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 2 INCLINE VILLAGE  
 3 GENERAL IMPROVEMENT DISTRICT  
 4 BOARD OF TRUSTEES

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 8  
 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 Friday, May 31, 2024

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 20  
 21  
 22  
 23  
 24 Reported by: Brandi Ann Vianney Smith  
 25 Job Number: IVGID 44

1 APPEARANCES

2  
 3 **BOARD MEMBERS PRESENT**  
 4 SARA SCHMITZ, CHAIR (via Zoom)  
 5 MATTHEW DENT, VICE CHAIR (via Zoom)  
 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 - 5/31/2024 - 6:00 P.M. 4

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3

4 CHAIR SCHMITZ: (Zoom audio starts here)

5 continuation of the Village General Improvement

6 District Board of Trustees public hearing related to

7 the budget. We will begin the meeting with the

8 Pledge of Allegiance.

9 A. PLEDGE OF ALLEGIANCE

10 (Pledge of Allegiance.)

11 B. ROLL CALL OF TRUSTEES

12 CHAIR SCHMITZ: With that, we'll do a roll

13 call of the trustees.

14 Trustee Tulloch?

15 TRUSTEE TULLOCH: Present.

16 CHAIR SCHMITZ: Trustee Noble?

17 TRUSTEE NOBLE: Here.

18 CHAIR SCHMITZ: Trustee Tonking?

19 TRUSTEE TONKING: Here.

20 CHAIR SCHMITZ: Trustee Dent?

21 TRUSTEE DENT: Here.

22 CHAIR SCHMITZ: And myself, Trustee

23 Schmitz, so we have the entire Board on Zoom or in

24 person.

25 We will kick off the meeting with initial

5

1 public comments, limited to three minutes.

2 C. INITIAL PUBLIC COMMENTS

3 MR. KATZ: Good evening. Aaron Katz,

4 Incline Village. I've given a written statement to

5 be attached to the minutes of the meeting.

6 I'm going to talk about the central

7 services costs plan because it's not separate public

8 hearing. NRS 354.613 prohibits cash transfers from

9 a local government's enterprise funds to its general

10 fund unless the transfers represent a cost

11 allocation for employees, equipment, or other

12 resources related to the purposes of the enterprise

13 fundies from which transfers with supposed to be

14 made surprise.

15 So, surprise, because our staff refused to

16 live within their financial means, they take money

17 from our enterprise funds, and what do we label

18 them? Central service transfers. That don't mean

19 that's what these transfers really represents.

20 Their nothing short of a financial subsidy for

21 intentional overspending for all of kinds of

22 expenses assigned to the general fund, primarily

23 personnel.

24 Nevertheless, here staff have proposed no

25 such plan. They've come up with nothing more than a

6

1 one-page spreadsheet summary, no justifications as

2 the NAC mandates. There's nothing for the Board to

3 approve.

4 Assumed you disagree with me because, Ms.

5 Schmitz, the ends justify the means, the plan fails

6 for least two reasons:

7 First, it's untimely. NAC 354.8668 7 A

8 instructs those plans must be submitted before the

9 date on which the local government submits its

10 tentative budget. April 15. Here, we're a day late

11 and a dollar short.

12 Second, the plan does not make an

13 equitable distribution of all general overhead

14 administrative and similar expenses as NRS 354.613 A

15 mandates.

16 To satisfy this requirement, NAC 354.8668

17 and 867 tell us allocated costs must be necessary

18 and reasonable, must have been allocated in a manner

19 that provides for equitable distribution, have only

20 been allocated for services and property that are

21 assignable or chargeable to the cost objectives of

22 the enterprise fund, and are documented adequately

23 for independent verification.

24 Determining whether a cost is reasonable,

25 consideration must be given, whether it's a type

7

1 generally recognized as ordinary and necessary.

2 Whether it's consistent with sound business

3 practices. The market prices for comparable

4 services or property, whether the person's incurring

5 the cost have acted with prudence under the

6 circumstances on their duties or to the general

7 public.

8 When one applies these requirements to

9 Mr. Cripps' plan, one immediately sees -- I'll

10 continue later. Thank you.

11 MR. NOLET: Good evening. Chris Nolet,

12 Lakeshore Boulevard.

13 I'm going to be incredibly brief tonight.

14 For all of those of you who follow these things, I

15 believe this meeting date was only put on the

16 website a couple hours ago, so I don't know if that

17 qualifies as timely posting for the meeting. I'll

18 let you guys figure all that out.

19 My other suggestion for tonight is once

20 you get into the budget, think about a way kind to

21 of do a rapid assessment of where you're at, with

22 the goal of not punishing yourselves for another

23 three or four hours and the community as well. I

24 don't know if Sara took the lead today working with

25 staff, if she could do a summary of what's been

8

1 accomplished and of the three or four most

2 substantially financial -- financially difficult

3 questions you all are facing, what kind of progress

4 was made, then you can make a determination as to

5 whether to invest the other hours necessary to

6 hopefully get to budgeted option tonight.

7 Thank you.

8 MS. CARS: Good evening, Trustees. Linda

9 Cars, Lariat Circle.

10 I have a couple of comments. I really wish

11 that somehow all the citizens in the community would

12 stop disparaging each other. It's really

13 heartbreaking. And anybody that listens to it, it's

14 awful. And as the Board Chair, Sara, I hope you

15 would, sometime before the end of your tenure,

16 consider telling people not to be disparaging or

17 cutting them off.

18 Now, I gave a lot of hard thought, I

19 looked at budgets today, and it's very complicated

20 if you're not in the weeds on it. Here's a

21 suggestion to save some money. You don't have a

22 director of finance right now and you have that

23 budgeted, but we have a former interim director of

24 finance sitting right here. He's making a lot of

25 money, why doesn't he assume that job part time, and

9

1 then maybe some of the people that were presenting,  
 2 at least one of them last night, I felt so bad for  
 3 him. It was embarrassing, and for us, watching how  
 4 he was not supported by the people who should have  
 5 supported him. Clearly he was new to budgets, he  
 6 didn't understand it, and he had no support.

7 So why don't you, Mr. Magee, support them  
 8 as a director of finance, and then do the GM job  
 9 part time. And then that will save you a bunch of  
 10 money.

11 That's all I have to say. Thank you. A  
 12 recommendation.

13 MR. DOBLER: Cliff Dobler, 995 Fairway.  
 14 If you're getting paid a lot of money, you  
 15 should know your stuff, and you shouldn't have to  
 16 need support because you know it.

17 I wanted to talk about this water fund a  
 18 little bit. I was kind of bothered when I went home  
 19 last night and started thinking about it, about how  
 20 terribly under water this fund is. And then I  
 21 noticed the packet I picked up, which is unnumbered,  
 22 there were no changes to it, and I had thought  
 23 yesterday you were discussing about increasing the  
 24 rates for the upcoming fiscal year to start covering  
 25 some of this \$2.5-million losses.

10

1 What I'm more concerned about this,  
 2 though, this DOWL report that was done and delivered  
 3 almost two years -- keep in mind it cost \$450,000,  
 4 you could buy a couple hats with that -- and one of  
 5 largest items that they recommend to be done  
 6 immediately is this booster pump station  
 7 construction, which has a five-year goal to build a  
 8 \$20-million facility.

9 Now, I have no idea how important it is, I  
 10 have no idea what, but the idea is if it's in the  
 11 report by DOWL, it would seem to me that the  
 12 engineering department that asked for the report  
 13 would turn around and maybe have had in the last, I  
 14 don't know, three months a little report on the DOWL  
 15 report, rather than report card that did A, B, C, D.  
 16 I mean, I thought we were going to grade school. I  
 17 didn't know. But it just seems to me that we ought  
 18 to have some understanding about this booster pump  
 19 station about how serious is it really in the  
 20 overall idea of delivering water and sewer,  
 21 especially water.

22 Now, the other thing I was thinking about  
 23 is every two years I think you're supposed to do a  
 24 strategic plan. And, of course, the two years have  
 25 expired and nothing was done last year, so sometimes

11

1 you guys ought to think about possibly having a  
 2 strategic plan rather than winging it like we've  
 3 been doing the last five days.

4 I'll see ya. Bye.

5 TRUSTEE TULLOCH: Any more public comments  
 6 in the room?

7 Seeing none, we'll go to the phone.

8 MR. WRIGHT: Frank Wright, Crystal Bay.  
 9 I have been a resident of Incline/Crystal  
 10 Bay for 46 years, and in the 46 years, I have never  
 11 that I know of seen this board make drastic cuts or  
 12 any kind of cuts in staff. Right now, we're under  
 13 water. We have people that pretty much sit around  
 14 and do nothing all day except come every month and  
 15 get their paycheck. I'm not sure of their purpose.  
 16 I'm not sure of their function. And I know some of  
 17 the staff have done things they shouldn't have done,  
 18 some have left, some are still here, that there is  
 19 no analysis or HR study to cut the budget of  
 20 staffing, which includes high-end salaries for  
 21 people who aren't really competent and for people  
 22 who are collecting all kinds of fringe benefits.  
 23 It's shocking.

24 So, like I said, 46 years, I've never seen  
 25 the Board ever cut anything. How long can that go

12

1 on? And under Winquest, he went around and gave  
 2 everybody bigger titles and bigger paychecks. No  
 3 one said anything, just keep on rolling.

4 Now we're in a situation where we have to  
 5 come up with money. So where are you going to get  
 6 it from? Well, let's see, let's do a rec fee, let's  
 7 let the people who live here pay even more money  
 8 than they should have to. But, wait, didn't some of  
 9 the people in the community complain that their  
 10 insurance cost are going up and it's really tight  
 11 times for them? Did we listen to them? Did we hear  
 12 what they that had to say? Did their statements on  
 13 financial problems bother you at all? Are we going  
 14 to raise our utility rates, raise our recreation  
 15 rates? Sure. Because we don't care about the  
 16 people who live here. And when they come to you and  
 17 they ask for help, what you do is you keep these  
 18 employees sitting around doing nothing every day,  
 19 and you charge the people who live here more money.

20 It doesn't make a lot of sense to me, it  
 21 doesn't seem very fair, and it doesn't seem very  
 22 hospitable.

23 I went up to pay my utility bill about one  
 24 o'clock in the afternoon, 1:30, and as I drove in, I  
 25 parked behind the utility building and I noticed

13

1 there was about -- gee, it seemed like 15 to 18  
 2 trucks just backed in sitting there. Well, most of  
 3 the places I go to where I see work trucks that  
 4 belong to IVGID or the utility company, their out on  
 5 the road doing their job, they're doing something.  
 6 What were the people that are supposed to be driving  
 7 those things doing? Are they off for the day?  
 8            Anyway, I think we need some help here,  
 9 and I think you guys passing a rec fee tonight would  
 10 be absolutely intolerable.  
 11            Thank you.  
 12            MR. BELOTE: That was the last caller in  
 13 the queue.  
 14            CHAIR SCHMITZ: Moving on with our agenda.  
 15 I have request for my colleagues and also legal  
 16 counsel on the agenda, we have remaining item G 2  
 17 and G 3. G 2 is the rec roll, G 3 is the budget,  
 18 which includes central services cost allocation. I  
 19 would like to address G 3 prior to G 2.  
 20            Is that acceptable?  
 21            MR. RUDIN: There's not a legal issue.  
 22            CHAIR SCHMITZ: Then open up the public  
 23 hearings, with G 3 being first, and then close that  
 24 public hearing and then reopen G 2; is that correct?  
 25            MR. RUDIN: Yes, you could do that.

15

1 what is being proposed for tonight. Am I correct on  
 2 that or not? So if it is what it's proposed, then  
 3 the question is, there's two lines -- two columns  
 4 "Budget Proposed," and "Budget Update," so what is  
 5 it? Is it the update that we're working on or is it  
 6 on the proposed? Nobody's going to answer that of  
 7 course.  
 8            So I guess what I have to do is -- because  
 9 the roll up was put on two separate sheets of paper  
 10 with no headers, I gotta look backwards to find out  
 11 what the budget update is, and it's fourth from the  
 12 right. We're showing that we're going to have a rec  
 13 fee for \$6.2 million, and the District, wide, will  
 14 lose \$795,000. Okay? That is closing a gap from  
 15 where we were, I think, yesterday or the day before  
 16 where the losses were expected to be 7,588,000. So  
 17 it would seem that prudent people might suggest that  
 18 we can have it -- a budget and just not do any  
 19 capital improvements and let that just deteriorate  
 20 for another year as it has done in the last eight to  
 21 ten years, and then we'll have a pipeline that was  
 22 going to cost 23 million cost 63 million, and it'll  
 23 work throughout the system.  
 24            But it boils down to one simple thing:  
 25 That you take a look at wages and benefits, and

14

1            G 3. Fiscal '24/'25 Budget  
 2            CHAIR SCHMITZ: I don't have the script in  
 3 front of me, so we need a motion to open the public  
 4 hearing for item G 3 which is the fiscal '24/'25  
 5 budget.  
 6            Would anyone care to make a motion?  
 7            TRUSTEE TONKING: I move we open the  
 8 public hearing.  
 9            CHAIR SCHMITZ: Second?  
 10            TRUSTEE NOBLE: Second.  
 11            CHAIR SCHMITZ: All in favor?  
 12            TRUSTEE TONKING: Aye.  
 13            TRUSTEE TULLOCH: Aye.  
 14            TRUSTEE NOBLE: Aye.  
 15            TRUSTEE DENT: Aye.  
 16            CHAIR SCHMITZ: Aye.  
 17            Unanimously approved, so therefore me move  
 18 on to public comment -- correct? -- for this  
 19 specific agenda item.  
 20            MR. RUDIN: Yes.  
 21            CHAIR SCHMITZ: We will open up public  
 22 comment for agenda item G 3, the '24/'25 budget.  
 23            MR. DOBLER: Cliff Dobler, 995 Fairway.  
 24            This is the packet that was in the back  
 25 there. It has no page numbers, and I guess this is

16

1 we're at almost 30 million.  
 2            A couple years ago, we were at 23 million,  
 3 so it's a \$7-million increase, which is about 32, 33  
 4 percent. So if that's how you want to run the  
 5 railroad, I guess that's how we're going to run the  
 6 railroad. It'll be a non-stop train, and you'll be  
 7 back asking for more next year. And of course  
 8 capital projects will get -- well, actually when  
 9 Noble and the other guy, Homan, get in, they'll just  
 10 raise that rec fee and make funds available for  
 11 capital projects.  
 12            That's kind of where we are, so why don't  
 13 you try and wrap this up in the next 20 minutes.  
 14            MR. KATZ: Good evening. Aaron Katz  
 15 again.  
 16            By the way, we got this board packet at  
 17 4:25 this afternoon. And that's what we're supposed  
 18 to respond on? It's disgusting. And for anyone  
 19 that's listening to this meeting, if you have not  
 20 seen we have a train wreck in front of us, you're  
 21 blind.  
 22            Okay. So let me finish with central  
 23 services because that's part of the final budget.  
 24 When one applies these requirements, and remember,  
 25 I'm quoting the NRS and the NAC, to Mr. Cripps' plan

17

1 one immediately sees they do not provide for an  
2 equitable distribution of all general expenses. So  
3 how can you possibly approve the plan? Well, you're  
4 probably going to go ahead and do it anyhow, Sara.  
5 So if you do, now Mr. Cripps is going to be required  
6 under NAC 354.8668 to attest to the fact that the  
7 plan complies with the provisions in the NAC,  
8 inclusive, and this is untrue. And you know it's  
9 untrue, Mr. Cripps. You will then be guilty of  
10 violating NRS 354.626, which makes it unlawful for  
11 any officer or employer of a local government to  
12 willfully violate these sections.

13 Is that the position you want to put Mr.  
14 Cripps in? I'm going to let you decide that.

15 Okay. The budget, given the proposed  
16 final budget is dependent upon the rec fee central  
17 service costs transfers, solid waste franchise fee  
18 subsidies, and discriminatory water rates, which  
19 benefit the golf course and ski businesses to the  
20 detriment of we parcel owners, the budget  
21 perpetuates the unsustainable overspending for  
22 personnel. It's time to start being responsible and  
23 living within our financial means. It's time to  
24 stop forcing local parcel owners to involuntary  
25 subsidize staff overspending.

18

1 NRS 354.598 3 mandates that the final  
2 budget be certified by a majority of all members of  
3 the governing board. I ask you board members to  
4 refuse to certify this proposed budget.

5 What are the consequences? It's really no  
6 big deal, Sara. NRS 354.598 instructs that the  
7 budget adopted and used will be the tentative budget  
8 for the current year.

9 Let the Department of Taxation do its job,  
10 and they will come up with a budget because you  
11 people were unable to do it. By the way as I've  
12 said before, you can't effectively run the District.  
13 These are grounds for disillusion. I didn't make it  
14 up. That's what it is in the NRS. If you can't run  
15 this place, go home.

16 Thank you.

17 MS. CARS: Something that I thought of and  
18 hasn't been brought up at all to save money is look  
19 at the thousands and thousands of dollars that have  
20 been spent on a forensic audit, consultants. It's  
21 incredible. I know all that money hasn't been  
22 spent, and you should stop that spending now and put  
23 it into the budget. All that money wasn't in the  
24 budget last year. It was things were made up as  
25 the year went on, oh, we need to do this, we need to

19

1 do that. Take that money, stop spending it, put it  
2 in the budget.

3 Thank you.

4 TRUSTEE TULLOCH: Any callers in the  
5 queue?

6 MR. WRIGHT: Frank Wright, Crystal Bay.  
7 I just was reading for first time the  
8 addendums you've put on the agenda for tonight, and  
9 it never came out, Mr. Katz said 4:30, so there's a  
10 bunch of stuff in there that I'm trying to decipher  
11 between the time I came on and now. I don't think  
12 it's adequate for anybody to try to come to a  
13 conclusion and be educated on what's in there.

14 I can tell you one thing, though, there  
15 may be an Open Meeting Law violation because it  
16 wasn't given adequate time for anybody, including  
17 the board members, to decipher what's there.

18 I know you went and worked hard all day  
19 long to try to come to a conclusion on how to  
20 circumvent this malfeasance of public office and  
21 malfeasance of employment, and people are paid all  
22 this money and can't get their act together. But,  
23 realistically, this placed is messed up. And I  
24 don't know how you're ever going to fix, except you  
25 keep coming back to -- I've been saying this every

20

1 time we've talked in the last couple days -- you're  
2 trying to make the people who live here suck it up  
3 and pay for the all mismanagement and all the things  
4 that have gone on here. It's just wrong. It's just  
5 totally wrong. It's something that needs to be  
6 fixed.

7 You need to go back to last year's budget,  
8 you need to rework everything, you need to get your  
9 act together, and if you haven't got employees that  
10 can pull this stuff and put it together and can't  
11 make the hard decisions and cut costs, then you  
12 know, they shouldn't be in the job. If they were a  
13 major corporation that has too many employees or had  
14 to make cuts or cut back, like we do, they would lay  
15 off people. Here, we increase staff by 25, 35, 40  
16 percent in a time when we need to cut. That doesn't  
17 make any sense to me.

18 If you do that year after year after year,  
19 which we have been doing, you're eventually going to  
20 come to a wall that you can't get over and you can't  
21 penetrate, and that's what's happening here. Our  
22 costs have exceed our ability to pay.

23 And staff and the Board's idea to solve  
24 that problem is to sock it to the parcel owners who  
25 are the ones paying all the bills. It's not right.

21

1 Thank you.

2 MS. MILLER: This is Judith Miller.

3 For the record, I had sent an email to the

4 Board earlier, but I can't imagine you had a chance

5 to read my email. I'll just summarize what I had in

6 the email.

7 First, we didn't get a zero-based budget,

8 and we didn't get a central services cost allocation

9 plan that was in any substantial way different from

10 the methodology used in the past when

11 representations were made that we would get a

12 zero-based budget and we would get a much more

13 rational central services allocation plan.

14 So I'm very disappointed, after hearing at

15 meetings that, oh, those things were been taken into

16 consideration. But they haven't been. I really --

17 I'm not convinced we have any budget that is

18 acceptable to anyone.

19 Just raising a percentage of the prior

20 year's budget, it doesn't make sense. Those

21 budgets, as we saw, were nowhere near reality in

22 many cases so why would we start with that? That's

23 what we've done in the past, we started with last

24 year's and we added something. I hope there's more

25 to it than that.

22

1 Also, I just wanted to reiterate that the

2 water rates, when we had the consultant do the rate

3 study, he based it on cost of services, and he also

4 concluded that ski irrigation uses were way below

5 what they should. But instead of increasing those

6 rates appropriately, the Board then decided to just

7 make an equal increase across the board, residential

8 and utility and irrigation, pretty much the same

9 increase.

10 So now it's time to increase that rate for

11 irrigation customers. Don't saddle the poor

12 residential customers with what should have been

13 paid two years ago -- or increased two years ago for

14 the ski and golf uses, the primary irrigation

15 customers.

16 So, honestly, I just don't know how you

17 can in good conscious approve either the budget or

18 the cost allocation plan, which has no resemblance

19 to reality. It's as simplistic as Moss Adams had

20 pointed out and as I had pointed out ten years or

21 more.

22 I do wish you success in coming up with a

23 budget, but I hope you can convince the State we're

24 just not ready.

