

MINUTES

REGULAR MEETING OF MARCH 11, 2020 Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, March 11, 2020 at 6:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*

On roll call, present were Trustees Peter Morris, Tim Callicrate, Sara Schmitz, Matthew Dent, and Kendra Wong.

Also present were District Staff Members Director of Public Works Joe Pomroy and Engineering Manager Nathan Chorey.

Members of the public present were Michael Brothers, Steve Dolan, Pete Todoroff, Aaron Katz, Judith Miller, Mark Alexander, Linda Newman, John Eppolito, Margaret Martini, Alexandra Profant, and others.

(45 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

Chairman Callicrate made several announcements regarding what this meeting is, protocol, ways to contact Staff, etc.

C. PUBLIC COMMENTS

Margaret Martini read from a prepared statement which was not submitted.

John Eppolito announced he is running for School District Board's at-large seat. He said he finally is going to run for school board because kids are getting hurt from their policies. He provided a few examples – on the school district's Kahoot app, a student asked if he should commit suicide, and committed suicide the next day. He said fourteen months after, Kahoot was selling the children's data and the school district stopped using it. He said there is too much screen time for our children. He said he is willing to speak at fundraisers and open forums. He provided

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his email for anyone to contact him (John4wcsd). He provided more information regarding another example of kids getting hurt. He said a mother, Jessica, said the worst thing she did was allow her child to use a screen; it leads to addiction.

SOS Outreach members, Michael, Emily, Alejandro, Emma, Julie read from a prepared statement.

Judy Miller said it's been encouraging that some of our board members recognize they have a fiduciary duty to look at budgets and provide oversight. She said the board does more than set policy. We have enterprises, and they need to be accountable to the public. She said we collect fees and decide how those are determined. She asked how you can determine it if you aren't told what it's budgeted for. The mantra of real estate community was exclusivity, now it's tourism. She said she helps tourists as an accommodating host but draws the line at subsidizing tourism with fees meant for local recreation. She said we can't turn the train wreck of STRs. Transient occupancy will be primary before too long. It means more demand for amenities that we subsidize. Those who are not accompanied by picture pass holder should pay more. Golf has been practicing that for years. At the beaches, we used to have to accompany guests. She asked shouldn't those who are not accompanied pay more and not just at beaches. She said we should do away with punch cards. For everyone else, there should be no discount. We should have financials that make sense instead of phony punch cards that throw off the financial results.

Aaron Katz said where is Michaela, isn't she running for office. He has more written statements that he asks for permission to submit them tomorrow and Mr. Chairperson please allow public comment on all general business matters as you don't have it for Item G, the budget, which is most important and you should have. So, first of all, he has gone through all of these statements, at least most of them, for the proposed judgment and number one on the list is that we need to eliminate Marketing; he has it all here in a written statement. It is going to save us \$1.2 million a year that we can reduce from our Rec Fee. Also, he wants the Board to know on October 1, 2013, a prior Board went through an examination of all of our recreational facilities and which ones should be subsidized and which should not and how much the subsidy should be. Direction was given to Staff and what did Staff do, it ignored the Board and this goes down to our basic problem, in his opinion, who is working for whom. Ever since he came to Incline it is like Staff expects we, the public, are working for them and that should not be the case and this Board can send a message it should not be the case and that is what he asks for. All of these documents for budgets, he is sorry to say, are a joke. Unless you know line item entries that go into categories like services and supplies, there is

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no way you are equipped with any knowledge to decide, yes, to approve this number, or no, not to approve it. Also, you don't have line item veto power then because you don't know what the line items are. Several weeks before this meeting, he sent an e-mail to the Interim District General Manager and he specifically asked that he asked him that when he presents a budget that he wanted to see all the line items to examine them so that he knows what's proper, what isn't, what he can object to and what he can't. What the reasoning is for items to be in there that maybe he doesn't appreciate and none of that was provided. So he wrote to the Interim District General Manager the other day and he said remember he asked you and he would like the items. Now, he had an explanation but bottom line is that he has been refused access. Then he asked to get all the line items for what goes into the administrative part of our utility fees from Staff and Staff refused to give him anything and Staff said it wasn't a public record. Well, his answer is if it not a public record then anything Staff comes to for the answer is no. If you don't provide line items, the answer is no. If you want personnel increases in wages and benefits, and look at the General Fund, it is twenty five percent over three years, the answer is no. Thank you, he has written statements.

Steve Dolan thanked North Lake Tahoe Fire Protection District Chief Ryan Sommers for sending his crew to that building on Third Creek. He said he wanted to endorse John Eppolito and his battle for over ten years with the school district. He said John is a hard worker and intelligent about the issues. He said he is in favor of protecting Nevada's youth.

Alexandra Profant stated she is a candidate for the District 1 Planning Commission seat. She wanted to bring it to the public's attention that the Tahoe Area Plan was read at the Washoe County Commissioners Board meeting. She asked Washoe County staff and Deputy District Attorney Nate Edwards for specific documents of the appellate process for the approval process as it's ambiguous. She commented about her work with State parks and noted that she has a State park plan. She said she has the Planning Commission policy and copy of the Feb 4th Planning Commission meeting, and Sparks SOI rollback. She said she has made these available at the Incline Library. She said it's interesting as it addresses other residential and regulatory zoning. It's interesting because it looks at varied zoning approaches. She said we can still appeal and deny the Tahoe Area Plan. She said she wanted to endorse John Eppolito as he is an advocate. Margaret Martini thanked Ms. Profant for bringing that information to the library.

D. APPROVAL OF AGENDA (for possible action)

Trustee Morris stated he was concerned as there isn't an agenda item regarding an update from the Audit Committee meeting. Chairman Callicrate asked if Audit Committee can be update in Board member item. District General Counsel Velto said it can be discussed during the specific audit item. Chairman Callicrate said there will be a formal update at the next meeting. Trustee Dent asked why he can't update the Board. Trustee Wong said he can provide update but it cannot be a discussion. Trustee Morris said it doesn't solve the problem that he would like to address the item. He said there is a great cause of concern if there is another audit meeting prior to the next Board meeting and we won't be able to address those items. Chairman Callicrate said it was an oversight. Interim District General Manager Winqest stated we will make sure that won't happen again. District General Counsel Velto stated members can move agenda items out of order to allow for an update but it won't allow for discussion. Chairman Callicrate moved the Board Member update item up in order to provide an update. He said the next meeting there will be formal update and discussion.

Trustee Wong made a motion for a flexible agenda; Trustee Dent seconded the motion. Trustee Morris opposed the motion. Chairman Callicrate called the question and Trustees Wong, Dent, Callicrate and Schmitz voted in favor of the motion and Trustee Morris voted opposed; the motion passed.

E. DISTRICT STAFF UPDATE (for discussion only)

E.1. Interim District General Manager Indra Winqest

Interim District General Manager Winqest went over his submitted report. He noted we have received bids for the Recreation Center projects which came in under budget since this report was printed. He noted \$100,000 will be put back into capital fund. Interim District General Winqest thanked John Eppolito for being an advocate for the kids.

Trustee Schmitz thanked him for the detailed report and financials. She said she needed clarification on page 6, under effluent, linear feet and asked that Staff not forget about additional scope. Interim District General Winqest said we can update that. Trustee Dent said that is being added to the scope for projects and that he is working on developing the scope.

Trustee Schmitz asked for an update on the U.S. Army Corps of Engineers. Interim District General Manager Winqest said Marcus Faust said it could

be a few months until we get the funds and that the pond lining is in there. Trustee Wong said Marcus Faust reiterated the agreement could take several months. There is clause in agreement where pre-agreement design expenses could be reimbursed. Congressman Amodei tried to move this along with Corps. The two parcels we were requesting, it was introduced in the house, hopefully we can get resolution.

Trustee Morris thanked Interim District General Winqest for his report and financials. He said he spoke with Interim District General Winqest about how we can simplify and receive an exception report and not an update on everything. Chairman Callicrate said he meets with the Interim District General each week and this is a great first draft. He said he doesn't know if it is a spreadsheet format or project progress report. Interim District General Winqest said it's a lot of repetition. He said on the months where there are two meetings, we can provide one General Managers report. He said he wants to report on priorities. There will be things that will be delayed. By summer, we can lock down how the report is presented.

