

1
2 INCLINE VILLAGE
3 GENERAL IMPROVEMENT DISTRICT
4 BOARD OF TRUSTEES
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9 TRANSCRIPT OF HEARING
10 PUBLIC MEETING
11 Live and Via Zoom
12
13 Held at the Boardroom
14 893 Southwood Boulevard
15 Incline Village, Nevada
16
17 Thursday, May 30, 2024
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23
24 Reported by: Brandi Ann Vianney Smith
25 Job Number: IVGID 43

1 APPEARANCES
2
3 **BOARD MEMBERS PRESENT**
4 SARA SCHMITZ, CHAIR (via Zoom)
5 MATTHEW DENT, VICE CHAIR
6 MICHAELA TONKING, SECRETARY
7 RAY TULLOCH, TREASURER
8 DAVE NOBLE, MEMBER
9
10
11 **ALSO PRESENT**
12 SERGIO RUDIN, LEGAL COUNSEL
13 HEIDI WHITE, DISTRICT CLERK
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1 Incline Village, Nevada - 5/30/2024 - 6:00 P.M. 4
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5 TRUSTEE DENT: All right. Here we go.
6 I'd like to call the board meeting to order.
7 Today's May 30th, the time is 6:00 p.m. We're
8 located at 893 Southwood Boulevard, Incline Village,
9 Nevada, and also on Zoom.
10 Item A is the Pledge of Allegiance.
11 A. PLEDGE OF ALLEGIANCE
12 (Pledge of Allegiance.)
13 TRUSTEE DENT: Item B.
14 B. ROLL CALL OF TRUSTEES
15 TRUSTEE DENT: Trustee Tonking?
16 TRUSTEE TONKING: Here.
17 TRUSTEE DENT: Trustee Tulloch?
18 TRUSTEE TULLOCH: Present.
19 TRUSTEE DENT: Trustee Noble?
20 TRUSTEE NOBLE: Here.
21 TRUSTEE DENT: Chair Schmitz let us know
22 she was running about a half hour late.
23 CHAIR SCHMITZ: I'm on my phone right now.
24 Probably be on my computer in a half hour.
25 TRUSTEE DENT: Chair Schmitz is present.

5

1 I'm Trustee Dent. All five trustees are present.
 2 Item C.
 3 C. INITIAL PUBLIC COMMENT
 4 MR. DOBLER: Cliff Dobler, 995 Fairway.
 5 This budget is like playing a game with
 6 the walnut shells where you have three and you have
 7 a pea under one and you keep moving it around
 8 quickly and then you try to decide where the pea is.
 9 That's pretty much what's been going on here. It's
 10 hard to believe.
 11 I think around two o'clock I went on the
 12 website and pulled down the summary, the roll up,
 13 and then I guess I called Sarah and said, "You know,
 14 we'd like to see the detail of all these funds to
 15 see how it rolled up." And then we get another
 16 batch of paper, I guess it's 20 pages, and the data
 17 in those pages don't match the roll up at all.
 18 Okay?
 19 So, therefore, why do you believe it's
 20 fair for a customer and a resident to be treated
 21 like this? I haven't been treated like this since
 22 probably I was four years old and my mom paddled me
 23 one time. This is ridiculous. It's absolutely
 24 ridiculous. Why do you believe that you're doing
 25 your job? And then if you're not doing it, why

6

1 don't you wait until you have it done and give the
 2 residents a chance to look at it and make proper
 3 comments? So that's that.
 4 I mean this morning, believe it or not, in
 5 the general fund there was no central service cost
 6 allocations. Now it's back in there. And I knew at
 7 that point in time without any central service cost
 8 allocations and with the parks being in there, that
 9 fund balance in the general fund had to be negative.
 10 It just had to be. Okay? So I don't know -- oh, I
 11 guess we -- since he's asking for the detail, I
 12 suppose we have to make some changes here and put
 13 back in that central service cost allocation.
 14 My only biggest complaint is I don't
 15 understand how you have one resolution saying that
 16 you're going to raise that rec fee 350, I think, for
 17 the rec fee for the community service, and then I
 18 think it was 250 for a total of 780. But then on
 19 the roll up, you didn't have anything for community
 20 services. So I'm not so sure I know what you're
 21 raising, but the memo that was put up there, the
 22 first item on the agenda, it says that is you're
 23 raising both fees for a total \$780.
 24 I don't know how you guys can approve
 25 this. In all my days -- I'm 75 years of age. I've

7

1 been working in corporate America for close to, I
 2 don't know, 50 years, and I never seen anything like
 3 this. This is like a circus. And I blame it all on
 4 Magee here because he obviously doesn't know what
 5 he's doing.
 6 Anyways, good luck to you.
 7 MS. CARS: So I don't think you can blame
 8 one person for the mess up right now, number one.
 9 Although I think it's a combination of issues. I
 10 don't think -- I heard one of the trustees, I'm
 11 looking at him now, say that the employees would be
 12 sitting around twirling their thumbs if they didn't
 13 have anything to do with projects, and they won't be
 14 sitting around. They work very hard. My husband
 15 and I have observed them since we've been here four
 16 years. And the third thing is you have to look at
 17 the community as a whole when you're looking at the
 18 rec fee. You can't take a part of it; there's a
 19 pie, and there's many parts to the pie in Incline
 20 Village.
 21 And so the best decision would be to have
 22 a recreation center fee. It was there for
 23 many years, and is I think it should be reinstated.
 24 So please give that serious consideration.
 25 Thank you.

8

1 TRUSTEE DENT: Seeing no other public
 2 comments in the room, let's go to Zoom, please.
 3 MS. JEZYCKI: Good evening. This is
 4 Michelle Jezyski, Incline resident and also
 5 candidate for IVGID trustee.
 6 First of all, I want to thank Trustee
 7 Tonking for her dedication to this process and to
 8 our community for spending her day with the GM staff
 9 and staff in an attempt to guide them through coming
 10 up with a viable budget. I want you to know that
 11 your efforts are both necessary and very much
 12 appreciated. Thank you.
 13 Just one small area that has not been
 14 discussed in this process that I just wanted to put
 15 out that I think could be an income-producing
 16 opportunity for our community while addressing
 17 complaints from many: boat parking.
 18 We recently received notice that the Ski
 19 Way parking is no longer, and boats and trailers and
 20 RVs are being tagged. Yet we have a successful
 21 kayak rack rental program at the beach. As such,
 22 why not rent out the hillside parking spaces up
 23 towards Diamond Peak on Ski Way, the park boats
 24 and/or boat trailers for a few hundred dollars?
 25 This could be by a month or by season.

9

1 This could remove as some call it "the
 2 unsightly boats parked all over town," while
 3 generating income from an area that's otherwise
 4 unused during the summer months. Boat owners could
 5 sign a liability release and receive a sticker or
 6 permit to park. And I think this is might be worth
 7 looking into and can serve both sides of an ongoing
 8 debate.

9 Thank you.

10 MR. WRIGHT: Frank Wright. Crystal Bay,
 11 candidate for trustee.

12 After doing some thinking last night,
 13 there's only one way out of this mess, and that is
 14 what I pointed to you last night: You have to cut
 15 costs. And your biggest costs are your employee
 16 costs.

17 We have employees who really don't do
 18 anything, and we made that clear last night and I'm
 19 going to make it again. If you have not gone
 20 through your employees and look at the budget for
 21 employee costs, and when you see the \$3.5 million
 22 increase from last year, you gotta shake your head
 23 and go, well, what are we getting? We've added no
 24 new venues. What are we getting? Higher costs for
 25 what?

10

1 It doesn't make sense. If you were in
 2 business, major companies have seasonal lay offs,
 3 lay offs, they have cutting because of costs, the
 4 profits weren't as great. Here, we just keep adding
 5 and adding and adding. We give more bonuses, more
 6 benefits, more money. And we have people that
 7 really aren't doing much. If you can't identify
 8 that, you really shouldn't be in business. That's
 9 one thing. The only way you're going to do that is
 10 have a general manager that's going to take the bull
 11 by the horns and cut the costs, and that means make
 12 layoffs.

13 Number two, you've got to understand the
 14 law when you're passing a rec fee, and the law is
 15 very clear. You can't show up and say we're going
 16 to pass a rec fee and we're going to arbitrarily
 17 give a number. Tell me what we're given for it.
 18 Tell me what you're going to propose that the parcel
 19 owners are going to gain from it. It seems like the
 20 parcel owner are only here to inflate the salaries,
 21 and we're going to do that with a rec fee. That's
 22 wrong. That's wrong. You're asking people who are
 23 suffering to pay for other people's wages out of a
 24 rec fee that they're being told is for their
 25 recreation. It's not.

11

1 So we need to take a real good look at
 2 what we got going on here and we gotta fix it quick,
 3 and that comes down to the management, the people
 4 that are in charge, and direction this board has
 5 already given you. I don't see any cuts.

6 Thank you.

7 MR. BELOTE: That's the last public
 8 comment in the queue.

9 TRUSTEE DENT: We will close public
 10 comment. We will move on -- continue with our
 11 meeting to Item G 2, and we will open the public
 12 comment hearing.

13 G. GENERAL BUSINESS

14 G 2. Fiscal Year 2024/20-25 Recreation Roll

15 TRUSTEE DENT: I'll ask for a motion to
 16 open the public hearing.

17 TRUSTEE TONKING: Do we have to approve
 18 the agenda?

19 MR. RUDIN: No.

20 TRUSTEE TONKING: I move that we open the
 21 public hearing.

22 TRUSTEE NOBLE: Second.

23 TRUSTEE DENT: Motion's been made and
 24 seconded to open the public hearing. Any
 25 discussion?

12

1 Seeing none, all those favor?

2 TRUSTEE TONKING: Aye.

3 TRUSTEE TULLOCH: Aye.

4 TRUSTEE NOBLE: Aye.

5 TRUSTEE DENT: Aye.

6 CHAIR SCHMITZ: Aye.

7 TRUSTEE DENT: Motion passes, 5/0.

8 The District's holding a public hearing as
 9 require by Nevada Revised Statutes. I will open up
 10 comment. Public comment will be for three minutes,
 11 and for this item, it's based on the report for
 12 collection of the recreation standby services charge
 13 for fiscal year '24/'25.

14 MR. DOBLER: Cliff Dobler, 995 Fairway.

15 So at two o'clock this afternoon, we were
 16 only going to have a rec fee -- I mean a beach fee
 17 of 2,561,000, and no rec fee for the community
 18 services. Then again I went up there after a nice
 19 little nap and a dozen more pages were printed out,
 20 and I guess we are not having a rec fee for the
 21 community services. I guess.

22 But, I mean, it's very easy to balance the
 23 budget. When I'm looking at this summary, and on
 24 the district-wide roll up, which I don't even know
 25 if it means anything anymore, you take capital

13

1 projects, and you had a plan to do 28,802,000 and
2 you just drop it down by 22,000 -- drop it down to
3 22 million for \$6.8 million. So, again, Mr. Magee
4 can turn around and go back to the internal services
5 and tell them they don't need their jobs right now
6 because they don't have any work to do, and he was
7 worried about them not having enough work, so this
8 is obviously so that you won't have enough so you
9 just kind of lay them off, I guess, for the time
10 being.

11 And then I just wanted to give a couple of
12 quick numbers to you to make sure that you
13 understand the magnitude of our capital projects,
14 because I think that's where the rec fee is going to
15 have to be hammered home after you spend, you know,
16 4-, 5-, \$6 million on overhead -- on operations, I
17 mean. You're never going to balance operations
18 ever, ever, ever again. It'll never happen. You
19 pass this budget with this higher salaries, your rec
20 fee is going to go predominantly to wages, and then
21 you're going to have more money to do capital
22 projects.

23 But I thought you guys might be interested
24 in a couple of things. I went back and I looked at
25 the report done by Loomis that had to do with the

15

1 that have nothing, nothing to do with delivering any
2 kind of recreation to my property. And that is a
3 formal complaint.

4 I have to do that because if you do pass
5 this rec fee and you're not giving me anything for
6 it, I have an obligation to come and figure out what
7 to do is right. And you have a rec fee that's never
8 been posted correctly, it's never been discussed by
9 the Board that I know about having a -- setting a
10 time limit for it. You've violated all these
11 requirements that the State sets out for putting in
12 a mandatory rec fee. It's just all wrong.
13 Everything is wrong. And if you don't fix it now, I
14 guess you'll have to fix it some other time.

15 But right now, it's not a rec fee for
16 recreation. It's a rec fee for employee costs,
17 paving, and god knows whatever else you throw it
18 into. This is not what it was meant to be, and I
19 know Ms. Cars doesn't mind paying it. Maybe she can
20 pay mine and everybody else's. I don't know.

21 Thank you.

22 MR. BELOTE: That was the last public
23 comment.

24 TRUSTEE DENT: I'll ask my colleagues if
25 there's a motion to close the hearing.

14

1 condition of all the paving. That was done in 2022,
2 so it's already two years old, and we have a nut
3 there of about \$11 million on what they consider
4 poor condition or fair to poor condition. That has
5 to be address. And of course I keep talking about
6 the DOWL report and what was in the report versus
7 what IVGID had for utilities, this was the water and
8 sewer, it was \$38 million additional you're going to
9 need. So right there, these two items -- oh, I
10 forgot about the parking lot up at Diamond peak,
11 that's another 3.6 million. So you add it all up,
12 and you're looking at 30-, \$40 million. And, Ray,
13 you got more time than I do, you can figure out how
14 much of a rec fee that would be adding to people so
15 they can turn around and pay for all this deferred
16 maintenance.

17 Thank you.

18 How much? About 700 bucks more.

19 TRUSTEE DENT: Can we go back to Zoom?

20 MR. WRIGHT: Frank Wright.

21 This is a formal protest of any rec fee
22 you pass against my property based on the fact that
23 you're using funds, the things that have nothing to
24 do with recreation, they have more to do with
25 central services, for employee costs, the things

16

1 TRUSTEE TULLOCH: I'll make a motion to
2 close.

3 TRUSTEE NOBLE: Second.

4 TRUSTEE DENT: Motion's been made and
5 seconded. I'll call for the question. All those in
6 favor, state aye.

7 TRUSTEE TONKING: Aye.

8 TRUSTEE TULLOCH: Aye.

9 TRUSTEE NOBLE: Aye.

10 TRUSTEE DENT: Aye.

11 CHAIR SCHMITZ: Aye.

12 TRUSTEE DENT: All right. We -- as
13 everyone's heard, there been a bunch of work done
14 today, and most of us haven't even looked at the
15 paperwork in front of us or the budget. Do we need
16 to take a break? How much time do we need?

17 TRUSTEE TONKING: Ten minutes.

18 TRUSTEE DENT: My understanding there's an
19 error in the district-wide roll up sheet, so we're
20 going to take a ten-minute break and try and come
21 back to have a discussion.

22 (Recess from 6:18 p.m. to 6:28 p.m.)

