues are only
 3 up 1 percent, but wages are up 16 percent after
 4 already overspending by 10 percent this year.
 5 Service and supplies up 23 percent. No impact to
 6 revenues from increasing the costs of goods sold.
 7 The CapEx budget only shows 13,000, but the -- if I
 8 look at the CIP sheet, it shows a whole lot more,
 9 something like 277k. Again, that doesn't seem to
 10 tie together.

11 On budget line -- I'll just move on to
 12 330, then I'll let my colleagues comment on that.

13 If I look at facilities, we're showing
 14 revenues are going to go up by 44 percent when we
 15 undershot in revenues last year. Wages last year
 16 were overspent by 90k. Service and supplies up 112
 17 percent. Costs of goods up at 37 percent.

18 Yet despite all this and given a 200,000
 19 facility fee subsidy, we're still showing huge
 20 losses on facilities, and is this is not recovering
 21 anything towards the actual cost of the facilities
 22 themselves. This is making no cost recovery. If
 23 we're renting out buildings, we're making no cost
 24 recovery toward building repairs, building
 25 maintenance, building capital costs.

73

1 I think my question is: Why would we be
 2 continuing in this business if we're losing money?
 3 If we're losing 400,000 and next fiscal year
 4 projecting, we're projecting to lose 400,000 doing
 5 weddings and functions, and this is opened to the
 6 public, why are we still in that business?
 7 It makes absolutely no sense. When I look
 8 at our cost structure, we need to increase our
 9 pricing, but we should not be doing this.
 10 At last year's budget meetings, we heard
 11 lots of things from the golf committees telling us
 12 that, yes, golf should get the benefit of all these
 13 profits. We'll, I'm not seeing where all these
 14 profits are coming from.
 15 But the real question is: Why are we
 16 actually doing this to lose money? And why would we
 17 be supporting this with a facility fee to subsidize
 18 external parties?
 19 Any other comment, feedback on facilities?
 20 CHAIR SCHMITZ: I would agree with you on
 21 facilities. Facilities, just for the community and
 22 for clarification, what that is is catering and
 23 weddings. And if we can't break even or make money
 24 on catering and weddings, I'm questioning what we're
 25 doing.

75

1 well, if we have a bad year, we are deeply in
 2 trouble, very deeply in trouble. I'm just flagging
 3 that, let's consider worst case scenario with no
 4 carryover from ski and see what we might need to
 5 adjust.
 6 TRUSTEE TULLOCH: I think I can put that
 7 one to bed because we're showing, for Diamond Peak,
 8 revenues only up 1 percent, 13 percent increase in
 9 salaries and wages, 36 percent increase in services
 10 and supplies. Again, there seems to be a
 11 discrepancy between the CapEx shown here to what's
 12 shown in the CIP sheet. Before the general
 13 allocation of IT, we're showing only a surplus of
 14 171k from Diamond Peak. We're not showing 2 or 3
 15 million. Once we add in the allocations from the
 16 general fund, we're under water by about 350k, so
 17 there is no contribution coming from Diamond Peak
 18 based on that.
 19 Again, I question why revenues are only up
 20 1 percent given that we've passed fairly significant
 21 increases.
 22 In terms of tennis, I'll echo Trustee
 23 Schmitz, we're showing revenues down 21 percent.
 24 I'm assuming that's a result of decreased play. But
 25 then Trustee Tonking indicated we should be spending

74

1 So, facility is to have a required
 2 subsidization. I don't think anyone in our
 3 community wants to subsidize catering of events and
 4 weddings. To have a subsidy for that, it, to me,
 5 that's unacceptable from a community perspective.
 6 Then when you look at switching over to
 7 just tennis and then the Rec Center, tennis has,
 8 let's just say, 231,000 of sales. Right? But we
 9 have 281,000 just in wages and benefits.
 10 Similarly at the Recreation Center, we
 11 have, let's just be generous and say \$1.5 million in
 12 revenue from sales and memberships. We have, just
 13 wages and benefits alone is \$2 million. You've got
 14 a \$500,000 deficit right there without anything
 15 else.
 16 So, we have to look at this and determine
 17 what are we doing well and what are not doing well,
 18 because if we have wages that exceed even our sales,
 19 something's wrong.
 20 I just wanted to point those things out.
 21 TRUSTEE TONKING: I am fine giving you
 22 your time back. The one thing I would just say is
 23 maybe spend a little time looking at this and
 24 thinking how in the past years -- basically what is
 25 going to happen is that if ski does not perform

76

1 a lot of money on courts. If play has gone down
 2 by -- play has gone down 21 percent, I think the
 3 question is: Do we need to renovate 12 courts?
 4 Obviously the usage has gone down.
 5 Trustee Noble is jumping on that. I'll let you
 6 speak in a moment, Trustee Noble.
 7 Again, why are we even manning the tennis
 8 center if we're not even recovering the cost of
 9 wages? Wouldn't it be better just letting the
 10 public play for free?
 11 On the Rec Center, revenues, again, flat,
 12 but salaries and wages increasing 27 percent,
 13 services and supplies up 57 percent. I see a new
 14 position suddenly appearing, a customer service
 15 ambassador. I'm not quite sure what that is, and
 16 I'm sure quite sure why we suddenly need to add
 17 that. Costs of goods sold, up 125 percent. Not
 18 quite sure what is actually sold at the Rec Center,
 19 and if that's going up, why is that not coming
 20 through to revenues?
 21 We're also adding a 2.1 million facility
 22 fee this year, but we're projecting to lose even
 23 more money than we lost last year without a facility
 24 fee. And no sign of any grants or contributions,
 25 which I understood we were getting reimbursed for

77

1 some of the events we've run.
 2 That's my thoughts there.
 3 TRUSTEE NOBLE: I think there's a
 4 fundamental disconnect of what IVGID actually does.
 5 We provide services. These are not businesses. And
 6 to be looking at that to basically even put out
 7 there, you may be joking, but to basically abandon
 8 tennis and let people just play for free until it
 9 gets run into the ground, I think is disingenuous
 10 and a disservice to this community, and I think you
 11 need to take a look at the bigger picture.
 12 And the fact that we had a zero-dollar
 13 facility fee last year, I think is hurting us. And
 14 the fact that there's a proposed \$780 total facility
 15 fee, including with the beaches this year, I think
 16 it's still probably too low. And the fact that it's
 17 the same dollar proposal that we've had for years
 18 and knowing what costs have gone up tremendously all
 19 over on every aspect of our lives, it's just a lack
 20 of acknowledgment that times have changed, and we
 21 can't live on a facility fee tied to the high 700s,
 22 low 800s.
 23 But the majority of the Board's going to
 24 do what they're going to do.
 25 TRUSTEE TULLOCH: Yes, I think that's

78

1 certainly one approach. I know for a lot of people
 2 in this community, 780, 800, 1,500 is maybe just
 3 pocket change. I'd also recognize there's a lot of
 4 people in this community working two or three jobs
 5 at minimum wage just to survive here. And then we
 6 also hear the same people that say let's just keep
 7 increasing the facility fees here, then wonder why
 8 we can't get affordable housing, why staff can't
 9 afford to live here.
 10 I think we need to look at these things
 11 all in its entirety. As you say, the Board is going
 12 to look at that.
 13 I'm not necessarily suggesting tennis can
 14 never be a commercial business, but I think if the
 15 actual volume of people playing has gone down 20
 16 percent, as is shown in the revenues going down, I
 17 think we need to look at just how much facilities we
 18 need there. I think it's not necessarily a case of
 19 if we're spending 300,000 in salaries and wages just
 20 to man the place and it's not even recovering that.
 21 I think it makes sense to actually look at that.
 22 I think also our two major venues depend
 23 on a lot of external play. Diamond Peak, I think,
 24 is 75 to 80 percent of the revenues come from
 25 external, non-Picture Pass holders. The golf