**E.1. BOARD OF TRUSTEES UPDATE (NO DISCUSSION OR ACTION)
ON ANY MATTER REGARDING THE DISTRICT AND/OR
COMMUNITIES OF CRYSTAL BAY AND INCLINE VILLAGE,
NEVADA* (THIS ITEM I. AND WAS MOVED UP TO BE ITEM E.1.)**

Trustee Dent provided an update of the four items discussed at the Audit Committee meeting. Trustee Dent said he and Trustee Schmitz discussed earmarking or re-budgeting funds to move forward. He added no decisions were made regarding funding because the Audit Committee doesn't have authority. He said there have been discussions with Interim District General Manager Winqest over the past few weeks about addressing reoccurring concerns from citizens. He said a third party consultant can get those in writing. He said we are listening and being proactive.

Trustee Dent said that Trustee Schmitz had done a public records request for internal controls and received nothing and there is nothing written down. There are policies and procedures being put in place by the Interim Director of Finance and that we want an assessment of where we are and where we are going to go. We want to use Nevada State forms and have someone come in and assess and provide best practices on how to move forward.

Trustee Dent said there was no action taken with the Audit Committee charter. He said Trustee Schmitz is taking lead on this and it will come back

with an update at the next Audit Committee meeting. He said we are copying the charter from Washoe County and that we are developing something we never had and can make adjustments. Trustee Dent continued and said we discussed internal controls items where there are breakdowns. He said they discussed Staff training, consequences, and how it's handled internally. Chairman Callicrate thanked Trustee Dent for the update and stated will be formal update and discussion at the next Board meeting after an Audit Committee meeting.

F. GENERAL BUSINESS (for possible action)

PUBLIC COMMENTS WILL BE TAKEN AFTER AGENDA ITEMS F.1. THROUGH F.5.
Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration

F.1. Accept the Tennis Center Renovation Project final design and authorize District Staff to publicly advertise for construction bids the Tennis Center Renovation Project [budgeted at \$1,170,000] - 2019/2020 Capital Improvement Project: Tennis Center Renovation Project; Fund: Community Services; Division: Tennis; Project 4588BD1604 (Requesting Staff Member: Engineering Manager Nathan Chorey)

Engineering Manager Nathan Chorey provided a brief project history and a review of the final design of the renovation project. Chairman Callicrate said he wasn't available for this meeting but have reviewed his report and met with Interim District General Winqest and said that this is long overdue.

Trustee Schmitz thanked Mr. Chorey for the alternatives and stated design services have not been completed. Engineering Manager Chorey confirmed the design services have not been completed, it is a not-to-exceed project, and there is outstanding work to be completed. Trustee Schmitz asked about design finishes in the alternate bid items. Engineering Manager Chorey spoke about the project finishes. Trustee Schmitz asked for the numbers to be reflected and asked about the bocce ball funds. Interim District General Manager Winqest said we took \$150,000 out for bocce. Interim District General Manager Winqest said we have no problem reflecting that in the data sheets. Trustee Dent stated he would like to get back to showing and tracking the revision on the project summary sheets. Chairman Callicrate said he appreciated Trustee Schmitz's comment about the finishes and alternate bid items but said we need to do the project right the first time

regardless if it's linoleum or tile finishes. He said he appreciates Trustee Schmitz's project management experience.

Chairman Callicrate opened the item for public comments, having no requests, he then closed the public comment period for this item and brought the matter back to the Board.

Trustee Morris moved to accept the Tennis Center Renovation Project final design and authorize District Staff to publically advertise for construction bids the Tennis Center Renovation Project. The motion was seconded by Trustee Wong. Chairman Callicrate asked for any further Board comments.

Trustee Dent said he will not be supporting this motion as it wasn't a priority set by the Board and now it popped up when we know there are other priorities such as the beach house and other venues that are used by our community. He said we do need to do something with that tennis building but this scope of work is crazy. It's a lot of money to spend on the shack at the tennis courts and he suggested packaging this. He said he understands something needs to happen there but we set priorities and that he will be voting no on this item.

Trustee Wong said she appreciates Staff listening to the community and Board and allowing us to move forward. We asked for these features to be included to see the different options and to understand the costs. She said this is a legacy project left over from master plan twenty years ago. She said tennis center patrons have been patient with us and it's finally being done for their facility. We have come to a good place with design to serve needs of community and users.

Chairman Callicrate said he was on the board twenty-two years ago when a covered a tennis facility was discussed. He said this project has waited long enough and disagreed with Trustee Dent.

Hearing no further Board comments, Chairman Callicrate called the question – Trustees Wong, Morris, Callicrate and Schmitz voted in favor of the motion and Trustee Dent voted opposed – the motion passed.

Chairman Callicrate called for a brief recess.

F.2. Review, Discuss and Possibly Approve implementation of a three-tiered Season Pass sales initiative and rate structure for Diamond Peak Ski Resort's 2020-2021 ski season pass program (Requesting Staff Member: Diamond Peak Ski Resort General Manager Mike Bandelin)

Diamond Peak Ski Resort General Manager Mike Bandelin gave a brief overview of the submitted materials.

Trustee Wong asked if non-resident passes could bear an increase. Diamond Peak Ski Resort General Manager Bandelin provided background information on ski passes and described the pricing adjustment strategies. He said an incremental, nominal increase is fine especially for a season like this. He said we are in-line with proposed rates without getting too close or above thirty other ski resorts.

Trustee Dent asked what the non-picture pass holder increase was from last year to this year. Diamond Peak Ski Resort General Manager Bandelin referenced the packet historical increase. Trustee Dent said \$10 seems like a small increase. Trustee Dent referenced the volume of pass holders and said we have room to come up a bit.

Trustee Morris said consider what other ski resort are charging and numbers of people we are getting, and this isn't the best of season, we don't want to scare them by raising too much. He said he agrees with Trustees Dent and Wong. Trustee Morris said he loves getting a cheap ticket because we sell expensive tickets to non-residents. Trustee Morris asked if we are tracking non-resident pass holders who are pass holders at other resorts. Diamond Peak Ski Resort General Manager Bandelin said he can start asking and noted that we have a base of pass holders and we can have that conversation with them. He said he tries to talk to pass holders in the morning and he is aware they do have other passes. Pass holders like the product we provide as well as our snowmaking and grooming, and we have increased the non-resident pass holder base.

Trustee Schmitz reviewed prices at Mt. Rose Ski Resort and said we are competitive. She asked if there is value to have mid-week passes. Diamond Peak Ski Resort General Manager Bandelin said we offer the least amount of different product types. He said we offer full and mid-week that turn into full after March 1. Other resorts have blackout dates and double down

products. He said we are conservative with pass product mix and try to keep it seamless.

Chairman Callicrate said we have exceptional grooming, snowmaking, and are a premier family resort with the best view from Snowflake Lodge. He said there are opportunities to put more burden on the non-resident and increase the non-resident pass. He spoke about his concern with peak capacity and making it more enjoyable with less people on the slopes. He said he would like to see it bumped up more than ten dollars.

Trustee Morris said he appreciates Diamond Peak Ski Resort General Manager Bandelin's feedback and honesty and asked if a twenty dollar increase was too much. Diamond Peak Ski Resort General Manager Bandelin spoke about the EPIC pass and said if we went up by twenty dollars, we are just under the EPIC pass. We can withstand an increase with the service levels we provide.

The Board of Trustees and Diamond Peak Ski Resort General Manager Bandelin discussed the levels of the early bird and regular pass.

Chairman Callicrate asked if there are opportunities to bump it up fifteen dollars. He said we are a unique ski resort where you don't have to wait in long lines and that we do need to update our facilities. He suggested increasing it fifteen dollars for early bird and re-visit this discussion in the fall to adjust the prices.

Interim District General Winqest said we are talking about fifteen dollars and we may lose some pass holders. He said we want to find sweet spot by increasing pricing without losing revenue. He said because of pass pricing, we may be able to get someone for a week who will buy a pass rather than daily tickets. It's easier logistically if someone has a pass and they don't go to the ticket counter.

Trustee Schmitz asked if Diamond Peak Ski Resort General Manager Bandelin uses price models to increase passes and how that impacts operational budget. Diamond Peak Ski Resort General Manager Bandelin said he doesn't have a model.