25 Thank you.

23

1 MR. BELOTE: That was the last caller in

2 the queue.

3 CHAIR SCHMITZ: At this time, I believe,

4 procedurally, we are to close the public hearing?

5 MR. RUDIN: Yes.

6 CHAIR SCHMITZ: So I would like a motion,

7 please.

8 TRUSTEE TONKING: I move that we close the

9 public hearing.

10 TRUSTEE NOBLE: Second.

11 CHAIR SCHMITZ: All those in favor?

12 TRUSTEE TONKING: Aye.

13 TRUSTEE TULLOCH: Aye.

14 TRUSTEE NOBLE: Aye.

15 TRUSTEE DENT: Aye.

16 CHAIR SCHMITZ: Aye.

17 Motion passes, 5/0.

18 Moving on to item G 3. I would like to

19 ask a question of legal counsel and also of General

20 Manager Magee. My understanding from last evening

21 is that you were intending to reach out to the

22 Department of Taxation today. I was not involved in

23 any of those discussions, as was requested by the

24 Board, so if you could please update us on those

25 discussions that would be informative.

24

1 MR. MAGEE: I did reach out to the

2 Department of Taxation this morning to schedule some

3 time with you. Unfortunately today was a travel day

4 for them, and I was able to catch them only for a

5 couple of minutes on the phone. But I did ask the

6 questions that came up last night. The Department

7 of Taxation indicated there is no provision for

8 filing an extension. The extensions are specific to

9 audit purposes only and not for the purposes of

10 passing a budget.

11 CHAIR SCHMITZ: Thank you for that

12 clarification.

13 Moving on then, Mr. Magee, would you like

14 to take the floor on this item?

15 MR. MAGEE: Yes. Thank you.

16 I believe you have -- for version control,

17 the final PowerPoint presentation. I sent that to

18 you earlier. If you would share you screen, I would

19 appreciate that.

20 I'll start by saying that I'd like to, on

21 behalf of staff, give a big thank you to Chair

22 Schmitz who checked in on us numerous times today.

23 And as we worked our way through this latest staff

24 recommendation for what you see before you tonight,

25 we did ask her to double check our work and take a

25

1 quick peek at it and make sure our numbers tied and  
 2 made sense. And with so many staff members on it, I  
 3 requested that she assist us by putting the staff  
 4 work into this presentation. Candidly, as we were  
 5 getting near the end, I asked her if she would give  
 6 us an assist by helping me with explaining some of  
 7 slides that you see tonight.

8 Slide 2, this was staff's understanding of  
 9 Board direction from last night, and this is what I  
 10 base the presentation on today that you see. And so  
 11 we were to review the '23/'24 budget, consider an 8  
 12 percent increase for the '24/'25 budget, with the  
 13 focus on wages, services and supplies, and costs of  
 14 goods sold. Secondly, we were to look at the water  
 15 subfund budget be able to explain that. To look at  
 16 the utility fund, explain the assumptions compared  
 17 to the actuals from the rate study to guide the  
 18 proposed rates increase.

19 We understood that there was no subsidy of  
 20 any kind for the facilities division. And solid  
 21 waste was to cover its costs expenses no more than a  
 22 franchise fee. As you will see later in the  
 23 presentation, that is a balanced budget as  
 24 recommended. And finally to make a recommendation  
 25 to the Board on the final budget for '24/'25,

26

1 including recreation and beach fees, that is what  
 2 staff is prepared to do tonight. What we are asking  
 3 the Board to do is to make final changes and to  
 4 ultimately approve the budget.

5 We do have a preliminary 4404 form filled  
 6 out, ready to go. Any adjustments that the Board  
 7 makes tonight, we will make those on the fly and get  
 8 that into the State by tomorrow.

9 That with, Chair Schmitz, if you would give  
 10 an assist if you would be so kind, and take off with  
 11 slide number 3.

12 CHAIR SCHMITZ: Procedurally, it's  
 13 difficult to run a meeting and observe who is  
 14 wanting to speak during the presentation, especially  
 15 for Trustee Tulloch and Trustee Noble. If at any  
 16 point you want to stop or interject, please take the  
 17 liberty to go ahead and ask me to stop and ask your  
 18 question. Trustee Dent, the same is for you. I  
 19 cannot see the hand. And, Trustee Tonking, don't  
 20 feel that you have to raise your hand. I'm sort of  
 21 saying the floor is open. Okay? Because it's not  
 22 easy to do this with these screens.

23 So when staff was putting this together,  
 24 what they did was they took both the '23/'24 budget  
 25 and the '23/'24 actual because what was discovered

27

1 was that in some cases, if we took the '23/'24  
 2 budget, it would actually be an increase over what  
 3 staff was actually proposing with their budget. So  
 4 some of those examples include in some cases wages  
 5 because some budgets wages were significantly  
 6 overbudgeted and not necessarily spent.

7 We decided that we were going to evaluate  
 8 8 percent over both the budget and the actual, and  
 9 staff made decisions based on how those numbers came  
 10 out.

11 Because the Board had directed staff to  
 12 not defer more maintenance, the services and  
 13 supplies had the R and M numbers actually removed  
 14 from it, and so any adjustments to services and  
 15 supplies is excluding what staff has identified as  
 16 the routine maintenance of the venues so that our  
 17 venues can remain in good condition.

18 Therefore, there are some situations where  
 19 staff made different choices, we can go through the  
 20 numbers, but in most cases opted for the lower  
 21 number. In some cases they couldn't simply because  
 22 there were staff additions midyear, what have you.  
 23 We can examine that, but this is the approach that  
 24 was taken.

25 TRUSTEE TULLOCH: So basically all that

28

1 was reviewed in expenses was wages and salaries and  
 2 services and supplies. Since the R and M included  
 3 all the R and M from previous years as well as  
 4 deferred maintenance stuff that's been added in. Is  
 5 that correct?

6 CHAIR SCHMITZ: I understand what you're  
 7 asking. The R and M did not have any reductions.  
 8 So the remaining services and supplies budget, that  
 9 was evaluated, and that was reduced with the  
 10 exception of what staff had budgeted for the R and  
 11 M.

12 TRUSTEE TULLOCH: So any increases in R  
 13 and M have not been identifiable from the previous  
 14 budget. We just have a single number here, so we've  
 15 no indication whether these increases are reasonable  
 16 or whether they're just swags.

17 CHAIR SCHMITZ: Correct. If you look at  
 18 them in most cases, I'm winging it here, they  
 19 weren't significant numbers. And the Board gave  
 20 direction that they want to make sure that we are  
 21 doing an element of maintaining. And staff was to  
 22 sort of smooth that R and M.

23 But we can look at it, and we can discuss  
 24 those as we go through it, if that's okay.

25 TRUSTEE TULLOCH: I was surprised last

29

1 night when we heard that the R and M -- we'd  
 2 previously been told that the additional costs were  
 3 for deferred maintenance that had been put off, and  
 4 then we're told last night that the R and M was all  
 5 the R and M. So we've no indication of what's  
 6 deferred maintenance and what's just regular R and M  
 7 or where there was a distinction between them.

8 CHAIR SCHMITZ: And we can address those  
 9 and we can see those numbers because they have been  
 10 pulled out separately. This is just sort of  
 11 categorically the approach that was taken.

12 TRUSTEE TONKING: I think too when you  
 13 start to look at the numbers in the supplies line  
 14 that they have dramatically decreased. I understand  
 15 the concern that you have with the R and M rolled  
 16 up, but I don't think you're going to see that  
 17 difference to be leading to an increase in those  
 18 supply lines.

19 We can talk about it.

20 CHAIR SCHMITZ: Yeah, we can go through  
 21 it. If it's okay, I'll move on.

22 TRUSTEE TULLOCH: If I could just make one  
 23 follow-up comment to that. That would actually  
 24 concern me more because if a large proportion of the  
 25 salary and services line came out because it was in

30

1 R and M, that tell me there could have been a  
 2 significant increase in R and M that's not actually  
 3 been addressed anywhere, but I'll leave it at that.

4 CHAIR SCHMITZ: Yeah. Let's go through,  
 5 we'll be able to look at them specifically.

6 The question -- and we're not going to  
 7 delve into the detail here, but I wanted to at least  
 8 show you that staff does have the assumptions  
 9 related to the rate study. On this page, it's sewer  
 10 and the next is water.

11 And in both the water and the sewer  
 12 budget, the revenue in the budget is at the  
 13 current year two rate increase and the Board last  
 14 night indicated that they wanted to evaluate  
 15 potentially a higher increase, especially for the  
 16 water. We can be addressing that later, because  
 17 that'll have to be publicly noticed, and we can  
 18 discuss that, but I wanted to at least let you know  
 19 that staff does have the information that we were  
 20 looking for as far as some of their budgetary  
 21 assumptions going into that rate study.

22 TRUSTEE TULLOCH: I just -- a follow-up  
 23 question, and this comes back to my concerns about  
 24 just doing rate studies. And we had a rate study  
 25 less than 18 months ago, and I see a large number of

31

1 the items here significantly different from it. It  
 2 calls into question is it just a case that as costs  
 3 go up, we just ask for another rate study to cover  
 4 these? We should only really be doing the rate  
 5 study on a one-year or a two-year basis rather than  
 6 a five-year basis if that's the direction we're  
 7 going.

8 CHAIR SCHMITZ: We can discuss that when  
 9 we start talking about the water rates and the rate  
 10 study. I just at least wanted to acknowledge that  
 11 the Board asked for this information, staff does  
 12 have it, and we can look at it in more detail when  
 13 we start talking about the water rates and the rate  
 14 study. Okay?

15 TRUSTEE TULLOCH: Yeah. Obviously -- but  
 16 it does include it in the budget with these large  
 17 increases absent the rate study.

18 CHAIR SCHMITZ: The utility fund -- we can  
 19 go as much into detail or as little detail. The  
 20 utility fund roll up reduced interfund services by  
 21 about \$79,000, and what that means is that other  
 22 venues are being charged less. With that, wages  
 23 decreased by roughly 267,000, services and supplies  
 24 was reduced by another 57,000, and central services  
 25 cost allocation was actually up 69,000. And I spoke

32

1 with Mr. Cripps about this number this afternoon,  
 2 and he indicated that it's seemed as though the cost  
 3 allocation to the utility subfund and subfunds  
 4 hadn't been trued up in sort of a version control  
 5 situation. Everything today was reviewed once over,  
 6 and this was discovered as a change that had to be  
 7 made.

8 Here is the roll up of the utility fund.  
 9 If you look, all of these charts are exactly the  
 10 same, highlighted with the '23/'24 budget, '23/'24  
 11 actual. Then the '24/'25 budget that says "update,"  
 12 that was the latest version that we saw last night.

13 Then in the next column is 8 percent  
 14 increase to the '23/'24 budget, then the 8 percent  
 15 increase to the '23/'24 estimated actual then in the  
 16 last column, the '24/'25 budget, is the number that  
 17 staff has modified and has put into -- this now the  
 18 new budget.

19 You'll notice here in the utility fund,  
 20 there has not been a change to the sales and fees,  
 21 that was something I wanted to highlight. Then the  
 22 interfund, this is where there was a reduction in  
 23 the actual services that are being charged out, and  
 24 you'll see where that impacts in the interservices  
 25 funds, you'll see where it's impacting and reducing



33

1 wages then, appropriately.

2 Wages and benefits, overall, was reduced

3 by roughly by 367,000. You can see that difference

4 in the very right-hand column. And then services

5 and supplies was reduced by another 57,000.

6 The R and M that we see here with the 673

7 and the 2-million-4, those numbers have not been

8 modified. Those were remaining because staff felt

9 that the Board was giving direction to make sure we

10 were taking care of the R and M.

11 TRUSTEE TULLOCH: Couple of questions

12 there. In terms of the interfund services, which

13 services are there? We already heard comment in

14 public comment about below market rates for

15 irrigation water. I'm a little bit intrigued as to

16 what other services the utility was actually

17 providing.

18 CHAIR SCHMITZ: Utility, underneath

19 utility, it includes engineering, buildings, and

20 fleet.

21 We'll see later, the fleet has been

22 substantially reduced. Buildings has been

23 substantially reduced. Engineering has been reduced

24 and those things are ultimately rolling up into the

25 utility fund or into the interservices fund.

35

1 questions.

2 One is if you look at the wages and

3 benefits in the '24/'25 budget column, it's 6.1

4 million, roughly. If you look across, that doesn't

5 match any of the numbers that are in the percent

6 increase or other budget.

7 How did that number come about, and is it,

8 potentially, supposed to be one of these other

9 numbers?

10 MS. NELSON: It looks like it should be a

11 different number, maybe a fat-finger entry?

12 CHAIR SCHMITZ: Which would you be going

13 to, the 6169, where are we here? Because that is an

14 open question and I didn't catch that.

15 MR. CRIPPS: What those two columns

16 represent are simply the percentages of those other

17 two columns, whereas that '24/'25 is the roll up of

18 the subcomponents to this utility fund.

19 That's why you're not seeing an exact

20 match.

21 CHAIR SCHMITZ: I see. Okay. That makes

22 sense.

23 TRUSTEE TULLOCH: If I can follow up on

24 that. I thought we were taking the lower of the 8

25 percent to the budget or the 8 percent to the

34

1 TRUSTEE TULLOCH: So this is really Public

2 Works as a whole rather than utility?

3 CHAIR SCHMITZ: Correct, this is Public

4 Works as a whole, the utility fund. Yep.

5 TRUSTEE TONKING: I have a quick question.

6 I'm looking at the wages and benefits, I understand

7 your logic and I looked at a lot of these

8 spreadsheets that I had not seen yet. On it, if you

9 look at the '24/'25 budget, it's 6.1 million, the

10 one we're going to use, the one we've decided on,

11 but it doesn't match any of the other columns that

12 we used for comparison.

13 Could you speak a little why we ended up

14 on that number?

15 CHAIR SCHMITZ: That's an interesting

16 question.

17 Most of these were one of the number, and

18 I didn't modify -- I wasn't modifying any of these

19 numbers, so oftentimes when I would ask questions

20 like that, staff did have an answer. I'm going to

21 ask Kate. It maybe -- I don't know it. Might be a

22 roll up issue.

23 MS. NELSON: I missed that question.

24 CHAIR SCHMITZ: Trustee Tonking just

25 pointed out on this spreadsheet, she had two

36

1 '23/'24 actuals. Which would be 5558 1000, rather

2 than 6112 229.

3 CHAIR SCHMITZ: Some of them, when we get

4 into sewer, there were certain ones with -- because

5 of the union contract and union positions that

6 there's COLA that had to be applied to things, is my

7 guess at that.

8 But it makes sense what Adam is explaining

9 is that we go down into all of these other funds, we

10 will able to see those wage numbers more clearly in

11 which funds they were decreased which ones --

12 because I believe in sewer, it's not changed and it

13 wasn't changed, contractually it couldn't be

14 changed.

15 TRUSTEE TULLOCH: Okay. I'm just slightly

16 confused because we have been told all the way

17 through the process that all of these wages and

18 salaries benefits were all contractually required.

19 So now we're saying some of them are required and

20 others aren't? It just seems a strange situation.

21 CHAIR SCHMITZ: I think it has to do with

22 union positions in certain areas. That's my

23 understanding, but I'll let them clarify.

24 MS. NELSON: That's correct. Not all

25 positions are union throughout Public Works.

37

1 CHAIR SCHMITZ: Would you like me to delve  
 2 into utilities and just keep going here? This is  
 3 the roll up.  
 4 TRUSTEE TULLOCH: Understood. Yeah. It  
 5 looks like 550k.  
 6 CHAIR SCHMITZ: In sewer, there were no  
 7 changes. The budget was lower than the 8 percent,  
 8 except for wages, which is contractual.  
 9 And then this one had the central services  
 10 cost allocation increased by 47,000. Here is sewer,  
 11 it's exactly the same format. I tend to highlight  
 12 things to show, okay, here it is. You can see in  
 13 wages and benefits, professional services and  
 14 services and supplies, those numbers for sewer did  
 15 not change.  
 16 The change to sewer was an increase of  
 17 47,000 for central services cost allocation. That  
 18 was not accurate in the prior version of the budget.  
 19 There is one example.  
 20 Then if we go on to water, wages were  
 21 decreased in water by about 367,000. Central  
 22 services cost allocations were up by roughly 49.  
 23 TRUSTEE TULLOCH: Water staff, aren't that  
 24 union as well? Is this removed the position that we  
 25 previously discussed?

39

1 here? Has this been spread acrossed to other areas  
 2 in Public Works, or some to sewer and water? Which  
 3 would be covered by the rate study, which would  
 4 suggest -- as suggested earlier, some issues in the  
 5 cost allocation process.  
 6 MS. NELSON: Certain positions within that  
 7 department are paid under water, so they have a  
 8 portion of their salaries paid under water, portion  
 9 under solid waste, and a portion paid under TWSA.  
 10 It's been reallocated under -- that's how we took it  
 11 out.  
 12 The hazardous household waste program is  
 13 the basic services and supplies, so we will be  
 14 reducing that service.  
 15 TRUSTEE TULLOCH: How many employees do we  
 16 have here and what is their actual role if it's  
 17 split across the three?  
 18 MS. NELSON: We have a resource  
 19 conservationist. She is in charge of the program.  
 20 She works for TWSA, she works for solid waste with  
 21 waste enforcement, as well as water. They do  
 22 collection to meet the laboratory requirements that  
 23 we have to meet for our annual report, so that  
 24 portion is what she's responsible for.  
 25 We also have a Public Works technician,

38

1 MS. NELSON: The position that we  
 2 previously discussed will not be filled. Again, not  
 3 everyone under water is a part of the union.  
 4 CHAIR SCHMITZ: The changes we have in  
 5 water in this budget, this sales and fees do not  
 6 change, it's the 8 percent that's projected that can  
 7 change when can decide to go and modify the rates,  
 8 should the Board choose to do that. But wages and  
 9 benefits were decreased here. We've left all of the  
 10 R and M alone, and then central services. Those  
 11 were the only changes that were made to the water.  
 12 Solid waste, the interim Director of  
 13 Public Works decided to reduce the central services  
 14 cost allocation and spread it over other areas in  
 15 Public Works so that we could meet their obligation  
 16 of cutting expenses by 85,000. She felt -- staff  
 17 felt they were unable to reduce the services and  
 18 supplies and wages in this particular cost center.  
 19 If you look at it, here's that breakdown.  
 20 The franchise fee is 400,000, here are the wages and  
 21 benefits, and there was a 28,000 reduction of the  
 22 central services costs, and that cost, the Director  
 23 of Public Works decided to spread that acrossed  
 24 other areas in Public Works.  
 25 TRUSTEE TULLOCH: Can I raise a question

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1 and she's also spread over the three different  
 2 funds. She helps with preparing the annual report,  
 3 she also works a lot in the hazardous household  
 4 waste program, as well as enforcement.  
 5 And then we have a technician that is  
 6 spread between water and solid waste, also mainly  
 7 waste enforcement, as well as water sampling and  
 8 evaluations.  
 9 TRUSTEE TULLOCH: So this is basically  
 10 been brought back to the request by the Board by  
 11 basically removing central services costs that  
 12 would -- if we had an equitable cost allocation  
 13 process and methodology, would be applied to here  
 14 then, but then some of this explains the increased  
 15 central services cost allocation to sewer and water,  
 16 which are paid through utility rates; is that  
 17 correct?  
 18 MS. NELSON: A portion.  
 19 CHAIR SCHMITZ: And TWSA, because they did  
 20 receive some of this as well.  
 21 TRUSTEE TULLOCH: So it's not really a  
 22 reduction. We haven't really got this under  
 23 control. We've just transferred some of it and some  
 24 of the costs to utility rate payers rather than to  
 25 run through the fund.