79

1 courses, still a large amount of funding comes -- a
 2 large amount of the funds come from the external
 3 players. I don't think we can say, well, we can
 4 just pretend they are not businesses and just expect
 5 the community to pay for them. I don't think that
 6 is correct, but maybe a philosophical difference.
 7 TRUSTEE NOBLE: Trustee Tulloch, you're
 8 absolutely correct with regards to Diamond Peak. It
 9 is about a 80/20 split between public and community
 10 members. Golf, though, is actually the opposite.
 11 It's about 25 percent general public and 75 percent
 12 community members.
 13 TRUSTEE TULLOCH: Thank you. I knew my
 14 numbers were correct in Diamond Peak; I was winging
 15 it on golf. Thank you for the correction.
 16 CHAIR SCHMITZ: I think that what we are
 17 seeing here is, I believe, that revenues are being
 18 underestimated in community services specifically.
 19 Because for tennis and the pickleball center to go
 20 down from what the '23/'24 actual is, that just
 21 doesn't logically make sense to me.
 22 We need staff to give us realistic revenue
 23 budgets because it impacts the bottom line of those
 24 venues, and it impacts what are decisions are with
 25 the facility fee. And to go and underestimate

80

1 revenue and then grossly overestimate expenses is
 2 impacting our community in a negative fashion,
 3 either by an over-collection of fees or overcharging
 4 in rates.
 5 I think what we're seeing here is that we
 6 need to understand, as a board, what these venue
 7 managers are proposing, I think that on Thursday if
 8 we have each venue manager with their sheets,
 9 explaining the revenue side, explaining the expense
 10 side, we can make informed decisions.
 11 But when it comes to the Recreation
 12 Center, I don't understand the justification of
 13 adding another community liaison-type person. It
 14 seems as though our wages and benefits are
 15 substantial compared to the rates that are being
 16 charged or the fees that we're collecting, I should
 17 say it that way, the fees we're collecting.
 18 I certainly hope that on Thursday we see
 19 some different numbers and it makes more sense to
 20 all of us.
 21 TRUSTEE TULLOCH: Yes, I would echo that.
 22 We hear from the tennis community, we've heard quite
 23 loudly from them that tennis is growing in
 24 popularity as a sport and pickleball is growing in
 25 popularity as a sport, yet we're showing -- we're

81

1 projecting revenues being down 21 percent next year.
2 These two things seem as contra indicators.
3 I would also agree, I'm not sure why we
4 need a community services adviser to handle
5 complaints and things. I think we've got sufficient
6 venue managers in there. I need to go back to the
7 sheet Mr. Cripps presented to us at the start of the
8 thing. I can't remember whether it was 212- or
9 280,000 fully loaded costs for the community
10 ambassador. I think given the pressures that we're
11 seeing here on salaries and wages, I think we need
12 to understand just what the purpose of that position
13 is and why it's necessary at this stage.
14 Can I suggest -- we've been going for a
15 couple hours now, can I suggest we take a quick
16 five-minute comfort break, and when we come back we
17 can cover what's missing. 400 and 390 still to
18 cover.
19 MR. MAGEE: Yeah, what I am suggesting is
20 if the Board were to adjourn, that staff will -- we
21 understand where you're going with, I think, most of
22 these budgets. I think it would be a more
23 productive use of our time if we could start
24 focusing on every one of these budgets.
25 TRUSTEE TULLOCH: Thank you, General

83

1 inflation and things are going up. It has nothing
2 to do with no rec fee this past year because we ran
3 efficiently, we managed our budget, but we do have
4 inflation.
5 What I need to be able to do is explain to
6 my constituents why we are spending a million
7 dollars more in services and supplies than what we
8 did last year. I can't, in good conscience, approve
9 something when I'm sitting here looking at
10 percentage increases that are 40, 50, 60, 70 percent
11 increase, I can't, in all good conscience, say that
12 I'm providing a fiduciary duty to my community.
13 And that's what I need staff to either
14 reduce or be able to come with some justification.
15 TRUSTEE TULLOCH: I would echo that
16 comment.
17 I think there's one other unanswered
18 question. We're showing here '22/'23 actual as a
19 baseline, but we don't have audited financial
20 statements for '22/'23. Is that going to cause any
21 issues? Is there going to be any discrepancies there
22 because we didn't get audited financial statements
23 because we couldn't get all the costs, all the
24 details for the auditors? Is that going to cause
25 any issues?

82

1 Manager Magee. I'm okay with that. There's just a
2 couple comments I would make.
3 Again on beaches, we're showing revenues
4 down 17 percent, but salaries and wages for the
5 current year are showing 40 percent over budget.
6 And then we're showing another increase for
7 next year. Again, these things don't seem to tie
8 up.
9 Some things or some other thoughts -- and
10 I'll ask if my colleagues are happy to adjourn, I'm
11 happy to adjourn -- we look at a lot of the proposed
12 revenues on the internal services, which it's not
13 revenues, it's just basically everyone selling
14 hamburgers to each other, to quote the late Margaret
15 Thatcher. It doesn't actually produce anything; it
16 adds to costs. Let's look very carefully at these
17 costs.
18 We're already -- as General Manager Magee
19 knows, we've already worked out that we're paying 20
20 bucks a round in golf just for fleet maintenance. I
21 think we need to look very carefully at all these
22 costs across the board there.
23 I'll pass it across to my colleagues.
24 CHAIR SCHMITZ: I just wanted to make one
25 final comment. And we all do understand that

84

1 MR. MAGEE: No, that's not going to cause
2 any issues.
3 The financials were audited. We were not
4 able to provide all of the documentation that our
5 auditors were asking for because, obviously, we were
6 unable to find it. Some of the stuff didn't even
7 exist.
8 I don't anticipate that there will be any
9 issues moving forward. That process is complete at
10 this time.
11 TRUSTEE TULLOCH: Understood. Yeah, there
12 was an audit carried out, but we did not get an
13 audit of venues so we don't have audited financial
14 statements.
15 MR. MAGEE: What the auditor's position is
16 is that their opinion is a disclaimer of opinion.
17 TRUSTEE TULLOCH: Correct. They couldn't
18 give an opinion, so it's unaudited. We've heard
19 that from various different CPAs.
20 I think it's a point that I just wanted to
21 make sure it's not going to give any false readings
22 or false indications in terms of this.
23 TRUSTEE TONKING: I guess the question is:
24 Are we worried that any of these estimated actuals
25 that are based off of the FY '23 numbers --

85

1 basically, what don't we know in FY '23 that we've
 2 based all these other assumptions off of, should we
 3 be concerned about that?
 4 Because I know revenue was a hard thing
 5 for the auditors to go through, so are we a little
 6 bit concerned about the revenues? How are we --
 7 what is our gut feeling on some of those?
 8 MR. CRIPPS: The bigger comparison from
 9 the budget that's being presented is actually a good
 10 look at the current fiscal year, that way we have
 11 some, what we would feel like, more accurate data.
 12 TRUSTEE TULLOCH: If there's no further
 13 comments, we'll wrap this item up.
 14 I'd like to thank staff for the time
 15 you've put into this. I think you've got -- it's
 16 going to be a few late nights and a lot of work to
 17 be done prior to Thursday's meeting. Hopefully we
 18 can come back with a much fuller picture so we can
 19 actually make some informed decisions on what is
 20 realistic and what is not realistic and what can be
 21 done.
 22 I would encourage you to look very closely
 23 at costs, particularly where there's huge increases,
 24 and question whether a lot of these additional
 25 positions are necessary at this time until we get on