Trustee Morris said if we sell fewer skier passes at the higher rate, that is a lot of ski passes we don't have to sell to get that same revenue. Diamond Peak Ski Resort General Manager Bandelin recommended a smaller

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increase and said we aren't going to sell out of the season pass. He said you cannot buy the EPIC passes until after October. Diamond Peak passes are available all the time. Trustee Wong said there won't be additional costs; we have an excess capacity.

Hearing no further Board comments, Chairman Callicrate opened the matter to public comment.

Jim Lyons asked about statistics of utilizations. What are the statistics on the bad weekends? He asked how many skiers do we have in a normal season.

Joy Gumz said this is yield management. Eric Severance conducted the yield management study. She said maybe someone could find that report or get back the \$35,000.

Alexandra Profant said we should allow PSI's to teach private lessons as part of season pass as there are a lot of people with PSI certifications that would love to show up and teach. There are some mountains where you earn your pass. She suggested offering a historic Ski Incline pass. If there was a pass competitive with Mt. Rose, she and her family would go. She suggested a dedicated skier-only days or skier only run. She said Crested Butte has mountain biking.

David Cauley suggested integrating summer activities into the season pass value would go a long way. He said instead of buying a 2-3 day tickets, it would be better to get the pass. He said mountain biking would add value. It's a low cost value but it would add to the pass value.

Blane Johnson said he appreciated the comment about the ten dollar increase. He said season pass sales are usually based on better snow years. Jacking up the prices on a lean ski year is short sighted. A few years back, ski resorts dropped their rates to get more people to the mountain. If you reduce rate, get more people, you could increase overall profit margin.

Jackie Chandler asked if there could be a relationship with the college in regard to resort management. The student would get credits to learn how to manage a ski resort. You have to ensure its profitable while protecting the lake. Get more labor for less money.

Aaron Katz said we spent money on the SE Group to analyze carrying capacity of 2,200. He said as resident, he wants a comfortable carrying capacity. If you care about the resident, don't ruin their day. He asked what is the revenue we generate and breakdown of the various groups. He said these facilities aren't here for non-residents. He said he is against marketing to non-residents. Make them pay more than the fifteen dollar increase for each pass and that you are comparing these in a vacuum. There are sixteen blackout dates at Northstar. Diamond Peak doesn't have blackout dates. That is a marketing advantage that hasn't be promoted. He said increase it forty dollars and don't tell him that the two million dollar profit is helping us. He said he should ski for free and hire the experts.

Michaela Tonking said it would be interesting to dig deeper when the passes are being purchased. She spoke about deadlines and increasing the pass rate to see people investing in it a little differently.

Hearing no further public comment, Chairman Callicrate brought the matter back to the Board.

Trustee Morris said he is nervous to make a big increase after this low snow season as we don't know if we will get more snow next year. He thinks that ten dollars is the right recommendation.

Trustee Wong suggested somewhere between ten and twenty dollars.

Trustee Schmitz said we need to be competitive and that changing it by ten or twenty dollars will not prevent them from purchasing a pass. She said we could increase it and not have negative impact on purchases. This season is not a great season for a large increase but twenty dollars isn't too much.

Trustee Dent said twenty dollars is good.

Chairman Callicrate said twenty dollars is good for now.

Diamond Peak Ski Resort General Manager Bandelin thanked the Board for the feedback and asked for clarification – is that twenty dollar increase for all three tiers and noted that he is comfortable with that increase across all three tiers.

Trustee Wong moved to approve a three-tiered season pass pricing structure, effective March 14, 2020 for Diamond Peak Ski Resort's

2020/2021 season passes including an Early Bird (Tier 1) through April 30, 2020, a Preseason (Tier 2) May 1 – October 31, 2020, and a Regular Season (Tier 3) rate, beginning November 1, 2020 through the end of the ski season in 2021. Trustee Morris seconded the motion. Chairman Callicrate called the question and the motion carried unanimously.

Trustee Wong moved to approve a Non Resident ski season pass rate increase of twenty dollars (\$20.00) to all pass products included in the Early Bird (Tier 1), Preseason (Tier 2), and Regular Season (Tier 3) categories excluding the 6 & Under and the 80+ products from the increase within all three tiers. Trustee Morris seconded the motion. Chairman Callicrate called the question and the motion carried unanimously.

Trustee Wong moved to approve a zero dollar increase to Resident ski season pass products included in the Early Bird (Tier 1), Preseason (Tier 2), Regular Season (Tier 3) categories as well a zero dollar increase to all Resident daily lift ticket products. Trustee Morris second the motion. Chairman Callicrate called the question and the motion carried unanimously.

F.3. Review, discuss and possibly restrict \$9,656,890 to the Effluent Pipeline Project, Project #2524SS1010 from the Unrestricted Net Position in the Utility Fund effective March 12, 2020 (Requesting Staff Member: Interim District General Manager Indra Winquest)

Interim District General Manager Winquest introduced the item and said there has been a lot of discussion after the workshop. He wanted to make sure we had this discussion in order to restrict funds at this point. He said we didn't include pond-lining project and that there was formal direction on how much to set aside for pond lining.

Chairman Callicrate said the Board had a lengthy discussion regarding restricting funds for the effluent pipeline and that as of today, we can only restrict \$9.6 million dollars. Interim District General Manager Winquest said we will bring this back to restrict the funds for the project.

Trustee Dent asked about including future funds to this motion. District General Counsel Velto said he would be hesitant. Chairman Callicrate said both the Interim District General Manager and the Director of Public Works

understands we can bring it back. He said let's take action on specifically what we want to do today and bring back on a future agenda item for future funding. Interim District General Manager Winquest said he wanted to get this on the agenda because there are members of the public who feel these funds are being spent down and we want to restrict them to this project.

Trustee Schmitz asked if we can back out the \$70,000 charged to that project. She said \$70,000 has been used and doesn't know how or when that was approved. The community has been under the impression the two million dollars was for the effluent pipeline. In this particular Fiscal Year, we got another \$70,000. Interim District General Manager Winquest said we can discuss this with Staff and bring it back.

Chairman Callicrate said that \$70,000 of the two million dollars has been spent and that we can rectify that and modify what we have listed so there is no confusion.

Trustee Wong said if \$70,000 was spent on pipeline, it's reasonable that it would be charged against the two million and move forward with \$1.9 million.

Chairman Callicrate said he wants to be more clear.

Hearing no further Board comments, Chairman Callicrate opened the matter to public comments.

Margaret Martini said she strongly supports restricting \$9.6 million to be used solely for the effluent pipeline of the six miles of failing pipeline. She said two million dollars was collected for more than seven years which was supposed to fund this project. It's unfortunate the District repurposed those funds to fund other projects. She said restrict two million dollars for 2020 and subsequent years.

Alexandra Profant agreed with Margaret Martini.

Aaron Katz read and provided a prepared statement.

Mark Alexander said please consider your and their words closely. They were talking about replacement. He spoke about slip lining instead of digging a ditch and dropping in new pipe. He said consider the type of work. He spoke about consequences. He said without consequences, there won't be changed behavior.

Hearing no further public comments, Chairman Callicrate closed public comments and brought the matter back to the Board.

Trustee Morris said he wanted clarification on restriction to a phase or the entire project. Chairman Callicrate said it is restricted for the effluent pipeline project in its entirety from overflow to the wetlands. We are making a commitment of \$9.6 million for the pipeline project. We have additional things we will have to address. He said it's not a bait and switch. If we restricted it to one specific point on the pipeline, and have a break somewhere else, that won't be helpful.

Trustee Schmitz said there were concerns in the community. Funds have been spent from this project for emergency repairs. She said this is for replacement and mitigation and not repairs. Trustee Schmitz spoke about the project summary as replace, upgrade, and remediate in project description. Interim District General Manager Winqest said he can bring this back with updated wording.

Trustee Dent said the capital improvement budget is on the March 25 agenda with project summaries and budget summaries.

Chairman Callicrate said the restriction of funds is on this agenda item.

Trustee Morris made a motion that the Board of Trustees restricts \$9,656,890 to the Effluent Pipeline Project, Project #2524SS1010 from the Unrestricted Net Position in the Utility Fund effective March 12, 2020. Trustee Dent seconded the motion. Chairman Callicrate asked if there were any additional Board comments.

Trustee Wong said that Staff has provided a history of the pipeline and gave a full accounting of what was spent on pipeline.