23 TRUSTEE DENT: All right. We do have the
24 revised district-wide roll up in front of us, so we
25 will open the meeting back up. Mr. Cripps,

17

1 Mr. General Manager did you want the floor?
 2 MR. MAGEE: Sure.
 3 We're back tonight, starting with the
 4 facility fee. And I would like to start by saying a
 5 huge thank you to Trustees Tonking and Tulloch who
 6 stopped by the staff room several times today to
 7 check in on staff as we shared with them what we
 8 were working on and what we were planning on
 9 presenting tonight, and received feedback from both
 10 of them several times. I know staff definitely
 11 appreciated that. And I would like to give a big
 12 thank you to all the staff. There's about 20 people
 13 that have been working on this very long hours, all
 14 week. A big thank you to everyone that's put in a
 15 lot of effort on this.
 16 This presentation is related to the
 17 facility fee. I'll start out with the recreation
 18 and beach facility fee. It's shown in the current
 19 version of the recommended budget, the recreation
 20 facility fee is \$450, and we'll walk you through why
 21 that is being recommended now. And then the beach
 22 facility fee is currently shown in the recommended
 23 budget at \$330.
 24 The community services budget, including
 25 capital improvements, right now, if the facility fee

18

1 is approved in its totality, it's still projected to
 2 draw down approximately 288,000 from fund balance.
 3 The community services budget, including capital
 4 improvements without the facility fee, as
 5 recommended, would draw \$3.9 million in fund
 6 balance.
 7 And so with the community services budget
 8 as it currently stands, staff sees that there is
 9 essentially options, which is, one, if the
 10 facilities fee was for capital and operating, we're
 11 looking at \$1.4 million total there. Facilities for
 12 capital only, and I think I transposed that number,
 13 it's actually 4.1 million. The facilities fee for
 14 capital only is 2.7 million, with 1.4 being
 15 operating. And if there was no facility fee, then
 16 we'd have to go back to yesterday's cuts in order
 17 balance that budget completely.
 18 So the separation by subfund for the
 19 recreation fee is Championship Golf at about
 20 979,000; Mountain Golf, 290; facilities, 226;
 21 recreation is about 2 million; and tennis, 122k.
 22 TRUSTEE TULLOCH: Just to add a little bit
 23 to that, just to point out what breaks down to per
 24 parcel in Championship Golf is 121 bucks; for
 25 Mountain Golf, it's 36 bucks; for facilities, it's

19

1 28 bucks to subsidize weddings; for Recreation
 2 Center, it's 247 bucks; and for tennis, it's 15
 3 bucks for every parcel. Just so everyone
 4 understands the scale of these subsidies.
 5 MR. MAGEE: Thank you. And I understand
 6 what happened. I did want to walk you through this
 7 real quick, but I do understand what happened here.
 8 The beach fund, including capital
 9 improvements, projected to draw 3.1 million from
 10 fund balance -- I'll just blast through these.
 11 Okay. That is that.
 12 And then moving on to the budget. What is
 13 being requested of the Board of Trustees today,
 14 which we approve the 330 and 450 recreation, fee
 15 review and discuss the updated departmental budgets
 16 that staff worked on today and brought back as part
 17 of the recommended budget as it currently stands and
 18 ultimately approve the district-wide budget.
 19 The community services fund, this is where
 20 we focused a lot of the efforts today, we went back
 21 and took the direction that the Board provided us
 22 last night and updated the capital projects to
 23 reflect the Public Works recommendations. There's
 24 approximately \$2.7 million that was placed back into
 25 the capital projects for the community services

20

1 fund. We can walk you through that here in a
 2 minute. Projects that were in the initial
 3 recommendation two weeks ago, still deferred to a
 4 later date, is approximately 3.5 million. The
 5 reduced services in supplies budget lines is
 6 approximately 305,000. And so that leaves a net
 7 sources and uses of approximately 288,000, with the
 8 facility fee. And I did want to highlight that
 9 there is no provision for depreciation in here.
 10 And so the capital projects that have been
 11 recommended by Public Works, and I concur with their
 12 recommendation, that they've said that they can
 13 realistically get to this year, some of the major
 14 ones that you'll notice on here, the golf cart barn
 15 siding replacements, some of the golf cart path
 16 replacements. The HVAC system replacement at the
 17 Rec Center is about a little over \$1 million.
 18 Number of projects out at ski, including some
 19 rolling stock and some ski or rental equipment have
 20 been placed back into the capital projects.
 21 And so I'll walk you through some of other
 22 funds here. The general fund, overall, reduced
 23 salaries and benefits by 242,000 from the initial
 24 recommended budget. The reduced services and
 25 supplies budget lines are approximately 89,000.

21

1 Reduced professional services by an additional
 2 48,000 in the general fund.
 3 TRUSTEE TULLOCH: Can we just go back and
 4 stop there. The reduced salaries and benefits,
 5 that's not actually a reduction. Is that -- that's
 6 just removing the original positions that were put
 7 in the budget?
 8 MR. MAGEE: Yes. That is not a --
 9 TRUSTEE TULLOCH: It's not actually a
 10 reduction; it's just removing from some of the
 11 additional positions that were put in?
 12 MR. MAGEE: That is a portion of it.
 13 Do you have all the details of that one
 14 handy?
 15 MR. CRIPPS: A portion of it is the
 16 removal of those positions as well as unfunding
 17 additional items, like the assistant general manager
 18 as well as the finance director.
 19 TRUSTEE TULLOCH: Yeah. It's not actually
 20 reductions; it's just not adding staff.
 21 MR. MAGEE: It's reductions from the --
 22 like I said, from the original staff proposal,
 23 correct.
 24 TRUSTEE TULLOCH: Just to be clear to the
 25 public.

22

1 MR. MAGEE: Correct. Yes. Understood.
 2 Public Works, overall reduced services and
 3 supplies line by 215,000. Again, all of these
 4 numbers that I'm supplying up here are from the
 5 recommendation staff recommendation from two weeks
 6 ago.
 7 The beach fund increased revenue
 8 projections by 202,000. I did speak with the beach
 9 staff today, that reflects what they see as
 10 actual -- estimated actuals for this particular, and
 11 they believe that that trend will continue. Reduced
 12 salaries and benefits by \$119,000 that, again, was
 13 the removal of the position that was recommended
 14 that was -- the Board shared with us that it wished
 15 to remove from the budget. Reduced services and
 16 supplies by \$48,000, and reduce capital improvements
 17 by 55,000.
 18 Internal services funds reduced salaries
 19 and benefits by 226,000. Reduced services and
 20 supplies by 420,000.
 21 And with that, Mr. Cripps is here, he's
 22 prepared to pull up any of the charts that the Board
 23 would like to see and discuss, but you have the
 24 recommended budget in front of you, and we're happy
 25 to take any questions.

23

1 TRUSTEE DENT: Question for Sergio. He
 2 just reviewed the budget portion, I guess it's 3 A,
 3 should we open the public hearing for that as well?
 4 MR. RUDIN: For 3 A, so, yes. Yes, you
 5 should. You should take public comment and then
 6 close it and make a discussion.
 7 (Inaudible discussion amongst the
 8 Board.)
 9 MR. RUDIN: I believe you guys already
 10 acted on item G 2A.
 11 (Inaudible discussion amongst the
 12 Board.)
 13 MR. RUDIN: Oh, you did vote. Okay.
 14 TRUSTEE DENT: We did vote.
 15 MR. RUDIN: Yeah.
 16 TRUSTEE DENT: We haven't made a decision
 17 as to direction, and there's nothing wrong with
 18 that.
 19 MR. RUDIN: Yeah. I think that's fine.
 20 When you called the question, I thought you were
 21 calling the question on the staff recommendations,
 22 so I think that was unclear.
 23 Okay. It sounds like you guys have not
 24 voted on --
 25 TRUSTEE DENT: No. It was very clear that

24

1 we voted to close public hearing. We did not vote
 2 on the staff recommendations because we hadn't heard
 3 staff's recommendation.
 4 MR. RUDIN: For the budget in item 3, oh
 5 okay. Yeah, then you would close the public hearing
 6 and then return to item G 2. That's fine. Yes.
 7 TRUSTEE DENT: Just everything goes back
 8 and forth so much, and last night you stopped us
 9 because we were getting too far out of our lane. We
 10 just got out of our lane, so I'm just checking.
 11 MR. RUDIN: I think that would be fine if
 12 you want to vote on the budget first and then vote
 13 on the setting of the rec fee second, that's
 14 perfectly fine.
 15 But, yeah, you'd want to open the hearing
 16 and take the public comment before you deliberate
 17 and act on the budget.
 18 G 3 A and B. Fiscal Year 2024/2025 Budget
 19 TRUSTEE DENT: All right. So before we go
 20 any further, I would like to have a motion to open
 21 the public hearing.
 22 TRUSTEE TONKING: I move that we open the
 23 public hearing.
 24 TRUSTEE NOBLE: Second.
 25 TRUSTEE DENT: Motion's been made and

25

1 seconded. All those in favor, state aye.
 2 TRUSTEE TONKING: Aye.
 3 TRUSTEE TULLOCH: Aye.
 4 TRUSTEE NOBLE: Aye.
 5 TRUSTEE DENT: Aye.
 6 CHAIR SCHMITZ: Aye.
 7 TRUSTEE DENT: We are holing the public
 8 hearing as required by Nevada Revised Statutes. We
 9 do have one public comment, so far, in the room.
 10 Mr. Dobler, you have your three minutes.
 11 MR. DOBLER: I just thought I'd give you
 12 guys some fun and games about over the last five
 13 years about capital projects that have come on board
 14 and have gone absolutely nowhere. And of course
 15 what's interesting about these were all high-level
 16 projects that needed to get done. These were the
 17 ones that the public voted on and wanted them done
 18 immediately.
 19 We got the dog park, disappeared, no
 20 longer around, just disappeared. And then we had
 21 the paving up at Diamond Peak, you had to drop that
 22 one because Tyrolian Village doesn't have an
 23 easement across or land, so rather than just going
 24 to Tyrolian Village and getting any easements, oh,
 25 gotta bring in a lawyer for that. We don't know how

26

1 to solve that one, so we better not pave the parking
 2 lot -- I mean, the street at Ski Way. Then we go
 3 on, and of course we can all chuckle about the
 4 Incline Beach building, but I think we've beat that
 5 to death. Snowflake Lodge, I think, has been on --
 6 2015, we were going to move forward on that. Gone
 7 nowhere, and that'll be another monstrosity that
 8 you'll find is not needed. But because this guy
 9 here, Noble is charge of that, you may have the
 10 biggest building ever built in Incline Village.
 11 So all of these big projects that are
 12 supposed to get done and were part of the master
 13 plan, the only one that got done was the Burt Cedar
 14 pool, and that wasn't in the master plan at all, it
 15 came out of nowhere. And of course we got that done
 16 in a year because I was in charge of it. We just
 17 punched it through and got it done.
 18 So, if you guys think that you have the
 19 ability to tackle big projects, you're sadly
 20 mistaken. You don't know how to find your way to
 21 the bathroom. The idea is you're not going to get
 22 them done.
 23 So when you're doing these budgets, stick
 24 with paving maintenance, because that's probably all
 25 you're capable of doing.

27

1 Thank you.
 2 TRUSTEE DENT: Can we go to Zoom?
 3 MR. BELOTE: No callers in the queue at
 4 this time.
 5 TRUSTEE DENT: All right --
 6 MR. BELOTE: Literally as I said that, we
 7 did have one come in. Take it?
 8 TRUSTEE DENT: Let's take it.
 9 MR. HOMAN: Mick Homan, Incline Village.
 10 Just one quick comment. As Mr. Magee was
 11 going through the budget items, he gave a summary of
 12 the capital projects for the community service fund
 13 but not for the beach fund, and I think there was a
 14 project for 3.4 or 3.5 million. I'm hoping that one
 15 of the trustees will bring that up as you discuss
 16 the budget, because if that's for the -- to restrict
 17 beach access, I think we've seen pretty clearly in
 18 the FlashVote that the residents don't want it. And
 19 I believe we've heard from legal that it's not
 20 needed to protect the Beach Deed.
 21 Thank you.
 22 TRUSTEE DENT: Any other public comments?
 23 MR. BELOTE: Not at this time.
 24 TRUSTEE DENT: All right, well then I
 25 will -- Sergio, can I have a motion to close the

28

1 public hearing so we can have our discussion?
 2 MR. RUDIN: Yeah, you guys can certainly
 3 do that. Yes.
 4 TRUSTEE TONKING: I move we close the
 5 public hearing.
 6 TRUSTEE NOBLE: Second.
 7 TRUSTEE DENT: Motion's been made and
 8 seconded to close the public hearing. I'll call for
 9 question, all those favor, state aye.
 10 TRUSTEE TONKING: Aye.
 11 TRUSTEE TULLOCH: Aye.
 12 TRUSTEE NOBLE: Aye.
 13 TRUSTEE DENT: Aye.
 14 CHAIR SCHMITZ: Aye.
 15 TRUSTEE DENT: Motion passes, 5/0. Okay.
 16 We have received a presentation on the
 17 budget. I will open to my colleagues if there are
 18 questions at this time or comments. I'll just go
 19 looking for want to do.
 20 Do we have a number for the deferred
 21 capital for community services? Excuse me, not
 22 deferred capital, the carryover projects for
 23 community services?
 24 MR. CRIPPS: Yeah. If you don't mind,
 25 I'll take a minute look it up.

29

1 TRUSTEE DENT: Appreciate it. Any
 2 questions while Mr. Cripps is looking for that
 3 number for us?
 4 TRUSTEE TONKING: I did want you to --
 5 when I'm looking at this sheet, I was hoping you
 6 could can talk a little -- and maybe we need
 7 Director Nelson in -- about the Champ Course golf
 8 pass and how we did some of it last year, then we're
 9 now funding some of it this year. So I just wanted
 10 to hear how that process was going because I know
 11 that was added back. I was hoping she could speak a
 12 little to that, or if you know about it. That's
 13 one.
 14 And then I am -- looking at the beach
 15 access project, it's says "Incline Beach House and
 16 Access Project," that's just the ingress/egress, is
 17 that correct, is that was added in, that 3.4?
 18 MR. CRIPPS: Which are you talking about?
 19 TRUSTEE TONKING: In the '25, yes. Fiscal
 20 year '25 line.
 21 MR. CRIPPS: That's correct.
 22 TRUSTEE TONKING: Thank you.
 23 CHAIR SCHMITZ: I'd like to know where the
 24 completion of phase one of bike park is, and where
 25 the budget is for that and when the permit is set to

30

1 expire because we never completed that project.
 2 That, too, just seemed to just fall off. Where is
 3 that and when does that permit expire?
 4 MS. NELSON: The TRPA permit for the bike
 5 park is up in February of 2026. The special use
 6 permit from Washoe County is up on January 5th,
 7 2025. We have it on our schedule to request an
 8 extension through Washoe County for the special use
 9 permit so it will not -- so those permits will not
 10 lapse.
 11 CHAIR SCHMITZ: Have we completed phase
 12 one?
 13 MS. NELSON: Phase one, I --
 14 CHAIR SCHMITZ: My understanding is that
 15 phase one was never completed, that the landscaping,
 16 the BMP requirements that were approved as part of
 17 that initial permit haven't been completed.
 18 So, what happened to that project, how
 19 much is left to be completed to comply with the
 20 permit, and when and where is that on our budget?
 21 MS. NELSON: Currently -- you are correct,
 22 the irrigation and the BMPs have not been installed.
 23 I believe there's about 80,000, don't quote me on
 24 that, of donor funds at the ITF. I know that the
 25 bike community has been working on raising more

31

1 money.
 2 That's where that projects stands at this
 3 time.
 4 CHAIR SCHMITZ: So are we working to
 5 complete that phase one? Because I have heard that
 6 staff and others are working on Phase two. So when
 7 and where is phase one completion on our CIP plan?
 8 MS. NELSON: Currently staff is not
 9 working on the bike park project. The bike
 10 community is working on, like I said, fund raising.
 11 They're also evaluating, they've had some offers of
 12 providing irrigation materials and then doing the
 13 installations themselves, but I don't know where
 14 that's moving because, again, is not working on that
 15 on project currently.
 16 CHAIR SCHMITZ: How is it that we are in
 17 compliance with anything if we haven't completed the
 18 project, the BMPs haven't been put in that were a
 19 part of the initial requirements of the project?
 20 Where are we with all of this and how is this
 21 potentially impacting the District?
 22 MS. NELSON: The TRPA is still open. The
 23 bike park is winterized in satisfaction with TRPA.
 24 So, basically, that permit will stay open until the
 25 work is completed. It's no different than what's

32

1 happening with the Burnt Cedar pool. We have to
 2 paint the pool building and do some BMP improvements
 3 on the entire Burt Cedar property to close out that
 4 permit through TRPA. So it's no different than
 5 that.
 6 CHAIR SCHMITZ: Should it be on our
 7 five-year plan somewhere?
 8 MS. NELSON: Most likely, yes.
 9 CHAIR SCHMITZ: If we could at least add
 10 it as a placeholder for our long-term plan so that
 11 we don't forget about it, that would be appreciated.
 12 TRUSTEE TONKING: I just wanted you to
 13 speak a little to the Championship Golf Course path
 14 project. We put in 165,000 last year that we're
 15 carrying over into this fiscal year, '25, and then
 16 we put in 195,000 in for this year.
 17 I'm just making sure how we plan on
 18 accomplishing that one this fiscal year, because I
 19 know that was one that was added back in as
 20 something that you couldn't have done.
 21 MS. NELSON: Correct. Staff has gone out
 22 and identified, categorized the areas that need to
 23 be removed and replaced. We will be putting
 24 together a bid package this summer to go out for
 25 bid, and then get the work done later in the fall

33

1 prior to October 15th.

2 CHAIR SCHMITZ: Could we please display

3 that so that it's visible.

4 TRUSTEE TULLOCH: It would be easier if we

5 did things in PDF.

6 TRUSTEE DENT: That's for beaches?

7 MR. CRIPPS: Yeah. There are four pages

8 total that we have here. This is a one-page list.

9 TRUSTEE TULLOCH: Could we please just

10 start leaving these in the original spreadsheets?

11 Then we could breeze titles, breeze headers and

12 things so we could see exactly what we're looking at

13 instead of coming into -- could you please, please

14 starting giving us these in the Excel format so we

15 can actually breeze the headers so we can actually

16 see what we're actually looking at? And also it

17 makes the transition smoothly between pages which

18 you can't do when you pull up the PDF, you then

19 start jumping across pages. And this makes it

20 ludicrous, we don't know what header we're looking

21 at on all these. We don't -- we can guess.

22 But if you just leave these in the

23 original Excel format, it would make life so much

24 easier.

25 TRUSTEE DENT: My page is like -- I'm on

35

1 versions of documents, I'm losing track.

2 TRUSTEE DENT: 2,038,000. And then what's

3 the five-year average of what we spent in community

4 services on capital improvement projects? I asked

5 this at the last meeting, last night, or maybe the

6 night before. So, like 3 million, 4 million is the

7 five-year average?

8 MS. NELSON: I did not hear you ask for

9 that. I'm sorry.

10 MR. CRIPPS: I wasn't able to get that

11 either.