87

1 take it out of the previous budget and set it aside,
 2 as they did in the '23 financial statement, and
 3 consider it restricted funds or you're all going to
 4 get messed up on how much carryovers will affect the
 5 fund balance.
 6 As far as the 700,000 workers' comp that
 7 was found out a month after the budget was done,
 8 that required an augmentation. To sit there and
 9 say, well, yeah, we covered it by other expenses,
 10 how would you know that a month into the year?
 11 Another thing is the investment earnings,
 12 which we went over and over and over again when
 13 Navazio was here, should be spread to all the venues
 14 based on what cash they have in those funds.
 15 Lastly, I did a memo to you guys called
 16 "The Good, The Bad, and The Ugly," on this IVGID
 17 sewer and water systems, and it had to do with the
 18 DOWL report. And laid it all out for you guys that
 19 this budget year, based on what DOWL was
 20 recommending to be done, you're short about
 21 \$7.5 million of required expenditures.
 22 Now, I don't really know why that is even
 23 addressed. When I look at the capital projects, I
 24 only see one thing in there that DOWL was suggesting
 25 being done, and that's that SCAD system. We're just

86

1 a level keel, particularly in the general fund. I
 2 think just by playing games just by moving stuff out
 3 doesn't address the root cause.
 4 We'll wrap up item F 1. Moving on to
 5 closing public comments.
 6 MR. RUDIN: Before we do that, did we vote
 7 on item E 1?
 8 TRUSTEE TULLOCH: Yes, the consent
 9 calendar. Yes.
 10 G. FINAL PUBLIC COMMENTS
 11 TRUSTEE TULLOCH: Any public comments in
 12 the room?
 13 Okay. Any public comments on line?
 14 MR. DOBLER: Cliff Dobler here.
 15 First of all, I appreciate Tonking
 16 actually taking a hard look at some of this stuff.
 17 But until you separate services and supplies and
 18 make a separate line item for repairs and
 19 maintenance, that one category will vary
 20 substantially from year to year depending on what
 21 expenses are made.
 22 The other thing I think is more important
 23 is we don't really have a handle on the fund
 24 balance, what they're reporting in this budget. And
 25 the carryovers need to be addressed that either you

88

1 kidding ourselves there.
 2 And I would suggest to you, your biggest
 3 problem is this company has done nothing for seven
 4 or eight years, and our improvements are, basically,
 5 falling apart, they're weak, and the amount of
 6 improvements that are going to be necessary over the
 7 next five to ten years will be substantial.
 8 The rec fee will not be able to be held at
 9 \$780. Noble doesn't know what he's talking about.
 10 An enterprise fund is supposed to be conducted
 11 similar to a commercial business, read the statute,
 12 and I don't know too many commercial business that
 13 go into business to lose money. Maybe they exist
 14 out there in America, but I don't think we'd have a
 15 very good capitalistic system. He doesn't know what
 16 he's talking about.
 17 I appreciate Tonking diving into --
 18 (Expiration of three minutes.)
 19 TRUSTEE TULLOCH: Seeing no other calls.
 20 H. ADJOURNMENT
 21 TRUSTEE TULLOCH: I'd like to thank my
 22 colleagues for taking time out of their day, and
 23 I'll adjourn the meeting at two o'clock.
 24 (Meeting adjourned at 2:00 p.m.)
 25

1 STATE OF NEVADA)
2 COUNTY OF WASHOE) ss.

3

4 I, BRANDI ANN VIANNEY SMITH, do hereby
5 certify:

6 That I was present on May 20, 2024, at the
7 special meeting of the Board of Trustees public
8 meeting, via Zoom, and took stenotype notes of the
9 proceedings entitled herein, and thereafter
10 transcribed the same into typewriting as herein
11 appears.

12 That the foregoing transcript is a full,
13 true, and correct transcription of my stenotype
14 notes of said proceedings consisting of 89 pages,
15 inclusive.

16 DATED: At Reno, Nevada, this day of 24th
17 day of May, 2024.

18

19 /s/ Brandi Ann Vianney Smith

20

21 BRANDI ANN VIANNEY SMITH

22

23

24

25

**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE
WRITTEN MINUTES OF THE IVGID BOARD'S REGULAR MAY 20, 2024
MEETING – AGENDA ITEM F(2) – 2024-25 BUDGET WORKSHOP**

Introduction: Well here's yet "another one" as my friend DJ Kahled would say¹. More evidence of staff incompetence, lack of knowledge and professionalism, and a flagrant disregard for the financial sustainability of the District. This time it's staff's explanation insofar as the 2024-25 tentative budget Adam Cripps submitted to the Department of Taxation without the Board's input/approval. And that's the purpose of this written statement.

My May 18, 2024 E-Mail to The Board²: On May 18, 2024 I sent the Board an e-mail wherein I informed members of what I felt were staff irregularities, and their intent to secure ratification of the outrageous budget they submitted to the Department of Taxation on April 17, 2024. Rather than recounting the substance of my comments, I refer the reader to said Exhibit "A."

Conclusion: This behavior just keeps happening over and over and over again. Unqualified, incompetent and over compensated staff get replaced by even more unqualified, more incompetent and more over compensated staff. And look at the results. As I've pointed out so many times before, this consequence is the product of a criminal syndicate³. And you wonder why your Recreation ("RFF") and Beach ("BFF") Facility Fees continue as involuntary subsidies?

When is the Board going to put members' collective feet down and put an end to these practices? Given NRS 318.515(1) states that where the: "(a) district...is not being properly managed; (or, its) (b) board of trustees...district is not complying with the provisions of...any other law;" when will the Board notify the Washoe County Board of Commissioners to hold a hearing to consider whether to: (a) adopt an ordinance (substituting)...the board of county commissioners, *ex officio*, as the board of trustees of the district; (b) adopt an ordinance providing for the merger, consolidation or dissolution of the district...(c) file a petition in the district court for the county in which the district is located for the appointment of a receiver for the district; or, (d) determine by resolution that management and organization of the district will remain unchanged," don't you think the time has come?

¹ Go to <https://medium.com/cuepoint/the-old-people-s-guide-to-dj-khaled-5618a5aa52b1#:~:text=Another%20One%20%E2%80%94%20One%20of%20the,of%20shoes%2C%20or%20something%20else>.

² That e-mail is attached as Exhibit "A" to this written statement.

³ NRS 207.370 instructs that "criminal syndicate means any combination of persons, so structured that the organization will continue its operation even if individual members enter or leave the organization, which engages in or has the purpose of engaging in racketeering activit(ies)."

Respectfully submitted, Aaron Katz (Your Community Watchdog Because Nearly No One Else Seems to be Watching).

EXHIBIT "A"

May 20, 2024 IVGID BOT Meeting - Agenda Item F(2) - Budget Workshop - General Fund

From: <s4s@ix.netcom.com>
To: Schmitz Sara <schmitz_trustee@ivgid.org>
Cc: Dent Matthew <dent_trustee@ivgid.org>, Tonking Michaela <tonking_trustee@ivgid.org>, Tulloch Ray <tulloch_trustee@ivgid.org>, Noble Dave <noble_trustee@ivgid.org>, <bma@ivgid.org>
Subject: May 20, 2024 IVGID BOT Meeting - Agenda Item F(2) - Budget Workshop - General Fund
Date: May 18, 2024 2:13 PM

Chairperson Schmitz and Other Honorable Members of the IVGID Board -

Well here we go again. Mis-management, misrepresentation and deceit to the nth degree! And as my watchdog, you do nothing!