41

1 CHAIR SCHMITZ: Moving on, the only change  
 2 to TWSA, the Tahoe Water Supplier's Association, was  
 3 increasing their fees for central services cost  
 4 allocation by roughly 1,400.  
 5 So here is the budget for TWSA. The  
 6 revenue stays -- sales and fees, the revenue stays  
 7 the same. The wages and benefits are the same, they  
 8 just have a greater burden of the central services  
 9 cost allocation.  
 10 TRUSTEE TULLOCH: Can we respread any of  
 11 that extra costs to our partners in TWSA or this is  
 12 all in our dime?  
 13 MS. NELSON: The TWSA budget was actually  
 14 approved at the Board meeting in March, so I would  
 15 have to go back to the Board and navigate that  
 16 option.  
 17 TRUSTEE TULLOCH: Yeah. I've made the  
 18 remark before, I'm not sure why we end up  
 19 subsidizing a major portion of TWSA, which appears  
 20 consistently, we saw this last year.  
 21 CHAIR SCHMITZ: Then moving on, this is  
 22 still internal services, underneath the Public Works  
 23 umbrella, the revenue from the interfund services  
 24 was decreased -- sorry for the typo -- by roughly  
 25 651,000, wages were decreased by roughly 456,000,

42

1 and services and supplies was reduced by 185,000.  
 2 With the reduction of the revenue in these  
 3 areas, what it means is they're charging our various  
 4 venues less. So it actually is assisting with  
 5 reductions of services and supplies in the various  
 6 venues.  
 7 Inside internal services, here's it rolled  
 8 up, and there's the reduction. And then I'm going  
 9 to break -- I'm going to jump into the breakdowns of  
 10 what rolls into this.  
 11 It is the fleet and buildings was held to  
 12 an 8 percent increase to the revenue because as we  
 13 were holding things to an 8 percent costs increase,  
 14 fleet and buildings were being told to hold to an 8  
 15 percent increase in revenue so that the -- in some  
 16 cases, fleet and building charges were going up in  
 17 some budgets 30 percent, 40 percent, so those things  
 18 have been reduced. And so there's an additional  
 19 savings to the subfunds across the District in  
 20 services and supplies.  
 21 Similarly, the buildings is same the  
 22 thing. They reduced the revenue by 500,000, which  
 23 means there's less fees being charged to the venues,  
 24 and, subsequently, they reduced wages by roughly  
 25 38,000, and they reduced services and supplies by

43

1 465,000.  
 2 TRUSTEE TULLOCH: If I could just ask a  
 3 question here to both General Manager Magee and  
 4 Director Nelson. Actually fleet is increasing the  
 5 rates to internal users by 8 percent, yet we're  
 6 going to cut the revenues. So are we going to do  
 7 less work? Are we actually looking at the volume of  
 8 work or how this covered?  
 9 This is looks like fuzzy math. You're  
 10 saying we're reducing the revenues and the charges  
 11 to other users, but unless we actually reduce the  
 12 frequency of maintenance and the amount of  
 13 maintenance done, this doesn't tie together with an  
 14 8 percent increase in revenue.  
 15 MS. NELSON: The plan for cuts in the  
 16 fleet department are mainly coming through  
 17 contractual services, so our outside generator  
 18 contractor that comes to repair and maintain the  
 19 generators will be cut this year. That's one  
 20 example of where we could find money to cut.  
 21 TRUSTEE TULLOCH: I'm thinking, say the  
 22 golf course example, where it's costing us \$20 a  
 23 round to maintain fleet and golf. So actually in  
 24 golf, it will still cost us 20 bucks per round plus  
 25 8 percent, which would be 21.60 a round because --

44

1 assuming we're doing the same volume of work, and  
 2 we're increasing rates by 8 percent so we're not  
 3 actually reducing any costs to the venue in that  
 4 case.  
 5 CHAIR SCHMITZ: I'm going from memory,  
 6 Mr. Magee, if you would please chime in here, I'm  
 7 recalling that you have on your task list for  
 8 this year to analyze both fleet and buildings to  
 9 make some recommendations for going-forward  
 10 strategy; is my memory correct?  
 11 MR. MAGEE: Yes, that is correct. That is  
 12 on our planned list of projects for this  
 13 upcoming year.  
 14 TRUSTEE TULLOCH: I'm pleased to hear  
 15 that, but we're budgeting for the coming year.  
 16 We're assuming an 8 percent increase in charges to  
 17 users, but there there's going to be a reduction in  
 18 overall revenues. The only way that could actually  
 19 happen is if we actually do less work so we do fewer  
 20 services, fewer maintenance on fleet equipment. Are  
 21 we making some changes in our servicing intervals,  
 22 our planned levels of maintenance? Otherwise, this  
 23 just doesn't work. It doesn't square.  
 24 I may be a simple country boy, but that  
 25 doesn't add up at all.

45

1 MS. NELSON: We'll have to make it work.

2 CHAIR SCHMITZ: Here is the fleet

3 reduction. The fleet is actually a 241,000

4 reduction in revenues, and 114,000 reduction in

5 wages and salaries, and 128,000 reduction in

6 services and supplies. That's the numbers for

7 fleet.

8 TRUSTEE TULLOCH: So the only way that

9 works is if we actually do less work, less

10 maintenance work.

11 CHAIR SCHMITZ: Right.

12 TRUSTEE TONKING: Which is exactly what

13 interim Director Nelson said.

14 TRUSTEE TULLOCH: No. What interim

15 Director Nelson said was we will make it work.

16 TRUSTEE TONKING: No. She said less work,

17 Trustee Tulloch. She said it at the very beginning.

18 MS. NELSON: Yeah. We're going to have to

19 extend -- if we're doing oil changes every 5,000

20 miles, we're doing oil changes at different

21 intervals. Yes.

22 TRUSTEE TULLOCH: Thank you. That was the

23 question I asked, if we're actually making these

24 changes or just making cosmetic changes here, and

25 we'll find that six months down the line that these

46

1 the maintenance frequencies and things have not

2 changed.

3 I'm assuming we can make these changes to

4 maintenance frequencies without impacting the

5 equipment.

6 MS. NELSON: I will not say that.

7 CHAIR SCHMITZ: Trustee Tulloch, this

8 exercise was what was directed by the Board. We are

9 coming back with the numbers that were directed by

10 the Board.

11 If we want to make other changes, we can

12 do that. This is the exercise that the Board had

13 directed staff to do, and so we're bringing these

14 numbers back saying this what needs to be done. The

15 how it needs to be done, staff's going to have to

16 figure it out because they have to figure out how to

17 make this is work.

18 We, today, weren't talking about how to

19 make this work, about changing maintenance schedules

20 or what have you. What we talked about is what

21 needs to be done, what budgets need to be cut.

22 And so that's what this exercise was to

23 accomplish. And that's what we're sharing with you,

24 not the how are we going to do it, because staff is

25 going to have to figure that out. They're going to

47

1 have to figure out how to do it.

2 TRUSTEE TULLOCH: With all due respect,

3 Chair Schmitz, yes, I fully understand the purpose

4 of this exercise. I'm pointing out some of the

5 obvious pitfalls here.

6 If this budget was approved, it would go

7 into force on the 1st of July, could be -- we're

8 talking about doing something to look at that, which

9 could be six months further down the line, we could

10 still be well in the hole. As we saw in last year's

11 budget where we had significant overspending in

12 salaries and wages without increases in revenues,

13 without cuts in services, and there was never a

14 question. I think this one does not square unless

15 there is some changes.

16 I shall take Director Nelson's word that

17 these changes will be made. I'll look for reporting

18 to the Board within the next two months to show

19 what's been done. Otherwise, this is going to go

20 off the rails and the wheels are going to fall off.

21 TRUSTEE TONKING: Can you then buy into

22 the exercise in the sense that staff is under the

23 direction to follow their budgets, and that they

24 will make those changes and these are the budget

25 numbers that we have given them? Or do you want to

48

1 go through every line item and say similar things

2 again and again?

3 I'm just kind of exhausted by this point,

4 and it seems like the same statements have been made

5 on every line item.

6 TRUSTEE TULLOCH: I'm quite sure you are.

7 We all are.

8 But, equally, if we're just treating this

9 as a book exercise to make it look like the numbers

10 add up and then six months down the line, we find

11 that these are not adding up because they've

12 basically just been put in budget then ignored, our

13 money's moved from elsewhere to cover them. We've

14 already seen the movement of cost allocations to

15 just meet the exercise.

16 To me, this is not an exercise. It should

17 be a living document, and I expect venue managers

18 and directors to live up to it. If this

19 commitment's made here, they need to be delivered

20 on.

21 TRUSTEE TONKING: And that sounds like

22 what they're saying, they're doing. And so I feel

23 as though every line saying that -- I mean you can

24 say that about any budget you create, then, if you

25 want to live in your conspiracy theory. Every

49

1 budget won't make that.

2 I just want to see if we can try to get

3 through this together, that would be really ideal.

4 TRUSTEE TULLOCH: I'm sure it would, and

5 I'd love to do that. But, equally, I don't see any

6 conspiracy theory here. That may be part of your

7 thinking process.

8 I'm pointing out if we're increasing rates

9 by 8 percent but reducing revenues, we've got to be

10 doing a lot less work. And that's all I'm pointing

11 out. And make sure there is a clear understanding

12 of it. I think the community deserves to know that

13 because even fairly simple people in the community

14 will point -- without any basic knowledge of budgets

15 can point this out pretty quickly.

16 CHAIR SCHMITZ: Moving on to engineering.

17 Revenue was reduced by 324,000, that's basically

18 charging less fees to projects, which is one of the

19 risks identified down here at the bottom. Reducing

20 wages by 304,000, which those two things tie

21 directly together about projects. And then reducing

22 services and supplies by only 9,000, roughly.

23 So the risk I wanted to just point out is

24 that if we're reducing these things in engineering,

25 the question is what potential impact does this have

50

1 for projects? I'll flip to the next screen where

2 the numbers are.

3 Director Nelson, these numbers that you

4 did, what impact does that have on staffing and

5 project delivery?

6 MS. NELSON: That basically reflects not

7 filling the senior engineer position that we're

8 actively recruiting for at the moment. It also

9 reflects not having either an engineering manager on

10 staff or principle engineer, one or the other,

11 during the year.

12 The amount of work, then, would fall on

13 basically three employees.

14 CHAIR SCHMITZ: Right now, this would be

15 easy for you to obtain because those two positions

16 are not currently filled; correct?

17 MS. NELSON: Correct.

18 CHAIR SCHMITZ: There's something that you

19 don't have to worry about the reduction. But the

20 question is is this a sustainable model? And maybe

21 it is.

22 TRUSTEE TONKING: I have a concern with

23 this model to Chair Schmitz' risk. I guess my

24 question is we've talked a lot about the projects we

25 want to get done and really working to be more

51

1 successful in that this year.

2 I think this is one cut that I feel more

3 concerned in taking personally.

4 TRUSTEE TULLOCH: Thank you, Trustee

5 Tonking, I think we're having a conspiracy because I

6 was thinking exactly the same thing. We made a

7 commitment to deliver an increased number of

8 projects, now is this mean we should be reducing the

9 CIP projects?

10 MS. NELSON: It does have a snowball

11 effect.

12 TRUSTEE TULLOCH: We should be considering

13 a commiserate reduction in the CIP projects?

14 TRUSTEE TONKING: I would think we just

15 don't reduce this one area. I think this is an area

16 that maybe our philosophy doesn't work as well, and

17 so should not reduce it.

18 TRUSTEE NOBLE: I would agree that this is

19 one cut that I would not support. I think we do

20 need to fill those positions in order to actually

21 get these projects done.

22 TRUSTEE TULLOCH: I'll surprise everyone

23 and agree with Trustee Noble, and Trustee Tonking to

24 a certain extent. I would agree, but this means a

25 very solid commitment that we do complete all these

52

1 CIP projects.

2 It's not -- I don't want have the P moved,

3 as somebody remarked in public comments, and say,

4 yes, we brought this position on to do that, but

5 then we still don't deliver the CIP projects. I

6 think this is, again -- to me, that's the other risk

7 of it is the flip side risk. We take this position

8 on and we still don't do the CIP projects.

9 MS. NELSON: Honestly, from the management

10 side of this, we have gone through and evaluated

11 what we can get done, and I truly do feel that we

12 can deliver a projects, knowing that some might lag

13 a little bit here and there, but give us a year.

14 TRUSTEE TULLOCH: So you can without this

15 position?

16 MS. NELSON: No.

17 TRUSTEE TULLOCH: So this is not realistic

18 reduction, then, if we're doing that?

19 MS. NELSON: Correct.

20 TRUSTEE TULLOCH: I say the flip side risk

21 is that we fill the position, money gets spent, and

22 the projects don't get delivered.

23 I'm quite happy to hold you to this

24 position.

25 MS. NELSON: Yeah, then the buck stops

53

1 here.

2 TRUSTEE TULLOCH: Absolutely. And we'll

3 put that on the record.

4 MS. NELSON: It's on the record.

5 CHAIR SCHMITZ: I've made a note of that.

6 And, Kate, please make note of that.

7 The general fund, wages were decreased by

8 roughly 846,000, services and supplies were

9 decreased by 450,000. This risk here is that part

10 of the wages that were decreased were actually the

11 contracts manager that was approved this fiscal

12 year, and the management analyst for a total of

13 366,000 combined.

14 So I'll show that information. That, to

15 me, is the risk that the Board is taking in

16 potentially eliminating the positions that we stated

17 we wanted included in the budget going forward.

18 TRUSTEE TULLOCH: Does the general fund

19 position include IT positions here?

20 CHAIR SCHMITZ: Yes.

21 The general fund is including IT, HR,

22 marketing, general manager, administrative staff,

23 and Parks.

24 TRUSTEE TULLOCH: A follow-up comment, a

25 question for General Manager Magee.

55

1 didn't put in this presentation because I just

2 thought we had enough in here. I can gladly share

3 that because that was something that I did intend in

4 putting in this presentation. I just thought it

5 would be another overwhelming thing. If you want me

6 pull to it up, I probably can find it quickly and

7 pull it up.

8 But if that's just a question, I mean, we

9 can go back and ask staff review those numbers and

10 ensure that they removed the correct amount from

11 those appropriate budgets.

12 Can you repeat the positions again,

13 Trustee Tulloch? I'm trying to think if any of

14 those were actually in IT. I thought the ambassador

15 was in, I thought, either in just community

16 services. Can you go through them, please?

17 TRUSTEE TULLOCH: It was community

18 services ambassador, which I think was originally

19 budgeted against the beaches, and the other one was

20 the meeting coordinator, IT meeting coordinator.

21 The reason I just put -- because they were

22 both taken out at the same time. And when I went

23 back to the May the 20th one, the costs included in

24 the original budget were 150,000 more than the

25 actual amount that we were told was taken out.

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1 I looked at page 6 of the GM presentation

2 on the May 20th board packet, which was discussing

3 the new positions that were being budgeted and

4 included in the original budget position, and under

5 the community services ambassador, it showed a fully

6 loaded cost of 211,896, and for the contracts, the

7 meeting IT coordinator, it showed a fully loaded

8 costs of 175,826.

9 When these were subsequently removed, I

10 have an email here from General Manager Magee saying

11 that the meeting IT coordinator, the reduction was

12 only 125,338, fully burdened, basically a \$50,000

13 difference to what was proposed in the original

14 budget. The community services ambassador, fully

15 burdened, removed was 116,000, as opposed to the

16 211,000. That's 147,000 delta, which I'm struggling

17 to understand which is correct, because this is

18 disturbing if we're being given different numbers.

19 MR. MAGEE: Sure. I have not had a chance

20 to review this.

21 CHAIR SCHMITZ: I will share with my

22 fellow trustees that I have a copy of every position

23 that is in the budget and what the dollar salaries

24 were, and I believe it also included the positions

25 that were not included with dollar values. I just

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1 I mean, to me, that's a fairly serious

2 mistake. If I was conspiracy theorist, as Trustee

3 Tonking alluded to, then I would think that we've

4 overbudgeted and then we've taken out less when

5 we've actually removed the position. I'm very sure

6 that's not the case, but I'm just highlighting --

7 MS. FEORE: May I make a quick

8 interjection here. I'm so sorry. I just wanted to

9 mention that in some of the information that I have

10 provided to General Manager Magee, I had given him

11 the information by position without clarifying that

12 there had been two positions recommended for the

13 community services ambassador.

14 I believe that when he gave you the

15 numbers -- and I don't have them in front of me --

16 it sounds like 116, it really should have been

17 doubled that because it should have been the

18 burdened rate for both positions. When I was

19 sending him the information, I mistakenly sent him

20 per actual position as opposed to per actual head

21 count.

22 So, for the other positions that I

23 provided him information, we were only filling those

24 positions with one head. The community services

25 ambassador was the only one that had a two head

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1 count, and so I believe that that was partially my  
2 mistake for not clarifying that with General Manager  
3 Magee.  
4 I wanted to responsibility for any  
5 mistakes that were made if they were from me.  
6 TRUSTEE TULLOCH: Thank you. It's not --  
7 I'm not looking for mistakes, but I think that would  
8 suggest there's another 100,000 reduction available  
9 there, because we've --  
10 MS. FEORE: We removed them from the  
11 budget.  
12 TRUSTEE TULLOCH: Yes. But the original  
13 budget provided for 211,000 for that position, and  
14 the amount removed was 116,000.  
15 MR. MAGEE: Yes. We will certainly go  
16 back to our budget analyst and make sure that  
17 whatever amount was originally put in there has been  
18 fully removed.  
19 TRUSTEE TULLOCH: That's what I to make  
20 sure of. There's the 50,000 on the IT coordinator.  
21 I'm glad it was cleared up.  
22 CHAIR SCHMITZ: This is the breakdown,  
23 then, of the general fund. If there are questions,  
24 I'm just going to keep moving forward, and tell me  
25 if I'm going too slow or just jump ahead.

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1 whether we want those to be going forward thereby  
2 reducing the wage decrease in the general fund by --  
3 would be 365,000.  
4 TRUSTEE TULLOCH: Well, we just found 150  
5 that would help fund the contracts manager.  
6 But my understanding was when the Board  
7 discussed this, while it's being called a "contracts  
8 manager," the primary focus of this was actually to  
9 be procurement and improve our procurement process  
10 and things as well.  
11 CHAIR SCHMITZ: You're correct.  
12 TRUSTEE TULLOCH: Can I throw out a  
13 possible option here? In the procurement world,  
14 having spent a lot of time there, it's not uncommon  
15 for consulting firms to come in, to review all your  
16 procurement -- all your contracts, et cetera, and  
17 negotiate savings. And to do this on a risk basis  
18 taking a good proportion of the savings, that would  
19 be one consideration to actually get most of  
20 benefits of this without having any of the  
21 associated risk. I just thought I'd throw it out  
22 there. I'm quite happy to take span further on that  
23 with staff if required. But that's certainly an  
24 option.  
25 We can bring in some procurement

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1 TRUSTEE TONKING: I had a question on the  
2 general fund real fast.  
3 You highlighted those risk areas of -- the  
4 contracts manager was one of them that, I'm  
5 guessing, you're not going to want to start in  
6 January, since you're volunteering your time, to  
7 read contracts next year. I am flagging that. And  
8 I don't think we need to put it in the budget now,  
9 but flagging that that might be something that needs  
10 to be thought about. So staff might need to think  
11 about they reorganize some of the staff in the  
12 general fund, because we do know that's been a huge  
13 issue, and we had Chair Schmitz doing it as a  
14 volunteer for a while now.  
15 Just flagging that again.  
16 CHAIR SCHMITZ: And just so -- one thing  
17 that we need to understand is -- I learned today  
18 when I was asking questions about this -- that staff  
19 is currently in the process of, I believe,  
20 recruiting and interviewing for that contracts  
21 manager position.  
22 So I think we need to be decisive about  
23 whether these positions that we requested to be  
24 included in this past fiscal year's budget and we  
25 augmented the budget, I believe, to accommodate,

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1 specialist who will go through all our procurement  
2 contracts, et cetera, and identify where we can make  
3 significant savings.  
4 Yes, we give up some of it. I'd sooner  
5 have 60 percent of it than none of it.  
6 CHAIR SCHMITZ: I personally would prefer  
7 to leave these two positions in the budget and  
8 reduce the reduction in the general fund  
9 specifically for these two positions because we have  
10 a real need in contracts and procurement, and  
11 contracts and procurement management as well as --  
12 the management analyst would be the additional  
13 resource in finance to really finish off building --  
14 rebuild the finance department. I think that with  
15 this budget process and with last year's audit, we  
16 really do need to have an adequate staff in finance.  
17 I would be willing to put the 365,000 back  
18 into the general fund for those two specific  
19 positions.  
20 TRUSTEE NOBLE: I would support Chair  
21 Schmitz for the reasons she had just provided in  
22 putting those two positions back in.  
23 TRUSTEE TULLOCH: I would hold fire on  
24 that at the moment. I think we're due to see the  
25 results of the forensic audit within the next month.

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1 TRUSTEE TONKING: I agree with Trustee  
2 Tulloch.  
3 CHAIR SCHMITZ: I would prefer to put them  
4 in the budget. That doesn't mean that we  
5 necessarily have to fill the positions.  
6 TRUSTEE TONKING: I don't want them in the  
7 budget right now. I feel like our general fund is  
8 way too expensive. But that's me, personally.  
9 TRUSTEE TULLOCH: I would agree, Trustee  
10 Tonking.  
11 MR. CRIPPS: If I can add one comment  
12 here.  
13 The management analyst is currently on  
14 staff, and that is the person that is currently  
15 assigned to the review of fleet and buildings in the  
16 upcoming fiscal year. That is one of the  
17 assignments that they already have looking down the  
18 pipeline.  
19 TRUSTEE TULLOCH: This is not a new  
20 position?  
21 MR. CRIPPS: The management analyst is one  
22 that was approved in fiscal year '24.  
23 TRUSTEE TULLOCH: It's been --  
24 CHAIR SCHMITZ: It has been filled?  
25 MR. CRIPPS: Been filled.