12 TRUSTEE DENT: Okay. My concern with this

13 is, as we talked about last night and the night

14 before and I don't know what day it is anymore,

15 but -- we might have met on have Monday too. My

16 concern is we're going to say that we're going to do

17 all these projects and then we're going to end up

18 with \$2 million of carryover projects again that we

19 can't achieve because we don't have the resources or

20 the time to actually get them done because we have

21 such a short construction season.

22 So, are we overbudgeting again with our

23 capital improvement projects, knowing that we have

24 \$2 million in carryforward projects plus several

25 million dollars in budgeted projects?

34

1 the very first page of this, and we got like half

2 the print. It appears like we have \$2.3 million in

3 carryover projects when it comes to utilities; is

4 that correct? Approximately?

5 (Inaudible discussion amongst the

6 Board.)

7 TRUSTEE DENT: Okay. And then do we have

8 the total number for carryover projects in community

9 services?

10 CHAIR SCHMITZ: I did a subtotal, and it

11 was 2,070,000. I created a subtotal.

12 MS. NELSON: And I believe that includes

13 Parks, and Parks is out of community services, so it

14 should be like 1.765 million.

15 TRUSTEE DENT: 1.765. And then do we have

16 the --

17 CHAIR SCHMITZ: Actually, I moved Parks.

18 I got it in Excel spreadsheet, and I moved Parks and

19 didn't include Parks, I believe, and it was 2.07,

20 because I did remove Parks.

21 TRUSTEE DENT: 2038, is that it?

22 TRUSTEE TONKING: Yeah.

23 TRUSTEE DENT: Sarah, there's actually a

24 printout that actually has it, I guess.

25 CHAIR SCHMITZ: We just have so many

36

1 MS. NELSON: No. Because if you look at

2 community services for this coming year, this coming

3 fiscal year, there's a large HVAC project at the Rec

4 Center, and that can happen all year long because

5 it's indoor. So that's a \$1 million right there out

6 of the 2 million. So, yes.

7 TRUSTEE DENT: But we don't know what we

8 can get done in a year? If we don't know what our

9 average is over the last five years and we don't

10 even know what we can achieve in a year, roughly --

11 and I know we can achieve more, yeah. I know we can

12 achieve more when we have a larger project.

13 MS. NELSON: Right. And over the last

14 five years, the engineering staff has not been

15 staffed. So over the least three years, that is

16 what I would like to look at.

17 TRUSTEE TONKING: Last three years was

18 roughly 3.17 million.

19 TRUSTEE DENT: So we're budgeting to do 25

20 percent more than what we achieved over the

21 last three years, so maybe we cut that?

22 TRUSTEE TONKING: But I think there's one

23 big project that is indoor year round.

24 TRUSTEE DENT: I understand. But we're

25 always very ambitious with our budgets. I have yet

37

1 to see us achieve our goals when it comes to
 2 projects.

3 TRUSTEE TONKING: So are you saying remove
 4 something and just bring it to the augmented?

5 TRUSTEE DENT: Yeah.

6 TRUSTEE TONKING: Because I feel like they
 7 did a good job in the area of really looking at what
 8 was feasible, and the things they put in are not a
 9 lot of those outdoor projects. So that doesn't
 10 shorten your cycle as much as some of the other
 11 ones.

12 TRUSTEE DENT: I'm just looking at this
 13 for the first time. I literally got the documents
 14 when we got here.

15 TRUSTEE TULLOCH: Can I have a quick
 16 clarification on the HVAC? There's a million bucks
 17 there, is that to actually perform the project? I
 18 seem to recall just a couple of meetings ago, we
 19 just passed something like 800,000 for HVAC, but
 20 that as just for the design work.

21 MS. NELSON: Correct. And then
 22 the million is for the construction of replacing the
 23 systems throughout the building.

24 TRUSTEE TULLOCH: So we're spending
 25 \$800,000 to design a \$1-million system?

39

1 year-by-year increase of these things, it was
 2 interesting that for '23/'24, it was actually
 3 greater number than it is for this year, yet
 4 last year our overall salaries and benefits were
 5 only inflated by 10 percent; this year, they've been
 6 inflated by 17 to 20 percent.

7 During the budget meetings, we had a slide
 8 showing that we've removed funded positions or
 9 claimed positions adding up to 1.1 million. We've
 10 also subsequently removed another two positions that
 11 add up, fully loaded cost, about 350 to 400k,
 12 depending which one you look at.

13 Yet I look at the overall salaries and
 14 benefits line here, and it's only gone down 628,000,
 15 yet we were shown savings of 1.5. I think the
 16 audience referred to the shell game of it. I think
 17 I've got to concur somewhat in terms of that.

18 I made a comment last night, which Trustee
 19 Tonking reminded me, it took 7 minutes, 25 seconds,
 20 I believe, highlighting some of the issues going
 21 forward. We still see the same issues. We see
 22 salaries and benefits going up exponentially, and
 23 that's the biggest component of our budget. And we
 24 can't just keep assuming that we can just keep doing
 25 this. Public comments saying, well, that's okay,

38

1 MS. NELSON: It's \$1 million spread each
 2 fiscal year, '25 and '26, so it's about a \$2-million
 3 project.

4 TRUSTEE TULLOCH: It's still 40 percent
 5 cost for design. Staggering. That would be the
 6 norm.

7 TRUSTEE DENT: Anyone else have any
 8 questions or comments in the budget anywhere? I had
 9 some questions for Ms. Nelson and she answered them.

10 TRUSTEE TULLOCH: Thank you, Mr. Magee,
 11 for showing all these impressive reductions.
 12 However, they're a little bit less impressive when
 13 you look at them. All these reductions you're
 14 showing were against your original '24/'25 budget
 15 projection, which was 35 percent above '23/'24. So,
 16 whoopee, we've now brought this down to a few
 17 percent from an original, hugely inflated start.

18 As we go through the budget meetings,
 19 there's one thing I've consistently pointed out that
 20 we've got \$5 million-plus increase in salaries and
 21 benefits. And we've heard all sorts of
 22 explanations, it's 3 percent here and 6 percent here
 23 and 8 percent here. Fortunately, Trustee Tonking
 24 pointed -- asked for a breakdown of it.

25 When we looked at the cumulative

40

1 everything's okay. We just go back to \$780 per
 2 parcel facility fee, everything's good.

3 No. We're still 2 to 3 million bucks in
 4 the hole in community services, even going up to 780
 5 facility fee.

6 We then see projections at 1,500, and when
 7 we hear, well, we need to do all these things, we
 8 need to bond the Beach House, the 16 million palace
 9 on the beach, which will probably be 20 million. We
 10 need to do a whole lot of other things. I did a
 11 quick -- Mr. Dobler pointed out just the ones we
 12 know about between paving, the 55 million in the
 13 DOWL report. And, yes, we'll bond them all.

14 Suddenly all that bonding starts adding up to
 15 between 1,000 and 1,500 bucks, up to 2,000 bucks
 16 per year per parcel. That's for the bonding costs
 17 based on all these wants.

18 This isn't solved by just doing a 780
 19 facility fee. We've got to learn to live somewhat
 20 within our budget to actually look realistically at
 21 what we need. We've got to look at staff numbers.
 22 I pointed out yesterday some of the areas where we
 23 had four supervisory staff for one full-time staff
 24 member. I went through -- I get through the list
 25 again today and find several other similar examples,

41

1 like a supervisor and an assistant supervisor for
 2 two workers. In what world can we keep doing that
 3 and keep going to the public and say, oh, it's okay.
 4 We'll just keep going here.
 5 We have a 4.3 million increase in salaries
 6 and benefits, which we're trying to cover by moving
 7 the facility fee back to 780 from 450.
 8 And we had Mr. Sands telling us here that
 9 you've got golf operations in balance, yet we're
 10 still being asked for 121 bucks per parcel to
 11 subsidize Championship Golf. We've been asked for
 12 \$247 per parcel to subsidize the Rec Center. We're
 13 increasing staffing costs, we're increasing all the
 14 costs right across the board, but we're not changing
 15 revenues.
 16 My comments yesterday were meant to point
 17 out the unsustainable course we're on. The gravy
 18 train is ready to hit the buffers. This is not
 19 sustainable, the District is not sustainable in this
 20 format. The utilities is not sustainable in this
 21 format. We're very shortly going to be looking at
 22 average 400-bucks-per-month bill for utilities,
 23 going by the DOWL recommendations.
 24 This is not sustainable. We have not made
 25 cuts. We've made miniscule cuts to a hugely -- a 20

43

1 it's a funded position, so that ended up being a lot
 2 of confusion that we dug into today.
 3 But with that being said, I did compare --
 4 there's this graph chart, and I looked at the
 5 numbers and there is a 17 percent increase, budget
 6 to budget, from fiscal year '24 to fiscal year '25.
 7 And then the year before that, it was a 13 percent
 8 increase, and there were -- I'm guessing that the
 9 difference is due to some new positions, because,
 10 really, there's only a 2 percent increase between
 11 our contracted differences -- or 2 percent decrease.
 12 So I think it's the newly added positions that
 13 occurred half through the year that are now rolled
 14 into us now that were unfunded. That's just my
 15 analysis.
 16 But I do think, overall, we do need to
 17 think about the structure of the organization. That
 18 is not going to happen between now and the 1st of
 19 January.
 20 TRUSTEE TULLOCH: Yes, I think that's --
 21 we're in agreement, basically, on that, that a lot
 22 of these things are covered. I think some of these
 23 increases -- as I was going through all the
 24 individual sheets, the multiple versions of them,
 25 they all showed things like we're increasing rates,

42

1 percent increased budget to start with. I'm sorry I
 2 cannot support this.
 3 Thank you.
 4 TRUSTEE DENT: I have a question as it
 5 relates to my favorite topic this budget season,
 6 services and supplies. We're seeing an 11 percent
 7 increase at Mountain Golf Course this year in
 8 services and supplies. We're also seeing a 52
 9 percent increase in services and supplies at
 10 Championship Golf Course when the actuals only went
 11 up by 5 percent, and I'm having a hard time
 12 understanding why.
 13 MR. MAGEE: Sure. I'll ask Mr. Sands to
 14 come in from the bullpen and help us with that one.
 15 TRUSTEE TONKING: I just wanted to talk a
 16 little bit about what Trustee Tulloch said. He is
 17 right that it has gone up by 4.4 million in salaries
 18 and wages and benefits, and I think there some steps
 19 that need to be taken in this district in the
 20 next year to really look at what is our layout of
 21 the organization and what positions do we have
 22 approved.
 23 I know there's some confusion in our FTE
 24 sheet that it represents every position that's been
 25 approved up in the District, it does not mean that

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1 increasing hours for staff, we're not increasing
 2 revenues or increasing programs.
 3 I also say things, like in food and
 4 beverage, where we'd claimed savings from not
 5 unfunding the food and beverage director position,
 6 which is a fully loaded rate yet of 150- to 200,000,
 7 yet reduction shown on the sheet attributed to that
 8 were like 2 percent in staffing costs.
 9 I'd also highlight something else, I
 10 admitted in my previous comment, it was also alluded
 11 to in the public comment, for years we funded
 12 capital projects, we've appropriated funding for
 13 capital projects that have quietly dropped off, the
 14 dog park is an easy example.
 15 But then as they dropoff the next year,
 16 that just goes into the balance and we start drawing
 17 down the balance to cover increased salaries and
 18 benefits costs. There's at least four areas
 19 last year that exceeded their -- overshot, overspent
 20 their budget on salaries and benefits anywhere from
 21 20 percent to 40 percent, and nobody has batted an
 22 eyelid. So we've just dipped into the funds that
 23 are supposedly appropriated from the community for
 24 capital projects or funds that are overbudgeted in
 25 other areas to cover overspending on salaries and

45

1 benefits.

2 This is not new. I've highlighted it in

3 the treasurer's report for the last three months.

4 It seems -- in speaking with the management team, it

5 seems that we have people just increasing hours for

6 staff, spending more staff time, increasing hours

7 without having any budget for it, and without taking

8 any accountability for it. And that just cannot

9 continue.

10 What's the point of making a budget up if

11 we've allocated 1.1 million for budget -- for

12 staffing budget at the beaches and then they go and

13 spend 1.6? I mean, what's the point of making a

14 budget if that's what we're doing?

15 TRUSTEE DENT: Welcome, Mr. Sands.

16 If we look at supplies and services at

17 Mountain Golf Course, we see 11 percent increase,

18 year over year. If we look at Championship Golf

19 Course, we see a 52 percent increase, year over year

20 -- or, I guess, we're projecting a 52 percent

21 increases. However, last year, compared to this

22 year's budget, we're projecting only a 5 percent

23 increase.

24 So I'm trying to understand, we've been

25 gradually increasing by about 5 percent, and then

46

1 all of a sudden this year we're going to increase it

2 by 52 percent. Help me understand why.

3 MR. SANDS: Yes, of course.

4 Coming off of yesterday and some of the

5 proposed cuts that we had put in our packet, we did

6 receive some direction at staff level to try to put

7 some of that back in, especially when it comes to

8 potentially some of the media expenses, trying to

9 outreach other non-resident business. We're looking

10 at basic golf course maintenance when it comes to

11 chemicals, fertilizer, sand in the sand traps. Then

12 going into kind of staffing and R and M general

13 repairs, whether it be in the facility itself or out

14 on the driving range, golf carts, wherever, we're

15 trying to help provide a better experience for that

16 golfer, that's where you see that increase come back

17 up.

18 Same thing that kind of goes with the

19 Mountain Course at the 11 percent increase, we

20 proposed some more severe cuts that would actually

21 impact our overall golfer experience and

22 revenue-generation source. So we proposed to remove

23 that yesterday. We did add some of those back in,

24 so that's where we see that increase in percentage.

25 TRUSTEE DENT: No. The R and M and the

47

1 capital expense projects account for 30,000 of the

2 380,000 add, and I'm just trying to understand. If

3 I'm running a golf course, I would think that my

4 services and supplies increase would be similar from

5 one golf course to the other, and so I'm just -- I

6 don't understand the difference between the two.

7 Why is it only 11 percent at Mountain, 52 percent

8 here, and what's the big change? I understand some

9 marketing is going up, but if we're going to be

10 increasing the marketing, wouldn't we increase our

11 revenues as well?

12 TRUSTEE TONKING: You're talking about the

13 comparison between FY '24 and FY '25. He was not

14 answering that question. I think that's what --

15 you're right, that's the difference you're talking

16 about. You were talking about the increase from FY

17 '25 -- or '24 to FY '25, right?

18 TRUSTEE DENT: Correct.

19 TRUSTEE TONKING: Not just the minor

20 things that we did -- they want to know what

21 happened from last year to this year.

22 TRUSTEE DENT: No. I'm asking, overall,

23 why is it a 52 percent increase in services and

24 supplies at Championship Course, it's only 11

25 percent increase at Mountain Course, and there's

48

1 over the -- in actuals for '22/'23, you're at 705.

2 Actuals for '23/'24, we're at 725, that's maybe a 4

3 percent increase, it's not even 5 percent increase,

4 but now we're projecting a 52 percent increase for

5 this year. It doesn't make sense.

6 MR. SANDS: I think my inexperience at the

7 property would prohibit me from understanding that

8 question fully. I would love to get into that and

9 understand the breakdown and what is actually

10 occurring.

11 TRUSTEE DENT: Mr. Cripps, could you

12 answer that question?

13 MR. CRIPPS: I can be, maybe, be a little

14 bit of help for clarification.

15 With Mr. Sands coming in when he did, we

16 definitely threw him into the deep end of the pool

17 here, but he was relying on staff to help guide him

18 along the lines of what is going into the budget.

19 And components of that were -- that's why budget to

20 budget is not the big increase like you're seeing,

21 but then it could be a station to where the staff

22 wasn't even there last year to complete the tasks

23 that were originally budgeted for.