Our GM and Mr. Cripps know this all too well. But they've gone out of their way to hide the ugly truth from you Trustees and members of the public. Just like their predecessors. The problem is that some of us are too familiar with their ways. So we're here to guide each of you to the truth in the hope you'll finally do the right and honest thing.

As a preface, let's start out with the IVGID culture. Which you must fully understand before you blindly adopt budgets they propose.

1. IVGID is nothing more than a limited purpose special district. The word "limited" meaning it is limited in the powers it may exercised, compared to the powers a full fledged general government can exercise.

2. Where do we find the limits? NRS 318 and Dillon's Rule. And just so you know, Dillon's Rule is recited at NRS 244.137, and made applicable to IVGID.

3. As a limited purpose special district, the revenues IVGID is entitled to pursue, is strictly limited by NRS 318. Bottom line if it isn't there, then it's nowhere.

4. NRS 318.225 states IVGID is entitled to assess an ad valorem tax. And as you can see from Mr. Cripps' page 85 of the board packet for this meeting, that sum is going to be about \$2.246M. And because of NRS 360.680 and 360.690, which NRS 318.100(1) instructs is applicable to IVGID ("the board shall have each of the basic powers enumerated in this chapter and designated in the organizational proceedings of the district...and other provisions supplemental thereto in this chapter, **or otherwise authorized by law**"), the District is entitled to receive a distribution of consolidated taxes (see <https://www.leg.state.nv.us/Session/77th2013/Exhibits/Assembly/TAX/ATAX75C.pdf> for an explanation of what that tax is, and how it is calculated). And as you can see from page 85 of the board packet for this meeting, that sum is going to be about \$2.128M.

5. NRS 318.197(1) states that the IVGID Board is entitled to "fix, and from time to time increase or decrease (various)...tolls or charges other than special assessments, including, but not limited to, service charges and standby service charges, for services or facilities furnished by the district, charges for the availability of service, annexation charges, and minimum charges."

6. So what happens where these revenue sources aren't sufficient to pay for overspending? That's where our District has become creative, and deceitful in the process. And this explains the proposed budget Mssrs. Magee and Cripps have presented to the Board for adoption.

7. Just to set the stage correctly, the District has five major funds. The General Fund where arguable general administrative revenues and expenses are assigned; the Utility Fund where revenues and reasonable and necessary expenses associated with the water, sewer and solid waste disposal services the District furnishes are assigned; the Community Services Fund where revenues and reasonable and necessary expenses associated with the public recreational facilities the District

furnishes are assigned; the Beach Fund where revenues and reasonable and necessary expenses associated with the beach facilities the District furnishes are assigned; and, the Internal Services Fund where the reasonable and necessary engineering, fleet and buildings maintenance expenses the District incurs are billed out to other District divisions, at the costs the District incurs (i.e., on a cost recovery basis).

8. But for the Utility Fund, the District intentionally budgets to spend more than the revenues staff are able to generate. But staff hides this fact from you and the public. And they concoct disingenuous and creative revenue sources to plug the financial deficiencies. And that's the proposed budget you have before you.

9. Because staff cares about themselves and their co-worker colleagues, rather than the local parcel owners they were hired to serve, they refuse to cut overspending, and it takes local parcel owners like me to point out the fraud staff are asking you to rubber stamp. Hence this discussion.

10. Let's start with proposed spending assigned by staff to the General Fund for 2024-25 (see page 83 of the Board packet). At first blush we see the total \$7,890,119. But take a look at central services costs. It's a NEGATIVE \$2,417,072 number. Moreover, it isn't a cost at all! Rather, it's a possible revenue source. And it's disingenuously buried under expenditures.

11. Why do I say "disingenuous?" Because it represents nothing more than another financial subsidy [like the Recreation ("RFF") and Beach ("BFF") Facility Fees financially subsidize intentional overspending assigned to the Community Services and Beach Funds (discussed below)].

12. Moreover, the theory behind central services costs is that the General Fund is providing services necessary to the District's other funds and as such, those other funds should be paying their fair share of the necessary and reasonable costs of those services. So they are allegedly charged to those other funds and paid for by interfund transfers from the Utility, Community Services and Beach Funds, and in favor of the General Fund.

13. So now that you understand what central services costs are supposed to be, you can eliminate the negative figure represented by staff, which leaves us a truer \$10,907,191 of proposed operational expenditures.

14. Let's stop for a moment and make some observations. The first is to understand what IVGID is. Not only a limited purpose special district, but the equivalent of what I call a mosquito district. Therefore when you examine the administrative services the General Fund furnishes, you should be asking yourself if these are the kinds of services a mosquito district would furnish? And if not, we have a problem.

15. Here we have a problem because if we can't operate our District's administrative requirements for less than \$11M annually, then we don't deserve to exist. Stated differently, if we can't operate those requirements on an annual basis for less than the roughly \$4.375M we receive in ad valorem and consolidated taxes (see page 83 of the board packet), then we don't deserve to exist. Pure and simple. So we must either reduce our stated expenditures, markedly, or dissolve and let someone else (like the county) furnish the necessary and reasonably priced services that are currently being furnished. **It's that simple people!**

16. Observation two: Understand what's really going on here. And the way to do this, in my opinion, is to compare staff's proposed roughly \$11M of General Fund expenses, to those actual numbers for 2022-23. These too appear at page 83 of the board packet. At first blush I see the number is \$5,600,461. But again, staff have thrown in a negative \$1,331,154 of central services costs which as I've explained, are not actually costs. Moreover even if they were, a negative expense is the equivalent of positive revenue. So let's add this negative \$1,331,154 back into real operational costs. But before we do, wait; there's more.

17. Do you see \$1,000,000 of "transfers out" at the bottom of the summary which is included under expenditures and uses? Well this wasn't an operational expense either. Here it was a transfer to the

overspending. In 2022-23 staff actually transferred \$1,331,154 in central services costs from our Utility, Community Services and Beach Funds. For 2024-25, staff are proposing that number be increased to \$2,417,072. That's an 81.5% increase in two short years. This is OUTRAGEOUS! And it demonstrates that the entire subject of central services and their allocation is phony as hell insofar as IVGID is concerned. In fact, isn't that exactly what Moss-Adams concluded when it performed its study several years ago? And isn't this what Bobby Magee admitted to me when he came to town and had an opportunity to examine our finance? And how exactly have we modified our behavior to comport with those criticisms? And how exactly have we complied with the requirements of NAC 354.965, et seq. (the Allocation of Costs to Enterprise Funds)?

28. What this really is, is another disingenuous financial subsidy. A way to take money from our utility rates and charges, RFF and BFF to plug intentional overspending assigned to the General Fund.

29. Nevertheless, this is still not enough of a subsidy to cover intentional overspending assigned to the General Fund. So staff proposes taking the remaining \$882,889 fund balance in the General Fund and applying it to overspending. Even though this violates NRS 354 fund balance requirements, and Board policy. And just so you know, the General Fund balance has been used for these similar purposes over the last several years. After all, on July 1, 2022 it stood at \$6,013,261. And now it's going to be gone? Where did the money go Mr. Magee?