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1 TRUSTEE TULLOCH: So --  
2 CHAIR SCHMITZ: Then this is my error in  
3 understanding. I put these in here. I put the  
4 risks in here because I was concerned.  
5 You're telling me that the budget does  
6 include the management analyst, or was that not  
7 included because it was increased in our budget  
8 midyear and that it's not in the budget going  
9 forward. Can you please clarify?  
10 MR. CRIPPS: Yes. The budget that we have  
11 for fiscal year '24, when the position was added, it  
12 was well into the fiscal year so that wasn't the  
13 fully burdened rate that you see in that budget.  
14 That's when we took the study and we did  
15 the 8 percent to the budget or the estimate actuals,  
16 that's where it was a bit under, what I would say is  
17 under-budgeted for these positions because they were  
18 midyear, and so they weren't the fully burdened rate  
19 for the full year at that time.  
20 CHAIR SCHMITZ: We're going to flip the  
21 page. What you're seeing here is that the wages --  
22 well, when I look at the wages, you did go to the 8  
23 percent. This is for the general fund; right?  
24 MR. CRIPPS: Correct.  
25 CHAIR SCHMITZ: So is that position

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1 budgeted in this budget for '24/'25, that management  
2 analyst?  
3 MR. CRIPPS: Yes, it is.  
4 CHAIR SCHMITZ: All right.  
5 TRUSTEE TULLOCH: Is that 5836 including  
6 that, or is the 5836 assuming the 157,000 reduction?  
7 MR. CRIPPS: What reduction are you  
8 referring to?  
9 TRUSTEE TULLOCH: For the management  
10 analyst. If you flip to the next one, if I look at  
11 the top line on wages and benefits there, the  
12 '24/'25 budget, is that 5836 already inclusive of  
13 the 157, or is that exclusive?  
14 MR. CRIPPS: That includes it.  
15 CHAIR SCHMITZ: Yes. So that was my  
16 mistake. That is my mistake in just not  
17 understanding where these numbers were. Contract  
18 the contract manager's position, that is not  
19 included in this number; correct?  
20 MR. CRIPPS: The position is currently in  
21 that number.  
22 CHAIR SCHMITZ: The contracts manager is  
23 also?  
24 MR. CRIPPS: Yes. Because it is currently  
25 being recruited for, understanding that we would be

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1 filling it in fiscal year '24. Looking forward, it  
2 was being in '25 as well.  
3 CHAIR SCHMITZ: Okay. Those positions --  
4 my mistake. Those two position are actually in the  
5 budget. And, understand, this risk was my concern.  
6 Okay? I was trying to bring things to my fellow  
7 trustees, and if my understanding is incorrect that  
8 is not on staff, that is on me.  
9 What I'm hearing you say is this \$365,000  
10 right here, that is in this wages and benefits at  
11 5,836,000?  
12 MR. CRIPPS: Correct.  
13 CHAIR SCHMITZ: Okay. My mistake.  
14 TRUSTEE TULLOCH: Do we have an 845  
15 decrease on our --  
16 CHAIR SCHMITZ: Yes.  
17 TRUSTEE TULLOCH: Okay.  
18 CHAIR SCHMITZ: Yes. This was me looking  
19 at this and trying to go, okay, where is everything  
20 covered. And I just misunderstood. I thought that  
21 these two positions were not included in the budget.  
22 That's what I'm saying.  
23 This risk, that is my mistake. This  
24 number right here, it is still the reduction. And I  
25 don't know why this one doesn't have the reduction



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1 column. Sorry about that. But it is in the  
 2 spreadsheet if you want me to pull up the  
 3 spreadsheet.

4 TRUSTEE TULLOCH: There's another  
 5 potential 50,000 there if we've taken the wrong  
 6 thing off.

7 CHAIR SCHMITZ: Yes, potential. I have  
 8 that down as an action item for staff.

9 Moving on. Community services, revenue  
 10 was increased by almost a million dollars, wages  
 11 were decreased by almost \$800,000, and services and  
 12 supplies were increased by 570,000.

13 So rolling into community services, you  
 14 can see here, this one you can see in the far right  
 15 hand column the differences. There's the 927  
 16 increase. Some of that is in golf some, some of it  
 17 is in facilities. I think actually a big percentage  
 18 of it is in facilities. But you can see that when  
 19 you scroll down into this.

20 There's the roll up of the wages and  
 21 benefits changes, services and supplies, and then  
 22 also the reduction in cost of goods sold. The  
 23 reduction in costs of goods sold, I believe, is  
 24 coming entirely from facilities.

25 So if we move into this, Champ Golf

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1 revenue was increased. There's a big revenue  
 2 increase, 752. Wages were decreased by 38, services  
 3 and supplies were decreased by 288.

4 The risk here, I just keep talking about  
 5 the risk with the food and beverage losses. I don't  
 6 want us to forget about that.

7 TRUSTEE TULLOCH: I need to interject  
 8 here, this applies to all these figures in community  
 9 services.

10 What we're being asked to accept is, well,  
 11 yes, we'll produce a huge increase in revenue here  
 12 now with no specific plans to achieve that. The  
 13 only thing we know with certainty is that the  
 14 salaries and benefits and the costs will all be  
 15 incurred. And now we have a new area for venue  
 16 managers to dip into when they don't make their  
 17 targets. They'll dip into the CIP -- the capital  
 18 expenses column and we just won't deliver the CIP  
 19 projects --

20 CHAIR SCHMITZ: So, Trustee Tulloch, the  
 21 choice is yours: What number do you want to pick?  
 22 You can pick 4.1 million, you can pick 3 million.

23 What staff was asked to do was take the  
 24 numbers and do 8 percent increases. And they're not  
 25 going to pick the lowest number. And I understand

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1 that the budget was at 4.1, but we all were saying  
 2 that the budget needed to be increases more than  
 3 that given the rate increases that we've had.

4 So if you want to go and pick a different  
 5 number to reduce the revenue increase, we can do  
 6 that. This is what was put before us and if we want  
 7 to say we're going to do an 8 percent increase over  
 8 actuals from '23/'24, it's 4.3 million, it's still  
 9 more than the 4.1 million that they put in their  
 10 budget for revenue.

11 TRUSTEE TULLOCH: Trustee Schmitz, I  
 12 understand that. I think the only sure thing here,  
 13 there's no guarantees anywhere around the revenue.  
 14 We're jacking up revenue numbers to keep -- to try  
 15 and account for expenses. We see it at greater  
 16 extent in facilities where there's suddenly a huge  
 17 decrease in the cost of goods sold and a huge  
 18 increase in revenues just keep the expenses line and  
 19 the salaries and benefits line as it is.

20 As I say, this kind of highlights my  
 21 previous point, this is a worthy exercise, and I  
 22 appreciate everyone's work going into it, but unless  
 23 people are absolutely committed to delivering on  
 24 those budgets, not just doing as we've seen in past  
 25 years where we've got 30, 40 percent overspend in

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1 salaries and failure to hit revenue targets, unless  
 2 we're serious and there are serious consequences for  
 3 people signing on to these budgets and then not  
 4 delivering on them, this is just an exercise, a  
 5 paper exercise. It doesn't solve anything, it  
 6 doesn't actually reduce costs anywhere because most  
 7 of cost lines are staying pretty consistent but the  
 8 revenue line is going up to justify them.

9 CHAIR SCHMITZ: I don't disagree with you.  
 10 But my impression of this is 4.1 million is that  
 11 that's too low of a target. People need something  
 12 to go for.

13 And I agree with you. I'm not disagreeing  
 14 with you. I'm not arguing with you. I'm just  
 15 trying to point out what we were trying to do and  
 16 accomplish and look at the numbers, and it's an 8  
 17 percent increase over budget. Now, if we want to  
 18 instead change it to be the 8 percent over actual,  
 19 we can do that.

20 But what I was trying to show in some of  
 21 these cases is that doing it over budget can get you  
 22 in trouble, and maybe this is an example of one that  
 23 gets you in trouble is to tie it to budget rather  
 24 than estimate actual. And that's really the reason  
 25 why we did both columns for budget and estimated

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1 actual, because sometimes the budgets, they were  
2 overestimated, and in some cases, underestimated.  
3 We can go ahead and make a change.  
4 There's no reason we can't. I'm just presenting  
5 what was selected and kind of why and how it was  
6 selected. That's all.  
7 But I agree with you wholeheartedly.  
8 People have to own these and they actually have to  
9 deliver on them. Absolutely.  
10 UNIDENTIFIED SPEAKER: How are we going to  
11 get an 18 percent increase in revenues at Champ  
12 Course year over year? That's what this shows.  
13 CHAIR SCHMITZ: Point of order.  
14 TRUSTEE TONKING: I would like to go with  
15 the 4.3. That's where I would be, and the reason is  
16 I don't think that 4.8 is at all feasible and I  
17 don't want to hide some of the expenses, to Trustee  
18 Tulloch's point. I think the 4.3 is more where I  
19 would be aiming for.  
20 TRUSTEE TULLOCH: Thank you, Trustee  
21 Tonking.  
22 Yes, I fully agree with stretched targets,  
23 but unless we have consequences for venue managers  
24 and directors not achieving these targets -- I mean,  
25 we've had at least four venue managers in this

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1 were losing \$2,000 a day, and if we can stop  
2 bleeding like that, it can have a huge impact on  
3 these revenues numbers.  
4 I'm not here trying to sell anything. I  
5 just want to try to figure out: What do we want to  
6 do and move forward.  
7 TRUSTEE TULLOCH: Absolutely. I'm not  
8 going to put a number on that. I've heard various  
9 comments made that I just made off-the-cuff comments  
10 on numbers in the past.  
11 I'm pointing out the obvious here.  
12 CHAIR SCHMITZ: I understand that. You  
13 pointed it out. What would the Board want to do?  
14 TRUSTEE TONKING: Ray, are you okay with  
15 the 4.8, is that where you're sitting, are you not  
16 voting on it? Where are you?  
17 CHAIR SCHMITZ: Exactly.  
18 TRUSTEE TULLOCH: All these numbers are  
19 rolled into budget to try to produce a final  
20 number that shows the net loss --  
21 CHAIR SCHMITZ: Ray. Ray, please stop  
22 repeating yourself. The staff brought forward a  
23 budget of 4.1 million. Okay? Would you like to  
24 stay with staff's budget at 4.1 million?  
25 I understand your point. I understand

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1 current financial year have overshot their wages and  
2 benefits by between 20 and 50 percent, and  
3 nothing -- there's no eyelids batted, we just dip  
4 into other sources of funds.  
5 If we're to get support for this budget,  
6 I'm not going to the community and say, yes, look,  
7 we've balanced the budget because we're going to get  
8 huge additional revenues when there's no mechanism  
9 to actually achieve these.  
10 I think the comment from the audience was  
11 18 percent increase in revenues at Championship  
12 Course. I think, again -- is potentially doable,  
13 I'm not sure how. And a lot of these -- all these  
14 things are going to do is leave us, we're going to  
15 get six months down the line when it's too late to  
16 make up anything. We've spent all the money and --  
17 CHAIR SCHMITZ: We understand, Trustee  
18 Tulloch. So we're changing this number to what?  
19 What would you like it to be?  
20 I agree with you wholeheartedly. I  
21 just -- we don't need to repeat ourselves. If we  
22 could please just move forward, make your point, and  
23 what you like it to be? We can leave it at the 4.1.  
24 Understand, this is not just golf, it's  
25 merchandise, and it's food and beverage. And we

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1 what you're saying. We're trying to determine if  
2 we're going to have a budget to put forward.  
3 What is the number that you would feel  
4 comfortable with in sales and fees?  
5 TRUSTEE TULLOCH: I think we should leave  
6 it at 4.8, and then we hold people's feet to the  
7 fire on it.  
8 TRUSTEE NOBLE: I would support keeping  
9 the original proposed budget of 4.131.  
10 TRUSTEE TONKING: I was at the 4.3,  
11 because I think we raised rates a lot. So with the  
12 argument of raising rates and Golf Advisory  
13 Committee giving utilization recommendation of 81  
14 percent, and Director Sands recommended those rates  
15 knowing that idea, I feel like we can hit a higher  
16 budget number.  
17 CHAIR SCHMITZ: Is Trustee Dent back on?  
18 He was having real difficulty and texted me that he  
19 was going to be out for a while.  
20 TRUSTEE NOBLE: He is not.  
21 CHAIR SCHMITZ: Okay. My feeling is I  
22 think we should be able to do better than the 4.1,  
23 but Tim Sands has to sign onto these numbers. And  
24 so I will -- I'm comfortable with the 4.3, but Tim  
25 Sands has to sign on to that 4.3. And so I think

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1 that's something -- this isn't our budget, it's  
 2 Tim's budget, and he needs to be comfortable. And I  
 3 think we should ask him what he's willing to sign up  
 4 for, because I do believe holding people accountable  
 5 to their target numbers.  
 6 MR. SANDS: Thank you for the discussion.  
 7 I agree with multiple trustees that the 4.3 number  
 8 is very feasible.  
 9 TRUSTEE NOBLE: With that, I would support  
 10 the 4.3.  
 11 TRUSTEE TULLOCH: I would suggest if it's  
 12 very feasible, it should be 4.45, put a stretch  
 13 target.  
 14 TRUSTEE TONKING: I would still say 4.3,  
 15 given what the director said.  
 16 CHAIR SCHMITZ: Okay. We're going to  
 17 modify that, which will have an impact on the roll  
 18 up because it won't be that 752,000.  
 19 Mr. Sands, are you comfortable with the  
 20 reduction of wages and benefits at 37,000, and a  
 21 reduction of services and supplies by 288,000? Are  
 22 you comfortable with those numbers?  
 23 MR. SANDS: Especially with the discussion  
 24 of some of the impact that will have, we are  
 25 comfortable with it, yes.

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1 specifically, that you're referring to that you're  
 2 comfortable with on your revenue.  
 3 MR. SANDS: I'm comfortable under the  
 4 '24/'25 red budget area.  
 5 CHAIR SCHMITZ: You're comfortable with  
 6 1.2 million?  
 7 MR. SANDS: I am, yes.  
 8 CHAIR SCHMITZ: Any other comments or  
 9 questions relative to Mountain?  
 10 Then with facilities, they increased  
 11 revenue by 266,000, reduced services and supplies by  
 12 200, costs of good sold, and is profitable without a  
 13 subsidy.  
 14 Mr. Sands, these are the numbers that were  
 15 put forth. I'm assuming you participated in all of  
 16 this. Are you comfortable and are you willing to  
 17 commit to these numbers?  
 18 MR. SANDS: I will definitely be willing  
 19 to commit to these numbers. We're definitely going  
 20 to tighten our belt and figure out where we need to  
 21 make it work. I would say and like to put down  
 22 we're obviously going need different avenues of  
 23 revenue to hit some of these goals, especially with  
 24 the cuts that are proposed. I think our team is  
 25 willing to take on that challenge.

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1 CHAIR SCHMITZ: All right. Can we move on  
 2 to Mountain? Mountain, the revenue was increased by  
 3 114,000, wages decreased by 110. We'll pull that  
 4 up.  
 5 Here we are with those numbers again.  
 6 Your budget, Mr. Sands, that you submitted was 1.1  
 7 million. To try to go to a 1.2, that's a darn  
 8 significant increase. By yet when I look at what  
 9 last year's actual was, we're not really moving  
 10 much, we're not moving the needle.  
 11 What is your recommendation as it relates  
 12 to to those numbers for the Mountain Course?  
 13 MR. SANDS: I definitely think the revenue  
 14 objective that is proposed is a good target to shoot  
 15 for, especially with our rates being increased and  
 16 also trying to implement some new programs to drive  
 17 more players up there, especially in the  
 18 non-resident category, we can definitely stay  
 19 comfortable with that.  
 20 Again, as we see the reductions in wages  
 21 and other services, we may be impacting  
 22 overall hours of operation to try to cut those costs  
 23 but also bolster utilization in other areas.  
 24 CHAIR SCHMITZ: Could you just clarify?  
 25 We have lots of headings up here, which number,

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1 We may be coming back to have some other  
 2 ideas approved by the Board of Trustees to allow us  
 3 some more opportunities to find different revenues  
 4 areas, potentially acrossed the District.  
 5 CHAIR SCHMITZ: And this particular budget  
 6 doesn't have any reduction in the wages and benefits  
 7 because, as you can see, the 8 percent bump to  
 8 either budget or estimated actual is actually higher  
 9 than what was in the proposed final budget that we  
 10 saw yesterday. That number at 815 is remaining  
 11 unchanged. The only changes are the services and  
 12 supplies and the costs of goods.  
 13 What do you see is the driver to the  
 14 reduced costs of goods sold?  
 15 MR. SANDS: I think looking at our overall  
 16 labor allocation, when we try to reduce overall  
 17 spending, it could go into that as well.  
 18 CHAIR SCHMITZ: Any questions on  
 19 facilities?  
 20 Moving on to Diamond Peak. Mr. Bandelin  
 21 -- revenue is increased by roughly \$20,000. Wages  
 22 were decreased by 406,000.  
 23 My concern here, this was me not staff, I  
 24 was concerned by the wages being decreased at  
 25 Diamond Peak having an impact on the quality of

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1 service provided up at Diamond Peak. But I would  
 2 encourage all of us to listen to Mr. Bandelin speak  
 3 to those two items.  
 4 TRUSTEE TULLOCH: A question: Are these  
 5 additional to the -- additional revenues and  
 6 decreases that Mr. Bandelin gave us on Wednesday or  
 7 are these --  
 8 CHAIR SCHMITZ: Yes. Yes.  
 9 I wasn't really expecting any change from  
 10 Diamond Peak, to be honest, but, yes, it is a change  
 11 from what Mr. Bandelin had provided the other day.  
 12 MR. BANDELIN: I'm understanding, yeah,  
 13 looking at the sheet, we didn't speak of any new,  
 14 additional revenue for the exercise that we  
 15 completed today. The update of 13,818,000 on the  
 16 top line of sales and fees for a subtotal of 318,150  
 17 is what I proposed to the Board on Wednesday.  
 18 CHAIR SCHMITZ: Mr. Bandelin, is this  
 19 number then in the '24/'25, is that a typo, is that  
 20 supposed to be 13,818?  
 21 MR. BANDELIN: 150, that is correct,  
 22 Chair.  
 23 CHAIR SCHMITZ: 150. All right. We'll  
 24 get that corrected.  
 25 What about the reductions in wages of the

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1 recommendation.  
 2 But I'm happy to be able to accommodate  
 3 the request and lower the salaries and wages that  
 4 helps the overall community services fund itself.  
 5 If you look at the estimated actual, 5.3,  
 6 not really knowing or understanding what  
 7 consequences are for the venue managers, that number  
 8 as I looked today was 5.5, 5,500,000 of actuals.  
 9 TRUSTEE NOBLE: I'm not comfortable going  
 10 with the 5.616 for ski. I would go with the  
 11 proposed -- initial proposed budget is 6.022, given  
 12 the ski and given the revenues Diamond Peak  
 13 generates for this District, I think that it's  
 14 critical that we have appropriate personnel staffed  
 15 up to provide that service to everybody that's using  
 16 that facility and generate those revenues.  
 17 TRUSTEE TONKING: I agree with Trustee  
 18 Noble. I feel like this is one where we utilize  
 19 their revenues for many reasons. And so I feel like  
 20 -- and I feel as though Director -- GM Bandelin gave  
 21 some significant cuts too throughout this process,  
 22 so I would like to maybe -- this one, I'm a little  
 23 more weary of as well.  
 24 TRUSTEE TULLOCH: I think these are the  
 25 same cuts that Mike gave us on Wednesday night. I

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1 400-and-some-odd-thousand dollars?  
 2 MR. BANDELIN: Again, the exercise today,  
 3 which we followed through every single one of the  
 4 sheets, we didn't isolate out any particular venue,  
 5 I would -- I'm happy to follow the direction that we  
 6 did today to be able to reduce the amount of wages,  
 7 specifically when we look at reducing all expenses  
 8 within the community services roll up.  
 9 I think it's important that all venues  
 10 participate.  
 11 CHAIR SCHMITZ: But I do feel that the  
 12 Board has seen you really be a leader in a lot these  
 13 changes, and as a board, we don't want to negatively  
 14 impact what it takes to successful run your  
 15 business. And you tend to be someone who really  
 16 runs a bit of a tight ship.  
 17 I'm asking you if this is truly realistic  
 18 for you to accomplish?  
 19 MR. BANDELIN: Well, if I just might be  
 20 frank a little bit, Chair, the proposed amount is  
 21 what all the data relates to, are there new added  
 22 positions, none whatsoever, there was in increase  
 23 in hours to be able, to be more accurate, from the  
 24 reduction of nearly 15,000 per the Board direction  
 25 last season, so the 6.0027 was really staff

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1 think if Mr. Bandelin thinks he can do these -- to  
 2 some extent, some of this is self-correcting. If we  
 3 get a big season, the revenues will go up and the  
 4 hours will go up, which is pretty much the way it  
 5 works in the industry.  
 6 I think we need to be careful just  
 7 thinking, yes, we'll keep just using Diamond Peak as  
 8 the engine to subsidize every one else. As we've  
 9 all seen pretty clearly through process, those days  
 10 are pretty much gone. Diamond Peak is going to  
 11 require a lot of investment.  
 12 I trust Mr. Bandelin, if he's put this  
 13 forward, he knows he can do it. It sets a good  
 14 target. I think as a board, we can certainly -- we  
 15 know in this case this is a genuine stretched target  
 16 and things.  
 17 I'm okay with this. If Mr. Bandelin  
 18 believes he can deliver on this, I'll back him up.  
 19 I've watched him in action.  
 20 TRUSTEE TONKING: What I'm concerned about  
 21 is the wages and benefits number than I am about the  
 22 revenue number, I guess, is what I'm saying.  
 23 It seems you were talking about the  
 24 revenue number, unless I misheard you.  
 25 TRUSTEE TULLOCH: No. I'm actually

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1 talking about both. Because it is -- basically if  
2 the revenue goes up, I expect the total, the delta  
3 to remain pretty consistent in the overall numbers.  
4 TRUSTEE TONKING: This is not the same,  
5 though, as what he proposed on Wednesday. This is  
6 another \$500,000 cut from wages and benefits. I  
7 just want to flag that it's not the same budget.  
8 TRUSTEE TULLOCH: I don't think so,  
9 because wasn't the original 6 million?  
10 CHAIR SCHMITZ: Yep.  
11 TRUSTEE TONKING: And now it's 5.6  
12 million.  
13 CHAIR SCHMITZ: Right. 400.  
14 TRUSTEE TONKING: That's another -- yeah.  
15 TRUSTEE TULLOCH: That's the 400 that was  
16 for Wednesday.  
17 CHAIR SCHMITZ: Yep. No. He didn't put  
18 the 400 on Wednesday. This is an additional 400  
19 from where we were.  
20 He increased it -- doing this activity, it  
21 says we would decrease it by another \$400,000. So  
22 on Wednesday when he came in, he came in with 6.022.  
23 And when this was done, it took the lowest number,  
24 which was the 5.6, which was an 8 percent increase  
25 over the '23/'24 budget.