Chairman Callicrate, hearing no further comments, called the question – the motion was carried unanimously.

Chairman Callicrate called for a brief recess.

F.4. Review, discuss, and possibly authorize the Audit Committee Chair to engage an independent expert for a sum not to exceed \$35,000 to give an opinion and/or guidance on the issues raised

by the Board of Trustees regarding the District's 2019 CAFR as well as guidance on accounting policies used in the preparation of the District's financial statements. (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Trustee Dent stated he provided an overview earlier in the meeting and will answer any questions.

Trustee Morris said he feels that this motion is premature because we don't have a Finance Director on staff yet, there wasn't a defined scope of work, asked where did the \$35,000 come from and asked if anyone has spoken to any consultants yet. Trustee Morris continued and said that the Trustees on the Audit Committee said they would work offline on the scope of work but that would have been an open meeting law violation and it's an unbudgeted item. For the past ten years, we were criticized for unbudgeted items. He said we should wait for the new Finance Director. He said he has concerns with the way the motion is written as it's ill defined.

Chairman Callicrate asked District General Counsel Velto if two members of the Audit Committee are allowed to discuss. General Counsel Velto said if the Board has three members, and two convene to create a quorum, it's a difficult situation. District General Counsel Velto said he would like to look into subcommittees. Trustee Dent said he wouldn't be able to speak to Trustee Schmitz if that is the case. District General Counsel Velto said not about particular topics. Chairman Callicrate said we need to review the Nevada Revised Statutes regarding if a standalone body can decide how that money is spent on this particular item. District General Counsel Velto said as the agenda is written, the phrase "engage" is used therefore it's fair to interpret it to include all solicitation of approval and execution given authority to Audit Committee to allocate money used and executed. Chairman Callicrate asked if District General Counsel has reviewed this item. Trustee Dent said in the past, the General Manager and Committee Chair worked together on agenda items. Trustee Wong said she would like to know if Board members have submitted comments to Staff prior to CAFR. Trustee Dent said he didn't get his information that he requested for a month. Chairman Callicrate said he didn't have meetings but has brought up his concerns over the years. Trustee Wong and Trustee Morris said they submitted their comments and had no issues. Trustee Wong asked where the proposed expense will come from; Trustee Dent said it will come from the General Fund.

Hearing no further Board comments, Chairman Callicrate opened the matter for public comments.

Alexandra Profant said she endorse this item and said if something is important that needs to be discussed, there needs to be a witness there.

Margaret Martini said after years of allegation and unlawful accounting, she recommends approval of this item to hire an independent expert for the District 2019 CAFR as well as guidance on account policy on financial statements and compliance with all laws and general account principles.

Joe Schultz said it's appropriate for the committee to make this decision along with the next item. Giving authority to one person is more than one should bear.

Hearing no further public comment, Chairman Callicrate brought the matter back to the Board.

Trustee Schmitz said she discussed, with Trustee Dent, the specific scope of questions so we are being fiscally responsible. Questions need to be answered. The CAFR had facility fees for special revenue funds that were changed. She said the actuals were changed without Board approval. They need to be reviewed and restated. She said we need to be specific on what we want reviewed.

Trustee Morris asked how they arrived at thirty five thousand dollars. Trustee Dent said he has spoken with firms and it sounded like a fair number as a starting point. Trustee Dent said he didn't want to have to come back to the Board for more money. He said we will try go about this as precise as we can and make sure we aren't wasting public funds. Trustee Dent said we need to get answers and move forward.

Trustee Morris asked what agencies Trustee Dent has spoken with. Trustee Dent said they are firms that have worked with neighboring municipalities. He said he has reached out to members of the League of Cities board and discussed with colleagues there for recommendations on firms. Trustee Morris said it's clear there is an ill-defined scope of work. Trustee Morris asked how can you come up with number when there are new items coming up today. Trustee Morris questioned if Trustee Schmitz was able to speak with Trustee Dent prior to the meeting. Chairman Callicrate said we discussed this in an open meeting about the need to hire independent firm.

It was brought up over the past years prior to Trustee Schmitz being on the Board. It is public information of what was discussed and backroom discussions is not the case; it's all been discussed in the open. Chairman Callicrate said the Board Treasurer needs to have this information at their disposal to find out unanswered questions.

Trustee Schmitz said she understands there are many questions that have been brought up by the Board and community. The community deserves clarity and answers, in writing, with tangible information. The same questions come up time and time again and we need answers so we can move forward. The scope needs to be defined clearly so we can accomplish the goal in the most fiscally responsible manner. She said she will take responsibility to oversee this. Trustee Dent said the intention of this agenda item was to earmark these funds, the fiscal year is coming to an end, and that he met with Interim District General Manager Winquest and we feel we need \$35,000.

Trustee Wong said the difficult part to reconcile is that any questions she has had, she would speak with Staff and the General Manager to get answers. She said she feels this comes down to mistrust in our former General Manager and former Director of Finance. She said we have an opportunity with the new General Manager and new Director of Finance to start fresh and anew. She said take responsibility as a Board member and use Staff as resources.

Trustee Morris asked Trustee Schmitz if the item she referenced was discussed with Staff. Trustee Schmitz said she discussed it with the District's Controller, it is information brought forth from public questions, and that she investigates and digs to see if there is an issue and that what was done will require the CAFR to be restated. Trustee Morris thanked Trustee Schmitz and said that it underscores his concern, he is in favor of understanding controls and understanding if we need consultants to come in. He said we cannot keep putting things on the Interim District General Manager. He said some Board members want to spend on an undefined scope. He said Trustee Dent had discussions with firms, and Trustee Schmitz brings up new items she wants addressed. Trustee Morris said his point is to get the Director of Finance on board and provide direction. Trustee Schmitz said she agrees; however, what Trustee Dent proposed addresses both concerns and it should be open and transparent. She said we can earmark it but then bring the scope of work back before anything is transacted. Trustee Morris asked what if it comes back for a different price. Trustee

Schmitz said we need to bring clarity and get answers to constituents' questions.

Chairman Callicrate asked District General Counsel Velto how to set aside \$35,000 with the agenda item standing as written. District General Counsel Velto said his concern is to keep it clear and complete. He said what you are asking is to earmark for a future action item. He recommended not changing the item. The Board can amend it to earmark it for potential action item in the future.

Trustee Dent said we can do it tonight even if it will challenge the Open Meeting Law and noted that previous General Managers made variations of the motions. District General Counsel Velto said he is being cautious but it's the Board's choice.

Trustee Morris asked how much hardship would there be if we bring this back with more clarification and could we delay this agenda item. Chairman Callicrate said he doesn't have an issue with it and can come back with scope of work. He said at that point, we will have a placeholder, but no money is expended until the scope of work is presented.

Trustee Schmitz made a motion to authorize the Audit Committee Chair to engage an independent expert for a sum not to exceed \$35,000 to give an opinion and/or guidance on the issues raised by the Board of Trustees regarding the District's 2019 CAFR as well as guidance on accounting policies used in the preparation of the District's financial statements. Trustee Dent seconded the motion. Chairman Callicrate asked if there were any further Board comments.

Trustee Morris said he will not support the motion as stated because it doesn't include the new items raised by Trustee Schmitz. Chairman Callicrate said its addressed "as guidance on accounting policies." Trustee Morris said we definitely need scope of work and that this opens us to an Open Meeting Law violation. Trustee Wong said she will be opposing this motion.

Hearing no further Board comments, Chairman Callicrate called the question – Trustees Callicrate, Dent and Schmitz voted in favor of the motion and Trustees Morris and Wong voted opposed; the motion passed.

F.5. Review, discuss, and possibly authorize the Audit Committee Chair to engage an independent expert for a sum not to exceed \$45,000 to facilitate internal controls assessment including but not limited to recommend internal controls, policies and procedures for District businesses and functions, including auditing the accounting and reporting of the punch card utilization for the last 4 to 7 years. (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Trustee Dent stated we will hold off on accounting punch card utilization and that this would be removed from this item. Chairman Callicrate asked District General Counsel Velto about that extraction. General Counsel Velto said that would be fine.