30. Nevertheless, this is still not enough of a subsidy to cover intentional overspending assigned to the General Fund. So staff proposes reporting the net expenses of Parks (\$1,801,141 - see page 86 of the Board packet) out of the General Fund, and reporting them as an expense of a sub-fund of Community Services. This ISN'T eliminating a net \$1,801,141 of overspending. Rather, it is removing them for financial reporting purposes from of the General Fund, so you will conclude their financial reporting is balanced. And not the product of overspending.

31. Reporting the expenses for parks legitimately belongs in the General Fund. After all, they're public amenities whose access and use are just as available to any member of the general public, as the local parcel owners whose properties are involuntarily assessed those expenses. And the general public doesn't have to pay user fees as a condition of accessing and using park facilities. And if you examine financial reporting for other true general governments, you will find that many report the revenues and expenditures of their public parks under the General Fund. It's just that in those other true general governments, public park expenditures are paid by property taxes. But not here.

32. Nevertheless, the General Fund budget is still not balanced. So what can staff do given the ends (a balanced budget) justify the means? Okay. Here's where it really gets dirty. Mr. Cripps has decided to increase central services costs assessed to the District's other funds. Except he hasn't called these increased expenditures central services costs. Instead, he has come up with the idea he can allocate portions of those costs to similar salaries and benefits costs in other funds. This technique, according to Mr. Cripps, can artificially reduce expenses in the General Fund by \$1,759,838 (see page 127 of the board packet). That way they'll be hidden to all but Mssrs. Magee and Cripps.

33. If Mr. Cripps added these expenditures to central services costs, many in our community would be even more outraged because now reporting those costs at \$4,176,910 rather than \$2,417,072 would be even more outrageous than they already are. Now a \$2,845,756 (or 214%) increase in a short two years. Who in their right mind is going to actually believe that the necessary and reasonable services the General Fund provides to our Utility, Community Services and Beach divisions have gone up 214% in two years? The answer is NO ONE. So staff must hide the ugly truth.

34. Okay. So follow me on this one Mr. Homan. Staff is proposing (at page 127 of the board packet) that \$191,031 of General Fund salaries and benefit expenses get re-allocated to your beloved Champ Golf sub-fund. Making the budgeted loss [\$1,260,921 when one includes the \$718,107 subsidy of the RFF (see page 99 of the board packet)] even greater than it is [\$1,063,375 when one includes the \$717,811 subsidy of the RFF (see page 98 of the board packet)] without the allocation. In other words, if you thought it improper to assign any alleged Champ Golf central services costs to the Champ Golf sub-fund, what are you going to think about increasing that allocation by an additional \$191,031?

Utility Fund to mitigate the effect of last year's water/sewer rate increases. So let's subtract this number from last year's real administrative operational costs. But before we do, wait; there's more.

18. Do you see \$375,113 of "settlement costs" at the bottom of the summary which is included under expenditures and uses? Well this wasn't an operational cost either. I believe these were the costs incurred by the District to settle Mark Smith's public records concealment lawsuit. And see it was an one-off expense for 2022-23. And it isn't repeated for 2024-25. So if we really want to compare apples-to-apples, this number should be deducted from real operational costs. But before we do, wait; there's still more.

19. Do you see \$124,998 of debt service costs which are included under total expenditures and uses? Where does this come from? What debt is legitimately assigned to the General Fund? Why don't you ask staff? But while you're waiting for an answer, this wasn't and isn't an operational expense. And it isn't repeated for 2024-25. So if we really want to compare apples-to-apples, this number should be deducted from real operational costs.

20. So when I make all of the above corrections to total expenditures and uses, I get \$5,431,504 of 2022-23 operational expenses properly assignable to the General Fund! \$5,431,504 of actual General Fund operational expenditures and uses for 2022-23, and \$10,907,191 proposed by staff for 2024-25. That's an unbelievable increase of \$5,475,687. Or, MORE than 100%!

21. Why the massive increase in intentional overspending? Let's return to page 83 of the board packet and concentrate upon the most egregious expenditures. Salaries and benefits are up from \$3,780,099 to \$6,898,510 (a \$3,118,411 increase, or 82.5%). Expenses other than salaries and benefits (called services and supplies) are up from \$701,176 to \$1,641,195 (a \$940,019 increase, or 134%). And professional services (like a certified shorthand reporter for our meeting minutes) are up from \$287,831 to \$572,045 (a \$284,214 increase, or 98.8%)! These three expense categories explain nearly 80% of the increase in just two short years.

22. An 82.5% increase in salaries and benefits assigned to the General Fund in really a year? Let's put this in perspective. \$4,374,616 in ad valorem tax revenues and this isn't sufficient to pay for administrative salaries and benefits? There's something really, really wrong here.

23. Take a look at pages 123 and 127 of the board packet. A \$494,229 GM. A salary grade 42 (\$341,031) Ass't GM. A salary grade 40 (\$287,870) Director of Admin Services (Susan Herron). A salary grade 40 (the same \$287,870 assigned to Susan Herron) Ass't Director of Finance (Adam Cripps). A salary grade 42 (the same \$341,031 assigned to an Ass't GM) Director of Finance. A salary grade 38 (\$243,274) IT Director. A salary grade 38 (the same \$243,274 assigned to our IT Director) HR Director. A salary grade 33 (or salary grade 32 translates into \$209,435) HR/Risk Manager. A salary grade 29 (\$158,444) Public Information Coordinator. A total of 35 FTEs just to necessary and reasonably priced administrative services?

24. There's no way in the world we require this kind of administrative overhead. NO WAY. And staff know this. Because you're going to see how they have hidden all of this from you and now propose disingenuously reducing General Fund salary and benefit costs. But before we do, let's discuss how one reduces overspending like this.

25. The most direct and straightforward way is to reduce expenditures. But as you can see staff have done the exact opposite. Because like I said, they care more about themselves than we parcel owners who are involuntarily paying their salaries and benefits.

26. The opposite of reducing expenses is to increase revenues. But we're incapable of generating additional legitimate revenue to the General Fund. That's because revenue consists mostly of taxes, and they are pretty much capped by the NRS and the State.

27. Next on the list of reducing overspending would be to come up with other revenue sources. And here that would be central services cost transfers. I'm not going to get into why or how this is phony revenue (although I have raised the issue before), but look at the massive leap in this revenue source (at page 83 of the board packet) which uncoincidentally mirrors the massive increases in

35. The games which are being played for the General Fund which I have outlined, are being replicated across the District's other funds. Where intentional overspending in the Community Services Fund is being subsidized by a nearly \$3.7M RFF (see page 96 of the board packet) and intentional overspending in the Beach Fund is being subsidized by a \$2,561,460 BFF (see page 112 of the board packet).

36. And wait until you get to Mr. Cripps' proposed Internal Services Fund budget. An unbelievable \$1,244,091 (38.4%) increase in a single year (see page 114 of the board packet). As the late George Carlin would observe, the intentional deceit is stunning.

So now that you know the dirty games your staff are initiating, how about you demand that this massive overspending stop! We don't need the massive overhead staff want you to embrace. We don't need to pay what staff are representing you have to pay for that overhead. We can't keep assessing local parcel owners to involuntarily subsidize these outrageous costs. Live within your means for GOD's sake, or don't live at all. If you don't, each of you is as dirty as your dirty staff.

Respectfully submitted, Aaron Katz

**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE
WRITTEN MINUTES OF THE IVGID BOARD'S REGULAR MAY 20, 2024
MEETING – AGENDA ITEM F(1) – PROPOSED REVISIONS TO THE
DISTRICT'S VENUE PRICING POLICIES FOUNDED UPON THE
PHONY COST RECOVERY PRICING PYRAMID**

Introduction: Well here's yet "another one" as my friend DJ Kahled would say¹. More evidence of staff incompetence, lack of knowledge and professionalism, and a flagrant disregard for the financial sustainability of the District. This time it's staff's modification to the District's recreation venue pricing policies to justify the giving away of more and more to the detriment of local parcel owners. And that's the purpose of this written statement.