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1 where does the Board want to take this budget?  
2 TRUSTEE NOBLE: I'd still prefer the  
3 6.022.  
4 TRUSTEE TONKING: I'm also in the 6.022,  
5 but I would okay with the 5.7.  
6 TRUSTEE TULLOCH: I'm okay with the 5.7.  
7 CHAIR SCHMITZ: I'm okay with the 5.7 too.  
8 Mr. Bandelin does an excellent job. I think, as you  
9 said, if sales -- if revenue goes up, then the wages  
10 and benefits go up, and they help each other.  
11 If everyone is okay with the 5.7, we'll  
12 increase that budget for Mr. Bandelin.  
13 MR. MAGEE: Just for clarity, because  
14 staff does need specificity on this, are we talking  
15 5,700,000 or 5,724,000? We do need that direction  
16 from the Board.  
17 CHAIR SCHMITZ: I'm -- specifically the  
18 numbers on these spreadsheets, so 5724. Sorry. I  
19 was just truncating to just indicate which column I  
20 was talking about.  
21 Is everyone comfortable with that? I  
22 don't hear anything so I'm going to move on.  
23 Here's the Rec Center. The Rec Center  
24 revenue was increased by 117,000, wages decreased by  
25 281, services and supplies decreased by 82.

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1 TRUSTEE TULLOCH: My misunderstanding  
2 then. I was fairly sure the 6.02 was the original  
3 budget from two weeks ago.  
4 TRUSTEE TONKING: Then the actual, it's  
5 still -- I think if anything we should take the  
6 actual, the estimated actuals at 8 percent. Even  
7 then, the budgeted is lower than the estimated  
8 actuals. In a lot of places, we took the estimated  
9 actual, so also flagging that.  
10 CHAIR SCHMITZ: Given what Mr. Bandelin  
11 said, both his willingness to try to cut, do the  
12 \$400,000 cut, and telling us that his actuals are  
13 coming in at about 5.5, I would feel comfortable in  
14 saying let's have a target of the 5.7, which is the  
15 8 percent over the actuals, because the probability  
16 is it will cost a little bit more. I'd rather do  
17 that than try to hit a target of an additional  
18 400,000 deduction.  
19 I want to give Mr. Bandelin a little bit  
20 of breathing room.  
21 TRUSTEE TULLOCH: Absolutely. We should  
22 be rewarding good behavior not bad behavior.  
23 CHAIR SCHMITZ: Right.  
24 Are all of us okay at the 5.7, or would  
25 you rather stick with Mr. Bandelin's 6.022? I mean,

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1 Something that I flagged is that utilities  
2 increased 17 percent in the Rec Center budget. Most  
3 of the other budgets, they were anywhere from like 3  
4 to 7 percent increase in utilities. I don't know  
5 whether it was a mistake or whether there's  
6 something that is just so out of the ordinary for  
7 the Rec Center, but their utilities -- I mean, even  
8 Public Works, no one else had a 17 percent increase  
9 in utilities. So that was a concern that I saw.  
10 The other risk that I want to point to my  
11 fellow trustees is that they overspent their wages  
12 this fiscal year. So to think that we're going to  
13 have a reduction in wages, they've overspent their  
14 budget, and we can see that on the next page.  
15 Their budget for this fiscal year was  
16 1.627. And the estimated actual is \$1 million more,  
17 it's 1.739. So they have exceeded their wages  
18 budget. I'm sorry, not a million dollars. Sorry  
19 guys. 100,000. So, anyway, it is been a long week.  
20 But there we are with them having  
21 overspent their budget, and now we're saying, gosh,  
22 we want you to come in basically roughly what they  
23 came in this year, which would be flat. But it also  
24 was a \$280,000 deduction from what staff presented  
25 yesterday.

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1 Those two things changed. And utilities,  
 2 I flagged that for staff because I don't know  
 3 whether it's a mistake, but it's a huge increase in  
 4 utilities.

5 MR. MAGEE: We'll be happy to look into  
 6 that.

7 CHAIR SCHMITZ: Okay. And is this  
 8 increase in sales and fees, is this realistic for  
 9 the Rec Center? Because we're sitting here looking  
 10 at 1.4 and to try to increase it by that amount.

11 MR. CRIPPS: Being that there's not one  
 12 specific driver to those revenues, I think it would  
 13 be -- we would need to ask the venue managers and  
 14 program managers of this, or, of course, take Board  
 15 direction or support the Board's direction on this  
 16 matter.

17 CHAIR SCHMITZ: So board members, looking  
 18 at the actuals, estimated actuals for the Rec Center  
 19 being at 1.4, the budgeted amount, so they didn't  
 20 hit their target for revenue, and they exceeded  
 21 their target for wages.

22 We need to put that around, this is an  
 23 area that we all said needed some adjustment, but if  
 24 you look at it, it's still an increase, still an  
 25 increase over this year's actuals.

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1 of your tax dollars. I'm just throwing that in as  
 2 it should be any different because that's where your  
 3 senior programming is, your youth programming, all  
 4 that.

5 To be honest, I kind of feel like this is  
 6 an area that we should be working with the county  
 7 more to get more funding because I do think that  
 8 they don't offer any of that for us in this area. I  
 9 think that's a super big loss, especially around our  
 10 senior programming and youth programming.

11 CHAIR SCHMITZ: What's the Board wanting  
 12 to do with this? Leave it in the budget that's in  
 13 the red text column?

14 TRUSTEE TULLOCH: Yes.

15 TRUSTEE NOBLE: I'm fine with that.

16 TRUSTEE TONKING: Yeah, that's okay.

17 TRUSTEE TULLOCH: Yes.

18 CHAIR SCHMITZ: Is Trustee Dent on?  
 19 TRUSTEE NOBLE: He's not.

20 CHAIR SCHMITZ: All right.  
 21 I'm fine with this. I understand this is  
 22 a stretch in revenue and this is a change, but it's  
 23 a change we need to make. And it's probably the  
 24 first step in probably a multiyear effort.  
 25 The tennis center, revenue increased by

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1 MR. MAGEE: As I had mentioned to the  
 2 Board previously, we are currently actively  
 3 recruiting for the new Parks and Recreation  
 4 director, and this one of the areas that we do  
 5 intend to study in this upcoming year and see if we  
 6 can't figure out a way to flip that around.

7 CHAIR SCHMITZ: Okay. So are we going  
 8 to -- as a board, are we leaving this to be the  
 9 increase in target revenue and the decrease in wages  
 10 and services and supplies? Where we are with the  
 11 Rec Center isn't sustainable. Our wages are  
 12 increasing faster than our fees and our sales.

13 Any comments?

14 TRUSTEE TULLOCH: I think this is the type  
 15 of target we need to have because we've seen this  
 16 consistent trend where we're not even covering wages  
 17 in a lot of cases here. I think we need to --  
 18 there, we've also seen programs have been cut and  
 19 removed, so there should be no reason for  
 20 significant increases in wages.

21 TRUSTEE TONKING: I was just also going to  
 22 flag this is a place where, yes, there are areas,  
 23 and need to make sure that we're getting closer to  
 24 breaking even. But, again, in municipalities across  
 25 the country, recreation is vastly subsidized by all

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1 117,000, wages decreased by 281, services and  
 2 supplies.

3 But, again, here's the risk: They  
 4 overspent their wages this fiscal year.

5 When we look at this, it's a significant  
 6 increase in revenue from what are actuals, and I  
 7 think its target. I think it's something that we  
 8 have to tackle.

9 Any others want to weigh in on this?

10 TRUSTEE TULLOCH: I like the idea of the  
 11 target. I think it's sensible, whether it's -- that  
 12 needs -- whether we have the opportunity to look at  
 13 rates further is there to make sure we're committed  
 14 to them for the year, whether there needs to be some  
 15 midyear increases to achieve these.

16 Also, are these -- I'm trying to see --  
 17 I'm not sure how many staff is involved there. It  
 18 is -- I'm happy to see the revenue supposedly  
 19 exceeding the wages now, but, again, we need to make  
 20 sure that these budgets and wages and that are  
 21 actually observed.

22 CHAIR SCHMITZ: Absolutely. Understand.  
 23 Rec admin, this was an area that they had  
 24 investment earnings increased by 17 million -- I'm  
 25 sorry, 17,000, roughly, and wages decreased. This

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1 is a budget that has been puzzling to me. It used  
 2 to, historically, all have negative revenue, and  
 3 suddenly now it's flipping to positive revenue. I  
 4 don't know whether the purpose of this account has  
 5 changed, but this is what the numbers are looking  
 6 at, an increase of investment and a decrease of  
 7 35,000 in wages and benefits.

8 TRUSTEE TULLOCH: This is one is a total  
 9 black box to all of us.

10 CHAIR SCHMITZ: Yep.

11 TRUSTEE TULLOCH: I don't think any of us  
 12 have a clue. I made the comment in the budget  
 13 last year, I was very puzzled as to what this  
 14 function actually did. I'm even more puzzled where  
 15 the revenue comes from. I suspect it's selling  
 16 punch cards, but I could be wrong.

17 Can you shed any shed light on that?

18 MR. CRIPPS: I don't have an answer for  
 19 that.

20 TRUSTEE TONKING: Who made this budget,  
 21 then?

22 MR. CRIPPS: Recreation staff did.

23 TRUSTEE TONKING: Do you have anyone here  
 24 who can speak to it?

25 MR. MAGEE: No, we don't have anyone from

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1 Parks and Rec here tonight.

2 CHAIR SCHMITZ: I think we should put this  
 3 down as something on our long-range calendar for  
 4 staff to explain to us what this is, who is in this  
 5 cost center, because one of us has to have clarity  
 6 on it. And when you look at historically how this  
 7 cost center has been managed, I can't understand.  
 8 Sometimes it would be a negative \$200,000 in  
 9 revenues.

10 So I think we need to roll up our sleeves  
 11 and understand this better and educate the Board on  
 12 what this cost center is and what its purpose is.

13 MR. MAGEE: We will add this to the long  
 14 range calendar. We'll do the research on this and  
 15 come back to the Board in the near future with a  
 16 full explanation of all of the items that roll up  
 17 into this.

18 CHAIR SCHMITZ: Thank you.

19 Then the recreation facility fee  
 20 requirements. I jotted down basically where things  
 21 were. Now, we've made some modifications, but they  
 22 haven't been substantial modifications. Diamond  
 23 Peak nets about 1.9 million after 1.1 in CIP. The  
 24 Champ Golf, which includes The Grille and  
 25 merchandising and golf range, was at 270,000 of

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1 need, that included 480,000 of capital. The  
 2 Mountain Golf Course needed 185,000 in subsidy and  
 3 had zero capital facilities, didn't need any funds.  
 4 Recreation needed about 2.4 million, and that  
 5 included 1 million of CIP. Tennis was short by 52k,  
 6 this is for operations and CIP, there's no CIP, and  
 7 the rec admin was needing 207,000.

8 So it's roughly -- 3 million was reduced  
 9 to needing 1.16 million. After Diamond Peak profit  
 10 sharing, basically at this 1.162 comes out to be  
 11 roughly \$141 per parcel.

12 That includes all of -- Kate, I hope  
 13 you're still on, this is including all of our  
 14 budgeted for this year capital improvement projects  
 15 that she put in. Am I correct that those capital  
 16 improvements numbers were all in this budget?

17 MR. CRIPPS: I can help answer. Yes,  
 18 those capital projects were put in the budget and  
 19 they still remain.

20 CHAIR SCHMITZ: All right. So that's  
 21 where the recreation fee, where the requirements  
 22 are.

23 Now, there were some minor modifications.  
 24 There's some potential additional savings in central  
 25 services costs for the positions, but we reduced the

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1 golf revenue slightly. We increased some of the  
 2 wages at Diamond Peak. And we still have to  
 3 investigate the utilities at the Rec Center. This  
 4 is good ballpark.

5 Questions about this?

6 Moving on to the beach fund, revenues were  
 7 increased by 152k, wages were decreased by 250,  
 8 services and supplies decreased by 75. And here's  
 9 another one of risk, they overspent on wages this  
 10 fiscal year.

11 Here are the numbers, and you can see that  
 12 on Wednesday they came with basically a revenue of  
 13 1.250, and it is being increased to 1.4. Then wages  
 14 and benefits, if you look at what the actual budget  
 15 was, the budget was for '23/'24 was 1.1, and the  
 16 estimated actual is coming in at 1.5. That's a  
 17 significant overspending on the budget for wages and  
 18 benefits.

19 If you take that 1.5 and go over and look  
 20 at where the '24/'25 budget is projected or is  
 21 suggested to be is at 1.255, that's a 250,000  
 22 reduction, and then also a reduction of 75,000 to  
 23 services and supplies.

24 So with the beach fund, I'm going to just  
 25 do skip ahead, it requires \$832,000 for operations,

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1 capital is 1.25 million, so the total need including  
2 that 4.2 is roughly just under 5.1, which calculates  
3 out to be 656 a parcel, roughly. That includes --  
4 I'm going to back up to the financial page, that  
5 includes budgeting another \$4,200,000 towards our  
6 fund balance, which I believe is at 9 million right  
7 now, for the Beach House.

8 TRUSTEE TULLOCH: Does that number include  
9 the carryover on the beach house?

10 CHAIR SCHMITZ: The carryover is being  
11 carried over in fund balance.

12 TRUSTEE TONKING: Exactly.

13 CHAIR SCHMITZ: It's in fund balance.

14 I don't have on here -- I can't see the  
15 bottom of it, but I don't believe I have the fund  
16 balance here. In the spreadsheets, it had the fund  
17 balance, and I'm going from memory. The fund  
18 balance in the beach fund is roughly \$9 million. So  
19 we would be adding another 4.2 of funding into the  
20 beach capital improvement budget.

21 Am I understanding this and explaining  
22 this correctly, Adam?

23 MR. MAGEE: I'll take that one. We did do  
24 a fund balance working capital recently, and, yes,  
25 the \$9 million figure in your working capital for

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1 fund balance before carryover?

2 MR. CRIPPS: No. It's estimated actuals,  
3 so it's projected to be in fund balance.

4 TRUSTEE TONKING: Part of the --

5 TRUSTEE TULLOCH: Haven't spent it.

6 TRUSTEE TONKING: Yeah.

7 TRUSTEE TULLOCH: I haven't seen that  
8 appear anywhere else, it seems strange. We haven't  
9 agreed to carry over yet.

10 MR. CRIPPS: No. The carryforward,  
11 there's a list of projected carryforwards that was  
12 on the CIP list, and then it's included in that.

13 And then being that we didn't spend anything the  
14 project this fiscal year, that money is going to  
15 remain in fund balance, and then it would be part of  
16 the carryforward item brought back before the Board.

17 TRUSTEE TONKING: Is that the same thing  
18 you did for all the other carryforwards as well,  
19 they're all included under fund balances in their  
20 respective funds?

21 MR. CRIPPS: Correct.

22 (Inaudible comments from the  
23 audience.)

24 TRUSTEE TONKING: Point of order.

25 CHAIR SCHMITZ: So what this basically

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1 beach fund is accurate.

2 CHAIR SCHMITZ: So we would be adding  
3 budgeting to add another 4.25 million to that fund  
4 balance.

5 MR. CRIPPS: From the current fiscal year  
6 that we're in, it was a \$4-million budget for that  
7 project.

8 TRUSTEE TULLOCH: That's included in fund  
9 balance?

10 CHAIR SCHMITZ: We're not using fund  
11 balance here. You're not decreasing fund balance,  
12 you're actually budgeting -- if you're looking at  
13 this 4.2 and we're adding it, we're saying that --  
14 if we go to the next page -- I'm adding \$4 million  
15 in capital improvements, I'm adding it to the  
16 accumulation of fund balance for that project.

17 TRUSTEE TULLOCH: Yes, I understand. My  
18 question to Adam is whether the 4 million or  
19 whatever is left of it from this year, we spent  
20 \$125,000 of it or something this year from the 4  
21 million, is that already included in the 9 million  
22 fund balance?

23 MR. CRIPPS: Yes, that's included in that  
24 figure.

25 TRUSTEE TULLOCH: So it's been moved into

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1 sums up as is that -- and this is not a  
2 recommendation, this is not anything other than  
3 presenting the information that was in this budget  
4 to say based on these numbers, now we're going to  
5 have a little bit of shifting, that community  
6 services requires roughly \$141 per parcel, and the  
7 beach fund, if we want to build up the fund balance  
8 an additional \$4.25 million, would be \$656 parcel,  
9 so roughly \$800 per parcel.

10 I, for one, don't feel that we should be  
11 accumulating another \$4 million towards the Beach  
12 House. I think that's bit -- we already have  
13 9 million, and I really don't think should be trying  
14 to build a \$16-million building. That's just my  
15 opinion.

16 I think that, from my perspective, if we  
17 had a recreation fee of roughly \$150 per parcel, I  
18 would think that would cover what modifications we  
19 would need to make to budget that we talked about  
20 tonight.

21 With that, that's basically what staff  
22 pulled together. We've reviewed them and made some  
23 changes. I throw it back to my fellow trustees and  
24 say: This is what myself, staff understood that  
25 you, as a board asked, staff to do, and this is the



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1 information that was put together.  
2 Let's take a break. Let's come back at 20  
3 after.  
4 (Recess from 8:16 p.m. to 8:27 p.m.)  
5 CHAIR SCHMITZ: I believe Trustee Tonking  
6 is back? Okay.  
7 So, on the agenda that was the material,  
8 and that was what staff has worked on putting  
9 together today for agenda item G 3 as it relates to  
10 to the budget.  
11 G 3B. Central Services Cost Allocation  
12 CHAIR SCHMITZ: We also have item B, which  
13 is the central services cost allocation. And I  
14 don't really quite remember where we left this off  
15 at the last meeting.  
16 Mr. Cripps, do you have additional  
17 information that the Board needs to understand and  
18 consider as part of this budget?  
19 MR. CRIPPS: Yes, I do. Thank you, Chair.  
20 So the Board did ask if the information  
21 technology's wages had been reflected in the number  
22 there. It is now reflected in the updated version  
23 that is included in your packet today.  
24 TRUSTEE TULLOCH: What is the new number?  
25 MR. CRIPPS: 1.4 million.

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1 the general fund, where then the department as a  
2 whole was taken into consideration under the central  
3 services plan.  
4 TRUSTEE TULLOCH: Yeah. So you're  
5 allocating more than the original allocation?  
6 MR. CRIPPS: The entire department,  
7 correct.  
8 TRUSTEE TULLOCH: Yeah. I just want to be  
9 clear because there's a lot of confusion because  
10 I've already found, pointed out other ones, and  
11 finding inconsistencies behind the May the 20th  
12 ones, and they all tend to go in the wrong  
13 direction. That's why I want to clarify. That's  
14 why I didn't understand the 1.98 million number  
15 yesterday.  
16 The 1.98 yesterday, 1.89, whatever it was,  
17 included the additional positions that had been  
18 removed?  
19 MR. CRIPPS: Yes, it did.  
20 TRUSTEE NOBLE: Chair Schmitz, could we  
21 actually go back to the beach fund for a second?  
22 CHAIR SCHMITZ: To the presentation?  
23 TRUSTEE NOBLE: I don't think we need to  
24 do the presentation.  
25 You had mentioned that there's

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1 TRUSTEE TULLOCH: Can I ask why, then, on  
2 the May the 20th, which showed the general fund  
3 salary allocations, for total IT it showed at  
4 1.111113, and that was including the point of sale  
5 product administrator.  
6 MR. CRIPPS: So in regards to the wages,  
7 it was wages only, whereas this takes the department  
8 as a whole.  
9 TRUSTEE TULLOCH: So the original May 20th  
10 numbers didn't include the rest of that because this  
11 was the allocation provided to other funds.  
12 MR. CRIPPS: Based on wages only.  
13 TRUSTEE TULLOCH: Yeah. So you've added  
14 other costs as well?  
15 MR. CRIPPS: The departments -- the full  
16 department's cost go into the allocation.  
17 TRUSTEE TULLOCH: Well, just the question,  
18 I want to be sure, so the May 20th figures we're not  
19 correct, they only included salaries?  
20 MR. CRIPPS: They were based on salaries,  
21 correct.  
22 TRUSTEE TULLOCH: So this is part of  
23 this -- is this part of this general fund  
24 reductions?  
25 MR. CRIPPS: No. The wages remained in

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1 approximately \$9 million in fund balance. And under  
2 the exercise, there was approximately 4.25 million  
3 additional for capital outlay and improvements, with  
4 the majority of that earmarked for the proposed  
5 Beach House.  
6 Did you want to add -- what would be your  
7 recommendation with regards to that 4.25 figure?  
8 CHAIR SCHMITZ: Trustee Noble, who are you  
9 asking the question of?  
10 TRUSTEE NOBLE: Chair Schmitz, you had  
11 indicated that you were not comfortable with the  
12 collecting additional monies, at least that amount,  
13 towards the Beach House. I was wondering if you  
14 were satisfied with what's currently in fund balance  
15 or if you actually wanted to collect any additional  
16 monies for the Beach House.  
17 CHAIR SCHMITZ: I'm going to pause that  
18 discussion because that is really part of the next  
19 agenda item, which is really talking about the rec  
20 and the beach fee.  
21 Can we delay that to that agenda item?  
22 TRUSTEE NOBLE: Yes.  
23 CHAIR SCHMITZ: Okay. I was trying to  
24 stay away from having too much discussion about the  
25 rec and beach fee because that's the next agenda

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1 item.