24 TRUSTEE DENT: But services and supplies,

25 I mean, we're talking about fertilizer. We knew

49

1 fertilizer went up three years ago, it went up quite
2 a bit, my family's in the farming business. We know
3 it went up a lot.
4 But what's increasing -- what are we
5 forecasting to increase 52 percent this year when we
6 only saw a 3 or 4 percent increase last year?
7 That's the part I just don't understand. It's super
8 steep, that's all. Something seems wrong, that's
9 all.
10 And if I had a page number, I'd tell you.
11 I'm looking at the Champ -- the roll up of Champ
12 Golf, services and supplies. And it's not the R and
13 M general, and it's not capital expense projects
14 because you guys did pull those out, and thank you.
15 This is why I wanted this because it's throwing me
16 off that we're seeing massive increases like that
17 where -- I'm okay with seeing 11 percent increase,
18 it could be standard, but it still seems high. But
19 somewhere in that range seems normal. 52 percent
20 seems like something's wrong.
21 MR. CRIPPS: That number there is derived
22 from just the estimated actual. Again, with
23 vacancies that were in the department, that could --
24 I'm just -- at this time, I don't know that we --
25 the historical knowledge that we have and the

51

1 this an effective way for me to evaluate anything
2 and make any decisions. And Mr. Magee has not
3 brought to the Board explanations to bridge us to
4 give us reasons and justifications to accept this
5 budget.
6 We're sitting here on day five of
7 discussing this budget, and we're asking the exact
8 same questions and we're having the exact same
9 conversation about salaries, about services and
10 supplies, the justification for the increases. And
11 we, as a board, are not being walked through a
12 budget with my sort of explanation of why we should
13 be accepting this budget with these items that we
14 keep discussing and not getting clarity.
15 I appreciate the fact that we have all of
16 these sheets, and I appreciate the fact that we now
17 have the carryovers and now we have the capital
18 improvements, but we're sitting and having the same
19 conversations, and we, as a board, have not been
20 given a bridge that helps us to understand why we
21 have gone from the past year's budget to these
22 incredibly large increases in certain areas, such as
23 salaries and services and supplies, and I, myself,
24 having just received 28 spreadsheets, I have no
25 ability this evening to weigh in and approve this

50

1 research --
2 TRUSTEE DENT: Are we putting -- there's
3 people that get wages from services and supplies at
4 the golf course?
5 MR. CRIPPS: No. Just the inability to
6 use the supplies that they would have been
7 purchasing or complete the tasks, that would have
8 been in that line.
9 TRUSTEE DENT: We had the same problem
10 the year before too?
11 MR. CRIPPS: At that point, I don't know.
12 TRUSTEE DENT: Okay. I don't have any
13 further questions right now. Because we're not
14 increasing wages at Champ golf Course, virtually
15 unchanged, so I would assume we're not adding
16 anymore people to do any work, so I'm confused by
17 that response. I don't need to talk any further on
18 this one.
19 I looked at the budget now, however long
20 this meeting's been going on, and this is just one
21 example, and I think there's probably several others
22 where we might have a little bit more work to do on
23 this. I don't think we're there yet.
24 CHAIR SCHMITZ: Having only received 28
25 spreadsheets in the last two hours, I don't find

52

1 budget because I've no opportunity and we have not
2 been walked through this budget nor explained the
3 justifications.
4 And from my perspective, if staff would
5 like to come back tomorrow with some sort -- and
6 give us, as a board, time to review the materials
7 and put our questions together so that staff can
8 come to a meeting prepared to answer those
9 questions, I'm just seeing that we're not having the
10 time to actually review things methodically and
11 productively. Just feel that we're done, and we
12 need to decide what information, what questions we
13 have, give us the opportunity this evening and
14 tomorrow to review this information, get our
15 questions to staff and request that Mr. Magee come
16 back to us tomorrow evening with a presentation, a
17 complete and comprehensive budget consolidated in
18 one thing, not 28 different files, so that we can
19 have a productive conversation and make an informed
20 decision.
21 So I will turn this back to my fellow
22 trustees, and we need to decide what we want to do
23 here this evening.
24 TRUSTEE TULLOCH: First a question for Mr.
25 Sands. Approximately a month ago, you came to us

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1 showing what your projected revenue for golf
 2 operations at 2.9 million, and you said it's
 3 approximately a level at golf operation expenses at
 4 2.9 million. Is that 2.9 million in expenses
 5 include all these additional costs that have been
 6 added here, most of which seem to be golf
 7 operations?
 8 MR. SANDS: Are you speaking across both
 9 golf courses or certain --
 10 TRUSTEE TULLOCH: Championship Golf.
 11 Since, staff's request, you're asking residents to
 12 pay \$121 a parcel towards that.
 13 MR. SANDS: Again, you're talking about
 14 projection for revenue?
 15 TRUSTEE TULLOCH: Your projection for
 16 revenue and expenses, particularly in golf
 17 operations, since that's the one you presented us an
 18 approximate balance of 2.9 million a month ago when
 19 we approved rates. Did that 2.9 in expenses include
 20 these increases in here?
 21 I think I can tell. I understand, yeah.
 22 I think it's fairly safe to assume that most of
 23 these increases are probably added to the 2.9
 24 million. The 2.9 million was probably in previous
 25 expenses.

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1 wasting time here. I'm more inclined to say, look,
 2 let's just pull the plug on this process. This is
 3 obviously not working. We've obviously only seen
 4 these numbers for about ten days. I hate to say it,
 5 but I'm inclined to go for the doomsday option and
 6 say lets just pull the plug on this and we'll just
 7 go with last year's budget.
 8 TRUSTEE TONKING: These are more
 9 housekeeping questions. If we delay this until
 10 tomorrow, Chair Schmitz, do you think we should have
 11 a deadline of noon of when we submit our questions
 12 or something earlier so staff has time to prepare?
 13 And then my other question -- I will
 14 probably attend that one remote, since this cold is
 15 not making me sound much better.
 16 My other question is to legal. I heard
 17 Trustee Tulloch say that he wanted to take the
 18 doomsday approach, is there ever an approach
 19 where -- and I'm not saying I want to do this, but
 20 I'm listening to what he said about trying to avoid
 21 a doomsday approach ever year. If things continue
 22 the way that they've been going for the last
 23 four days, is there a way -- or have districts ever
 24 passed a budget that's just an inflationary budget?
 25 Basically take what they know what their tax dollar

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1 MR. SANDS: I would tend to agree with
 2 that, yes.
 3 TRUSTEE TULLOCH: Yep. And that's part of
 4 the subsidy.
 5 Following up on Trustee Schmitz, I would
 6 totally agree. I think this has been a hugely
 7 frustrating week. I've probably spent 50, 60 hours
 8 with some of my colleagues working through these
 9 budgets and the different sheets. That's why even
 10 I'm starting to get confused a little bit with the
 11 numbers now.
 12 What I do know is there's been next to no
 13 movements anywhere. We've given no information to
 14 the community apart from scaring them off with a
 15 notice in the paper that said the rec fee could be
 16 1,500 bucks. We're now saying, no, don't worry,
 17 we've halved that to 780, which is still a
 18 75 percent increase from last year.
 19 We're producing numbers at the last
 20 minute. We're told by the golfers, no, no, we're
 21 charging far too much for golf, yet we're still
 22 subsidizing Championship Course by 121 bucks a
 23 parcel. We're subsidizing the Rec Center by 247 a
 24 parcel.
 25 And, frankly, I don't know why we're

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1 will be and then inflate revenue by a percentage and
 2 then their other costs by a percentage and just call
 3 it a day?
 4 MR. RUDIN: I'm sure that is an approach
 5 that some public agencies have taken.
 6 TRUSTEE TONKING: It's not something the
 7 State would then be -- because the doomsday approach
 8 has more state implication than this approach would
 9 have.
 10 MR. RUDIN: So in terms of your budget,
 11 these documents, these that have been presented to
 12 you, these are not your budget. Your legal budget
 13 comes on Form 4404 from the Department of Taxation.
 14 Staff did prepare a tentative budget,
 15 which had to be reviewed by the Department of Tax,
 16 and they found that tentative budget to be in
 17 compliance with NRS Chapter 354.
 18 That being said, if you don't act to adopt
 19 revisions to that Form 4404, your default budget is
 20 your budget from the last fiscal year as adjusted by
 21 the Department of Tax.
 22 TRUSTEE TONKING: Yeah. But my question
 23 is you could inflate it and then do a budget
 24 augmentation in November once we figured out what
 25 the hell is going on in some of these numbers, in

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1 theory.

2 I'm not saying that's what I want to do,

3 I'm putting that on the record, I'm just saying if

4 we go south fast.

5 TRUSTEE DENT: You're saying in June

6 instead of November?

7 TRUSTEE TONKING: No. I'm saying we

8 submit it now, and then you do an augmentation when

9 we start to know some other stuff.

10 This is really like if things had gone so

11 bad tomorrow we can't do it tomorrow. I don't want

12 people to think I'm trying to do that. I'm just

13 trying to give an idea of before adjourn.

14 MR. RUDIN: What I would recommend, if you

15 wanted to take that sort of approach, is you would

16 prepare a budget that includes a pretty substantial

17 contingency. Staff would have to come back to the

18 Board to get approval to transfer money out of that

19 contingency.

20 But the reason I suggest this is, in the

21 Nevada Administrative Code, the definition of

22 available resources, which says: The unappropriated

23 ending balance of any governmental fund, except for

24 a fund for capital projects, is not an available

25 resource for the purpose of going to budget

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1 augmentations.

2 If you have a large ending balance that

3 you choose not to appropriate, there is a potential

4 that the Department of Tax will say, well, you

5 didn't include it in your budget, so while it's a

6 large ending balance that otherwise should be

7 available, the NAC does have a provision basically

8 saying that you should probably put that in

9 contingency if you intend -- for the potential of

10 that to be spent during the next fiscal year.

11 TRUSTEE TONKING: So I can put it in the

12 contingency.

13 Also, isn't the State have a law also

14 around -- and maybe it just applies to school

15 districts and that's all I really know about it --

16 it applies a law that your ending fund balance has

17 to be really high before they can even say -- so

18 they have a number there in, a formula, I'm pretty

19 sure, so we could almost calculate that formula.

20 (Inaudible discussion amongst the

21 Board.)

22 TRUSTEE DENT: Chair, what do you want to

23 do?

24 CHAIR SCHMITZ: Well, I would prefer not

25 to have doomsday, I would prefer not to do that.

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1 But we have some major gaps here, and we don't have

2 a bridge to help us to get ourselves from last year's

3 numbers to this year's numbers. We've just been

4 given numbers and saying this is staff's

5 recommendations.

6 I think that we're all pretty comfortable,

7 I believe, with the capital carryover and the

8 capital that -- I think we're comfortable with the

9 one-year CIP plan that staff has indicated they are

10 able to deliver on.

11 And, Trustee Dent, I went back because I

12 have historical information for the CIP projects,

13 the budgets and the actuals, going back to fiscal

14 year '17/'18, and it does vary anywhere from about

15 \$6 million to the low being \$1.9 million, which is

16 in fiscal year '21/'22 in community services.

17 It has had sort of wide range of actuals,

18 historically, and it may be because larger projects

19 are completed. I don't have the data to say why was

20 it in '18/'19 \$6 million, but it was. There is

21 historical data there to support what staff is

22 projecting for potential deliverable CIP projects.

23 My concern is that we are adding to what

24 is already carryover, so it is a large amount. But

25 if -- it seems like interim Director Nelson clearly

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1 understands that our goal was to only budget for

2 what staff felt they were able to accomplish. I

3 think we're all comfortable with that.

4 I think where we start having concerns and

5 issues is on the salaries and wages line and the

6 services and supplies. And I don't know whether we

7 can just say, look, services and supplies needs to

8 be capped at a certain percentage. That might be a

9 way to address the issue.

10 And as it relates to wages, I understand

11 Trustee Tulloch's point, and that is that our

12 fees have remained flat, but our salaries and wages

13 are continuing to increase, and that's not a

14 sustainable model. It's not.

15 If we're not going to be raising our fees

16 for things such as the Rec Center, tennis center,

17 because it makes that no longer competitive, then we

18 have to look at how else costs are cut.

19 And I, for one, will not subsidize

20 catering and weddings. And, again, we still see a

21 budget -- I think I've said this almost every single

22 meeting, I do not want to see -- if we can't run

23 catering and weddings and make money doing that,

24 then let's not -- either outsource to somebody who

25 can make money on it or stop doing it, because we're

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1 doing it at loss, year after year. And it's
2 weddings and catering.
3 I think that if the Board wants to come
4 with some potential solutions for those particular
5 ideas, and it may be to say, look, salaries and
6 wages need to be decreased by a percentage, and
7 services and supplies needs to be decreased by a
8 percentage, and maybe that's how we get through
9 this.
10 I'll leave that for the rest of you to
11 react to.
12 TRUSTEE DENT: Yeah, I would agree with
13 that. When it comes to subsidizing weddings,
14 especially when we're running these facilities and
15 not even -- there isn't rent we're paying and we're
16 still losing money, so we're still having to
17 subsidize. Especially when we know that the
18 weddings are making 50 percent profit margin, it was
19 extremely high. I don't think we should -- anyone
20 in the community should be subsidizing that. We
21 need to figure out how to make a venue that doesn't
22 have to pay rent or a business that doesn't have to
23 pay rent that we know operates at a 50 profit margin
24 to make money.
25 I'm -- I think there's more work to be

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1 Trustee Tulloch, I do want to thank you both for
2 taking time out of your day to help get this to what
3 we have been saying, the comments and questions and
4 concerns we had with it, thank you for getting the
5 presentation a little bit more correct.
6 If staff could look at some of these areas
7 that were pointed out tonight, I don't want a whole
8 list of new spreadsheets tomorrow, explanations
9 would be perfect, though. And I think we need to --
10 just let us understand why there's a 52 percent
11 increase. One example, at Championship Golf Course,
12 when it comes to services and supplies, what is
13 driving that? Nobody knows. However, we only had
14 11 percent increase at Mountain Golf Course. And
15 last fiscal year versus this fiscal year, we see a 3
16 percent increase. So why it is now 52 percent?
17 It's not construction projects, it's a lot of
18 fertilizer. Maybe we got our fertilizer out of the
19 Ukraine.
20 All right. So, Trustee Tulloch, you can
21 have the floor. I'm ready to wrap up this meeting.
22 TRUSTEE TULLOCH: I'll be quick, point out
23 another issue, there's also a hidden subsidy in
24 facilities already because facilities that don't own
25 the actual facilities rent these out at a cost to

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1 done. I do appreciate staff working really hard on
2 the CIP and bringing us something that is a little
3 bit more presentable. But I'm not opposed to
4 falling back to what -- hearing what Sergio said,
5 falling back to last year's budget, adding some sort
6 of -- maybe there is a rec fee and a beach fee that
7 goes in it that turns into a contingency for the
8 Board to allow the funds to be spent at a later
9 time, if need be.
10 I feel like this whole process was
11 delayed. We raised a red flag about a month and a
12 half ago, saying what's going on? We're going to
13 run into a mess here, and we decided to start this
14 process last week. I don't feel like -- I think
15 lack of planning got us in this position.
16 Once this budget is approved, I think it's
17 important for staff to come back to us, soon, I
18 would say the second meeting in June, and to let us
19 know why they think we're in this situation. This
20 is my ninth time going through the budget, and I've
21 never experienced something like this.
22 So I feel like we're just wasting our time
23 being here, since most of us haven't even looked at
24 the numbers.
25 Trustee Tonking, I do want to thank you,

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1 other departments within their -- you'll recall in
2 the past, we've moved board meetings from The
3 Chateau to here to reduce the costs of board
4 meetings because we were being charged by facilities
5 for the use of The Chateau. So, a building, they
6 don't own, they don't pay rent for, they don't pay
7 the operating costs for, but they're charging out to
8 make revenues look good.
9 I think in terms of the process, I hear
10 you. I think if we go with last year's budget, we
11 do have a contingency because this year's beach fee
12 was reduced from the 450 in the budget last year to
13 330, so we do have that \$120 a parcel facility fee
14 built in as contingency just to start with that.
15 I don't personally don't believe we're
16 going to achieve anything by coming back again
17 tomorrow because staff have been running ragged, and
18 through all this process, we've only taken about 1.5
19 or something in total from a 26 percent inflated
20 budget. I'm not sure what coming back at lunchtime
21 tomorrow is going to actually achieve because then
22 staff have also got to complete the 4404, whatever,
23 form to get it into the State by Saturday.
24 I don't -- I -- personally, I'm
25 disappointed, having put so much time and effort

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1 into this myself, I'm disappointed. I don't -- I'll
2 be honest, I don't think we're going to achieve
3 anything coming back again tomorrow. I think we're
4 just going to go through the same thing. We're
5 going to be asked, well, just give us a number.
6 Again, and this is an off-the-cuff
7 comment, for everyone that wants to think that. I
8 think we go with the situation, we go with
9 last year's budget, submit that to the State, and
10 then work out what we're going to do.
11 We do have -- as we've seen we've been
12 quite happy to divert capital to operations in the
13 past, and we do have a significant level of
14 resources in capital. To me, that would be best the
15 solution. It gives staff time to make sure that we
16 get the submission to the State correct with a
17 contingency \$120 -- extra \$120 facility fee that's
18 there. It's about 2 million, 1.8 million.
19 CHAIR SCHMITZ: If we decide as a board
20 that we're going back to last year's budget, we need
21 to have some sort of an inflationary index that we
22 incorporate in, because we do know that costs have
23 gone up and there is inflation. I would say a 10
24 percent inflation index would probably cover it.
25 And I also think that we have to

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1 We're saying we'll meet their deadline,
2 we're going to use last year's budget and add an
3 inflationary index and submit that to the State by
4 the June 1 deadline.
5 The statute that you're referring to, we
6 would avoid by taking that approach.
7 MR. RUDIN: Yeah, that makes sense, if
8 that's the suggestion of the Board. Yes.
9 Absolutely.
10 TRUSTEE TONKING: My question is is there
11 a way, instead of redoing this whole budget back to
12 last year's, is looking at some of these items, line
13 items that we disagree with, and knowing that
14 there's contractual things in salaries and wages, so
15 we have to be careful of that, but looking at
16 services and supplies and just picking a cap
17 number instead of redoing this whole budget and then
18 picking a fee that goes in that way, and that way,
19 we're not just taking it back to last year?
20 Because there are parts of this I think we
21 all like. There's just these parts that we've been
22 pointing out that seem really high, so that might
23 help us.
24 The other thing, and this is really going
25 down a rabbit hole, you could also correct your

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1 understand where we are with our rec and beach fee,
2 because if we take staff's recommendation for the
3 beach fee, we actually -- well, no. If we go back
4 to last year's budget and add 10 percent, we'll be
5 okay. I was thinking about what they proposed,
6 because what they proposed was going to draw down
7 fund balance by 3.9 million, which eats into what we
8 raised for the Beach House.
9 So, my feeling if we're going to go back
10 to last year's budget, then we need to at least add
11 an inflationary index, and then we need to decide,
12 as a board, what we are going to do with the rec and
13 the beach fee.
14 MR. RUDIN: Yeah, so some of these ideas
15 that are being suggested, I'm not sure they would
16 necessarily happen if you default and fail to adopt
17 any budget.
18 The statute is 354.598, and says that the
19 budget adopted for certification of the combined ad
20 valorem tax rate by the Department of Taxation for
21 the current year, adjusted as to content and rate in
22 a manner as the Department of Taxation may consider
23 necessary will be --
24 CHAIR SCHMITZ: That's only if we do not
25 submit, if we do not meet their deadline.