My May 19, 2024 E-Mail to The Board²: On May 19, 2024 I sent the Board an e-mail wherein I informed members of staff's irregularities, and their intent to secure ratification of the notion local parcel owners subsidize the cost of the same. Rather than recounting the substance of my comments, I refer the reader to said Exhibit "A."

Conclusion: This behavior just keeps happening over and over and over again. Unqualified, incompetent and over compensated staff get replaced by even more unqualified, more incompetent and more over compensated staff. And look at the results. As I've pointed out so many times before, this consequence is the product of a criminal syndicate³. And you wonder why your Recreation ("RFF") and Beach ("BFF") Facility Fees continue as involuntary subsidies?

When is the Board going to put members' collective feet down and put an end to these practices? Given NRS 318.515(1) states that where the: "(a) district...is not being properly managed; (or, its) (b) board of trustees...district is not complying with the provisions of...any other law;" when will the Board notify the Washoe County Board of Commissioners to hold a hearing to consider whether to: (a) adopt an ordinance (substituting)...the board of county commissioners, *ex officio*, as the board of trustees of the district; (b) adopt an ordinance providing for the merger, consolidation or dissolution of the district...(c) file a petition in the district court for the county in which the district is located for the appointment of a receiver for the district; or, (d) determine by resolution that

¹ Go to <https://medium.com/cuepoint/the-old-people-s-guide-to-dj-khaled-5618a5aa52b1#:~:text=Another%20One%20%E2%80%94%20One%20of%20the,of%20shoes%2C%20or%20something%20else.>

² That e-mail is attached as Exhibit "A" to this written statement.

³ NRS 207.370 instructs that "criminal syndicate means any combination of persons, so structured that the organization will continue its operation even if individual members enter or leave the organization, which engages in or has the purpose of engaging in racketeering activit(ies)."

management and organization of the district will remain unchanged,” don’t you think the time has come?

Respectfully submitted, Aaron Katz (Your Community Watchdog Because Nearly No One Else Seems to be Watching).

EXHIBIT "A"

Re: May 20, 2024 IVGID BOT Meeting - Agenda Item F(1) - Revisions to the District's Venue Pricing Policies

From: <s4s@ix.netcom.com>
To: Schmitz Sara <schmitz_trustee@ivgid.org>
Cc: Dent Matthew <dent_trustee@ivgid.org>, Tonking Michaela <tonking_trustee@ivgid.org>, Tulloch Ray <tulloch_trustee@ivgid.org>, Noble Dave <noble_trustee@ivgid.org>, <bma@ivgid.org>
Subject: Re: May 20, 2024 IVGID BOT Meeting - Agenda Item F(1) - Revisions to the District's Venue Pricing Policies
Date: May 19, 2024 2:26 PM

Chairperson Schmitz and the Other Honorable Members of the IVGID Board -

Here staff are requesting that the Board CHANGE the District's policy of requiring that most of our commercial business enterprise public recreation businesses operate at a break even or positive cash flow basis. In order to ratify massive overspending and cash flow losses so staff can continue their intentional overspending ways. And to appease various special interests in our community. Who will ratify policies which will continue to flow the "gravy."

Susan Herron: However, before I start my substantive discussion, look who's bringing this matter. Dirty Susan Herron. I say "dirty" because her past dirtiness is well documented. And each of you trustees know this. Regardless, since when is a mere Admin person qualified to be sponsoring and having created a matter such as this? An employee who is costing the District \$287,870 per year (see page 127 of the board packet for this meeting) and who supervises one employee below her (Clerk Heidi White)! Take a look at her job description. I have. There you will find that what she is doing is well beyond her duties. So could it be Ms Herron is really the Wizard of Oz and her true colors are starting to show? Or, even worse?

The Alleged Purpose of Policy 6.2.0: More do as I say, rather than do as I do. Read what this policy recites at page 40 of the board packet for today's meeting: "to establish the manner in which fees and charges for services are set...to ensure consistent application of pricing policy across the District's Community Services and Beach venues in order to meet venue-specific revenue and **cost-recovery** targets established through the annual budget process."

What a conglomeration of gobbledegook! Don't you think? The manner within which fees and charges should be established, is simple and straightforward. **Break even or greater!** Certainly not less than the District's cost. Break even or greater! Period! Isn't that the so called "objective of the District's pricing policy?" You know. "To ensure that revenues, including Charges for Services...are sufficient to cover the full cost of providing services to IVGID Picture Pass holders, guests of IVGID Picture Pass holders and others." Are you reading this? **To cover the full cost of providing services!** And if staff can't generate this type of financial performance, across **all** of the District's Community Services and Beach venues, it's time to go out of business.

So why would you force local parcel owners, and only parcel owners, to subsidize staff's money losing ways? Which is the real purpose of this agenda item. This explains why this item should be summarily dismissed!

The Phony Cost Recovery "Pricing" Pyramid: Staff's money losing ways are founded upon a totally **PHONY** "pricing pyramid." Where does this pyramid come from? First implemented by former GM Winquest because it is a pillar of the National Recreation and Parks Association (<https://www.nrpa.org/>). An organization which propagates the myth our Rec Center employees are "professionals?" Like our engineering employees are professionals. And our finance employees are professionals. And our IT employees are professionals. And our HR employees are professionals. **NOT!**

Do you realize Indra plagerized this methodology from a recreation consulting agency? A consulting agency! Green Play, LLC? That's right. Go to https://wichitaks.granicus.com/MetaViewer.php?view_id=2&clip_id=1840&meta_id=106332 to see for yourself! But what Indra never told us is that this

pyramid is really IRRELEVANT to us? Why? Because "programs that make up the base of the pyramid **do not recover any costs and are fully subsidized by taxes.**" NONE of our facility nor program costs is paid for nor subsidized by the taxes the District realizes. Rather, they're spent on overcompensated and over benefited employees. Therefore there is no justification to subsidize any of the programs that make up the base of the pyramid. **So why the pricing pyramid?**

Don't believe me? Take a look at page 83 of the board packet for this meeting. There staff propose that the District spend nearly \$6.9M on 2024-25 salaries and benefits assigned to the General Fund budget. And that their cost be covered by a maximum of nearly \$4.374M of taxes. No taxes are available to be spent on subsidizing public recreation. So why are our staff suggesting that if some community benefit is delivered as a result of public recreational venues and the programs offered thereat, depending upon the extent of that benefit, their cost be subsidized by local parcel owners? Is this your idea of "sound financial planning principles" trustees? Bueller? Bueller?

Why is it that it's prudent we adopt a formal policy that:

1. The capital and debt service costs of golf be paid for by local parcel owners (see page 54 of the board packet for this meeting), rather than those individuals who actually use our golf facilities?
2. The capital, debt service and some of the operational costs of tennis and pickleball be paid for by local parcel owners (see pages 75-76 of the board packet for this meeting), rather than just those individuals who actually use our tennis and pickleball facilities?
3. The capital, debt service and most of the operational costs of the various recreational programs staff furnish be paid for by local parcel owners (see pages 76-77 of the board packet for this meeting), rather than just those individuals who actually partake in those programs?
4. The capital, debt service and most of the operational costs of our public parks, skateboard parks, mountain bike pump track, disc golf course be paid for by local parcel owners (see pages 76-77 of the board packet for this meeting), rather than just those individuals who actually use these facilities?
5. The capital, debt service and most of the operational costs of our facilities (The Chateau and Aspen Grove) be paid for by local parcel owners (see page 78 of the board packet for this meeting), rather than just those individuals who actually use those facilities?
6. 100% of the capital, debt service and operational costs associated with the beaches be paid for by local parcel owners with beach access (see page 55 of the board packet for this meeting), rather than by the taxes local parcel owners already pay the District?