2 TRUSTEE TONKING: Can you put it -- back

3 up so I could see the fund balance again? I'm a

4 little confused.

5 CHAIR SCHMITZ: What I would have to bring

6 up, and it might be easier for Adam to bring it up,

7 is the entire spreadsheet that was emailed out.

8 When I snippet it, when I put it into the

9 presentation, I was short on space and didn't

10 include the fund balance lines.

11 Mr. Cripps, do you have it?

12 MR. CRIPPS: I can share.

13 TRUSTEE TONKING: So if I look at this

14 with the Beach House, it's 9.3 million -- correct?

15 -- at the end of 2024.

16 MR. CRIPPS: Well, you'll see in the

17 estimated actuals there that there's no spending on

18 the project, so it's gong to come back into the fund

19 balance. That's where you see it go from the 6.9 to

20 the 9.3.

21 TRUSTEE TONKING: Perfect.

22 What is our -- what do we need in that

23 fund to meet our reserve policy?

24 MR. CRIPPS: I don't know the exact dollar

25 amount.

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1 TRUSTEE TONKING: Maybe that's something

2 we can look at, if possible, as we move through this

3 next. I don't want to say that we have 9 million

4 available when we still have a reserve policy that

5 we have to meet.

6 CHAIR SCHMITZ: Any other questions

7 relative the budget information before we go into

8 anything further on the central services cost

9 allocation?

10 All right. Then as it relates to central

11 services, you have it on your task list as something

12 that needs to be done is looking at the Moss Adams'

13 report and making best practices changes to the

14 central services cost allocation methodology and

15 policy for next year?

16 MR. CRIPPS: Yes. That is something that

17 we're looking into this upcoming fiscal year.

18 CHAIR SCHMITZ: Okay. I've jotted it down

19 as being on the long range calendar.

20 TRUSTEE TULLOCH: I have a question for

21 Adam in the cost allocation, because as we saw on

22 the utility fund, we saw pretty haphazard moving of

23 central services costs between somethings that are

24 part of the overall utility fund, and other things

25 that are chargeable to the utilities as part of the

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1 utility rate study.

2 Have we done this out of convenience or

3 have some methodology to justify those movements do

4 it's still a consistent application?

5 MR. CRIPPS: The movements that were done

6 were -- the assessment that was done going into the

7 water and sewer, that's where the primary functions

8 do lay when it comes to the spreading of the central

9 services, as opposed to specific to the TWSA, they

10 hold just a small component of what the services

11 would be, so, primarily, the services do get

12 directed to water and sewer.

13 TRUSTEE TULLOCH: Yes. But in solid

14 waste, we originally had an 85,000 central services

15 allocation. Again, a relatively small one. So I'm

16 saying is the methodology where you've moved these

17 numbers, is that defensible, is that consistent

18 across the board?

19 MR. CRIPPS: Yes, it is.

20 TRUSTEE TULLOCH: So where we've moved

21 extra central services costs and allocations into

22 the utility ratepayer's fund, funds that are charged

23 to the users of our utilities as opposed to just the

24 utility fund in general, which is really the Public

25 Works fund, all these things, changes remain

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1 consistent?

2 MR. CRIPPS: Through the fund, yes.

3 TRUSTEE TULLOCH: So the same methodology

4 we can defend because it made -- the public comment

5 was made that there's issues around the cost

6 allocation. I want to make sure these are

7 defensible, especially is we're throwing them on --

8 pulling them out of one fund and then just moving it

9 on to utility ratepayers.

10 MR. CRIPPS: Yes. And, again, the central

11 services is based off of the District's historical

12 policy. And then moving forward, we are going to be

13 looking at -- a majority of these items, through the

14 new allocation plan that's produced.

15 TRUSTEE TULLOCH: Okay. So the -- and it

16 also reflects the reductions that's been shown in

17 the spreadsheet?

18 MR. CRIPPS: Yes. All changes have been

19 updated.

20 TRUSTEE TULLOCH: Okay. So these -- where

21 these costs have been dropped off, it's been

22 reflected and updated in central services

23 allocations?

24 MR. CRIPPS: That's correct.

25 TRUSTEE TULLOCH: Thank you.

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1 Sorry. I did have another question. If I  
 2 look at internal services, do they not use any  
 3 central services?  
 4 MR. CRIPPS: My understanding with the  
 5 internal services is that it's -- because it is  
 6 internal, then they would be charging us to charge  
 7 them.  
 8 So the thought behind it was that they  
 9 don't -- we assess the -- our costs -- our central  
 10 allocation.  
 11 TRUSTEE TULLOCH: How can that then be  
 12 consistent across all the departments? How can that  
 13 be a defensible policy? Because in -- also, if  
 14 we're doing internal services, I mean, we should be  
 15 striving to ensure that they are cost reflective and  
 16 cost effective than using external services.  
 17 If we're not applying some of the costs  
 18 there that have been picked up elsewhere, how is  
 19 that consistent?  
 20 MR. CRIPPS: And, again, this policy is  
 21 following the prior year's policy.  
 22 TRUSTEE TULLOCH: Regardless of the prior  
 23 year's policy, I'm asking how that complies with NRS  
 24 requirements?  
 25 MR. MAGEE: If I can jump in for just a

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1 second. Staff put together this in accordance with  
 2 Board policy. To my knowledge, Board policy does  
 3 not violate the NRS.  
 4 TRUSTEE TULLOCH: I'm not sure. I've  
 5 never seen the Board policy on cost allocations.  
 6 MR. MAGEE: Sure. If the Board would  
 7 like, I can certainly email it to you. It is out on  
 8 the website.  
 9 TRUSTEE TULLOCH: That would be helpful.  
 10 And then maybe Sergio can take a look at it as well  
 11 to see that we are being consistent with NRS,  
 12 because I'm concerned that -- I need to take account  
 13 -- claims have been made in public comment citing a  
 14 particular statute, so I wanted to make sure that  
 15 we're properly following them.  
 16 TRUSTEE TONKING: And legal, not just what  
 17 -- has legal looked at this before? Is this their  
 18 first time looking at it?  
 19 CHAIR SCHMITZ: The central services cost  
 20 allocation policy was redone, I believe -- actually  
 21 I don't think it was redone by Mr. Navazio.  
 22 Can you pull it up, Mr. Magee, to see the  
 23 date that it was last modified, the central services  
 24 cost allocation policy?  
 25 TRUSTEE TONKING: I just thought that when

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1 legal looked at this one, did they not check with  
 2 our policies? I feel like that's usually what  
 3 happens.  
 4 MR. RUDIN: We're talking about Policy  
 5 18.10, and it has a date at the bottom in the footer  
 6 that says, "Effective fiscal ending June 30, 2022."  
 7 The bulk of the policy just says it's  
 8 going on to follow the NRS.  
 9 TRUSTEE TULLOCH: So we still have the  
 10 outstanding question. If it says it follows the  
 11 NRS, we're comfortable we do follow the NRS?  
 12 TRUSTEE TONKING: Have you had an  
 13 opportunity to see if it follows NRS, or do you have  
 14 any concerns?  
 15 MR. RUDIN: I mean, the NRS and the NAC on  
 16 this part are relatively squishy in that they  
 17 require the cost, the allocation be reasonable and  
 18 -- I'm pulling it up so I'm not misquoting anything.  
 19 CHAIR SCHMITZ: While you're looking for  
 20 that, so the departments or the organizations, the  
 21 cost centers that do not have central services cost  
 22 allocation include fleet, parks, internal services,  
 23 engineering, and buildings.  
 24 So those are the spreadsheets, and it's  
 25 apparent in the materials that we went through in

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1 the presentation earlier tonight.  
 2 MR. RUDIN: Yeah, so, I mean, in section  
 3 2.0 of the policy, you do have proportion of  
 4 allocation be based on budget data, and it talks  
 5 about 80 percent of budget in accounting central  
 6 overhead costs, credit for interest earnings are to  
 7 be allocated on the basis of services and supply  
 8 expenses by fund, human resource payroll -- and 20  
 9 percent of budget and accounting costs to be  
 10 reallocated on a blended rate, a budget --  
 11 full-time, equivalent positions, wages and benefits.  
 12 I do think that if staff are intending  
 13 on -- it does indicate in 104, you know, your costs  
 14 that can be allocated as part of a central service  
 15 cost allocation plan are legislative costs, for the  
 16 Board of Trustees, legal costs, general  
 17 administration, emergency services, public  
 18 relations, property management, grants management,  
 19 contract procurement, accounts payable, grounds and  
 20 building maintenance, budgeting, accounting, payroll  
 21 and audit, human resources and risk management, IT  
 22 and warehouse and storage.  
 23 So, yeah, those all do seem like costs  
 24 that can properly be allocated. There's not --  
 25 other than that policy language, you know,

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1 identifying 80 percent of budgeting accounting  
 2 central overhead costs, and there's not particularly  
 3 foreign formulas on how you're allocating certain  
 4 other items that are listed as being allocable.  
 5           So, you're going to default to the NAC and  
 6 NRS on those and just ensure that -- staff should be  
 7 ensuring that they are reasonable and proportionate  
 8 to what the benefits are to the actual enterprise  
 9 funds.  
 10           I'll defer to staff on that sort of  
 11 analysis.  
 12           TRUSTEE TULLOCH: To follow up, Parks  
 13 don't get charged central services allocation now  
 14 that they're in the general fund. But when they  
 15 were in community services, they were charged  
 16 central services cost allocations?  
 17           CHAIR SCHMITZ: I would have to look at  
 18 the past. I'm not sure. I don't know. I'm  
 19 assuming they were.  
 20           I have some historical data. If you  
 21 give me a couple of minutes, I can look at it. I  
 22 just can't answer it off the top. I don't know.  
 23           TRUSTEE TULLOCH: It's okay.  
 24           Again, my concern is that we -- I see no  
 25 real reason why our internal services should not

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1 be -- if we're trying to claim that they're more  
 2 effective than outsourcing work or having it done  
 3 externally, we should be looking at the real costs.  
 4 I'm sure they'll use HR, they all use accounting,  
 5 they all use IT.  
 6           Obviously since this is the night before  
 7 Christmas, we can't make that change. Again, it's  
 8 something we should be taking into account if we  
 9 look at whether it makes any sense by doing these  
 10 services internally.  
 11           CHAIR SCHMITZ: I'm trying to see if I  
 12 could find any historical. I didn't have it  
 13 captured. I'd have to go back and look. I don't  
 14 know. I mean, I'm not the accountant here. I don't  
 15 have the answer to that.  
 16           I did ask the question earlier today when  
 17 I was going through these spreadsheets, and I  
 18 specifically asked: Why do these departments not  
 19 have central services cost allocation?  
 20           When I spoke with and asked the question  
 21 of the Public Works Director Nelson, she indicated  
 22 engineering is one area that is big user of IT  
 23 services and what have you.  
 24           But I don't know why they're not being  
 25 charged central services cost allocation. I don't

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1 know why. I just know that they aren't.  
 2           TRUSTEE TULLOCH: Understood. Thank you.  
 3           CHAIR SCHMITZ: We need to make a motion  
 4 relative to central services cost allocation and  
 5 indicate what -- according to our agenda, what  
 6 direction that we're giving staff relative to  
 7 central services costs allocation.  
 8           Would anyone care to make a motion?  
 9           TRUSTEE TONKING: I move that we accept  
 10 the central services cost allocation.  
 11           TRUSTEE NOBLE: I'll second it.  
 12           CHAIR SCHMITZ: Discussion?  
 13           MR. RUDIN: And that would be as set forth  
 14 in supplemental B?  
 15           TRUSTEE TONKING: Right. As set forth in  
 16 -- as staff recommended in Supplemental B.  
 17           CHAIR SCHMITZ: Where is the supplement?  
 18 I understand what trustee Tonking is saying, but we  
 19 don't really have anything in front of us  
 20 documenting what that is. And I believe what you're  
 21 saying it is that it is for IT services --  
 22 correct? -- to include IT services in the central  
 23 services cost allocation plan. And then to exclude  
 24 the departments that historically haven't been  
 25 charged central services cost allocation. Is that

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1 the recommendation?  
 2           TRUSTEE TONKING: There's a sheet we all  
 3 have.  
 4           CHAIR SCHMITZ: Well, I don't have the  
 5 sheet.  
 6           TRUSTEE TONKING: So that's what I was  
 7 referring to is the numbers on the sheet, which is  
 8 allocating the dollars to the respective -- the IT  
 9 department to its respective other subfunds.  
 10           TRUSTEE NOBLE: It's the very last page in  
 11 today's packet.  
 12           MR. RUDIN: It's also posted on the  
 13 website, dated 5/31, Supplemental Item G 3B.  
 14           CHAIR SCHMITZ: Got it. Oh, yes, I do  
 15 recall seeing this. Okay.  
 16           Looking at this chart, internal services,  
 17 it's tough for me to read. Are you showing that  
 18 internal services is being charged central services  
 19 cost allocation?  
 20           MR. CRIPPS: They are not.  
 21           CHAIR SCHMITZ: That was one of them that  
 22 I listed. Isn't internal services right after  
 23 beaches?  
 24           MR. CRIPPS: Yes, it is. But the line  
 25 that says "The annual (inaudible) for adopted

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1 budget," it indicates the funds that it applies to.  
2 CHAIR SCHMITZ: I see. Okay.  
3 TRUSTEE TULLOCH: Does this line mean this  
4 is the amounts that should be allocated, then, based  
5 on our methodology?  
6 MR. CRIPPS: Yes. But what you'll see in  
7 also included in that number is the number from the  
8 -- to the -- what would be from the general fund.  
9 So then the actual what we're looking to  
10 adopt would be the 3.7.  
11 TRUSTEE TULLOCH: No. But if we're  
12 consistent with our methodology, there would be  
13 53,000 in IT, it would be 82,000 in accounting,  
14 there would be -- and that would be 142,819, would  
15 be allocated to internal services if we're being  
16 consistent with our methodology.  
17 So that's basically 142,000 that's been  
18 respread to other funds; is that correct? If we're  
19 not recovering it.  
20 MR. CRIPPS: So the number's down below  
21 for the adopted budget, those are the numbers that  
22 are in the sheets -- that we're putting forward  
23 today.  
24 TRUSTEE TULLOCH: I understand. But  
25 unfortunately these -- it's pretty hard, it's

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1 TRUSTEE TONKING: Aye.  
2 TRUSTEE NOBLE: Aye.  
3 CHAIR SCHMITZ: Aye.  
4 Opposed?  
5 TRUSTEE TULLOCH: Nay.  
6 CHAIR SCHMITZ: Motion passes three to  
7 one. Moving on then, we would open up the public  
8 hearing for agenda item G 2, which is the recreation  
9 services.  
10 TRUSTEE TONKING: Don't we vote on the  
11 budget or are we closing the budget?  
12 MR. RUDIN: Chair, I do think that you  
13 should probably vote to approve a budget with  
14 whatever provisions and modifications you would like  
15 to see. And also, as part of that motion, authorize  
16 the General Manager to prepare and file Form 4404  
17 consistent with the figures that are approved by the  
18 Board.  
19 CHAIR SCHMITZ: Thank you for that.  
20 So the changes I had identified is that we  
21 had questions about some position deductions. We  
22 wanted engineering, the group, the consensus was  
23 engineering not to cut because we want to get our  
24 CIP projects done. Golf was going to be adjusted to  
25 a target revenue of the 4.32 million. And Diamond

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1 difficult for me. We're showing these charges, but  
2 then we're saying they're not being charged but  
3 we're saying we're being consistent with the  
4 application of the methodology?  
5 MR. CRIPPS: That amount is not --  
6 internal services is not being charged.  
7 TRUSTEE TULLOCH: Yes, I realize that.  
8 But if in theory the methodology we show, it should  
9 be charged, the calculations?  
10 (Inaudible response.)  
11 TRUSTEE TULLOCH: Okay. Thank you.  
12 CHAIR SCHMITZ: Could you please clarify  
13 for me, internal services includes fleet buildings  
14 and engineering; is that correct? Is that what  
15 internal services is?  
16 MR. CRIPPS: Yes, that's correct.  
17 CHAIR SCHMITZ: And they're not being  
18 charged any central services cost allocation because  
19 the logic is is that they get charged back to the  
20 organization again, so it's spreading something and  
21 then spreading it again. Is that the thought?  
22 MR. CRIPPS: That's my understanding.  
23 CHAIR SCHMITZ: So a motion's been made,  
24 it has been seconded. I'll call for the vote. All  
25 those in favor?

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1 Peak was going to be adjusted to have its wages at  
2 the \$5.7 million.  
3 I believe those were the modifications  
4 that there was consensus on. Did I miss anything?  
5 MR. MAGEE: If I may, I believe that the  
6 ski revenue was adjusted also to 13,818,500, that  
7 was the figure that was accepted.  
8 CHAIR SCHMITZ: Right.  
9 MR. MAGEE: Other than that, my list  
10 matches yours.  
11 CHAIR SCHMITZ: Okay. Yes. And I had  
12 that in my notes. Thank you for that addition.  
13 Those were the modifications that we made.  
14 Would anybody care to attempt to make a motion?  
15 TRUSTEE TONKING: I move that we make a  
16 motion of the recommended budget as displayed by  
17 staff with the edits that were just described by  
18 Chair Schmitz and GM Magee.  
19 TRUSTEE NOBLE: I will second that.  
20 CHAIR SCHMITZ: Any further discussion? A  
21 motion's been made and seconded, any further  
22 discussion?  
23 TRUSTEE TULLOCH: Yes, I'd like to further  
24 discuss.  
25 I must say -- and my comments will come as

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1 no surprise to those who have been follows the  
 2 process. I think this is -- there's been a huge  
 3 amount of work gone into this process.  
 4 Unfortunately, we're now at the night before  
 5 Christmas and Santa Clause has just about come down  
 6 the chimney, and we still don't have any actual  
 7 numbers in front of use. We're trying to vote on  
 8 something that we've seen about 20 different  
 9 spreadsheets in each budget over the last 12, 10  
 10 days, I think.  
 11 I've put lot of effort into this to try to  
 12 correct things. I think I've seen very little  
 13 substantive movement. I'm disappointed seeing some  
 14 figures that, for instance, the million bucks  
 15 investment given that was ever owned up to in the  
 16 initial May 20th one. Obviously, the numbers were  
 17 skewed by a million dollars in revenue there. We  
 18 know that revenue existed.  
 19 We've gone through this process. We've;  
 20 made no significant movements, we've taken no  
 21 significant actions to actually address the issues.  
 22 We've papered over things by putting in what are  
 23 probably fictitious revenue numbers in various areas  
 24 to make it look like it balances. The only thing we  
 25 know for certain is that the money will be spent.