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1 beach and rec fee, like recommended here. And then
2 Trustee Dent asked this question back in 2020, I
3 don't think he remembers it, it was if you could
4 refund people their rec fees, and so that's another
5 option.
6 But what I really think we should just do
7 is look at lines we disagree on and come up with a
8 number there. I think that's, maybe, the easier
9 thing than redoing this whole budget back to last
10 year's. That's a thought.
11 TRUSTEE TULLOCH: Why would it be an
12 effort to redo the budget back to last year's? We
13 already have last budget numbers. We plug the same
14 numbers in. If you want to plug in 10 percent, I
15 mean, inflation is running at 3.4 percent, according
16 to the government, so I'm not sure why we would plug
17 in 10 percent.
18 But, yeah, what it is, we already have the
19 numbers, we just do a quick calculation of last
20 year's numbers and put it in. We have an updated
21 CIP we can put in. We would be submitting a budget.
22 It's not a whole lot of work to run through the
23 spreadsheet again and basically whatever percentage
24 we agree to numbers.
25 As to refunding the rec fee, I think, as

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1 we were advised last year, I think that was
2 suggested last year, and it was pointed out that it
3 would cost us more to refund than it actually does
4 to collect it, and trying to manage a refund is
5 there. I'm not in favor of collecting extra from
6 money from people again. We've been doing it for
7 years. I'm not in favor of collecting extra money
8 from them just to hold and, well, you might get a
9 refund. What if people use up the full value of the
10 punch cards at the old value, do we then charge them
11 as well?

12 TRUSTEE DENT: For the record on this
13 refund idea, that was during COVID when none of our
14 venues were opened, yet we collected money for
15 venues, just so everybody knows.

16 TRUSTEE NOBLE: I do like Trustee
17 Tonking's approach to that because there are a lot
18 of items in this budget that I think the majority of
19 us agree with. There are certain ones, services and
20 supplies is the big one I keep hearing over and over
21 and over again. So take that -- for example, take
22 that, what the actual was last year, add 10, 15
23 percent, and then we'll go back to that and figure
24 out what is going on with that because we just
25 haven't gotten the answers that we've been asking

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1 can agree.

2 TRUSTEE DENT: Are we going to be able to
3 make a decision on the fly tomorrow if we go home
4 and work on this tonight?

5 TRUSTEE TONKING: Well, we have to. Do we
6 have a choice?

7 TRUSTEE DENT: How are you going to -- we
8 don't have a spreadsheet.

9 TRUSTEE TONKING: I'm just saying you go
10 back to last year's and inflate it by 10 percent, or
11 --

12 TRUSTEE DENT: For each line item?

13 TRUSTEE TONKING: No, no, no, just for the
14 ones -- for example on services and supplies,
15 instead of the 56 --

16 TRUSTEE DENT: What would you do for
17 wages?

18 TRUSTEE TONKING: That one, I'm not as
19 concerned about wages as some others. That would be
20 something that someone else would need to advocate
21 for and explain to me their thoughts on it.

22 TRUSTEE DENT: I think it's good -- I
23 mean, from sustainability, if we don't do anything
24 this year when it comes to this, we have -- there's
25 going to be a huge mess on everybody's hands for

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1 for.

2 That would be my suggestion so that this
3 budget is based closer to reality, and not just last
4 year's reality, but this year's reality.

5 TRUSTEE DENT: I think if we're going to
6 take that approach, we should take the same approach
7 because the first budget that was brought to us had
8 a 1.1 million increase for wages for new positions,
9 but we were only seeing the -- what was it? --
10 300,000 something, minor decrease. Yeah.

11 I think if we're going to take these
12 general approaches, I think we gotta cut in a few
13 different areas, not just one.

14 TRUSTEE TONKING: I was going to say on
15 that I think we're going to run into an issue if go
16 back to last year's and not just looking at line
17 item by line item, because utilities increased a
18 lot, and that's going to be something we're going to
19 have to pay. From budget to budget, it was 25
20 percent.

21 So just some of those that I worry we're
22 going to get ourselves into a weird issue if we go
23 to last year's, but if we pick the ones that we
24 don't necessarily agree with and we go to last
25 year's, I think we can, maybe, get somewhere that we

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1 next year.

2 You're talking about 580, roughly, using
3 8,000 parcels, \$580 of wages and benefits, \$4.8
4 million.

5 TRUSTEE TONKING: It's 4.4 million.

6 But I'm saying that a lot of it is
7 contractual so I don't know what percentage to use.
8 Unless someone can tell me where some of that
9 savings is without creating a whole infrastructure
10 study. And we can go back to the last year, so a
11 lot of it's --

12 TRUSTEE DENT: A lot of it is contractual,
13 though. But if you think about any contract we
14 have, we don't have any contracts that say wages and
15 benefits are going up by 18 percent.

16 TRUSTEE TONKING: So then we can go back
17 to '23/'24, we can look at that sheet and decide
18 what percentage above that, looking at some of those
19 contracted, do you want to do a COLA on top of a
20 merit pay? What are some of the thoughts that
21 people have? I guess that's a question you could
22 have.

23 For example, there's nothing you can do
24 about health, nothing you're going to be able to do
25 about workers' comp. Those ones you going to have

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1 to embed in. We can make a decision around those.
 2 I worry if we go back solely to '23/'24,
 3 and inflate, we're going to have these bigger issues
 4 in some of these other things.
 5 TRUSTEE DENT: I'm just concerned if we do
 6 nothing, there's going to be a lot bigger mess going
 7 on next year.
 8 And there are things you can do when it
 9 comes to planning for this because the District can
 10 get creative when it comes to the health and
 11 benefits, when it comes to some of those items.
 12 TRUSTEE TONKING: What do you mean by "do
 13 nothing," I don't think I've said do nothing, so I'm
 14 confused by that, and you keep saying it.
 15 TRUSTEE DENT: I'm not saying "you," or
 16 "do nothing." I just don't think -- we can't solve
 17 this problem tomorrow. We don't have a spreadsheet
 18 we can just go quickly plug these in and tweak and
 19 it spits out what the rec and the beach fee should
 20 be.
 21 So I feel like the easier option is almost
 22 to go to last year's budget because we don't know
 23 what we would be doing by going to this year's
 24 budget.
 25 TRUSTEE TONKING: But if we go to last

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1 What is the right structure? Do we need
 2 all that level of executive overhead? Particularly
 3 then you've got supervisors and managers and all
 4 sorts of levels below it. We just have multiple
 5 levels there rather than looking at just at service
 6 delivery.
 7 I mean, we can try to hide it, we can
 8 pretend it doesn't exist, but the huge increases in
 9 salaries and benefits that have gone up 50 percent
 10 just in over three years, it's the elephant in the
 11 room, and we just need to look at what we're
 12 actually doing and what we need to do to deliver the
 13 services effectively.
 14 MS. NELSON: I just wanted to make sure
 15 that the Board is aware, if you do go back and, say,
 16 put on like a 10 percent on services and supplies
 17 for utilities, we were directed to put in our
 18 capital expense projects in that line item, so I
 19 would hope you would at least be able to fund that
 20 since we broke it out, it's clearly visible. I just
 21 wanted to make sure that that was noted because
 22 last year's budget, it was in -- it was separate
 23 under the capital expense project list.
 24 CHAIR SCHMITZ: I wanted to say thank you
 25 for that clarification, because when I was

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1 year's budget, there are line items on here,
 2 insurance, utilities, that we would be in deep
 3 problems with by inflated them, and so I don't think
 4 that's the right choice.
 5 Those line items, we've all kind of talked
 6 about and we can agree with how those panned out, so
 7 why not just look at the ones we're not sure about
 8 and go to last year's and inflate those instead of
 9 every single expense one going to last year's.
 10 That's all I'm saying.
 11 TRUSTEE TULLOCH: I think to say there's
 12 nothing we can do about salaries and benefits is
 13 incorrect. I think we need to -- I think that's
 14 what we keep coming back to. That's the big
 15 \$5 million -- that's the biggest \$5-million swing in
 16 the thing. I think we need to look at our whole
 17 structure, we need to look at our whole executive
 18 structure.
 19 We've currently got five directors,
 20 three general managers for somewhere like less than
 21 200 hundred full-time employees. We're seeing in
 22 the cost allocations, central services cost
 23 allocations huge increases to the venues. I think
 24 we've got to question -- I think we've got to be
 25 realistic and live within our means.

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1 specifically talking about this, I was specifically
 2 talking about the line as it had that other things
 3 removed.
 4 I was looking at that, and I believe when
 5 Trustee Dent was talking about these percentages, I
 6 believe it was just the services and supplies, so
 7 that's a good clarification, because I agree that we
 8 need to leave the things in for the deferred
 9 maintenance, but when it comes the other services
 10 and supplies, it just seems as though they're very
 11 inconsistent and some are so -- as Trustee Dent
 12 pointed out between Championship and Mountain, some
 13 of them are just so extreme and then others aren't.
 14 I think if we can say, look, in community
 15 services across the board, there needs to be held to
 16 a 10 percent cap increase on services and supplies
 17 line, that excludes the R and M itemized line items
 18 that Direct Nelson just referred to.
 19 And I think -- I agree that there's been a
 20 lot of work done on this budget, and there's been a
 21 lot of thought and effort, both into creating it and
 22 identifying areas where things were decreased, and
 23 working collaboratively to bring this forward to the
 24 Board tonight.
 25 I do -- my personal feeling is I'm

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1 concerned about the risk of going back to last
 2 year's budget and throwing all of this out. I would
 3 prefer to say, look, we have concerns in the areas
 4 of the services and supplies and it needs to be
 5 capped at something.
 6 And we have to do something with salaries
 7 because it's just increasing -- it's increasing at a
 8 rate greater than our charges for services. We
 9 can't -- that's not a sustainable trajectory, and we
 10 have to figure out how to do it more efficiently.
 11 I don't know how the Board would like to
 12 move this forward. I, for one, would like to take
 13 the effort that's been put into this and address
 14 specifically the areas that we have concerns and try
 15 to figure out if tonight we can give some direction
 16 so that they can come back with the 4404 form and
 17 with a rec and beach fee.
 18 Any other thoughts? Trustee Noble, I
 19 believe you had your hand up, didn't you, Trustee
 20 Noble?
 21 TRUSTEE NOBLE: I did. It was more to
 22 acknowledge that Director Nelson had entered into
 23 the room and wanted to speak.
 24 But I would, while I've got the mic, I do
 25 agree with Chair Schmitz that I would like to get

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1 maintenance and capital expense really made up most
 2 of their supply service change. We just want to
 3 make sure -- I feel like they did a great job in
 4 budgeting that way, so they would be probably within
 5 budget. I think a lot of our community services
 6 ones are going to fall out.
 7 And then I don't know what to do with
 8 wages and benefits, but I do agree that something
 9 needs to be done. I would love to hear some insight
 10 on how we want to think about going back if we went
 11 back to the 5.4 million.
 12 TRUSTEE TULLOCH: I'd point out, the
 13 deferred maintenance and the capital expense, we
 14 were told at the start of the budget process was 4.5
 15 million. We suggested on Tuesday night or on
 16 Wednesday night that we look at splitting that over
 17 three years, yet we've come back for next year at
 18 3.7 million. My math is fairly good and 3.7 is not
 19 33 of 4.5 million, that would be 1.5, unless we're
 20 using some sort of new math.
 21 I think the danger of just going through,
 22 well, we need to inflate this one and then we'll
 23 guess at inflating this one, you'll end up getting
 24 close to the same number again and it doesn't
 25 materially change things. I know nobody wants to

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1 something -- I do not want to default to last year's
 2 budget, and I would very much like to leverage the
 3 work that's been done for this budget and put
 4 something together that acknowledges that.
 5 TRUSTEE TONKING: I agree that I think we
 6 should keep what's here, as I've said, and then just
 7 do services and supplies and wages and benefits.
 8 I think that we should maybe just sit and
 9 talk through -- well, hear how everyone else feels,
 10 but if we're in some agreement, talk around services
 11 and supplies.
 12 I really liked Chair Schmitz' idea of
 13 using last year's and inflating by ten, and I looked
 14 at all of the inflations from budget to budget and
 15 all them are over ten, but not drastically over it.
 16 I think that's a good middle ground. And then with
 17 repairs and maintenance capital expense, you just
 18 put those part in.
 19 What I do flag on that, though, for
 20 example, these numbers that you're seeing that are
 21 services and supplies and then you see repairs and
 22 maintenance and capital expense, those numbers make
 23 up that total number above, so, for example, in
 24 utilities, what I think is going to happen is I
 25 think that's the only one where repairs and

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1 hear it, but at some stage you've got to be pretty
 2 brutal on some of these things, that's the only way
 3 you're going to get to a sensible number. It's just
 4 my view.
 5 I appreciate the thoughts, and I
 6 appreciate the ideas. I think some of them make
 7 sense; some of them just don't.
 8 TRUSTEE DENT: Mr. Cripps, could you speak
 9 to the cost of goods and services sold going up by
 10 half a million dollars?
 11 MR. CRIPPS: I'm sorry. I'm not able to
 12 do that. I don't have the answers, like as far as
 13 going up you mean, the reasoning behind it?
 14 TRUSTEE DENT: Yeah. There's a 43 percent
 15 increase there, and I just caught it looking at this
 16 sheet. I'm -- if anyone knows why costs of goods
 17 sold are going up 43 percent.
 18 MR. CRIPPS: I don't have the details to
 19 that.
 20 TRUSTEE TULLOCH: I was going to comment,
 21 surely when you analyzed a zero-based budget, that
 22 number jumped out, that would be the norm when you
 23 see a 50 percent increase without any commensurate,
 24 that 50 percent increase is not feeding through the
 25 revenues anywhere.

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1 TRUSTEE DENT: It sounds like we need to
 2 solve this tonight, if the forms need to be
 3 submitted by the end of day tomorrow.
 4 CHAIR SCHMITZ: Let's take a ten-minute
 5 break because what Trustee Tonking just said is that
 6 the R and M items are included in the percentage for
 7 services and supplies. And I am just looking at the
 8 community services roll up, and if we take those two
 9 lines out as suggested, I have to calculate what
 10 percentage, then, services and supplies as a stand
 11 alone -- maybe Mr. Cripps can change that calculated
 12 percentage on the fly to deduct that so that we can
 13 see what it is if we take those out.
 14 Do you understand what I'm saying?
 15 MR. CRIPPS: It's definitely a task that
 16 I'm willing to take on. Maybe not ten minutes would
 17 be enough, but I can -- I know what you're asking,
 18 so, yes, it's something I could try to perform.
 19 CHAIR SCHMITZ: I think it would just be a
 20 change of the formula. I'm concerned because I
 21 haven't had a chance to do the math, and 10 percent
 22 might be more than what's actually here, which means
 23 we're not solving any problems.
 24 I think we should take a quick break and
 25 look at some of these numbers.