Why doesn't the policy mandate that 100% of the capital, debt service and operational costs associated with **ALL** of our recreation facilities and programs be paid by those individuals who actually use them, rather than via the facility fees local parcel owners are compelled pay? Exactly like the policy applicable to Diamond Peak (see page 56 of the board packet for this meeting)!

Don't we already lose enough money operating essentially everything else we do? So why lose even more subsidizing the various facilities identified above?

Discounts to Groups, Community Focused Nonprofits, and Others: These need to be eliminated entirely!

If your intent is to be financially responsible, then why would you ever, ever adopt a policy such as this one? Please do not enter into another revision of this existing policy. **TERMINATE** it!

Respectfully, Aaron Katz

**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE
WRITTEN MINUTES OF THE IVGID BOARD'S REGULAR MAY 20, 2024
MEETING – AGENDA ITEM C – PUBLIC COMMENT – FAILURE TO
SUBMIT CENTRAL SERVICES COST ALLOCATION PLAN FOR
2024-25 WHICH COMPLIES WITH NAC 354.865**

Introduction: Well here's yet "another one" as my friend DJ Kahled would say¹. More evidence of staff incompetence, lack of knowledge and professionalism, and a flagrant disregard for the financial sustainability of the District. This time it's staff's implementation of a series of allocated central services cost transfers for fiscal year 2024-25 in the District's tentative budget without first securing the Board's approval of an allocated central services cost plan.

District Policy No. 18.1.0 instructs that "the District will maintain (a)...Central Service Cost Allocation Plan for accumulating, allocating and developing billing rates on allowable costs of services provided by the District's General Fund to departments, divisions and Enterprise Funds." NAC 354.8668(7) mandates that such plan "must be updated annually before: (a) The date on which the local government submits its tentative budget to the Department; or (b) If the local government is exempt from the requirement to submit a tentative budget to the Department, the date on which the local government submits its final budget to the Department." So where is the plan Mr. Cripps? And that's the purpose of this written statement.

My May 19, 2024 E-Mail to The Board²: On May 19, 2024 I sent the Board an e-mail wherein I informed members of this irregularity, and more. Rather than recounting the substance of my comments, I refer the reader to said Exhibit "A."

Conclusion: This behavior just keeps happening over and over and over again. Unqualified, incompetent and over compensated staff get replaced by even more unqualified, more incompetent and more over compensated staff. And look at the results. As I've pointed out so many times before, this consequence is the product of a criminal syndicate³. And you wonder why your Recreation ("RFF") and Beach ("BFF") Facility Fees continue as involuntary subsidies?

When is the Board going to put members' collective feet down and put an end to these practices? Given NRS 318.515(1) states that where the: "(a) district...is not being properly managed;

¹ Go to <https://medium.com/cuepoint/the-old-people-s-guide-to-dj-khaled-5618a5aa52b1#:~:text=Another%20One%20%E2%80%94%20One%20of%20the,of%20shoes%2C%20or%20something%20else.>

² That e-mail is attached as Exhibit "A" to this written statement.

³ NRS 207.370 instructs that "criminal syndicate means any combination of persons, so structured that the organization will continue its operation even if individual members enter or leave the organization, which engages in or has the purpose of engaging in racketeering activit(ies)."

(or, its) (b) board of trustees...district is not complying with the provisions of...any other law;" when will the Board notify the Washoe County Board of Commissioners to hold a hearing to consider whether to: (a) adopt an ordinance (substituting)...the board of county commissioners, *ex officio*, as the board of trustees of the district; (b) adopt an ordinance providing for the merger, consolidation or dissolution of the district...(c) file a petition in the district court for the county in which the district is located for the appointment of a receiver for the district; or, (d) determine by resolution that management and organization of the district will remain unchanged," don't you think the time has come?

Respectfully submitted, Aaron Katz (Your Community Watchdog Because Nearly No One Else Seems to be Watching).

EXHIBIT "A"

Re: May 20, 2024 IVGID BOT Meeting - Agenda Item C - Where's the Revised Central Services Allocation Plan That Complies With NAC 354.865, et al?

From: <s4s@ix.netcom.com>
To: Schmitz Sara <schmitz_trustee@ivgid.org>
Cc: Dent Matthew <dent_trustee@ivgid.org>, Tonking Michaela <tonking_trustee@ivgid.org>, Tulloch Ray <tulloch_trustee@ivgid.org>, Noble Dave <noble_trustee@ivgid.org>, <bma@ivgid.org>
Subject: Re: May 20, 2024 IVGID BOT Meeting - Agenda Item C - Where's the Revised Central Services Allocation Plan That Complies With NAC 354.865, et al?
Date: May 19, 2024 4:59 PM

Chairperson Schmitz and the Other Honorable Members of the IVGID Board -

You know, members of the public have the right to expect and demand that their local government operate competently, professionally, and in compliance with NRS/NAC 354. So instead, your Mr. Cripps has come up with a tentative budget discussion which:

1. Proposes a one year increase in budgeted central services cost transfers, without explanation, from \$1,319,400 for 2022-23 to \$2,417,072 for 2024-25. A whopping nearly \$1.1M or 45% increase in transfers;
2. Proposes an additional \$1,759,838 be disingenuously transferred to the General Fund for de facto central services, by circumventing the requirements of NRS 354.613, by calling these de facto transfers "allocations" to other funds; and,
3. Fails to address any of the factors identified in NAC 354.867. In other words,
 - (a) Necessary and reasonable costs for the proper and efficient administration and performance of the enterprise fund from which proposed transfers are to be made;
 - (b) Which are consistent with policies, regulations and procedures that apply uniformly to the enterprise fund(s) from which proposed transfers are to be made, and other activities of the local government;
 - (c) Which are determined in accordance with generally accepted accounting principles; and
 - (d) Which are documented adequately for independent verification.

In determining whether a cost is a reasonable cost for the purposes above, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the enterprise fund(s) from which proposed transfers are to be made;
- (b) Whether the cost is consistent with sound business practices, the indicia of an arm's length transaction, and the requirements and restraints imposed by state laws and regulations;
- (c) The market prices for comparable services or property;
- (d) Whether the persons incurring the cost have acted with prudence under the circumstances considering their responsibilities to each pertinent governmental unit, its employees, and to the general public; and,
- (e) Any significant deviations from the established practices of the local government that may have unjustifiably increased the cost.

I and others I know what to examine Mr. Cripps' documented proposed de facto \$4,176,910 in central services costs so they can be independently verified. And I'm certain Mr. Homan wants to see that documentation insofar as his beloved Champ Golf course is concerned.

If you Board members don't put your collective feet down and make our allegedly competent Ass't Finance Director comply with the NRS and NAC, the whole bunch of you will be in violation of NRS 354.613 and 354.626(1) which is criminal.