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1 We've now opened up a new avenue for venues and  
 2 things to dip into with this capital expenses, which  
 3 again will probably be used to cover salaries and  
 4 overspending.  
 5 We have put no controls in place to make  
 6 sure that capital expense money is monitored so it's  
 7 not released until the project is actually done.  
 8 We just basically going to hand over a new  
 9 budget to staff with major increases already, and we  
 10 know we've -- yes, it will balance it out. It will  
 11 be like facilities, we'll suddenly find another  
 12 400,000 in revenue and spending 200,000 less.  
 13 This whole process has not been well  
 14 thought through. We were told that a zero-based  
 15 budget -- we're going zero-based budgeting; we've  
 16 done baseline-plus budgeting, and nobody's -- lead  
 17 the public and the community to believe.  
 18 To pass these numbers, there's been so  
 19 many numbers, board members have not been able to  
 20 keep up with it, far less community members.  
 21 Based on that, I can't to support this  
 22 budget. I have a fiduciary duty to the community.  
 23 I said I was running on transparency and  
 24 accountability, and I've worked very hard during my  
 25 time in office to do that. I'm going to stick to

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1 that. I've made the points. I realize I'll  
 2 probably be outvoted on this. I think what we're  
 3 trying to do here farcical, so I shall be a firm no.  
 4 Thank you.  
 5 CHAIR SCHMITZ: Thank you for comments.  
 6 I think -- I feel that I can speak for all  
 7 of us that this budget process has been laborious  
 8 and tedious and at times very nonproductive. And I  
 9 look forward to Mr. Magee presenting back to the  
 10 Board the lessons learned in this process and how  
 11 it's going to be done differently in the future.  
 12 We have all spent an inordinate amount of  
 13 time, as has staff, doing things, redoing things.  
 14 We haven't done this process efficient in any way,  
 15 shape, or form. I agree with you wholeheartedly.  
 16 I want say that as this budget moves  
 17 forward, Mr. Magee, it is your responsibility to  
 18 control, monitor, and hold people accountable for  
 19 these revenue numbers, for these line item numbers,  
 20 and the reductions that have been identified here.  
 21 That is your responsibility.  
 22 And as a Board, I think we need to make  
 23 sure that you're understanding how we're going to be  
 24 holding you accountable. And I think that we need  
 25 to have timely monthly financial reports by subfund

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1 so that we can track this and we can monitor to  
 2 determine whether things are on track or not. We  
 3 have make to adjustments midyear. We have to make  
 4 adjustments if things are not going the way the  
 5 budget is set up.  
 6 I agree with Trustee Tulloch that there  
 7 has to be an element of accountability, and,  
 8 ultimately, that is the General Manager's.  
 9 Are there any other comments or  
 10 discussion?  
 11 TRUSTEE TULLOCH: If I may, I'll try to  
 12 avoid repeating, but, yes, I totally agree with  
 13 that.  
 14 To go further, I would like to ask General  
 15 manager Magee to bring back, by the middle of June,  
 16 his proposals, his proposed methodology to actually  
 17 monitor this and put controls in place to see that  
 18 funds are not disbursed and dissipated elsewhere to  
 19 make sure that -- and also to bring the -- I would  
 20 ideally like to see a signed-on sheet by all the  
 21 venue managers and directors that they observe this  
 22 budget and they intend to deliver on it.  
 23 I realize that's probably pretty untypical  
 24 in the public sector. It's perfectly normal in the  
 25 private sector. I've had to do it in multiple

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1 budget cycles in the past. And it's obviously in  
 2 the private sector, there's a very clear  
 3 understanding: If you fail to deliver on revenue  
 4 and you over spend in costs, you're usually looking  
 5 for something else.  
 6 I realize that's not the practice here,  
 7 but I would like to ask General Manager Magee to  
 8 bring back, by the middle of June, firm proposals,  
 9 and preferable sign ons by all venue directors.  
 10 MR. MAGEE: Would you mind if I address  
 11 that at this time?  
 12 TRUSTEE TONKING: Can we please close out  
 13 this vote?  
 14 CHAIR SCHMITZ: Sure. Michaela, if you  
 15 don't mind, can we just let him make whatever  
 16 comment, perhaps there's something that's going to  
 17 sway someone with their vote.  
 18 Go ahead, Mr. Magee.  
 19 MR. MAGEE: I think those comments are  
 20 fair. And that's exactly what staff was intending  
 21 to do.  
 22 And to address Trustee Tulloch's comments,  
 23 we can certainly ask the venue managers to sign a  
 24 document to that if that's what you're looking for.  
 25 But the process that Mr. Cripps has put in

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1 place, part of the reason we asked the Board and  
 2 made the recommendation to the Board to build out  
 3 the budget team is exactly the intent that you're  
 4 describing, is to have monthly budget monitoring,  
 5 work directly hand in hand with the finance  
 6 department, with the venue managers so that everyone  
 7 has a clear understanding of where they are with  
 8 their budgets.  
 9 In times past, the directors have shared  
 10 with me personally that they didn't feel like they  
 11 had the information that they needed to properly  
 12 manage to their budgets, and so that's exactly the  
 13 process that we are putting into place as we speak.  
 14 And the intention is is to bring that back each  
 15 month as described by Chair Schmitz.  
 16 TRUSTEE TULLOCH: Thank you, General  
 17 Manager Magee. That covers a part of it.  
 18 But this is not the responsibility of the  
 19 finance department. The Assistant Director of  
 20 Finance has no control or authority over the various  
 21 directors. That is quite clearly your job.  
 22 I'm assuming there will be monthly reviews  
 23 by yourself with each of the venue managers  
 24 addressing that, and then an update to the Board. I  
 25 would also expect to see the monthly reports that

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1 are submitted to the Board to contain that financial  
 2 information as well.  
 3 MR. MAGEE: I understand the direction.  
 4 TRUSTEE TONKING: Can we note that in long  
 5 range we're going to have a discussion about this  
 6 budget process because I have a lot to say on it but  
 7 don't need to do it right now.  
 8 Thank you.  
 9 CHAIR SCHMITZ: Yes, I do have that down  
 10 as lessons learned.  
 11 And also, I guess, we can make this as a  
 12 separate motion to direct the 4404 form, but right  
 13 now, we're just talking about this budget with the  
 14 revisions.  
 15 A motion's been made, it's been seconded,  
 16 there's been discussion. Is there any further  
 17 discussion on this motion?  
 18 Seeing none, I'll call for the vote. All  
 19 those in favor?  
 20 TRUSTEE TONKING: Aye.  
 21 TRUSTEE NOBLE: Aye.  
 22 CHAIR SCHMITZ: Aye.  
 23 Opposed?  
 24 TRUSTEE TULLOCH: No.  
 25 CHAIR SCHMITZ: Thank you. I appreciate

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1 everyone's efforts on this. And we have all worked  
 2 together very well to get to where we are today.  
 3 There's significant reductions in this budget, and I  
 4 think that's what the Board was looking for.  
 5 Then we have the 4404 form. So it looks  
 6 like we have to direct staff to submit the form to  
 7 the State Department of Taxation. I would like to  
 8 have, perhaps, if he is willing, Trustee Tulloch  
 9 review the 4404 form to ensure it's consistency and  
 10 accuracy of what we reviewed tonight.  
 11 If he's not willing or interested in doing  
 12 that, I certainly understand. But I think that  
 13 there should be an element of cross checking,  
 14 because, was we've mentioned, there's been much  
 15 changing going on on a daily basis.  
 16 Do we have a motion on the 4404 form?  
 17 TRUSTEE TONKING: Is Trustee Tulloch  
 18 willing to review it, I guess? Then I can make the  
 19 motion.  
 20 TRUSTEE TULLOCH: I'm willing to review  
 21 it, but without any verified numbers, unless  
 22 we're -- are we going to produce -- when are we  
 23 going to have this available for review? And when  
 24 are -- are we going to produce revised, am I going  
 25 to received revised sheets to make sure this is

1 consistent?  
2 MR. CRIPPS: We'll be working on them  
3 right away, so as soon as possible because we have a  
4 deadline to meet.  
5 CHAIR SCHMITZ: I can make these  
6 modifications in 15 minutes to these spreadsheets  
7 based on what we did tonight.  
8 The spreadsheets were shared, I think  
9 there are three of them that will get modified. It  
10 needs to get done tonight, updates need to get done  
11 tonight, because this has to get completed.  
12 TRUSTEE TULLOCH: Understood. I think  
13 this is a staff responsibility that should do that  
14 because staff are submitting the form.  
15 CHAIR SCHMITZ: I get it, Ray. I  
16 understand. I'm just telling you that it shouldn't  
17 take more than 20 minutes to make these changes to  
18 the spreadsheets, maybe I'm being naive. But we  
19 just have to get things done and get them done  
20 efficiently.  
21 TRUSTEE TULLOCH: Absolutely correct. But  
22 I think this form is not being delivered to the  
23 taxation office tomorrow.  
24 CHAIR SCHMITZ: Yes. It has to be.  
25 TRUSTEE TULLOCH: No. I've just spoken

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1 favor?  
2 TRUSTEE TONKING: Aye.  
3 TRUSTEE TULLOCH: Aye.  
4 TRUSTEE NOBLE: Aye.  
5 CHAIR SCHMITZ: Aye.  
6 Opposed?  
7 TRUSTEE TULLOCH: No, because it's  
8 consistent with my vote to reject the budget.  
9 CHAIR SCHMITZ: Understood.  
10 Does that close out the deliverables for  
11 this agenda item?  
12 TRUSTEE TONKING: It does.  
13 G 2. '24/'25 Recreation Roll  
14 CHAIR SCHMITZ: Okay. So we will then  
15 move on to opening the public hearing for the  
16 '24/'25 recreation roll. Public comment will be  
17 limited to three minutes on this specific topic.  
18 MR. DOBLER: Have you ever heard the old  
19 saying about getting the cart before the horse? I  
20 don't really know how you can pass a budget when you  
21 haven't passed the rec fee, the rec and beach fees.  
22 So you're working backward, and is maybe you ought  
23 to think about that. Very little logic has gone  
24 into again any of this, and it's like the blind  
25 leading the blind. It's really amazing.

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1 with General Manager Magee. I'm told it goes in on  
2 Monday.  
3 MR. MAGEE: Yes. When I spoke to the  
4 Department of Taxation this morning, what they  
5 indicated to me was is we were required to pass the  
6 budget tonight. However, since the 1st falls on a  
7 Saturday, they would accept the document on Monday.  
8 So while I understand the Board's desire  
9 to move quickly, I think we're all a little bit  
10 tired. My preference would be for the Board to  
11 allow staff to work on it tomorrow and set a  
12 deadline of tomorrow evening to get that over to  
13 Trustee Tulloch to ensure that all numbers have been  
14 double checked.  
15 TRUSTEE TULLOCH: I'm comfortable with  
16 that, General Manager Magee.  
17 CHAIR SCHMITZ: Thank you, Trustee  
18 Tulloch.  
19 TRUSTEE TONKING: I move that the staff  
20 complete the Form 4404 and submit it to the  
21 Department of Taxation after Trustee Tulloch  
22 reviews.  
23 TRUSTEE NOBLE: Second.  
24 CHAIR SCHMITZ: Motion's been made and  
25 seconded. I'll call for the vote. All those in

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1 I wanted to talk to you about the large  
2 requirement for the rec fee in the recreational  
3 area. It's \$2.5 million. Now, I don't care how  
4 many programs you have. I don't care. I don't  
5 really think too much about it. But when I looked  
6 on those sheets that were give sometime in May,  
7 there was a listing of programs that had to be close  
8 to a hundred, and the only comparison was: This is  
9 what we charged last year, and this what we're  
10 charging this year.  
11 But more importantly, they never showed,  
12 well, what was the usage? Are we doing a program  
13 for five people, are we doing a program for ten  
14 people, are we doing a program for a hundred people?  
15 Without having that information, what good does it  
16 do to show two pieces of paper with a hundred  
17 programs on it, that you're raising it by two bucks  
18 and three bucks and five bucks.  
19 In other words, nobody's over -- you got a  
20 guy, I guess, this CPA guy came in and nobody's  
21 looking at to say: Is this a reasonable program to  
22 have that benefiting a large number of people in the  
23 community?  
24 Everybody -- some people like ballroom  
25 dancing. I guess there's one now about paddle

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1 boarding or whatever, and that's fine. I'm too old  
 2 to do any of them. But it just doesn't seem to me  
 3 that you're actually building a budget. All you're  
 4 doing is just hire a bunch of people, through them  
 5 out there, we don't -- aren't going to monitor what  
 6 sort of usage we have, and let's add a few more the  
 7 next year.

8           What does do you think's wrong with that?  
 9 You think something's wrong with that, Mr. Noble? I  
 10 mean, is that the way you operate a enterprise  
 11 business? You just keep adding things and, hey, we  
 12 got this shirt, nobody's buying it, but let's keep  
 13 making it because, after all, we want to make the  
 14 shirt.

15           I'll -- that's all I got to say about it.  
 16 As a result, that's why your rec fees get so high.

17           MR. KATZ: Aaron Katz, Incline Village.  
 18           I want to point out, Sara, it's 9:30, the  
 19 public hearing on this was six, not 9:30. So you've  
 20 made us sit for three and a half hours, and I'm not  
 21 happy about it.

22           This whole rec thing is the ends justify  
 23 the means. I heard our chairperson say, well, we  
 24 need this there. We need this there. We need that  
 25 there. Then we add all the needs together, and

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1 whamo, it's the rec fee.  
 2           In other words, it has nothing to do with  
 3 delivering recreational facilities; it has  
 4 everything to do with covering a deficiency because  
 5 overspending you've doing for 50 years.

6           NRS 218.201 instructs: This election  
 7 could be made only if the board has previously  
 8 adopted rates pursuant to this chapter and caused a  
 9 written report to be prepared and filed with the  
 10 secretary, which neither of these things have take  
 11 place.

12           Because neither of these things have taken  
 13 place, there's nothing before the public to protest,  
 14 yet this is supposed to a protest hearing. So if  
 15 there's nothing to protest, there's nothing for you  
 16 send to the assessor. And I object to you sending  
 17 anything to the assessor.

18           The time has come to start living within  
 19 your financial means. Stop making your neighbor  
 20 involuntarily subsidize your personal recreation.  
 21 Be responsible and end this subsidy once and for  
 22 all.

23           Now, by the way, for the people that may  
 24 be listening, \$10 million worth of subsidies; 3.74  
 25 for central services, 3.7 for the rec fee, 2.56 for

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1 the beach fee. \$10 million that's what your rec --  
 2 where do you -- what do you have for 10 million?  
 3 The rec fee is the genesis of every problem we've  
 4 got here. It's the rec fee. Because it enables the  
 5 Board to financially cover all of this garbage that  
 6 we're paying for that people are objecting to.

7           If you pulled the rec fee, you will solve  
 8 every problem we have.

9           Now, you as an individual might not like  
 10 this solution, but we will be able to solve every  
 11 problem and get to financial worthiness. And you  
 12 should look at every single program you've got, just  
 13 like Trustee Tulloch was trying to do, and make a  
 14 determination. Is this something people are  
 15 actually using? Is this what we want? Is it making  
 16 money to at least cover expenses or are we just  
 17 doing another subsidy?

18           We're doing 10 million in subsidy per  
 19 year. People wake up, understanding, end it.

20           Thank you.

21           MR. WRIGHT: Frank Wright, Crystal Bay.  
 22           I'm appalled. Now we're going to go to  
 23 the rec fee, and I guess you don't listen to the  
 24 people in this community. I guess you think that  
 25 you're special and you can do anything you want to

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1 do, and you don't represented this community. There  
 2 are people hurting. There are people that are  
 3 having to pay a lot of money for a lot of things  
 4 because of the economy today. People are losing  
 5 their homes, their jobs, and people are hurting.

6           And when you take money out of their  
 7 pockets to pay for a frivolous fee that absolutely  
 8 serves no purpose other than to keep your high  
 9 expenses, your overspending, your over-compensated  
 10 staff and you take it out of their pockets with no  
 11 conscience, you should be ashamed of yourselves.  
 12 Absolutely ashamed of yourselves.

13           Your budget's tonight is a joke.  
 14 Everything you've done tonight is a joke. And I  
 15 think the only trustee that spoke his mind and is  
 16 accurate was Mr. Tulloch. The rest of you, I don't  
 17 know where you're coming from of what you're doing.  
 18 I don't think know you.

19           You might have pushed the budget through  
 20 before the deadline, but let me tell you something,  
 21 it's a joke. Everything that goes on in this  
 22 community is a joke.

23           As a candidate for the board, I hope the  
 24 people this town will listen tonight, I hope they  
 25 pay attention tonight because this isn't about us

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1 who live here, this is about a bunch of  
 2 over-compensated people with a board that keeps  
 3 patting them on the back saying how wonderful they  
 4 are, and they haven't got the talent to complete  
 5 anything and do it right.  
 6 I'm sorry this is sad, pathetically sad.  
 7 And if you pass this rec fee, it's unbelievable  
 8 because you should not. You don't need it. If you  
 9 can't live within you means, you listen to a couple  
 10 other speakers tonight, it's unbelievable. I am  
 11 disgusted, I am appalled. And as a candidate, if I  
 12 ever get in this position, I guarantee you things  
 13 will change. And I will not flip once I get on the  
 14 board to something I wasn't. I will adhere to my  
 15 promises, and my promises are to make this district  
 16 run properly and to pay fair shares to people who  
 17 are coming here and paying their money. This is  
 18 horrible. Horrible.  
 19 Thank you.  
 20 MR. BELOTE: We do not have any other  
 21 callers.  
 22 CHAIR SCHMITZ: Do I have a motion to  
 23 close the public hearing?  
 24 TRUSTEE TONKING: I move we close the  
 25 public hearing.

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1 was required in order to cover the costs, including  
 2 operational costs and CIP, where there was a CIP  
 3 budget, and this was the amount that it came to that  
 4 would not require any use of fund balance.  
 5 We still have excessive fund balance, but  
 6 I know that we have some capital projects that we  
 7 want to be able to make use of that fund balance.  
 8 I'll ask the Board what their desire is  
 9 relative to the recreation fee.  
 10 TRUSTEE NOBLE: I guess a question for Mr.  
 11 Cripps. Given the changes that have been adopted,  
 12 would that indicate that we need to bump up the  
 13 dollar amount slightly or would it go down?  
 14 MR. CRIPPS: With the changes that are  
 15 being made, it would be very slightly.  
 16 TRUSTEE NOBLE: Slightly up?  
 17 MR. CRIPPS: Yep.  
 18 TRUSTEE NOBLE: I would propose -- and we  
 19 need to keep it divisible by 5?  
 20 MR. CRIPPS: Correct.  
 21 TRUSTEE NOBLE: I would suggest 145 per  
 22 parcel.  
 23 TRUSTEE TONKING: I'm fine with that.  
 24 TRUSTEE TULLOCH: I would suggest that  
 25 zero is divisible by 5 as well.

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1 TRUSTEE TULLOCH: Second.  
 2 CHAIR SCHMITZ: Motion's been made and  
 3 seconded. All those in favor?  
 4 TRUSTEE TONKING: Aye.  
 5 TRUSTEE TULLOCH: Aye.  
 6 TRUSTEE NOBLE: Aye.  
 7 CHAIR SCHMITZ: Aye.  
 8 Opposed?  
 9 We're moving on to the recreation and  
 10 beach facility fees. Did you have things that you  
 11 wanted to contribute, Mr. Cripps?  
 12 MR. CRIPPS: No. Not at this time.  
 13 CHAIR SCHMITZ: Okay. Did you want me to  
 14 bring the summary sheet up from presentation?  
 15 TRUSTEE NOBLE: Yes, please.  
 16 CHAIR SCHMITZ: Okay.  
 17 MR. CRIPPS: If I may add that with the  
 18 system limitations, any number decided on tonight,  
 19 make sure it's divisible by 5.  
 20 CHAIR SCHMITZ: Yes. Indeed.  
 21 Let's go to the recreation first. These  
 22 were the numbers that were needed as part of this  
 23 original plan that has been modified a bit, that  
 24 required subsidization for the -- so this was just  
 25 nothing other than taking the bottom line of what

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1 TRUSTEE TONKING: Actually not. It's  
 2 undefined.  
 3 TRUSTEE TULLOCH: It gives the same answer  
 4 as zero.  
 5 CHAIR SCHMITZ: If you take -- the number  
 6 you said was 145. If you divide it by 5, it comes  
 7 down to 29. I almost feel like we should go to a  
 8 number like 150 that when you divide it by 5, it's  
 9 an even number like \$30.  
 10 TRUSTEE TONKING: Thirty. That's fine.  
 11 TRUSTEE NOBLE: I'm fine with that as  
 12 well.  
 13 TRUSTEE TONKING: I do want to say  
 14 something on the record about the fee. We charge  
 15 this fee, but then we do provide a way for every  
 16 person to get it back to utilize a discounted rate.  
 17 I do want to make that message clear. It's not  
 18 being able to spend your dollars the exact way you  
 19 want to, but it does provide that.  
 20 CHAIR SCHMITZ: It does give less value to  
 21 people in Crystal Bay. It does, because they can't  
 22 necessarily use it for the beaches. And to use  
 23 their punch cards, the punch cards really can't be  
 24 used for themselves; they have to use it for a guest  
 25 of theirs.