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1 percent. And I just want to pause for a minute on
 2 that discussion and go back to utilities. I think
 3 that this discussion that we're having, from my
 4 perspective, is more around community services.
 5 I think that as it relates to utilities, I
 6 don't think that any of us have had the same issues
 7 and concerns in the utilities areas. The exception
 8 for me is that water is not -- water is, I think,
 9 1.5 million upside down. But from my perspective,
 10 the discussion we've been having, I've been
 11 specifically focusing on community services not
 12 incorporating utilities as part of this discussion,
 13 but that's just my perception.
 14 And if we want to go and talk about
 15 utilities for a minute and say are we okay with what
 16 has been submitted from utilities so that at least
 17 we could potentially say we have a budget that we're
 18 willing to accept and then tackle community
 19 services.
 20 TRUSTEE TULLOCH: Just to point out,
 21 Trustee Schmitz, I think it's -- we need to look a
 22 little bit more at utilities because the utility
 23 rates include depreciation allowance, but we're
 24 crediting the full revenue and not showing the
 25 depreciation so some of that revenue we're

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1 TRUSTEE DENT: Okay. Ten-minute break, we
 2 will be back at 8:10.
 3 (Recess from 8:00 p.m. to 8:10 p.m.)
 4 TRUSTEE DENT: We're going to resume from
 5 our break. It is now 8:10.
 6 CHAIR SCHMITZ: So in community services,
 7 if we went in, said that services and supplies, less
 8 the R and M was held to last year's base plus 10
 9 percent, we would cut another \$365,500,011 out of
 10 the budget. In the beaches if we did the same
 11 thing, if my number crunching was right, we would
 12 only save about \$65,000. So, I mean, it's not
 13 significant, but it's a start.
 14 And when I look at these numbers, the
 15 things that are really causing the increases are the
 16 central services cost allocation, which is something
 17 that we were supposed to be discussing on tonight's
 18 agenda, I thought, and perhaps this is a good segue
 19 because when I look at it, the central services cost
 20 allocation, it is services and supplies and it's a
 21 lack of increase and revenue and the increases in
 22 wages.
 23 We potentially could say the revenues need
 24 to increase in community services across the board 5
 25 percent. I think the budget that was produced was 4

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1 collecting is actually for depreciation, which we're
 2 not showing as a payback from because the utility
 3 rates are made up with depreciation included.
 4 CHAIR SCHMITZ: I also think, given what
 5 we have seen with all of these increases, that I'm
 6 hoping that staff is evaluating the assumptions that
 7 went into the rates, and we need to be looking at --
 8 the water rates are another issue that we have to
 9 tackle.
 10 I am concerned about how water
 11 specifically is looking, and it's not good to have a
 12 utility that isn't covering its cost. And the water
 13 subfund is not. I also think utilities, we are
 14 spending now more on the subfund that is solid
 15 waste. We now are upside down in that budget in
 16 utilities. It collects, I believe, \$400,000 from
 17 the Waste Management franchise fee, and we are
 18 spending \$485,000, so that one is now turning upside
 19 down as well.
 20 TRUSTEE DENT: Your question pulled
 21 Ms. Nelson out of the bullpen.
 22 CHAIR SCHMITZ: And understand, I'm going
 23 from looking at sheets that I've only seen for a few
 24 minutes.
 25 MS. NELSON: We are aware that the water

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1 fund is not fully funded. I did provide a couple of
2 different options for rates to discuss. None of
3 them are pleasing, I'm sure. This was provided
4 Tuesday night.

5 So I just -- I know you don't have it in
6 front of you. We looked at a variety of different
7 ways on how to bring that fund into at least
8 breaking even, and it does include in rates or a
9 flat fee which would be a restricted reserve fund
10 fee, which I understand that the Board is not
11 completely in favor of that for what happened with
12 the effluent pipeline funds, but those are two
13 different avenues that we can look at for rates.

14 If the Board is thinking that they want
15 the water fund to get closer to being fully funded,
16 then I would at least need that indication tonight
17 so we can repost for the public hearing next week,
18 and then the public hearing would actually be put
19 off by about 30 days. So that would put us into
20 raising rates latter than we would like, but it
21 still can be done.

22 If the Board wants to stay the course and
23 move forward with the year two rates that have been
24 proposed and understand that, yes, we are still
25 under water, then we continue with the rate hearing

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1 water/sewer bill is like \$160 or something like
2 that.

3 TRUSTEE TULLOCH: I do have some problems
4 with this. We commissioned a pretty expensive rate
5 study. It was reported back to us just over a year
6 ago, as I recall, which looked at all the projected
7 expenditure, it produced rates that actually also
8 included depreciation, which is about 3.8, 3.7
9 million a year, if that's correct, I think it was in
10 that range depreciation in utilities. Yet here,
11 we're showing were still under water, we're not
12 showing the depreciation income. We're showing an
13 increase of 40 percent over the last year, 40.6
14 percent over last year's actuals in water on
15 salaries and benefits, we're showing them going from
16 2.17 to 3.062. We're not showing that -- 3.7 of
17 income should be getting credited to depreciation,
18 and we're still 2.5 million under water.

19 So what was -- we've had debates over rate
20 study, what was the point of the rate study that
21 addressed all these, where have all our costs
22 changed so dramatically on the water side to put us
23 so far -- we're not just under water, we're in a
24 very deep pool here. That's why I am not prepared
25 to vote for putting another 20 bucks fixing

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1 scheduled in June.

2 TRUSTEE DENT: What's the percentage
3 increase that you're -- 1.3 million that we're under
4 water in the water fund?

5 MS. NELSON: It's about 2.4, what it's
6 showing.

7 We had developed different alternatives.
8 They vary from -- I'm going just off like a base
9 rate. Right now, the base rate water bill is
10 \$106.03. If we propose an average, 15.7 percent
11 water rate increase, then the fund would look at
12 being positive by -- or actually have about half a
13 million dollars, so it would reduce to about
14 1.9 million in the red.

15 If we were to do the proposed year two
16 rate increase on average of an 8.5 percent with a
17 flat fee for the restricted reserve fund of about
18 \$22, that takes your base rate to \$138.92, that
19 would earn an additional about 2 million, so we're
20 getting closer. That's what it's looking at.

21 TRUSTEE DENT: Yeah. Your water bill goes
22 up by 20 bucks a month.

23 MS. NELSON: Correct. And that's not on
24 -- that doesn't -- that impacts the base rate.

25 TRUSTEE DENT: I understand. Your

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1 everyone's bill. We stick 400 bucks on the rec fee,
2 we stick another 20 bucks a month on their bills. I
3 don't know about everyone else, but even a
4 two-person household, I'm running a bit over 2,000
5 bucks a year in utility bills, and that's before
6 this year's 8 to 10 percent increase.

7 I mean I think we've got to be a little
8 bit mindful. I think the community has every right
9 to ask, well, why are we having to collect extra for
10 water? Why are salaries and wages gone up 40 forty
11 percent?

12 This is makes no sense. There's should be
13 a 3.7 million benefit there.

14 MS. NELSON: As far as the salaries and
15 benefits go, when you look at budget to budget,
16 we're up 22 percent, which I think reflects the
17 contractual obligations. When you're looking at
18 budget to actual throughout the year, we were not
19 fully staffed, I think probably about February on,
20 ish, the pipeline staff was full, we actually only
21 had maybe one or two fully opened positions in the
22 water department. That's what I could dig into
23 quickly this afternoon on that.

24 The biggest thing that changed from the
25 rate study to today is the central service cost

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1 allocation. Those numbers were clearly not included
 2 in the rate study.
 3 TRUSTEE TULLOCH: I'm a little bit
 4 confused by that because you always had central
 5 services costs there. The increase -- I'm trying to
 6 see. Yeah. It's gone up 300,000. Even excluding
 7 that, we're 2 million bucks under water, and that's
 8 excluding the share of depreciation for water which
 9 should probably be about 1.5, 1.6 million.
 10 We're, basically, at least 3 million bucks
 11 under water for a rate study what was done just over
 12 a year ago and was supposed to be the gold standard.
 13 CHAIR SCHMITZ: I think your numbers are
 14 wrong. I'm looking at the spreadsheet, and I
 15 believe the loss is 1.5. And I believe central
 16 services did not go up by 300,000; it went from 4
 17 something to 6 something. It went from 402 to 270.
 18 TRUSTEE DENT: Ten percent.
 19 TRUSTEE TULLOCH: I'm looking at the net
 20 sources and uses as 2.454, minus 2.5, 2.454.
 21 CHAIR SCHMITZ: Yes, you are correct. I'm
 22 sorry. I was looking at the wrong line. I'm having
 23 the same issue with the font.
 24 I mean, we're sitting here the night
 25 before our budget is due, and we're trying to

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1 understand and we're try to grapple with increases.
 2 So from my perspective, I understand and I feel that
 3 of any of these budgets, the utilities, it's
 4 critically important. I mean, all of these budgets
 5 are critically important. But I don't think we can
 6 just revert to last year's budget.
 7 I'm trying to get us to a point where we
 8 can say that we have a budget that we're willing to
 9 accept.
 10 I see that wages have gone up 40 percent,
 11 which is substantial. I think -- budget to budget,
 12 I think Adam has it in here, budget to budget, it's
 13 22.71 percent, even that, that's a huge increase,
 14 budget to budget. And services and supplies, again,
 15 but we have half of that being the R and M. And the
 16 other one is the central services costs going up by
 17 \$270,000.
 18 The water one, from my perspective, we
 19 can't continue to dig ourselves into a hole. And if
 20 we need to increase water rates to be able to not
 21 dig ourselves into a deeper financial hole, I think
 22 that the Board needs to take that approach.
 23 And if we're going to sit here tonight and
 24 start going through why this, we're not going to get
 25 a budget done by tomorrow. I would venture to say

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1 that we need to have the rate increased sufficient
 2 to cover the water costs, and we need to move
 3 forward with the budget. And we need to get staff
 4 working on this 4404 form. And if we can at least
 5 agree that utilities, these costs are going up
 6 substantially, if you want to try to say these
 7 certain numbers need to come down, we can have that
 8 dialogue, but in the end, we have to decide what
 9 we're going to do to finalize a budget.
 10 And I for one would say that as it relates
 11 to water, we need to have an increase in rate that
 12 at least makes us not go negative in the water
 13 subfund and make that adjustment to the utilities
 14 and move on and say we're willing, as a board, to
 15 accept the utilities budgets.
 16 I still have an issue with this whole
 17 solid waste. We're getting a franchise fee of
 18 400,000 and we're spending more than that, to me,
 19 that's one we just can't -- sort of like the
 20 catering and weddings, we can't be spending more
 21 than what we're actually taking in.
 22 But this is a Board decision and we need
 23 to make some forward progress, and I'm asking the
 24 rest of the Board: What would you like to do
 25 relative to utilities?

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1 TRUSTEE TULLOCH: Trustee Schmitz, with
 2 respect, we're showing a 2.45 million loss in water
 3 against the projected revenue of 7.41. That's a 33
 4 percent loss. We're also showing the 7.41 revenue
 5 is shown as somehow a 21 percent increase from last
 6 year, with only an 8 percent increase in rates.
 7 This is something I've brought up already.
 8 It is a Board decision, but I'm pointing
 9 out there's something wrong here because we also
 10 should have a million bucks of depreciation revenue
 11 built into that, so the loss is somewhere like 3.5
 12 million on 7.5 proposed revenue.
 13 And I don't think we can just say, oh,
 14 it's okay, we'll just add it on to the water rates.
 15 We've seen a 14, 15 percent increase in these
 16 already over the last three years.
 17 TRUSTEE DENT: If we were to do that,
 18 you're talking about a 40, 50 percent increase
 19 this year? Yeah.
 20 TRUSTEE TONKING: I was just going with
 21 Chair Schmitz' idea, we can't sit here and debate
 22 every single page for 30 minutes, we can talk in
 23 circles.
 24 I was wondering if maybe you could do what
 25 we did when we did the golf fees last year when we

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1 just went through each page, everyone gets an
 2 opportunity to speak, and then we decide what to do.
 3 We just can't keep talking around or else
 4 I'm going to be here until 2:00 a.m.
 5 TRUSTEE DENT: Sergio, do we have to have
 6 the forms all submitted tomorrow by end of day?
 7 MR. RUDIN: You have to adopt the budget
 8 by the 1st. I understand that staff have talked
 9 with the Department of Tax, and given that the
 10 actual legal deadline falls on a Saturday, they will
 11 accept the forms filed on Monday.
 12 But, yeah, I mean, it's my recommendation
 13 you guys would adopt a budget before the legal
 14 deadline.
 15 CHAIR SCHMITZ: Director Nelson, are there
 16 things that you think in this water budget could be
 17 reduced so that this gap isn't as large as what it
 18 is?
 19 MS. NELSON: This week, we have gone
 20 through, line by line, and trimmed out what we feel
 21 comfortable trimming out, knowing that -- especially
 22 our water transmission budget with the increase in
 23 water leaks and pavement reinstatement fees that we
 24 are seeing, I would be very reluctant to change the
 25 budget at this point in time.

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1 My feeling is solid waste, there needs to
 2 be some sort of reduction. We should have a cap on
 3 this to say it just can't exceed what we're
 4 receiving in our franchise fees. I mean, we have to
 5 keep it below that. I don't know exactly how that
 6 is accomplished, but we just can't continue to have
 7 our costs going on up faster than our revenues. And
 8 this is exactly what has happened in the solid
 9 waste.
 10 As it relates to water, I would be open to
 11 increasing the rate at some percentage over the 8 to
 12 compensate for this. We can't go and go double it,
 13 but hoping that some of -- I don't know. Because
 14 every year, wages go up, every year costs go up, so
 15 I'm concerned that if we can't address the issues
 16 with water, each year makes the problem a bigger
 17 problem.
 18 So how -- this is no different than the
 19 discussion of community services. How do we
 20 rightsize this?
 21 TRUSTEE TONKING: I agree in terms of the
 22 water. I think we should come up with an increase
 23 on top of that 8.5, and I understand that's going to
 24 delay our rates a little bit, but I feel like, in
 25 the long run, that's going to be more helpful, 30

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1 But I will take any input from the Board.
 2 CHAIR SCHMITZ: So right now, the
 3 proposed -- with the rates proposed as part of rate
 4 study, an 8 percent increase, and that's what you
 5 put into this spreadsheet?
 6 MS. NELSON: Correct. We're reflecting
 7 the 8.5 percent increase which was the year two of
 8 the rate study rates.
 9 The 22 percent that's being referenced is
 10 actually budget to actual, and April, May, and June
 11 are large income months for us because of
 12 irrigation.
 13 TRUSTEE DENT: Projected through the year?
 14 TRUSTEE TULLOCH: Yeah.
 15 CHAIR SCHMITZ: And what was the proposed
 16 rate for year three, do you recall?
 17 MS. NELSON: We looked at that, and it
 18 was -- it's 8.5 percent year two, 8 percent year
 19 three. When we did our alternative analysis, we did
 20 an average of the two years into one year and that's
 21 why came it out to be roughly 15.7 percent.
 22 CHAIR SCHMITZ: What would the Board like
 23 to do? Now, we're looking at specifically at water,
 24 it does roll up into utility fund, so the two that
 25 are upside down is water and solid waste.

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1 days is not as much as the percentage.
 2 I also agree on the solid waste. I think
 3 we should figure out a way -- or if you can explain
 4 to us why it's so much different. I think that one
 5 is, the revenues are set there, and so we really
 6 need to try to stay within it or think about that.
 7 And then -- basically, I agree with Chair
 8 Schmitz.
 9 TRUSTEE DENT: When it comes to solid
 10 waste, we're seeing an 82 percent increase in
 11 services and supplies from this year to what we're
 12 projected to spend next year.
 13 I agree when it comes to solid waste, we
 14 have a fixed revenue there, and need to figure out a
 15 way to lower our expenses.
 16 We, as a board, screwed up a few years ago
 17 when COVID hit and we thought we were doing everyone
 18 a favor by not increasing the water and sewer rates.
 19 I think it took two years until we did it again. I
 20 don't want to sit on something like this and wait.
 21 If we need to increase this -- what is the -- the 8
 22 percent that's proposed in here, how much is that,
 23 per user?
 24 MS. NELSON: The base rate would go from
 25 \$106.03 from \$116.53.

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1 TRUSTEE DENT: Ten dollars.
 2 So in order to make up for the additional
 3 22 percent, we'd really be -- \$35 is what it would
 4 have to go up just to break even, and we're going to
 5 be in an issue against next year we're going to be
 6 seeing increases again. Pretty soon, base rate's
 7 going to be 200 bucks in two years. Yeah.
 8 TRUSTEE TULLOCH: That's just your water.
 9 That is not the combined utility bill.
 10 TRUSTEE DENT: Understood. You're
 11 combined utility bill right now is 150, 160 bucks a
 12 month.
 13 TRUSTEE TULLOCH: Again, my point last
 14 night, what's the point of doing a rate study if we
 15 just costs, oh, your costs have shot way up, so
 16 we'll just give you a bigger increase after doing
 17 the rate study.
 18 That's the point I was making last night.
 19 CHAIR SCHMITZ: What would the Board like
 20 to do with this budget? We have an opportunity, we
 21 can vote on it, but we have to get these budget
 22 numbers in. And if we're going to go and increase
 23 over the 8.5 percent, we need to identify that so
 24 that it can be noticed, and we need to get these
 25 numbers then updated for the state filing.