Thank you for your cooperation. Aaron Katz

5/20/24 | Kristie Wells | Incline Village Resident

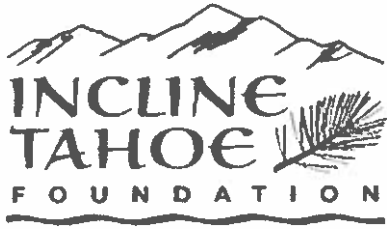
During the May 8th board meeting, I spoke about several donations coming directly through IVGID, when District Policy 138 clearly states that all funding is to go through the Incline Tahoe Foundation (aka: "ITF"). During that meeting, community member Michael Gross spent quite a bit of time explaining the benefit of both donors and IVGID working with the ITF, and specifically asked that his donation of the Veteran's Memorial go through the ITF.

This led me to do more research and I was connected with Dolores Holets, the President of the ITF. Dolores has provided the history of the ITF and IVGID relationship and asked that this be included in the minutes of today's meeting. I am submitting this on her behalf as she cannot attend today's meeting.

Moving on to today's Agenda items, the 2024/2025 budget. Holy smokes. I said this two weeks ago and I will say it again. You have to stop this bleeding. The District cannot sustain at this level of spending.

Our current state of funds and the budget ask being submitted show neither you nor our General Manager are being fiscally responsible with our money.

Thank you.



**Incline-Tahoe Parks and Recreation
Vision Foundation, Inc.
DBA Incline Tahoe Foundation
948 Incline Way
Incline Village, NV 89451**

Date: May 16, 2024

To: Incline Village Board of Trustees
Bobby Magee, General Manager

From: Dolores Holets, ITF Board President

Subject: Historical Perspective of the IVGID – ITF Relationship

After listening to the May 8, 2024, BOT meeting, it became clear that little is known about the relationship of IVGID and the Incline Tahoe Foundation. Certainly, that is understandable as there have been several turnovers in the GM and Trustee positions since the foundation was formed. The goal of this memorandum is to provide you with clarification so inaccurate information is no longer disseminated about ITF. I also request this document is included in public records to ensure that the Incline Village community has access to the facts.

For 15 years, ITF and IVGID have enjoyed a robust relationship that has provided many benefits to the Incline Village-Crystal Bay community. A few of these collaborative projects include the Robert & Robin Holman Family Bike Park, the Ridgeline ballfield renovation, the disc golf course, the bocce ball court benches/flower boxes, and the fit course. All these projects have the goal of increasing recreational opportunities for residents of and guests to our community.

Formation of ITF and the 2009 Memorandum of Understanding with IVGID

In 2009, at the direction of the Board of Trustees and guided by the General Manager, ITF was formed. The primary purpose of the non-profit at that time was to raise funds for the expansion of the recreation center. With that goal in mind, a Memorandum of Understanding was crafted between IVGID and ITF. Specifically:

“CSG” shall mean Community Services Group, the department within IVGID that oversees parks and recreation facilities, services and programs.

- 1. The Foundation is created and operated primarily in support of IVGID and its CSG's vision, mission and goals and its work will be compatible with these interests and goals.*
- 2. The Foundation will have as its primary purpose to secure, manage and invest privately raised funds solely for the benefit of the IVGID's Recreation Center and other recreational facilities, parks, services, programs, and other efforts as mutually agreed upon.*

Historical Perspective of the IVGID – ITF Relationship

Page 2

One of the first fundraisers held by ITF was called a “Toast to Tennis.” The objective was to raise funds for indoor tennis courts, youth scholarships, and renovations to the tennis facilities. The event was held in 2011. By 2016, it was apparent that IVGID did not intend to build indoor tennis courts. ITF contacted all individuals who specifically donated to indoor tennis, requesting transfer of funds to maintenance projects, such as new carpeting. In several cases, donors requested their funds be transferred to other non-profit organizations.

To date, most of the initial projects identified by CSG have not come to fruition or completion. These include expansion of the recreation center, beautification projects for the Recreation Center gardens and Village Green, and renovation of the tennis facilities – indoor tennis. Thanks to dedicated community members and a sizable donation from the Lion’s Club, the disc golf course was completed. Through a partnership agreement with the disc golf course organizers, ITF assumed responsibility for fundraising.

Project Specific Memorandums of Understanding

In 2017, ITF was given a donor advised grant from the Parasol Tahoe Community Foundation to build the Robert & Robin Holman Family Bike Park. The grant agreement existed solely between ITF and Parasol. ITF needed to create a project specific MOU with IVGID that met the reporting requirements of the \$225,000 grant.

After numerous discussions with the IVGID General Manager, Director of Parks & Recreation, and several IVGID Trustees, it was recommended that the 2009 MOU with IVGID be replaced with project specific MOUs that better defined the needs of the donors, ITF, and IVGID. The project specific MOUs would work in conjunction with Procedure 138 and the Naming Policy as part of the entire project package.

It is important to note that project specific MOUs came at the request of donors, resulting in over \$2 million in grants to recreational opportunities for Incline Village residents. It has been our experience that donors want the project oversight provided by ITF.

ITF has also expanded beyond working strictly with IVGID to collaborating with other organizations.

The Current Relationship with IVGID

Since its formation, ITF has valued its relationship with IVGID. Currently, there are three distinct ways ITF works with IVGID:

- *Pass-through funds.* IVGID Parks & Rec holds delightful events for the community, such as Trail of Treats, The Bunny Trail, and Santa Stop. These events are listed on ITF’s website. Those individuals who contribute receive tax donation letters from ITF. One hundred percent (100%) of the funds raised go to these events, with no funds kept for ITF. MOUs are not required as these are strictly IVGID events.

Historical Perspective of the IVGID – ITF Relationship
Page 3

- *IVGID Projects with Bench/Naming Opportunities.* The Bocce Ball court benches/flower boxes are an example of an IVGID project with naming opportunities. ITF has a Partnership Agreement with the Bocce Boyz. A dedicated group of bocce ball enthusiasts raised funds for benches and flower boxes by the bocce ball courts. These funds were placed with both ITF and Parasol. At the appropriate time, funds held in Parasol were granted to ITF. Because of ITF's due diligence process, Parasol prefers to work directly with ITF and not IVGID. IVGID was responsible for installing the benches, flower boxes, and commemorative plaques on the benches. Invoices for the benches were submitted to ITF for reimbursement to IVGID. This project did not require an MOU as it was covered under Procedure 138.
- *Project Specific MOUs.* Larger projects, such as the Bike Park and Ridgefield ballfield renovation, required project specific MOUs. Donors to ITF, such as the Parasol and Duffield foundations, have specific grant specifications that require oversight and detailed reporting. In these instances, ITF generally charges up to 3% administrative fees. If the grant requires an endowment to be created for on-going maintenance, up to 7% can be held in reserve. These amounts are negotiated with each donor.

The ITF Board and Advisory Committees

The ITF board and advisory committee members are a group of professionals, executives, and business owners who volunteer their time and talents to the betterment of the Incline Village – Crystal Bay communities. All board members are full-time residents. Profiles of the members can be found on ITF's website, www.inclinetahoe.org/board.

INVOICE

BAVS SM-LLC
brandiavsmith@gmail.com
United States

BILL TO
Incline Village General Improvement District
Susan Herron / Heidi White

775-832-1218
AP@ivgid.org

Invoice Number: IVGID 39

Invoice Date: May 24, 2024

Payment Due: June 20, 2024

Amount Due (USD): \$878.00

Items	Quantity	Price	Amount
Base fee May 20, 2024 BOT special meeting	1	\$350.00	\$350.00
Per page fee May 20, 2024 BOT special meeting	89	\$6.00	\$534.00
		Subtotal:	\$884.00
		Overcharge on IVGID 37 by one page. Transcript was 239 pages, not 240.:	(\$6.00)
		Total:	\$878.00
		Amount Due (USD):	\$878.00