Trustee Morris said the Audit Committee was discussing putting this on the previous item and asked what has been allocated for Staff and budgeted for this item. Interim District General Manager Winqest said zero. Trustee Morris asked how can we have a consultant come in and work with Staff if it wasn't budgeted, how did we arrive at \$45,000, who are the firms, and that money spent on consultant is a good idea when we know what it will be for. This is premature as the Director of Finance isn't on board yet and that he is suggesting that the review the Audit Committee meeting as it was scattered. Trustee Morris continued that we have to be careful that the Board would give authority to the Audit Committee without oversight on the firm being engaged. Trustee Morris said the report said there isn't a financial impact but we haven't had that analyzed yet. He said we don't have anything for a consultant to look at yet. It's an ill-timed, ill-determined, and there is no scope. We need to have a better-defined scope before we allocate money.

Trustee Dent said concerns about punch card utilization issues has been raised over the years and internal controls aren't there. He said Trustee Schmitz requested public records and got nothing. He said Interim District General Winqest is putting controls to paper and we are using state forms. We will see if there are things that aren't in writing and we can implement it across the board. He said as far as a scope of work, there isn't much to development. He said we are relying on experts on internal controls, policy and procedures. He said he looks forward to discussions with the Director of Finance as he will have valuable input. Trustee Dent said he doesn't know how the scope can be more clear as we are working on getting best practices with internal controls.

Trustee Wong said she wanted to clarify something - we don't not have internal controls; we do have internal controls. They might not be in statements that can be handed over to someone but we always have had them. It's the same processes the new Director of Finance will have to do to understand and identify any gaps in financial framework.

Interim District General Manager Winqest said we are trying to hit the reset button and that he spoke with Trustee Dent about waiting for the new Director of Finance to look at internal controls and that he echoes what Trustee Wong said. We don't have a formal document as a public record and we are all in favor of hiring a third party to look at internal controls. It's not like no one oversees the transactions. We are hoping someone can show where we can improve and implement industry best practices and that he wants this to happen as he wants clarity too. He is tired of being beat up and if there is nothing wrong, he wants to hear it. He said senior management get disgusting emails from the public, and it's not fair to Staff. Yes, we need to move forward to hire to review internal controls. He fully understands he may get backlash regarding his decisions however he is hopeful that in six months, we can hit the reset button, and that the community and Staff can move forward.

Trustee Morris said Staff time is needed to help the external consultant review internal controls and that this hasn't been budgeted.

Trustee Dent said that this is formalizing a foundation for Staff and moving forward with recommendations to facilitate internal controls assessment and policy and procedures.

Trustee Morris asked if Interim District General Manager Winqest will alone work with the consultant. Interim District General Manager Winqest said he isn't clear of the Staff needed for project and that Staff is busy. We need to be realistic about what we are doing here as it will take time and it must be methodical. He said there have been critical community members who think things happen overnight. He spends between three and four hours with the Board Chair to strategize and build trust as no District General Manager can be successful without trust. Let's set aside ego for the betterment of our community and move forward.

Chairman Callicrate said he appreciates Trustee Morris' comments and that it is critical to give direction. The external consultants can find deficiencies or not and vindicate and validate what we have been doing. They can identify

areas where we messed up, fix it, and move on. There are some frustrations that we couldn't get it done already; it's the right intent and the Audit Committee independently oversees District assets. The appropriate charter will be adopted later and these are hypotheticals at this point. We are working to the same result and this is a critically important aspect to finalize internal controls that are deficient. Eide Bailly mentioned deficiencies in the past and we need to tighten it up.

Trustee Wong said she would authorize this if the Audit Committee would work with the Interim District General Manager and Director of Finance to develop of scope of work and participate in the process. Interim District General Manager Winqest said that was recommended in the beginning. Trustee Wong said she wants that language in the motion if she is going to support this motion.

Chairman Callicrate opened the matter to public comment.

Margaret Martini said although management has represented financial statements have been prepared with a framework of internal controls, no one has produced policy or practices. Apparently, they don't exist. She said taxpayers have no confidence in the District's financial statements. This is a good step forward in ensuring our financials are free of fraud and material errors. There cannot be enough said about punch card utilization and punch card scheme. For the last seven years, there have been unlawful transfers of the Recreation Fee to beaches. More than 765 Crystal Bay residents are paying for beach expenses they cannot use; it's criminal. It's double booking revenues and distorting the financial statements. Please approve budget to engage independent audit and take immediate action.

Jim Lyons said he said he came out of government and then the contractors' industry and that we did ISOs. In addition to having an auditor come in, Staff needs to be documenting for every single process. The supervisor could do documentation with guidance and controls.

Alexandra Profant said when she was a kid going to the beaches, there were no computers, it was simply a pass. She didn't believe there were punch cards. She said she cannot overstate that the beaches need to be preserved for the residents. She spoke about interfacing with assessor's office with these controls. She said she would be willing to participate in writing down better controls and better outreach to community to become part of it. Volunteer efforts could become a component of this.

Frank Wright said for \$35,000, we have three pages from Mr. Severance that he plagiarized from the Internet. We lost a ton of money with the pond liner and Trustee Morris wasn't concerned. If you go another week without putting this in force, it's insane. This will put community at rest. Trustee Morris is trying to trick you. It should be chilling that he is preventing anyone from looking at the books. Follow through and do it. He said he asked Trustee Morris about internal controls and framework during his time on the Audit Committee. The Board is supposed to provide oversight. That works with legal fees and anything that goes on here. He said he sees a hold over to screw with new Board to make you look bad.

Mark Alexander said he started attending Board meetings about fifteen years ago which was several Boards ago and in the Horn era. He asked for a forensic audit then and it fell on deaf ears. During the Pinkerton era, it didn't get done. We need someone to review processes, procedures and compliance; they need to do a forensic look. He applauds the Trustees for pushing this as we have asked for this for years. He said he got tired of asking and stayed away. He attends now and applauds action. Persevere and get to the bottom of this. There is lack of confidence on where is the money going and the pond lining is a great example.

Michaela Tonking agreed about internal control audit. She said she has worked as auditor and that it's important to work with Director of Finance and identify areas that are deemed at risk and areas to help support Staff in doing their jobs better.

Hearing no further public comments, Chairman Callicrate brought the matter back to the Board.

Trustee Schmitz said that she agreed with Trustee Wong's statement and said that the intent is to work with the Interim District General Manager and the new Director of Finance to find gaps and make things clearer. Trustee Schmitz then asked District General Counsel if the Board has the ability to add language to this motion. District General Counsel Velto said yes. Chairman Callicrate said we will work together but maintain independence of Audit Committee per Nevada Revised Statutes and stated that he is concerned if we add people, does it skew the independence of Audit Committee.

Trustee Dent made a motion that failed due to lack of a second to his motion.

Trustee Schmitz made a motion that the Board of Trustees authorize the Audit Committee Chair to engage an independent expert for a sum not to exceed \$45,000 to facilitate with coordination with the Interim District General Manager and Director of Finance for internal controls assessment including but not limited to recommend internal controls, policies, and procedures for District businesses and functions. Trustee Dent seconded the motion.

Chairman Callicrate asked if there was any further Board discussion. Trustee Wong said she objects to spending money but supports the Interim District General Manager working in coordination. Trustee Morris said he will support this motion because Interim District General Manager Winquest needs the best help he can get and that he appreciates him. Trustee Morris then said, addressing the public comment from Mr. Wright, that it is the typical attack and that he isn't against spending money on what it is for, and it is for good, but rather his objection was that this Board didn't know the scope of work. Trustee Dent said he looks forward to future Boards having internal controls which are lacking.

Hearing no further Board comment, Chairman Callicrate called the question – the motion was unanimously passed.

The Board took a ten minute recess.

F.6. Overview of the District's DRAFT Operating Budget – Fiscal Year 2020/2021 (Requesting Staff Member: Interim District General Manager Indra Winquest).

Interim District General Manager Winquest noted that the sheet labeled TWSA should instead read Solid Waste.

Trustee Schmitz, referencing agenda packet page 134, said beaches are a special revenue fund but other special revenue funds aren't represented that way. Interim District General Manager Winquest said we don't have overall community services rollup with that same look as the beaches. Interim District General Manager Winquest referenced agenda packet page 89 of overall budget and said that Staff has reduced \$300,000 in the operation budget and that it's actually less than Fiscal Year 2017/18 and that Staff did

a fantastic job of looking at this. This means that we are giving thirty five dollars back to capital as we have increased our need for capital. Trustee Morris complemented Interim District General Manager Winquest on working with Staff to find a 11% in reduction in costs of operations.