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1 staff can handle safely. So, you know, we would
 2 continue to outsource some of those maintenance
 3 projects.
 4 TRUSTEE DENT: Can you speak to the large
 5 increase of services and supplies?
 6 MS. NELSON: Under water?
 7 TRUSTEE DENT: Yes.
 8 MS. NELSON: We have included in that the
 9 capital expense projects of \$1.425 million, and then
 10 we have the R and M general of \$325,000. When you
 11 take that out of the 3.464 million, services and
 12 supplies are down to about to 2.039, which is
 13 actually less than what we had budgeted in '23 and
 14 '24.
 15 TRUSTEE TULLOCH: Based on your comments a
 16 couple minutes ago on additional staff member,
 17 shouldn't we then be seeing a reduction in some of
 18 the things, capital expense projects and things that
 19 has been outsourced if we're bringing in another
 20 body full time so we can actually do some of these
 21 projects ourselves?
 22 MS. NELSON: These projects are actually
 23 water-specific, so they would be what our pipeline
 24 crew is repairing, maintaining, that kind of thing.
 25 What our Public Works maintenance person

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1 What direction would the Board like to go?
 2 TRUSTEE TULLOCH: Director Nelson, these
 3 numbers for water, the salaries and wages also
 4 include additional positions; is that correct?
 5 MS. NELSON: No.
 6 TRUSTEE TULLOCH: So the additional
 7 technician is not even in here?
 8 MS. NELSON: The Public Works technician,
 9 yes, would be included in this salary and wages. If
 10 you would like to reduce it by half of 126,000,
 11 there's some savings.
 12 TRUSTEE TULLOCH: I think, given how far
 13 we're overshooting salaries and wages, certainly I
 14 think we need to look at every avenue here. I think
 15 the -- we focus on the facility fee and rec fee,
 16 it's impacting the people in the community,
 17 utilities is impacting everyone just even more so it
 18 seems.
 19 CHAIR SCHMITZ: This position, was this
 20 that position that if we didn't fill it, we then
 21 outsource and have others external of the
 22 organization fulfilling that role?
 23 MS. NELSON: That role would cause us to
 24 continue to try to solicit some of those maintenance
 25 projects that are larger than what our existing

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1 is tasked with is maintaining and doing any services
 2 to pumps, motors, that type of technical maintenance
 3 within the pump stations. So it is a little bit
 4 different than you're seeing in those numbers.
 5 Those numbers are fixing fire hydrants, fixing
 6 leaks, maintaining the water meters, et cetera.
 7 TRUSTEE TULLOCH: Isn't R and M what this
 8 technician would be doing?
 9 MS. NELSON: R and M of what's within pump
 10 houses, the lift stations, the pump stations for
 11 water and sewer.
 12 TRUSTEE TULLOCH: I was informed by my
 13 colleague the R and M is covering all the R and M,
 14 not just a particular added R and M, and that's what
 15 Mr. Cripps told us that the R and M number here was
 16 all the R and M. And I thought this was just the
 17 additional R and M that's been added, so perhaps we
 18 can clarify.
 19 MS. NELSON: The R and M is total within
 20 the water pumping, water transmission, water supply
 21 line items, so that rolls up into a total. And then
 22 we have that for sewer. Sewer supplies, sewer
 23 pumping, sewer transmission.
 24 TRUSTEE TULLOCH: Is 125 the total R and M
 25 budget monies that we spend in water?

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1 MS. NELSON: 325,000.

2 TRUSTEE TULLOCH: Yep. Sorry. So that's

3 the total R and M we spend in water, but that

4 doesn't include wages, that's just supplies?

5 MS. NELSON: Correct. And materials and

6 what goes into maintenance of those items.

7 TRUSTEE TULLOCH: Yeah. But it's also not

8 including the cost of labor. This is just the

9 materials cost for --

10 MS. NELSON: Right. Because your labor is

11 under wages and benefits.

12 TRUSTEE TULLOCH: Yep. So you're saying

13 this number would increase if we didn't put this

14 extra staff member in?

15 MS. NELSON: Yeah. You're either -- so

16 you've got contractual services, you've got

17 professional services, all of those items,

18 professional services generally are engineers,

19 surveyors, lawyers. The contractual services can be

20 outside contractors.

21 TRUSTEE TULLOCH: That's my understanding.

22 It's not professional services. This is a union

23 position.

24 MS. NELSON: Correct.

25 CHAIR SCHMITZ: So my recollection is that

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1 the Board had asked to have more information about

2 this particular position before we made a decision

3 about whether we wanted it done in the budget or out

4 of the budget. If my memory serves me correct, is

5 that not the direction of the Board?

6 And what I just now realized is that that

7 position has been added to the budget, but we

8 haven't been provided that additional information as

9 requested. Would you like cover that now?

10 MS. NELSON: Sure. And so we left it in

11 the budget because three of the board members said

12 leave it in, two said no. So that is why it

13 remained in the budget.

14 This position does basic building

15 maintenance throughout Public Works on all of our

16 lift stations, pump stations, within our treatment

17 plants, within any Public Works building, Building

18 A, Building B, Building C, that's required if

19 there's something that needs to be repainted,

20 remodeled, they are assisting with that if they are

21 able to do it.

22 This position also does more of the

23 mechanical-type work within the pump stations and

24 booster stations and lift stations. So they are

25 changing out seals, they're maintaining the motors,

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1 impellers, that kind of work, whether it's in the

2 lift stations or pump stations.

3 The idea behind this position was we

4 already have a Public Works maintenance person on

5 staff. They report to the utilities specialist. So

6 all, every day, they have a specific variety of

7 work, whether it's clearing the weeds at any given

8 pump station, lift station, tank location, or

9 actually assisting the utilities specialist with the

10 maintenance with some of the mechanical items.

11 The thought behind this position was to

12 provide advancement within the District. The

13 requirement of the II position would actually

14 require them to get certifications, whether it's a

15 grade one operator for water, grade one operator for

16 sewer, or a mechanical technical specialist

17 certification. This was going to serve as more of a

18 training of the system and then feed either to our

19 pipeline crew or treatment crew.

20 We found that over the last three years it

21 was very difficult to find employees for those

22 pipeline and treatment positions, and so if we had

23 this avenue to start kind of fostering our own and

24 being able to provide advancement, that's a thought

25 behind this position as well.

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1 CHAIR SCHMITZ: Now my memory is all

2 coming back. And I had asked the question of how

3 did that fit into the Raftelis recommendations,

4 because Raftelis did identify some areas where there

5 were gaps in having sort of succession planning.

6 Did you go back to the report Raftelis

7 report, and how does the Public Works organization

8 comply with what the Raftelis recommendations were?

9 MS. NELSON: So the recommendations was

10 actually heavy recommendations for the utility

11 superintendent and the utility specialist. It

12 recommended kind of a reorganization at more of

13 their higher line of personnel, which would be

14 salaries and that kind of thing.

15 This would actually just provide

16 additional labor to get the maintenance work done

17 that we would like done. And then also provides

18 some succession planning or training to actually get

19 pipeline and treatment staff that would want to move

20 if there was an opening.

21 CHAIR SCHMITZ: Remember what the Board

22 had asked, I believe it must have been last evening,

23 we did ask for some explanation on this position.

24 It is in the budget, now the Board has heard an

25 explanation, does the Board want the position in the

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1 budget? Is it still three board members wanting
 2 this position in the budget?
 3 TRUSTEE NOBLE: Yes, I would still like
 4 that position in the budget. I had also recommended
 5 approving the water budget as is. And then if we
 6 could take a two-minute break and get copy of that
 7 sheet with the recommended, because I'm trying to
 8 find it in this stack and I can't.
 9 But my recommendation would also be to
 10 re-notice the hearing for the rate increase, and
 11 after reviewing this, determine another percentage
 12 above and beyond the 8 percent. I would like to
 13 just review that page one more time.
 14 MS. NELSON: I think it's the packet on
 15 Tuesday.
 16 TRUSTEE NOBLE: And it had proposals of
 17 various percentage increases above and beyond the 8
 18 percent, and how that would impact the overall.
 19 CHAIR SCHMITZ: Could that be shared again
 20 electronically?
 21 TRUSTEE DENT: We could bring it up on the
 22 screen.
 23 I have a question. There's a 69 percent
 24 increase in services and supplies for water that are
 25 not related to R and M and capital expense projects.

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1 I'm curious what's the 69 percent increase year
 2 over year? Right now, it shows in the budget as 127
 3 percent, but if you remove the R and M general and
 4 the capital expense projects, it's a 69 percent
 5 increase for services and supplies at water.
 6 MS. NELSON: If you take the 3,464,038 and
 7 you subtract the 325 and the 1.425 out, that leaves
 8 you with \$2,039,038. And so if you compare that to
 9 what we had in the budget for '23/'24, we're
 10 actually reduced by it 100,000.
 11 TRUSTEE DENT: Okay. Then maybe I'm
 12 looking at something incorrectly, trying to do math
 13 on the fly.
 14 TRUSTEE TULLOCH: Just to follow up on
 15 that, Trustee Dent, you're correct, you're both
 16 correct. But if I look at services and supplies,
 17 the '22/'23 budget, it's 2.45 million. '22/'23
 18 actual is 1.07 million. '23/'24 budget is 2.15
 19 million, actual is 1.5 million.
 20 So, consistently, we underspent on both of
 21 these.
 22 MS. NELSON: The -- I will say that the
 23 issue that I have with the actual is that we have
 24 two more months, Public Works staff was not
 25 consulted when finance was putting those numbers

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1 together, so there are some things that might not be
 2 included correctly.
 3 TRUSTEE DENT: I feel like we're having
 4 this problem across the board. Just like things,
 5 like hearing that, when I hear that, I feel like
 6 there's a huge disconnect here. And the directors
 7 that should know their budget don't know their
 8 budget because it was created in a silo in some back
 9 room. This is going back to like ten years ago with
 10 Jerry Ike. The directors didn't know their budget.
 11 Then the directors knew their budget, took ownership
 12 of their budget, and now we're in a spot where the
 13 directors can't answer some simple questions.
 14 So, thank you for your honest answer. I
 15 appreciate that.
 16 Chair, I'm done for this evening. And
 17 tomorrow's meeting, if there is one, I will not be
 18 attending in person. I'll call in for it. But we
 19 need more time. This is ridiculous, what we're
 20 trying to do here.
 21 And because this got put on us at the
 22 last minute, I've -- like my colleagues, I like been
 23 feeling a little pressure to get this approved. I
 24 don't feel any pressure anymore. We need to do
 25 what's right, we need to have the right information,

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1 we need our directors to understand the budgets that
 2 they're bringing towards us.
 3 I've asked several questions tonight and I
 4 cannot get answers to -- these aren't complicated
 5 questions that I'm asking. I'm asking: How does
 6 this roll up? What's causing increases?
 7 The director doesn't know, the director of
 8 finance doesn't know, and I don't know why we're
 9 here any longer. I'm ready to adjourn this meeting,
 10 but I'll defer to you, Chair. I don't want to waste
 11 anymore time of the community, of staff, until we
 12 can get some answers. And it make take a couple
 13 of months, but we're not going to rush and try to do
 14 this tomorrow. We're not going to get this figured
 15 out tonight.
 16 TRUSTEE TULLOCH: I'll second that.
 17 CHAIR SCHMITZ: Trustee Tonking?
 18 TRUSTEE TONKING: I don't want to go with
 19 last year's budget and leave it to the State, so I
 20 would like us to come up with something to deliver.
 21 That's where I'm sitting.
 22 CHAIR SCHMITZ: Trustee Noble?
 23 TRUSTEE NOBLE: I would agree with Trustee
 24 Tonking.
 25 CHAIR SCHMITZ: So, I would propose that

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1 unless the Board objects -- and I greatly appreciate
 2 both Trustee Tonking and Trustee Tulloch's time
 3 today. I want to be respectful of the fact that
 4 Trustee Tonking is not feeling well. And I will
 5 offer to work with Mr. Magee tomorrow, in the
 6 morning, to try and figure out how we're to come to
 7 this Board with some answers, the Board be able to
 8 do something.

9 But I'm growing wary that we are going to
 10 accomplish that, and I'm not sure what the right
 11 answer is at this point because I too -- I'm looking
 12 at all these sheets and things are disjointed and
 13 we're having to try to crunch numbers and I would
 14 say at this point in time we are micromanaging the
 15 budget process because we have information that
 16 we're not comfortable with.

17 But I think that -- I don't know what else
 18 to do at this point. I don't think we should revert
 19 to last year's budget because I think it would cause
 20 problems in utilities, but we have to figure out a
 21 way to move forward and we're not getting there.

22 So I don't think we have any choice but to
 23 reconvene, and Mr. Magee needs to come forward with
 24 an explanation of what the game plan is. Either
 25 that or we're just going to end up reverting to

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1 last year's budget. And I don't really want that.
 2 I don't think it's the right thing to do. But we're
 3 just repeating ourself, meeting after meeting.

4 I appreciate all of the time, effort, not
 5 only by staff, but also all of my fellow trustees.
 6 We have put a lot of time into this, all of us have.
 7 We've been working with staff, we've been spending
 8 time reviewing information, we have been giving
 9 feedback and asking questions. And just like I
 10 pointed out with the one position, we asked for some
 11 clarification and we didn't get it.

12 So if the Board is willing and Mr. Magee
 13 is willing, I will make a last-ditch effort to see
 14 if we can pull this out of the gutter and across
 15 the finish line. But I am just one trustee. But if
 16 my Board is willing to accommodate that, I'm willing
 17 to give it another try, unless Trustee Tonking wants
 18 to continue with this process. I'm not trying to
 19 take anything away.

20 TRUSTEE TONKING: Oh, take it. I think
 21 I've provided the direction, and I think there's now
 22 lots of questions people have, and I think I have
 23 some too, just looking at the numbers now that we've
 24 seen them, seen them.

25 Do you think it would be helpful -- I

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1 don't think we're allowed to send them to you, but
 2 any possible questions we might have, who would we
 3 send that to so staff would be prepared to answer
 4 them?

5 CHAIR SCHMITZ: If you want to send them
 6 to myself and copy Mr. Magee, I will -- and if you
 7 could please send them, if it's possible, before
 8 10:00 a.m. tomorrow morning, I know that's not a lot
 9 of time, but 10:00 a.m. tomorrow morning to try to
 10 pull it together and have everything buttoned up.

11 We've got a lot of work yet to do.

12 TRUSTEE TONKING: Can legal spend some
 13 time and tell us what's going to happen if we don't
 14 come up with something by tomorrow and maybe let us
 15 know at the beginning of that meeting or send us an
 16 email because -- may be you don't know.

17 MR. RUDIN: Yes. I think we're going to
 18 be reaching out to the Department of Tax and having
 19 discussions with them about potential next steps, if
 20 the Board does not adopt a budget.

21 TRUSTEE DENT: I just want to make sure
 22 there's a board member involved in those
 23 conversations, whether it's the treasurer or the
 24 Chair, we need to have a trustee sitting on it.

25 TRUSTEE TONKING: I think the Chair should

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1 be in on it.

2 I also just want to know before -- are you
 3 going to talk to them tomorrow? I don't want to
 4 come to this meeting and not know our choices.

5 MR. RUDIN: I understand that was the
 6 request.

7 TRUSTEE TONKING: Okay.
 8 Are you okay sitting in that call, Trustee
 9 Schmitz?

10 CHAIR SCHMITZ: Yes. I'm available
 11 tomorrow.

12 TRUSTEE TULLOCH: I am aligned with
 13 Trustee Dent. I think we've come back three times,
 14 this is the third time we've come back this week.
 15 By the time we get documents, but the time we see
 16 anything, it's way too late to study them. We have
 17 a fiduciary duty to the community as trustees. I
 18 think to be just rushing into something when we're
 19 totally bamboozled, we hardly even know what sheets
 20 we're looking at, their not even numbered and
 21 things, they're all over the place, there are still
 22 things, there's suddenly a million bucks extra
 23 revenue appeared from investment income that was
 24 never in the original budget. So the so-called
 25 reductions to the original budget are actually

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1 reduced by a million bucks for investment income
 2 that was never disclosed.
 3 I feel a little bit insulted by some of
 4 this. I think to think that we're going to resolve
 5 all this and come back here yet again tomorrow and
 6 just go through the same process is a complete waste
 7 of time. I think we're doing a complete disservice
 8 to the community as well.
 9 CHAIR SCHMITZ: What is your suggestion?
 10 TRUSTEE TULLOCH: My suggestion, if, you
 11 know, I come back to what I said: We stick in the
 12 numbers from last year. If we need to inflate them
 13 by, say, 5 or 6 percent to cover inflation, to cover
 14 our derrières, I think that is the simplest way to
 15 go.
 16 I think that's the only way I think we can
 17 come back and work on this tomorrow night, and then
 18 staff have got to try and work it, pull an
 19 allnighter to get stuff put together for the 4404,
 20 and it's going to be wrong. We're going to have to
 21 make corrections to it again.
 22 I think we do that, we then need to use
 23 the time afterwards, after that to actually refine
 24 this and find out where we're going.
 25 I think absent some driver to make hard

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1 decisions on staffing side, I think we need to look
 2 at restructuring the District, as I've said. It's
 3 not a difficult thing to do to identify where all
 4 the excess spending -- all the huge increases in
 5 spending are. I think we need to look realistically
 6 at that and what we need. That's not going to
 7 happen overnight, but it can be done pretty quickly.
 8 But it can't be done for Saturday.
 9 CHAIR SCHMITZ: Here's my thought on that
 10 is the reason why I jumped to the utility fund is
 11 because my concern is that if we take that approach
 12 with the utility fund, we are going to put the
 13 utility fund at risk.
 14 I think that the approach from community
 15 services and the beach fund, I don't have the
 16 problem with taking that type of approach to say
 17 here's what it is. And General Manager Magee and
 18 myself can sit there and look at the line items and
 19 see if there's any areas of concern.
 20 But the reason why I came back to the
 21 utility fund is because the utility fund is our
 22 infrastructure, and we have to maintain our
 23 infrastructure, we have to provide water and sewer
 24 to our customers and we cannot have a disruption of
 25 service. I'm concerned about taking that approach

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1 of last year's budget plus some incremental amount
 2 as it relates to our utility fund.
 3 But if that's the direction the Board
 4 wants staff to take, then that's where we're going
 5 to go. But I'm trying to segregate the utility fund
 6 from general fund and from community services
 7 because I understand your point, recreation services
 8 are very different than our infrastructure services
 9 in my mind.
 10 TRUSTEE DENT: I agree with that approach,
 11 Chair.
 12 TRUSTEE TONKING: Agree with that approach
 13 for the most part, except I want in the community
 14 services fund and the beach fund to really look at
 15 some of those other lines. Insurance, I think,
 16 utilities, contractual issues, that we're not going
 17 to be able to cover with last year's budget.
 18 And in the general fund, I really wouldn't
 19 mind reverting that all the way back to last year's
 20 budget because we know how much I hate the general
 21 fund.
 22 TRUSTEE TULLOCH: I understand the point
 23 in utility fund. I think I still have the same
 24 fundamental disagreement when we're suddenly 2.5
 25 million, actually, 3.5 million under water having

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1 just completed a rate study just about a year ago.
 2 I think there's something fundamentally gone wrong
 3 there. I totally understand, I totally agree, we
 4 need to make provisions for it, and I'd have to see
 5 what the impact was.
 6 In the other funds, we do have sufficient
 7 balance to cover any of these real increases in
 8 terms of that. I think we can work around that. To
 9 saying, well, we need to put this in, put that in,
 10 we're going to be back to the same problem. We're
 11 not going to have reliable numbers.
 12 TRUSTEE TONKING: Can we just vote on this
 13 so we don't debate back and forth on the subject?
 14 TRUSTEE DENT: I think we've given
 15 direction to the Chair.
 16 TRUSTEE TONKING: The majority of the
 17 Board direction, or do you need it?
 18 CHAIR SCHMITZ: I'll repeat what I heard.
 19 Okay?
 20 TRUSTEE DENT: Please.
 21 CHAIR SCHMITZ: As it relates to the
 22 utility fund, we need to look at last year's budget
 23 compared to this year's budget and look at the
 24 assumptions with the rate study to determine where
 25 there might be issues to identify for Board.

