M E M O R A N D U M

TO: Board of Trustees

THROUGH: Robert Harrison
District General Manager

FROM: Susan Herron
Director of Administrative Services

             Mike Gove
Director of Information Technology

SUBJECT: Review, Discuss, and Possibly Provide Budgetary Feedback on the rebuilding of Capstone at a value of up to $400,000 (Ordinance 7 Database)

DATE: March 26, 2025

I.   RECOMMENDATION

That the Board of Trustees make a motion to budget for the rebuilding of Capstone (Ordinance 7 Database) at a total amount of up to $400,000.

II.   BACKGROUND

After extensive discussions with staff, including venue managers, former general managers, IT, and subject matter experts (SMEs), it was determined that updating several of the District's Point-of-Sale (POS) systems is essential. An internal review identified the Parcel Master and Punch Card system, known as "Capstone," as the initial priority for replacement due to its outdated development and lack of ongoing support. Addressing this first will establish a software foundation upon which the District can build as it modernizes the POS systems for golf, food and beverage, recreation, and beaches.

Given the District's unique operational needs, including guest and resident pricing, punch card processing, Ordinance 7 requirements, and various recreational functions, a piecemeal replacement approach has proven inefficient, leading to data fragmentation, duplicate customer records, limited functionality, and inconsistent financial reporting.

To resolve these challenges, an RFP was issued on August 25, 2023, to identify a

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software development partner for a comprehensive POS system upgrade. Responses were due by October 4, 2023, and Active Network was selected to lead Phase 1 of the project, focusing on system assessment. The project was awarded on November 8, 2023, with the agreement approved on March 13, 2024. Officially launched on April 3, 2024, the project is expected to deliver Active Network's solution recommendations, budget guidelines, and phased implementation options by the end of April 2025.

At the last Board meeting where this item was brought forward, the Board of Trustees asked for answers to the following questions:

Q: What is the risk of waiting?
A: The risk of waiting is that we currently have a piece of custom software, built and designed by past IT professionals who worked for IVGID and built in 2005, that is no longer accessible, meaning the source code is not accessible, and that is being held together as best as our current IT team can.

Q: Why now?
A: The reason for this request for funding, at this time and within the 2025/2026 budget, is because the new Capstone database will be done in parallel with the existing system and this development may take up to 8 months. A project development schedule will be developed and presented to the Board at the time the actual contract for execution comes before the Board of Trustees for approval. Further, the assessment, which was approved by the past Board of Trustees, will be presented at the April 30, 2025 meeting and Staff is working hard to get as much information as possible within the tentative budget which needs to be submitted to the State of Nevada, Department of Taxation, no later than April, 15, 2025.

Q: Who is the team going to be on this project?
A: The internal team from IVGID will be Director of Administrative Services Susan Herron as the manager of the project timeline, Director of Information Technology Mike Gove as the manager of the technical processes. There will be an Active Network project team which will be outlined in the actual contract for execution that will come before the Board of Trustees for approval.

Q: Why is this dollar amount different from the last time it came before the Board of Trustees?
A: Staff took a hard look at the proposal and determined that the additional $275,000 did not have the support for the business intelligence component by the Board of Trustees and therefore eliminated that request. Staff also decided that a lesser budgetary amount might be more palatable.

Q: Are there any other risks to not doing this project at this time?
A: As mentioned above, the current software was built in 2005 and there are

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failure risks, happening at any time and for no reason, that are present.

Q: Where would the funding come from and what are the mechanics of doing this funding?

A: The Community Services Fund has a function named the Recreation Administrative Overhead that houses the Facility Fees. While there has been no designated maintenance fee for the database that supports Ordinance 7, there are monies within this function that can support this project. As a gentle reminder, this request is put the budgetary dollars only into this year's budget at this time and it is NOT the contract to execute the project.

Q: Punch cards – what are their future?

A: During the assessment with Active Networks, SME's whiteboarded close to 10 different scenarios for the complete elimination of the punch cards. Staff, at this time, is not suggesting that they can't be eliminated but instead offers the following items to be considered:

1.   Punch cards have been in place for a very long time thus it will require a significant amount of community education, time and communication to either replace them or do away with them.

2.   One of the very first steps that was recommended was for the Board of Trustees to take the step of setting a punch value for the Facility Fee. **For example**, if the Board of Trustees set an $830 total Facility Fee that the punch card be set at $330 (a value of $66 per punch card) that would be a first step that tells the community that the remainder goes toward capital, operating and debt. Once this process is accomplished and the community understands that now each and every parcel is contributing to capital, operating and debt, Staff could explore moving to a Stored Value Card (a replacement for the Punch Card) which would expire each year and have a set value available to use for services (admissions, tickets, etc.) at each venue. This has yet to be accomplished.

3.   The use of punch cards without 2. above means that a parcel that takes and fully uses all 5 punch cards, at the full value of the Facility Fees, in essence contributes nothing to capital, operating and debt as it all goes towards admissions and fees. The potential offset to the aforementioned scenario is that a parcel that takes 5 picture passes has all of its fee go to operating, capital and debt. Then there is the parcel that has a combination of both picture passes and punch cards. Presently, we are testing tracking by parcel to get an example to present.

4.   Gift cards are not an option as there are very specific rules around these that would allow them to be carried on the District's books as a liability for an undetermined amount of time.

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III.   <u>FINANCIAL IMPACT</u>

The funding will come from the Community Services Fund and specifically the Administrative Overhead which is a function that has been used to administer Ordinance 7.

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