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1 TRUSTEE TONKING: That's a fair point.  
 2 CHAIR SCHMITZ: It really -- I think Mr.  
 3 Wright has made that point quite a few times.  
 4 If it was \$150, it's divisible by 5, and  
 5 it comes to \$30 as opposed to 29.  
 6 TRUSTEE TONKING: That makes sense.  
 7 TRUSTEE TULLOCH: I would comment, Trustee  
 8 Tonking, for 99 percent of people surveyed preferred  
 9 to find their own way to spend their own money,  
 10 rather than to have to pay 150 and have only very  
 11 limited ways to use it.  
 12 TRUSTEE TONKING: I would love for you to  
 13 send me that survey when you get a second. That  
 14 would be great.  
 15 TRUSTEE TULLOCH: Absolutely. I can go  
 16 out and do it in the street in two minutes.  
 17 CHAIR SCHMITZ: Would we like to then move  
 18 on to the beach?  
 19 TRUSTEE TONKING: That sounds good.  
 20 CHAIR SCHMITZ: Okay. Basically the beach  
 21 required \$832 for operations, and it was 4.5 million  
 22 for additional capital improvement, fund balance  
 23 buildup, and that would be 656.  
 24 My feeling is is that we -- I personally  
 25 don't want to increase it. Right now, this

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1 past year, the beach fee was \$455. That's still  
 2 would accumulate another over \$3 million in fund  
 3 balance, and we've got over 9. That is a  
 4 significant fund balance to embark on projects at  
 5 the beaches because we -- and I'm not even sure we  
 6 need that much.  
 7 I'm a bit torn of whether we should make  
 8 this total amount equal what we had for last year's  
 9 fee, which was roughly the \$455, which isn't  
 10 divisible by 5, I think we have to go to a different  
 11 number slightly. But if that gave \$150 to community  
 12 services and the remaining of 455 to the beaches,  
 13 then it would leave it at the same fee as it was  
 14 this year, just giving less to the beach and giving  
 15 the 150 to community services.  
 16 TRUSTEE TULLOCH: We're supposed to have  
 17 made a whole load of reductions and improvements in  
 18 revenues in the beach, yet the original proposal  
 19 with grossly inflated May 20th numbers was for 320  
 20 on the beach fee.  
 21 So we've made all these reductions and we  
 22 now require 656?  
 23 CHAIR SCHMITZ: Yes. Because that budget,  
 24 if I can recall correctly, was dipping into fund  
 25 balance by millions of dollars.

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1 TRUSTEE TONKING: That is correct. And --  
 2 yeah, and I think it was coming into what we had  
 3 raised previously.  
 4 CHAIR SCHMITZ: For the beach, yes.  
 5 TRUSTEE TONKING: We're on the same page.  
 6 TRUSTEE TULLOCH: Correct me if I'm wrong,  
 7 isn't 455 and 145 both divisible by 5?  
 8 CHAIR SCHMITZ: Ray, I'm trying to get to  
 9 a number that is meaningful to our constituents, and  
 10 when you have \$29 versus \$30, it makes a difference  
 11 when your beach entrance fee is \$15. It had nothing  
 12 to do with being divisible. It was being divisible  
 13 and being useful.  
 14 TRUSTEE TULLOCH: Okay. That's the  
 15 difference. Thank you.  
 16 CHAIR SCHMITZ: If we kept -- I'm doing  
 17 the math. At \$450 -- last year the beach was 455,  
 18 which people complained because it wasn't divisible  
 19 and nice, but \$450, if \$150 went to community  
 20 services, that leaves for \$300 for the beaches, and  
 21 if I do \$300 times the 7762, the number, it brings  
 22 another 2,328,600 to add to our beach fund budget.  
 23 Is that sufficient? It adds another \$2.3  
 24 million to our fund balance for the Beach House  
 25 project.

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1 TRUSTEE NOBLE: I would support that.  
 2 TRUSTEE TULLOCH: I would think that's  
 3 more than sufficient. I think we've seen -- having  
 4 seen the Beach House pricing quadruple from 4  
 5 million to 16 million, the last thing we do is want  
 6 to encourage further adding of that by bidders  
 7 thinking that we've got plenty of money in reserve.  
 8 CHAIR SCHMITZ: The total cumulative  
 9 between the two was \$450, because last year it was  
 10 455, so just a slight modification, \$450, and \$150  
 11 went to community services, it leaves \$300  
 12 remaining. And I was told this morning by  
 13 Mr. Cripps that the number of parcels for the beach  
 14 is 7762, so if I multiply that by \$300, it comes to  
 15 2,328,600.  
 16 TRUSTEE TONKING: I only have a slight  
 17 concern about that, and that's that I don't know how  
 18 much allowed in reserves in the beach fund less.  
 19 But if it's than three, that would sill give us  
 20 right around 8, which is right in between the  
 21 different prices that we've seen.  
 22 So I'd feel okay with it as long as we can  
 23 confirm what fund balance has to be in the beach.  
 24 CHAIR SCHMITZ: Do you want to -- do we  
 25 need this any longer?

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1 TRUSTEE TONKING: No.

2 CHAIR SCHMITZ: Mr. Cripps, do you have

3 the ability to quickly look up what the fund balance

4 requirement is for the beach fund per our policy?

5 MR. MAGEE: I'll answer for him.

6 TRUSTEE TONKING: But if it's close to

7 that number, I feel fine with that solution.

8 CHAIR SCHMITZ: I think that it shows that

9 we're trying to be cognizant of people's

10 pocketbooks, and we have done a lot to reduce the

11 requirements in community services. And this would

12 require us no longer dipping into fund balance, and

13 it would allow us to build up a little bit more,

14 couple million dollars more towards our projects at

15 the beaches.

16 I think it's a reasonable compromise.

17 That's my feeling.

18 TRUSTEE TONKING: I agree.

19 CHAIR SCHMITZ: Do you want us to take a

20 quick break?

21 MR. CRIPPS: Yes. It would be helpful.

22 CHAIR SCHMITZ: Can we take minutes? And

23 now I know I can watch the timer.

24 (Recess from 9:31 p.m. to 9:36 p.m.)

25 CHAIR SCHMITZ: What is the requirement

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1 for fund balance in the beach fund?

2 MR. CRIPPS: Based off of the currently

3 approved budget, it would be at 596,000.

4 CHAIR SCHMITZ: I thought it was a

5 relatively small number, but I didn't realize that

6 small of a number.

7 Does that put your mind at ease, Trustee

8 Tonking?

9 TRUSTEE TONKING: Very much so.

10 CHAIR SCHMITZ: When we have these

11 spreadsheets and what not, I think it would always

12 be good for us to have at bottom of them what the

13 requirements are, so that we know whether we're

14 complying and how far we are in or out of

15 compliance.

16 Would anyone care to make a motion?

17 TRUSTEE TONKING: I move that we approve a

18 recreation fee of 150 and a beach fee of 300, for a

19 total facility fee of 450.

20 TRUSTEE NOBLE: Second.

21 CHAIR SCHMITZ: All those in favor?

22 TRUSTEE TONKING: Aye.

23 TRUSTEE NOBLE: Aye.

24 CHAIR SCHMITZ: Aye.

25 Opposed?

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1 TRUSTEE TULLOCH: Nay.

2 CHAIR SCHMITZ: Moving on to --

3 MR. RUDIN: Chair?

4 CHAIR SCHMITZ: Yes.

5 MR. RUDIN: So sorry. Maybe you are

6 moving on to exactly what I was wanting to say, the

7 motion to approve the actual resolution with the --

8 CHAIR SCHMITZ: Correct. Yes, that's

9 exactly where I was going. I pulled it up.

10 The other item that goes with this is

11 Resolution 1909, which approves the report for the

12 collection of the recreation standby and services

13 charge. Are there any concerns relative that

14 resolution?

15 Seeing none, hearing none, would anyone

16 care to make a motion?

17 TRUSTEE TONKING: I move that the Board

18 approve Resolution 1909, with the aforementioned

19 approved rates.

20 TRUSTEE NOBLE: Second.

21 CHAIR SCHMITZ: Motion's been made and

22 seconded. All those in favor?

23 TRUSTEE TONKING: Aye.

24 TRUSTEE NOBLE: Aye.

25 CHAIR SCHMITZ: Aye.

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1 Opposed?

2 TRUSTEE TULLOCH: I'll stay a nay, I'll be

3 consistent. I can't vote something I objected to.

4 CHAIR SCHMITZ: Thank you.

5 Then moving on, I believe that concludes

6 the business, the business related to the budget and

7 the collection of fees.

8 Am I missing anything, Sergio?

9 MR. RUDIN: No. I think you have finished

10 that agenda item.

11 CHAIR SCHMITZ: Okay. This is will then

12 be the final public comment before we actually

13 close -- officially closeout this public hearing;

14 correct?

15 MR. RUDIN: Yeah. Final public comment

16 before you close the meeting.

17 CHAIR SCHMITZ: Yes. But it's not just

18 the meeting; it's also finally closing the public

19 hearing -- well, I understand what you're saying.

20 But we've had this extended for three days, so it's

21 finishing it.

22 H. FINAL PUBLIC COMMENT

23 CHAIR SCHMITZ: We will open up public

24 comment for our final public comment of the evening.

25 Are there any in the room?

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1 TRUSTEE TULLOCH: None in the room.  
 2 MR. BELOTE: We have two on the phone  
 3 currently.  
 4 MS. JEZYCKI: Good evening. This is  
 5 Michelle Jezycki.  
 6 I hear the criticisms tonight, and while I  
 7 don't disagree with them entirely, given the mess  
 8 that this board has had delivered to them for each  
 9 of these budget meetings, the prudent item was  
 10 completed for now. Though maybe not the best case  
 11 scenario, but tonight was definitely a step in the  
 12 right direction. It was clearly due to the fact  
 13 that board members stepped up and stepped in to bail  
 14 out the entire budget process.  
 15 At the end of the day, credit should be  
 16 given where credit is due, and, Chair Schmitz, I'd  
 17 like to thank you for your leadership in this  
 18 exercise over the last 24 hours. While we're not  
 19 where we hoped we would be, there has been progress  
 20 made. The materials presented were clearer, they  
 21 were organized, they actually had categories.  
 22 Particularly given the circumstances, it was better  
 23 than it has been for sure.  
 24 There still remains plenty of work to be  
 25 done, but I want to say well done, Chair. My hat

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1 off to the Board for seeing this through. While not  
 2 ideal, we are in a better position than we were even  
 3 last night. I can only hope that copious notes have  
 4 been taken and many lessons learned so that we are  
 5 nowhere near this situation next year. And we all  
 6 had much higher expectations as to what this process  
 7 would have and should have looked like.  
 8 Thank you and good night.  
 9 MR. WRIGHT: Frank Wright, Crystal Bay.  
 10 Ms. Tonking, \$150 has been charged to  
 11 Crystal Bay residents for nothing. Paying \$150 to  
 12 get nothing for it, every parcel is going to pay  
 13 \$150 to subsidize waste. Can't change it in for  
 14 anything, can't use it for anything. It's \$150 you  
 15 charged us for nothing. Nothing. Absolutely  
 16 nothing. There's no justification for it. It may  
 17 not a lot, it may be chump change to some people,  
 18 but I have some friends who have complained about  
 19 the fact that the rec fee is horrible. It doesn't  
 20 do what it's supposed to do. We can't use it at the  
 21 Rec Center. We can't use it at the tennis center.  
 22 We can pay down for our guests, but what if we don't  
 23 want our guests have something paid down? Why  
 24 should be give something that belongs to us to  
 25 someone else?

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1 It's logic and common sense. But coming  
 2 from the Board and the District, they look it as a  
 3 way to collect money off the parcels, illegally,  
 4 without my kind of purpose coming back to the -- or  
 5 benefit coming back to the parcels.  
 6 This whole thing has been an absolutely  
 7 nightmare. You might have gotten through it, but I  
 8 don't think you did a very good job.  
 9 You could have made cuts across the board,  
 10 you could have done what was necessary, and you  
 11 could have turned this district into a profit-making  
 12 and sustaining district. Right now, you have  
 13 nothing but downhill roll of a freight train going  
 14 on off the tracks. I don't see how you can pull it  
 15 out.  
 16 So you got your budget to the State, but  
 17 you haven't paid all your bills, I don't know how  
 18 you're gonna your pay bills with all the ideas that  
 19 are coming through here.  
 20 Anyway, I guess that's the end of the long  
 21 process and good night.  
 22 MR. BELOTE: We do not have any more in  
 23 the queue.  
 24 I. ADJOURNMENT  
 25 CHAIR SCHMITZ: With the public comment

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1 being finished, I will close out this meeting.  
 2 Thank you all for your time your effort and your  
 3 passion on this very challenging agenda. Thank you.  
 4 (Meeting ended at 9:44 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 31, 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 149 pages,  
14 inclusive.

15 DATED: At Reno, Nevada, this 22nd day of  
16 day June, 2024.

17

18 /s/ Brandi Ann Vianney Smith

19

20 BRANDI ANN VIANNEY SMITH

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24

25

# INVOICE

**BAVS SM-LLC**  
brandiavsmith@gmail.com  
United States

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

775-832-1218  
AP@ivgid.org

**Invoice Number:** IVGID 44

**Invoice Date:** June 22, 2024

**Payment Due:** July 1, 2024

**Amount Due (USD): \$1,244.00**

Items	Quantity	Price	Amount
<b>Base fee</b> May 31, 2024 BOT meeting	1	\$350.00	\$350.00
<b>Per page fee</b> May 31, 2024 BOT meeting	149	\$6.00	\$894.00

**Subtotal:** \$1,244.00

**Total:** \$1,244.00

**Amount Due (USD): \$1,244.00**

**WRITTEN STATEMENT TO BE ATTACHED TO AND MADE A PART OF THE  
WRITTEN MINUTES OF THE IVGID BOARD'S REGULAR MAY 31, 2024  
MEETING – AGENDA ITEMS G(2)(A), G(3)(A), G(3)(B) – APPROVING  
(1) THE COLLECTION OF RECREATION (“RFF”) AND BEACH (“BFF”)  
FACILITY FEES NEITHER PREVIOUSLY FIXED, NOR INCLUDED IN  
A REPORT IDENTIFIED IN NRS 318.201(1); (2) STAFF’S PRO-  
POSED CENTRAL SERVICES ALLOCATED COST PLAN; AND,  
(3) FINAL BUDGET; ALL FOR FISCAL YEAR 2024-2025**

**Introduction:** Here our backs are up against the wall, so to speak, as a final budget for fiscal year 2024-25, which arguably includes adoption of a RFF/BFF and adoption of an allocated central services cost plan, according to NRS 354.598(2) must be adopted by tomorrow. Otherwise, “the budget adopted and used for certification of the combined *ad valorem* tax rate by the Department of Taxation for the current year (i.e., the District’s tentative budget<sup>1</sup>), adjusted as to content and rate in such a manner as the Department of Taxation may consider necessary, automatically becomes the budget for the ensuing fiscal year.”

For the reasons which follow, I protest and object to approval of the proposed: RFFs/BFFs; any election to collect the same on the county tax roll; approval of a central services cost plan; and, approval of a final budget for fiscal year 2024-25. And that’s the purpose of this written statement.

**The Fixing And Collection of The BFF And/or The BFF on The County Tax Roll:** NRS 318.201(1) instructs that this election can *only* be made if the board has previously: “adopted rates pursuant to this chapter;” and, “cause(d) a written report to be prepared and filed with the secretary, which shall contain a description of each parcel of real property receiving such services and facilities and the amount of the charge for each parcel for such year, computed in conformity with the charges prescribed by the resolution.” Because if no such report has been prepared nor filed, there’s nothing to protest. Right? Since neither of these events has occurred, I protest and object to the “prepar(ation) and fil(ing of) a final report...with the county assessor for inclusion on the assessment roll...which shall contain a description of each parcel receiving the services and the amount of the charge.”

It’s time to live within our financial means. Stop making your neighbor involuntarily subsidize your personal recreation. Be responsible and end this subsidy!

**The Approval of a Central Services Cost Plan For a Cost Allocation For Employees, Equipment or Other Resources Related to The Purpose(s) of The Enterprise Fund(s):** from which transfers are proposed to be made. Staff have proposed no such “plan.” They’ve come up with nothing more than a one page spreadsheet summary. Notwithstanding, *arguendo* they have, the plan fails for at least two reasons. First, it is untimely. NAC 354.8668(7)(a) instructs that such plans must be submitted

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<sup>1</sup> See NRS 354.598(3).



"before...the date on which the local government submits its tentative budget (April 15, 2024) to the Department" of Taxation. Here this didn't occur.

And second, it does not make an **equitable distribution** of all general, overhead, administrative and similar expenses of the local government.

This is nothing short of a financial subsidy for intentional overspending assigned to the General Fund. It's time to live within our financial means. Be responsible and end this subsidy!

**The Approval of a Final Budget:** Given the proposed final budget is dependent upon the RFF/BFF, central services cost transfers, solid waste franchise fee subsidies, and discriminatory water rates which benefit the District's golf and ski recreational businesses, the budget perpetuates unsustainable overspending for personnel. It's time to be responsible and live within our financial means. I protest and object.

**I Ask Each Board Member Refuse to Approve The Proposed Final Budget:**

**I Ask Each Board Member Refuse to Certify The Final Budget:** NRS 354.598(3) mandates that "the final budget...be certified by a majority of all members of the governing body." Given NRS 354.598(2) instructs that such certification is a requirement of final budget approval, I ask you refuse to certify.

**I Ask Mr. Cripps Refuse to Certify His Central Services Cost Plan:** NAC 354.8668(8) instructs that the District's "chief financial officer...must...attest...that (the District's) central service cost plan complies with the provisions of NAC 354.865 to 354.867, inclusive." In other words, to attest that the costs which have been allocated:

(a) Are "necessary and reasonable for the proper and efficient administration and performance of the enterprise fund" [see NAC 354.867(1)(a)];

(b) Have been "allocate(d)...in a manner that...provides for an equitable distribution of general, overhead, administrative and (other) similar costs of the local government" [see NAC 354.8668(5)(a)];

(c) Have **only** been "allocated...for services and property that are assignable or chargeable to the cost objective(s) of the enterprise fund" [see NAC 354.8668(5)(b)];

(d) Were "updated...before...the date on which the local government submit(tèd) its tentative budget (April 17, 2024) to the Department" of Taxation [see NAC 354.8668(7)(a)]; and,

(e) Are "documented adequately for independent verification" [NAC 354.867(1)(d)].

"In determining whether a cost is a reasonable cost...consideration must (have) be given to:

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

Mr. Cripps knows, as do you Board members, that the proposed central services plan fails to comport with these requirements. So if this plan is approved by the Board, and Mr. Cripps certifies that the it complies with the provisions of NAC 354.865 to 354.867, inclusive," he will be willfully violating NAC 354.8668(8). And then he will be guilty of violating NRS 354.626(1) which instructs that "any officer or employee of a local government who willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a misdemeanor.

**My E-Mail of May 31, 2024:** For these reasons, I put the Board and Mr. Cripps' boss on notice of the same<sup>2</sup>. In the hope Mr. Cripps would not be put in that position.

**Conclusion:** Staff behavior like this keeps happening over and over and over again. Arrogant, incompetent, unethical and over compensated staff get replaced by even more unqualified, equally incompetent and arrogant, and more over compensated staff. And look at the results. As I've pointed out so many times before, these are all red flags of a criminal syndicate<sup>3</sup>. And you wonder why your RFFs/BFFs which fund these fund transfers continue as involuntary subsidies? And they are as high as they are?

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

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

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

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

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

## **EXHIBIT "A"**

## Don't Put Mr. Cripps in The Position of Criminally Certifying That Your Central Services Cost Plan Complies With The Provisions of NAC 354.865 to 354.867

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**From:** <s4s@ix.netcom.com>  
**To:** Schmitz Sara <schmitz\_trustee@ivgid.org>  
**Cc:** Tonking Michaela <tonking\_trustee@ivgid.org>, Dent Matthew <dent\_trustee@ivgid.org>, Noble Dave <noble\_trustee@ivgid.org>, Tulloch Ray <tulloch\_trustee@ivgid.org>, <bma@ivgid.org>  
**Subject:** Don't Put Mr. Cripps in The Position of Criminally Certifying That Your Central Services Cost Plan Complies With The Provisions of NAC 354.865 to 354.867  
**Date:** May 31, 2024 1:54 PM

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

I ask each of you **REFUSE** to adopt the so called central services allocated cost plan Mr. Cripps came up with last night. Why? Because contrary to NAC 354.867 and 354.8668, the proposed costs under the plan:

- (a) Are not "necessary and reasonable for the proper and efficient administration and performance of the enterprise fund" [see NAC 354.867(1)(a)];
- (b) Have not been "allocate(d)...in a manner that...provides for an equitable distribution of general, overhead, administrative and (other) similar costs of the local government" [see NAC 354.8668(5)(a)];
- (c) Have not been "allocated...for services and property that are assignable or chargeable to the cost objective(s) of the enterprise fund(s)" from which transfers are proposed to be made [see NAC 354.8668(5)(b)];
- (d) Were not "updated...before...the date on which the local government submit(ted) its tentative budget (April 17, 2024) to the Department" of Taxation [see NAC 354.8668(7)(a)]; and,
- (e) Are not "documented adequately for independent verification" [NAC 354.867(1)(d)].

Each of you as well as Mr. Cripps knows this to be true. Just listen to your questions last night directed to the propriety of such transfers.

Therefore if you don't, Mr. Cripps is asked to certify your plan, and he actually follows through with certification, I and perhaps others will file a criminal complaint against Mr. Cripps. And for this reason, I am sending a copy of this e-mail to Mr. Magee in the hope he will counsel Mr. Cripps accordingly.

NAC 354.8668(8) instructs that the District's "chief financial officer...**must**...attest...that (the District's) central service cost allocation plan complies with the provisions of NAC 354.865 to 354.867, inclusive." If he does, he will be willfully violating his obligations under NAC 354.8668(8). And then he will be guilty of violating NRS 354.626(1) which instructs that "any officer or employee of a local government who willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a misdemeanor."

Don't put your Ass't Finance Director in the position of committing a crime.

Respectfully, Aaron Katz