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1 To look at, in water, perhaps recovering
 2 the additional position, seeing if there are things
 3 that would address Trustee Tulloch's concern about
 4 the rate study issues. It's really more of a
 5 question than anything else at this point.
 6 Then as it relates to the general fund and
 7 the community services fund and the beach fund to
 8 basically look at reverting to last year's budget
 9 with some inflationary increase.
 10 My feeling is that we should be looking at
 11 probably at least an 8 percent inflationary
 12 increase. Is that an agreed-upon percentage?
 13 TRUSTEE TONKING: I would be careful with
 14 just -- I think 8 percent is probably fine if you're
 15 looking across, but, again, I do want you to pay
 16 close attention to deferred maintenance, in the
 17 CapEx area as well, because I think those are things
 18 that we don't want to keep pushing out as much,
 19 maybe smoothing it over three -- I just want to be
 20 careful on those areas as well, and utilities.
 21 CHAIR SCHMITZ: And I think that as it
 22 relates to those things and the CIP plan, I think
 23 that we were all in agreement with that. So it
 24 wouldn't be touched. We would leave that alone, but
 25 be looking at all of the other line items and

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1 basically capping them at roughly an 8 percent
 2 increase over last year's budget. I just picked 8,
 3 because it's between 5 and 10. I think 10 might be
 4 too much in some cases and 5 not enough, let's use
 5 8.
 6 TRUSTEE TULLOCH: I can live with that.
 7 TRUSTEE DENT: I think you have the
 8 majority of the Board on this, Chair.
 9 TRUSTEE NOBLE: In an effort to move
 10 forward, I would agree with that.
 11 CHAIR SCHMITZ: All right. I've got some
 12 work to do. I'll work with General Manager Magee,
 13 and, therefore, we do not need questions or things
 14 coming from each of you.
 15 We will begin working on this. I'm two
 16 hours ahead of you, so I will start looking at this
 17 first thing my time tomorrow morning, and I will get
 18 on the phone with General Manager Magee as early as
 19 possible, as well as interim Director of Public
 20 Works Nelson to look at the issues related to the
 21 rate study as it pertains to water and the gap that
 22 we're seeing to see -- given at least an
 23 explanation. Because that's what you're looking
 24 for, you're looking for an explanation.
 25 Does that make sense?

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1 TRUSTEE TONKING: Yes. Thank you for
 2 doing that.
 3 MS. NELSON: Yes, it does.
 4 CHAIR SCHMITZ: All right. Mr. Magee,
 5 does that make sense to you?
 6 MR. MAGEE: Yes, it does. I appreciate
 7 the help. I will have all directors available as
 8 well as any support staff needed at all times
 9 tomorrow. I'll set up a Zoom call, and we'll have
 10 them come in and out as you see fit.
 11 CHAIR SCHMITZ: We will work on, and we'll
 12 target delivering something (Zoom audio drop) at
 13 least have an opportunity and some time to review
 14 it. My target is going to be noon your time to have
 15 things buttoned up and sent out, because time is of
 16 the essence, and we just gotta get this done.
 17 Anything else, questions, comments?
 18 TRUSTEE DENT: Are we having a discussion
 19 on 3 B tonight?
 20 CHAIR SCHMITZ: Yeah. I think we should.
 21 It's part of the issue.
 22 TRUSTEE DENT: Let's take a five-minute
 23 break.
 24 (Recess from 9:11 p.m. to 9:17 p.m.)
 25 TRUSTEE DENT: All right. We're going to

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1 resume. We're on item 3B.
 2 3B. Fiscal Year '24/'25 Central Services Costs
 3 Allocation
 4 TRUSTEE DENT: We have a presentation on
 5 the screen.
 6 MR. CRIPPS: What we're seeing here
 7 tonight it the demonstration using the following the
 8 same template that the District has done in years
 9 past with regards to the central services costs,
 10 cost allocation. And what has been done that is
 11 differently this year is the information
 12 technologies department was included in this now.
 13 Previously, it was not.
 14 And originally when we were coming for
 15 forward with budget suggestions and recommendations,
 16 we had talked about putting the IT salaries as like
 17 -- allocating them out across the District. And
 18 then from there, those discussions, it was requested
 19 that the entire department was allocated just the
 20 same as accounting and our finance and HR were. And
 21 so now this is a demonstration of what that breakout
 22 means and what it does by different fund levels.
 23 With that, I am happy to take some
 24 questions now.
 25 TRUSTEE DENT: Questions or comments?

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1 TRUSTEE TULLOCH: Is it 1.849 million in
 2 information technologies, is that coming down to
 3 1.479, is that with the removal of the positions? I
 4 thought the 1.89, I recall, was with the additional
 5 positions. So what's the cost of information
 6 technology, the 1.47? Is that the --
 7 MR. CRIPPS: The department itself, the
 8 budget is at 1.8.
 9 TRUSTEE TULLOCH: I thought the 1.89 was
 10 when we added -- with the additional positions added
 11 in? I don't have last Monday's sheet to hand.
 12 TRUSTEE DENT: How about I go to Chair
 13 Schmitz while we're working on that.
 14 CHAIR SCHMITZ: I just had a question
 15 about we had originally talked about not only IT
 16 general manager, what have you. The consensus was
 17 we're leaving the general fund alone except for
 18 adding IT; is that correct?
 19 MR. CRIPPS: The addition of the IT
 20 department when this cost allocation was done, the
 21 general manager's department, it primarily consists
 22 of wages, so as far as allocations go with that.
 23 Then at the direction of the Board, we
 24 could allocate those, but this sheet just
 25 demonstrates the information technology being

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1 included in the cost allocation now.
 2 CHAIR SCHMITZ: And we're not doing any
 3 salary allocations of wages of any of the general
 4 fund costs into the other cost centers, are we?
 5 MR. CRIPPS: No, we're not.
 6 CHAIR SCHMITZ: Okay. So that was taken
 7 out of budget?
 8 MR. CRIPPS: Correct.
 9 CHAIR SCHMITZ: All right. Thank you.
 10 And we don't have any information to know
 11 what the budget is for IT. It would be good to know
 12 what those numbers are because if it's reduced,
 13 those reductions need to ripple all these other blue
 14 sheets.
 15 TRUSTEE DENT: Chair, any other questions
 16 at this time?
 17 CHAIR SCHMITZ: And you used this
 18 allocation, it was based on FTEs or how did you
 19 determine the sharing across the various venues?
 20 MR. CRIPPS: Across the funds, it was
 21 based the FTEs assigned to those funds.
 22 CHAIR SCHMITZ: And from an IT
 23 perspective, it isn't being allocated based on who
 24 is using more IT services than others? I would
 25 think certain departments -- I would think

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1 facilities uses it relatively little, but you're
 2 just using the standard methodology of FTEs?
 3 MR. CRIPPS: The one currently in place,
 4 yes, but with the recommendation of the '25 budget,
 5 there is a requested funds for our professional cost
 6 allocation plan to specifically identify those types
 7 of issues.
 8 CHAIR SCHMITZ: And that's a policy change
 9 that you're planning to bring to the Board?
 10 MR. CRIPPS: Yes, it would be.
 11 CHAIR SCHMITZ: I don't have any other
 12 questions. But we do need to get these numbers
 13 right.
 14 TRUSTEE TULLOCH: For instance in ski,
 15 where there's a large number of seasonal employees
 16 most of whom never see a computer or any IT
 17 services, how are you calculating the FTE there?
 18 How are you accounting for seasonal staff in FTEs?
 19 MR. CRIPPS: There's a formula done based
 20 off what the part-time positions do, and there's a
 21 percentage -- they're percentage based. So, no,
 22 they're not -- not every single seasonal person is
 23 concluded as an FTE to ski.
 24 There is a formula that was put in the
 25 sheet, which that's what we maintained and followed

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1 with the information technology services.
 2 TRUSTEE TULLOCH: Yeah. But the reason
 3 I'm asking is because if I look at my own
 4 experience, I'm got 15-something coaches working for
 5 me that never use any IT services, but they would
 6 roll up as, under this formula, it sounds like they
 7 would roll up as numbers. In somewhere like ski,
 8 there's actually very few of the employees using any
 9 IT services.
 10 That's obviously something to address in
 11 the cost allocation plan.
 12 MR. CRIPPS: Correct.
 13 TRUSTEE TULLOCH: I mean, it looks like
 14 the formula you're using just assumes that all the
 15 FTEs are requiring to use some IT services, whereas
 16 ski, for instance, might use more accounting
 17 services than, say, some other places because
 18 there's a lot more transactions.
 19 Whether it balances out, I don't know, but
 20 it's an observation.
 21 CHAIR SCHMITZ: I think what he's saying
 22 is he's using what the methodology been used in the
 23 past, and that he's planning to bring back to the
 24 Board a different methodology that would take more
 25 into account than just FTEs.

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1 MR. CRIPPS: Yes, that is correct.
2 TRUSTEE TULLOCH: Absolutely. Just giving
3 some advanced input.
4 TRUSTEE TONKING: I'm just looking off of
5 the salaried position delta, it still looks like
6 we're high by almost 200,000 in that department with
7 the cuts. It looks the same as it was when we first
8 proposed it. Could we just check that number?
9 MR. CRIPPS: Yeah, happy to double check.
10 CHAIR SCHMITZ: I added it my list of
11 things to look for tomorrow.
12 TRUSTEE DENT: Any other questions or
13 discussions at this time related to this?
14 Okay. Seeing none. Do we want to just
15 come back tomorrow?
16 TRUSTEE TONKING: Do we need to approve
17 this? Is that what we're supposed to -- well, I
18 don't want to approve until we know what the number
19 is.
20 TRUSTEE DENT: This is all part of the
21 budget in the rec roll.
22 TRUSTEE TULLOCH: I if we need to go with
23 an account allocation plan, it's basically just
24 confirm that number.
25 TRUSTEE DENT: Okay. All right. I think

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1 and seconded to continue the public hearing until
2 tomorrow at 6:00 p.m. I'll call for the question.
3 All those in favor, state aye.
4 TRUSTEE TONKING: Aye.
5 TRUSTEE TULLOCH: Aye.
6 TRUSTEE NOBLE: Aye.
7 TRUSTEE DENT: Aye.
8 CHAIR SCHMITZ: Aye.
9 TRUSTEE DENT: That 5/0 vote, that closes
10 -- or that continues our meeting until tomorrow.
11 H. FINAL PUBLIC COMMENT
12 MR. DOBLER: I hope you can pay attention.
13 I got three, small, little items that you might just
14 want to think about.
15 Number one, Moss Adams did a whole
16 breakdown of how you should go about doing central
17 service cost allocations, so I don't think we need
18 Cripps reinventing the wheel. He would probably try
19 to do it will only two spokes.
20 Anyways the second thing I wanted to talk
21 to you about is the Championship Golf Course. I'm
22 just blown away by it. If you take the rec fee of
23 979,000, we're subsidizing it, and another \$400,000
24 loss, we're talking almost a million-four. How many
25 rounds do we do, 20,000? So we're doing 70 bucks a

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1 we're done for this evening with item 3B. We'll
2 move on.
3 MR. RUDIN: Before we move on, I think it
4 may be appropriate to have a motion to continue the
5 public hearings.
6 TRUSTEE TONKING: I have a questions
7 before we do that.
8 TRUSTEE DENT: Did we do that before
9 public comment?
10 TRUSTEE TONKING: Yeah.
11 MR. RUDIN: Yeah. You want to continue
12 those hearings because at the conclusion of them,
13 you're supposed to act on them.
14 TRUSTEE TONKING: I have a stupid
15 question, there's no time of extension by any means
16 that the Department of Taxation will give us?
17 MR. RUDIN: That would be a question that
18 we pose directly to them.
19 TRUSTEE TONKING: Make sure that's
20 proposed tomorrow. That would be great.
21 I move that we move this meeting to the
22 31st, tomorrow, May 31st, 2024 at 6:00 p.m.,
23 continuing the hearings.
24 TRUSTEE NOBLE: I'll second.
25 TRUSTEE DENT: There's been a motion made

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1 round, we're subsidizing 70 bucks? Boy. I own two
2 golf courses and I never seen anything like this in
3 my life. Anyways, boy, oh, boy. You guys certainly
4 don't know how to make money.
5 The last thing is this water fund, I think
6 it's important, first of all, to know that when you
7 take a look at the utility fund and roll it up, the
8 amount that you have in reserves or fund balance is
9 far below what's required by board policy. Now, you
10 guys have been operating like that for about
11 eight years, and maybe you ought either think about
12 adjusting the policy or just keep being in violation
13 of what you recommend. I mean, you're like a
14 two-head animal, you do one thing and then do
15 another thing.
16 Now, the thing about this water fund, as
17 Ray mentioned, you're losses of 2.4 are a third of
18 your revenues. And I then turn around and take a
19 look at this DOWL report, and according to DOWL over
20 the next five years, we're going to have a shortfall
21 in what they have planned for the water system,
22 IVGID, and what DOWL recommends of 23 million, 23
23 million, divided by 5, that would be about
24 \$4.5 million a year, so what's your utility fund
25 fee -- the water fees now. One of the largest ones,

1 and I'm surprised that's nobody's even brought it
2 up, the booster pump station construction,
3 20,407,000, supposed to get underway in 2025, it's
4 not even in the budget.

5 Anyways, good luck.

6 TRUSTEE DENT: No more public comments in
7 the room. Can we go to Zoom?

8 MR. BELOTE: We do not have any.

9 TRUSTEE DENT: That will close out item H,
10 final public comment.

11 I. ADJOURNMENT

12 TRUSTEE DENT: We are returning tomorrow
13 at 6:00 p.m. to continue the public hearing. Thank
14 you.

15 (Meeting adjourned at 9:31 p.m.)
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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 30, 2024, at the
7 of the Board of Trustees public meeting, via Zoom,
8 and took stenotype notes of the proceedings entitled
9 herein, and thereafter transcribed the same into
10 typewriting as herein appears.

11 That the foregoing transcript is a full,
12 true, and correct transcription of my stenotype
13 notes of said proceedings consisting of 130 pages,
14 inclusive.

15 DATED: At Reno, Nevada, this 18th day of
16 day of June, 2024.

17
18 /s/ Brandi Ann Vianney Smith
19

20 BRANDI ANN VIANNEY SMITH
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23
24
25

INVOICE

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United States

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

775-832-1218
AP@ivgid.org

Invoice Number: IVGID 43

Invoice Date: June 18, 2024

Payment Due: June 30, 2024

Amount Due (USD): \$1,130.00

Items	Quantity	Price	Amount
Base fee May 30, 2024 BOT meeting	1	\$350.00	\$350.00
Per page fee May 30, 2024 BOT meeting	130	\$6.00	\$780.00

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