Presentations by Venue Managers in following order:

a. Championship Golf Course – Director of Golf/Community Services Darren Howard.

Director of Golf/Community Services Darren Howard noted a typographical error and asked that it be corrected to read 2020/21.

Trustee Morris said he appreciated Staff getting us on the right side of golf as this is a huge step forward. Overall, Staff is doing a good job. There will be ongoing discussion about the food and beverage breakout. Thank you for these numbers to help us understand.

Trustee Schmitz, referencing agenda packet page 94, said she is thrilled with the numbers. She stated charges for services jumps from \$274,000 to \$1.3 million. Interim District General Manager Winquest said at the request of a Trustee, if we took catering out, that is where the huge increase is. He said he wanted to show the amount coming out of banquets and events. Trustee Wong said that might be the first year we tracked it separately. Director of Golf/Community Services Howard confirmed it was the first year it was tracked differently. He said we right sized it and showed where the time is being spent and noted that Staff got that dialed in. Trustee Schmitz asked if food and beverage is reflected just for golf and not at beach. Director of Golf/Community Services Howard said this is just the Championship Golf Course.

b. Mountain Golf Course – Director of Golf/Community Services Darren Howard

Trustee Morris asked about the sales on agenda packet page 97. Director of Golf/Community Services Howard said its merchandise, green fees, and food and beverage.

Trustee Schmitz asked if we can include the capital budget. Interim District General Manager Winqest said the Board will hear the capital budget presentation on March 25, 2020.

Trustee Schmitz, referencing agenda packet page 97, said regarding the same number that Trustee Morris was asking about and noted that it is a big increase. Director of Golf/Community Services Howard said we budgeted for ten percent more in rounds and that we have raised fees up there.

**c. Diamond Peak Ski Resort – Diamond Peak Ski Resort
General Manager Mike Bandelin**

Diamond Peak Ski Resort General Manager Mike Bandelin noted a correction on agenda packet page 100. He then referenced the Staff hours in Fiscal Year 2019/20 and said the total is the same but flipped Staff time and salary time. Diamond Peak Ski Resort General Manager Bandelin said we won't have to amend the budget this year as it is reminiscent of the 2017/18 year. He said the two weeks in March allowed us to exceed 100,000 skier visits. Chairman Callicrate complimented the team on what they could do with snow levels. Trustee Morris complimented them on doing a tremendous job. Trustee Schmitz said it indicates Diamond Peak contributes \$200 of the Recreation Fee back to Community Services fund; \$1.6 million contributed.

d. Marketing – Marketing Manager Paul Raymore

There were no questions for Marketing Manager Raymore.

e. Facilities – Director of Golf/Community Services Darren Howard

Trustee Schmitz, referencing the revenue on agenda packet page 111, said it says road closures and concern for this budget year. Chairman Callicrate said it's for those touring for weddings. Trustee Schmitz said she thought she heard we were booked. Interim District General Winqest said our Staff was concerned about road closures for those touring wedding sites that would be booking for 2021. Director of Golf/Community Services Darren Howard said he thought she meant other events and not so much weddings. He said this note

was just for December as it is engagement season during the Christmas season; Director of Golf/Community Services Howard said will clarify with Staff.

f. Recreation Center – Interim District General Manager Indra Winquest

Chairman Callicrate asked if this is for all programming or any programming through Recreation Center and he asked for a list of programs. Interim District General Manager Winquest provided an example and referenced agenda packet page 121 - youth and family sports. He said within this budget is all sports. He said, on agenda packet page 120, are the youth and family programs and they are separate operating areas. Interim District General Manager Winquest said he hasn't listed all programs and whether they are cost neutral or subsidized. Chairman Callicrate asked if the programs are all through the Recreation Center but are hosted throughout District. Interim District General Manager Winquest said yes, there are programs held at the ball field, but golf's youth programs are in golf programming. He said parks and recreation programming is rolled-up in Recreation Center programming. Chairman Callicrate said he wanted to see all the programs offered to show the community what we do and track financially; an all in one document. Interim District General Manager Winquest said we do post program financials to analyze the program. There are some programs that we look at right sizing and that there are some programs that will be subsidized and an example is Senior Programs. Interim District General Manager Winquest referenced agenda packet page 116, Programs. He said what is missing is financial information with those programs listed such as total revenue accumulated, expenses, and factor in Staff time to run the program. Trustee Morris said that is a lot of work diving into the weeds. We need to rely on managers of recreational services. If we get a financial for each of these programs, it seems like a lot of work and then what do we do with it; what is the goal. Interim District General Manager Winquest said so the community members can see what is subsidized and how the programs perform financially. Trustee Schmitz said you do that already. Interim District General Manager Winquest said we run post program financials and that there are new programs that we haven't done post program financials. Chairman Callicrate said we need to show and celebrate what we offer to the community and that we need to prioritize on what the community wants. Trustee Wong

spoke about the cost recovery pyramid that was presented a few years ago and said we can use it to analyze what programs are being subsidized. Interim District General Manager Winqest said he can put that together quickly and that Staff did present the pyramid methodology and that he spoke about the heavily subsidized and revenue making programs on the pyramid. He said different agencies analyze subsidies differently based on how they allocate Staff time. He said he can provide that pyramid method.

Trustee Schmitz asked about agenda packet page 115 and asked if we have lifeguard referenced at the beaches as some aquatics are associated with beaches. She asked shouldn't they be with the beach fund instead of community services. Interim District General Manager Winqest said aquatics crosses over both cost centers. He said he can split it out. She said not all our residents have beach access so to allocate it to all community services doesn't seem right. Interim District General Manager Winqest said he will show separate sources and uses in the beach section. He said aquatics is included.

g. Community Programming – Interim District General Manager Indra Winqest

h. Parks – Interim District General Manager Indra Winqest

There were no questions from the Board.

i. Beaches – Interim District General Manager Indra Winqest

Trustee Schmitz, referencing agenda packet page 133, asked about the beach aquatics and asked what was the \$7,000 for charges of services but the total is \$47,000 and does it mean we have a \$40,000 loss. Interim District General Manager Winqest explained that we have swim lessons at Burnt Cedar just for residents. He spoke about chemicals, uniforms, lifeguard rescue gear, and other factors that are needed to operate beach aquatics. He said there are line items in opengov.

j. Tennis – Interim District General Manager Indra Winqest

There were no questions from the Board.

k. Community Services Administration – Interim District General Manager Indra Winquest

Trustee Schmitz, referencing agenda packet page 143, asked why charges for services is negative. Interim Director of Finance, Lori Pommerenck said it's the contra account for the punch cards. Interim District General Manager Winquest stated we may potentially change punch card accounting. He said we are populating it since we have switched to special revenue funds, but especially when we transition back to enterprise funds. He said additional revenue is for replacement of cards, transfer of titles, etc.

Chairman Callicrate asked about the visits to the Recreation Center. Interim District General Manager Winquest said he sent an email stating those are all the touch points. Chairman Callicrate requested a foot note. Interim District General Manager Winquest provided a breakdown of the total visits. He said there are counters on the doors. He said patrons sit in lobby, use the restroom, go downstairs, and we are counting those visits as requested. He said there were some double counting but it is being cleaned up and yes, there is margin of error. We try to project what happens at the parks but don't have a solid number.

Interim District General Manager Winquest provided an update regarding the tax revolt. He said there is a potential settlement and right now we don't know if they will be taking it out of the ad valorem tax or if we have to pay it back out of general fund reserves. He heard it was a three year pay back. He said we feel like we are in a good place. As soon as we find out, we will be planning for this.

Interim District General Manager Winquest spoke about the punch card promotion and said that last year we did the punch card promotion at the Mountain Golf Course and then included the Tennis Center. He said it was very popular and we need to have that discussion whether to offer again or not.

The Board took a brief recess.

I. Public Works - Water – Director of Public Works Joe Pomroy

Director of Public Works Joe Pomroy provided a staff report for his area of operations.

- m. Public Works - Sewer – Director of Public Works Joe Pomroy**
- n. Public Works - Solid Waste – Director of Public Works Joe Pomroy**
- o. Public Works - Tahoe Water Suppliers Association - Director of Public Works Joe Pomroy**

Trustee Morris asked where the funds will come from to pay for the consultant to oversee things. Interim District General Manager Winqest said the project management review and scope of service will come from effluent pipeline project capital fund. He said the money comes from the \$9.565 million. Trustee Morris thanked him and said we are on the same page.

Trustee Schmitz asked about costs related to Waste Not and asked if they are in the Water Suppliers Association budget. Director of Public Works Joe Pomroy said Waste Not is the recycling program for the community which is in the solid waste fund. He said everything that has to do with waster shed protection is in Tahoe Water Suppliers Association and Madonna Dunbar is the Director of Tahoe Water Suppliers Association and is the Resources Conservationist in charge of Waste Not which is e-waste, household hazardous waste, trash enforcement and violations.

- p. Internal Services (Fleet and Engineering) – Director of Public Works Joe Pomroy**
- q. Internal Services (Buildings) - Director of Golf/Community Services Darren Howard**
- r. District Administration - Interim District General Manager Indra Winqest**

Trustee Wong said Interim District General Manager Winqest had mentioned the reduction of 11% but on agenda packet page 89, personnel and services and supplies have gone up. Interim District

General Manager Winqest said that is with revenue. He said costs are going up with inflation in labor. He said it's hard to trim the fluff and our strategy is to reduce costs and increase revenue. Trustee Morris said he likes this format and can drill down with Opengov.

Trustee Schmitz said if we decided to go from special revenue funds back to enterprise funds, how much change does it create for budgets. Interim Director of Finance Pommerenck said if approved by the Board, it would affect the CAFR and the rollup, but our chart of accounts and funds would be the same. Trustee Wong said if there is potential of this happening, it needs to be on the agenda relatively soon. Interim District General Manager Winqest said he was hoping to get the new Finance Director on board and look at it. Interim District General Manager Winqest added that we can meet late next week with the Department of Taxation and that they are requiring a meeting to discuss the justification to go back to enterprise fund and discuss the requirements to make that transition.

The Chairman and the Board members thanked the Interim District General Manager and Staff for their presentations.

G. APPROVAL OF MINUTES (for possible action)

G.1. Meeting Minutes of January 29, 2020

G.2. Meeting Minutes of February 12, 2020

G.3. Meeting Minutes of February 26, 2020

Chairman Callicrate asked for any changes to the minutes; hearing none, he said that the minutes were approved as submitted.

H. REPORTS TO THE IVGID BOARD OF TRUSTEES*

H.1. District General Counsel: Law Firm of Hutchison & Steffen

a. Report on the Katz Case – Nevada State Supreme Court Ruling - Denial of Motion of En Banc Reconsideration

District General Counsel Alex Velto provided an update on two things - first, Mr. Katz' lawsuit. He said Mr. Katz sought en banc consideration of the

appeal; that was denied. The next step for the Supreme Court is to issue remitter which means the case is complete in the court system. It is possible that Mr. Katz will appeal to the United States Supreme Court. In which case, he would stay the remitter. If he doesn't appeal, the case will be complete. There were a fair amount of attorney fees and costs awarded to IVGID. It's unclear the time period to pay that out but it needs to happen within a reasonable time after a lawsuit. Trustee Wong asked how long does he have to appeal to United States Supreme Court. General Counsel Velto said he has to file his appeal or stay within 20 to 40 days until Nevada Supreme Court files a remitter, so he has to file his appeal or stay of the remitter in that time period and file with United States Supreme Court. The United States Supreme Court could decide not to hear the case as that is at the courts discretion. Trustee Schmitz asked about expending legal resources on this effort. District General Counsel Velto said we are obligated to respond if he appeals or stays remitter otherwise we risk losing the entire suit. He said the amount of money that goes to IVGID would exhaust this process is \$250,000 and its worthwhile to not give up the fight.

District General Counsel Velto made note the need to possibly have meetings remotely regarding the coronavirus. We have to listen to Governor's office or Washoe County regarding conducting public meetings. Online meetings may need to happen in the future.

Trustee Schmitz asked if they can have an update regarding Trustee emails. Interim District General Manager Winquest provided background information regarding IVGID email forwarded to gmail. He said we are looking at better benchmarking and options. There were emails that were not getting forwarded. We identified a few with Trustee Dent and Schmitz. People with AOL emails weren't getting forward. There has been an app created for IVGID email. District General Counsel Velto said as long the email are confined to the app, they are public record, easier to access and doesn't put personal email at risk. Chairman Callicrate said many emails were lost. He is glad that has been rectified. Interim District General Manager Winquest said Trustee Schmitz was the test and it's working. There is paperwork to sign and Board members need to take cyber security training.

I. **BOARD OF TRUSTEES UPDATE (NO DISCUSSION OR ACTION) ON ANY MATTER REGARDING THE DISTRICT AND/OR COMMUNITIES OF CRYSTAL BAY AND INCLINE VILLAGE, NEVADA* (THIS WAS MOVED UP TO BE ITEM E.1.)**

J. PUBLIC COMMENTS*

Frank Wright said internal controls were talked about tonight. They are there but we can't see them. They have to be there for public records. That's a huge problem that people didn't get the public record. He said he cannot take swim lessons at Burnt Cedar. You have a community that has been divided. He said he paid \$780 but has to stay away from the beaches. It needs to be addressed. He asked when we get our money back. He said we have same legal team and has issues with District General Counsel's partners because they sue our citizens. He said he has been in litigation and it's not right. He said Trustee Wong wants our money and that she runs up bills without Board approval. Trustee Morris voted the right way for the wrong reasons because he wants to help the Interim District General Manager. Regarding the Katz lawsuit, \$850 was the original amount he was asking and he spent \$260,000 of our money to defend the District against Mr. Katz, and probably another \$200,000 on appeal to the Second Judicial Court and now possibly the United States Supreme Court. He will be attacked if he goes to the United States Supreme Court which is his first amendment right. Everyone has a right to petition their government. He said the United States Supreme Court will jump all over this and he will get a hearing. The question will be first amendment rights to petition your government. He said that will cost the District a lot of money if he wins.

K. REVIEW WITH BOARD OF TRUSTEES, BY THE DISTRICT GENERAL MANAGER, THE LONG RANGE CALENDAR (for possible action)

Interim District General Manager Winquest reviewed the Long Range Calendar. He said the capital budget meeting will be at the Administration building and it will be a robust discussion. He said we will review capital revenue and funding. Chairman Callicrate requested the ski item to be on General Business. Interim District General Manager Winquest said it's still the plan to bring back the no smoking resolution. He said we are working on the Board packet deadline. We talked about pushing out the handbook to the 4/14 meeting. We have to bring back an item to approve the auditor. He said the guest access ticket will be reported in District General Manager report. If you want it brought back at a later date, we can do so. He spoke about the Recreation Roll, revised ordinances, and Ordinance 7 public hearing dates. He said the water reservoir contract award and the preliminary Recreation Roll will be on the May 6 agenda. Not included is potential GM contract and he will be meeting with Chairman Callicrate to work on a contract to bring to the Board. He said we are discussing a special meeting. He also spoke

about a proclamation for the high school basketball teams. He said the Chateau is available on May 23/24 or we could do the following week. He asked if they want a special meeting and if they were available. The week of March 30 would work for everyone. He said worst case scenario is it can be on the 4/14 agenda. Trustee Schmitz requested the item regarding enterprise budgeting. Interim District General Manager Winqest said we need to meet with the State; they may want the auditors to chime in. Trustee Schmitz asked about scheduling an individual capital improvement tour with Staff.

L. ADJOURNMENT (for possible action)

The meeting was adjourned at 12:23 a.m.

Respectfully submitted,

Misty A. Moga
Acting District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Aaron Katz (6 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(b) – Because local parcel/dwelling unit owners should not be subsidizing the costs of access to Mountain Golf, a minimum of \$221,481 of the course’s proposed expenses should *not* be budgeted

Submitted by Aaron Katz (6 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(b) – Because local parcel/dwelling unit owners should not be subsidizing the costs of access to Championship Golf, a minimum of \$32,812 of the course’s proposed expenses should *not* be budgeted

Submitted by Margaret Martini (1 page): IVGID March 11, 2020 Board of Trustees Meeting Public Comment #1 By: Margaret Martini – To be included with the Meeting Minutes

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Submitted by Margaret Martini (2 pages): IVGID 3-11-20 Board of Trustees Meeting Public Comments By: Margaret Martini – to be included with the Meeting Minutes

Submitted by Aaron Katz (6 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item F(3) – Restricting \$9,656,890 of Utility Fund funds to be restricted reserves for the Effluent Export Pipeline Phase II Project

Submitted by Aaron Katz (10 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(h) – Because local parcel/dwelling unit owners should not be subsidizing the costs of access to the District’s parks and athletic fields which are “available” to the general public *for free*, the \$730,000 of our Recreation Facility Fees (“RFF’s”) assigned to financially subsidize these venues (nearly \$90.00/assessed parcel/residential dwelling unit? Should be eliminated by a like amount

Submitted by Aaron Katz (17 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(j) – Because local parcel/dwelling unit owners should not be subsidizing the costs of access to the Tennis Center, a minimum of \$114,842 of the Center’s proposed expenses should *not* be budgeted

Submitted by Aaron Katz (13 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(r) - Because Staff refuse to share the expenditures they propose be budgeted to the General Fund, local parcel/residential dwelling unit owners are indirectly forced to subsidize overspending in this fund through Central Services transfers, and there are at least \$72,000 in wasteful/unnecessary expenditures proposed with Tri-Strategies which require deletion, the Board should not ratify/approve Staff’s proposed expenditures in this fund until Staff produce a line item summary of proposed expenditures

Submitted by Aaron Katz (12 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(g) – Because local parcel/dwelling unit owners should not be subsidizing the costs of access to the Recreation Center and the “programming” administered therefrom, the nearly \$1,225,000 of our Recreation Facility Fees (“RFF’s”) assigned to such access and programming (nearly \$150.00/assessed parcel/residential dwelling unit) should be eliminated by a like amount

Submitted by Aaron Katz (4 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(c) – Because of the operational cash flow Diamond Peak throws off, the \$1,640,000 of our Recreation Facility Fees (“RFF’s”) assigned to operations (4200/assessed parcel/residential dwelling unit) should be eliminated by a like amount rather than used to subsidize more Staff overspending at other public recreation venues

Submitted by Aaron Katz (5 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(d) – Because local parcel/dwelling unit owners should not be subsidizing the costs of marketing the District’s recreational facilities to the world’s tourists, the nearly \$1,200,000 of our Recreation Facility Fees (“RFF’s”), assigned to Marketing (nearly \$150.00/assessed parcel/residential dwelling unit) should be eliminated by a like amount

Submitted by Judith Miller (1 page): Public Comment IVGID Board of Trustees Meeting 3/11/2020

Submitted by SOS Outreach (1 page): IVGID Trash Can Request

Submitted by Aaron Katz (6 pages): Written statement to be included in the written minutes of this March 11, 2020 regular IVGID Board meeting – Agenda Item G(6)(e) – Because local parcel/dwelling unit owners should not be subsidizing the costs of access to our facilities, a minimum of \$41,015 of their proposed expenses should *not* be budgeted

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(b) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF ACCESS TO MOUNTAIN GOLF, A MINIMUM OF \$221,481 OF THE COURSE’S PROPOSED EXPENSES SHOULD NOT BE BUDGETED

Introduction: Here staff seek Board approval of a proposed operating budget for the Mountain Golf Course¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for the Mountain Golf Course. For purposes of this written statement I have placed an asterisk next to the \$221,481 RFF entry on Exhibit “A.” And that’s the purpose of this written statement.

Do You Understand What This \$221,481 “Facility Fee” Entry Represents? For those who don’t, this is the amount staff propose local parcel/residential dwelling unit owners involuntarily *subsidize* Mountain Golf’s proposed overspending.

Given the Mountain Golf Course is a Facility Available for the Public’s Use, Please Understand it Exists Just as Much For the Benefit of the World’s Tourists as the Few Local Parcel/Residential Dwelling Unit Owners Who Choose to Actually Use it: Notwithstanding, *only* the local parcel/residential dwelling unit owners who pay the RFF are asked to subsidize the Mountain Golf Course’s negative cash flow.

Please Understand That the Numbers I Will Share Are Staff’s Numbers: even though I and others I know are of the opinion staff’s financial reporting is deceitfully presented to put the happiest face forward possible on another money losing commercial business. As an example, since Exhibit “A” represents operational cash flow, one cannot see the massive additional negative cash flow caused by capital expenditures. Thus the financial picture presented is intentionally distorted.

Let me provide two examples of this distortion. First, look at the estimated \$922,166 of proposed “charges for services” revenue compared to fiscal year 2019-20’s budgeted \$678,573. This nearly 36% increase in estimated revenues, without further explanation, is nothing more than fantasy (as is staff’s estimated 26.3% increase in food and beverage sales, and 20% increase in merchandise sales²). And if fantasy, it means staff’s proposed \$221,481 of estimated *negative* cash flow is woefully understated. Yet the Board and the public are being misled into believing a far rosier picture than what I and others believe will be reality.

¹ A copy of that budget appears at page 97 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. This page is attached as Exhibit “A” to this written statement.

² See page 96 of the 3/11/2020 Board packet.

Second, look again at staff's estimated \$922,166 of "charges for services" 2020-21 revenue. Not all of this \$922,166 represents *cash* revenue. Two years ago staff allowed punch card holders with unused credit on their punch cards to apply a percentage of that credit to Mountain Golf and Tennis Center play passes. As a result hundreds of thousands of dollars of punch card credit was used at the Mountain Golf Course and it is *included* in the "charges for services" revenue reported by staff. How many hundreds of thousands of dollars? Although we know that system wide it was \$750,000 for 2019-20, and for 2020-21 it is estimated to total \$738,000³, staff refuses to share the number for any single recreational facility. Nevertheless, that number should *not* be included in "charges for services" revenue for two reasons. It "juices" the number the Board and the public believe is/will be *cash*.

Furthermore, it amounts to the double reporting of income. Punch cards are what parcel/residential dwelling unit owners receive in consideration of payment of the RFF. Although the portion attributable to Mountain Golf (\$221,481) is reported on page 97 of the 3/11/2020 Board packet, including punch card credits used to purchase play passes in "charges for services" revenues represents *DOUBLE* reporting of revenue. Like I said, staff's financial reporting is deceitfully presented.

Please Understand That These Numbers Do NOT Include Capital Expenditures: Given staff have budgeted for \$4,159,900 of *additional* Community Services⁴ Capital Expenditures⁵ without any breakdown as to how much is assigned to Mountain Golf, the Board and the public have no idea how much *more* in *negative* cash flow is properly assignable to Mountain Golf's functions. Moreover, these numbers do not include the \$1,053,733 budgeted for the current Mountain Golf Clubhouse renovation/reconstruction project⁶. Thus like I said, Mountain Golf's financial picture is distorted.

Nonetheless, Staff Admit They Are Proposing to Overspend \$221,481 at the Mountain Golf Course, and They Propose This Overspending Be Subsidized By the RFF⁵:

Please Understand That at the Board's June 19, 2019 Meeting, Stephen Bohnet of Finn Consulting Presented Evidence That 55% of Local Parcel/Residential Dwelling Unit Owners Assessed the RFF NEVER USE THE MOUNTAIN GOLF COURSE⁷: And if we add those who only used it once or twice in the last year, this number balloons to a whopping 71%! For these and other reasons I unsuccessfully urged the Board to vote against the proposed \$1.053 million renovation of the Mountain Golf Clubhouse⁶ because it violates the "pay for what you use" principle.

³ See the *negative* "charges for services" revenue number on page 143 of the 3/11/2020 Board packet.

⁴ Mountain Golf is a sub-fund of the District's Community Service Fund.

⁵ See page 97 of the 3/11/2020 Board packet.

⁶ See page 8 of the 3/11/2020 Board packet.

⁷ See page 24 of the packet of materials prepared by staff in anticipation of the Board's June 19, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-19-19.pdf ("the 6/19/2019 Board packet")].

What is the Justification for Forcing 55% of Local Parcel/Residential Dwelling Unit Owners/ Their Occupants Who NEVER Use the Mountain Golf Course to Involuntarily Finance \$1.053 Million or More of Mountain Golf Clubhouse Repairs/Renovations? And remember, this number is on top of the \$517,000 of 2019-20⁹ and the current \$221,481 of proposed 2020-21 operational overspending!

And Not That it Makes a Difference (Because Budgeting to Overspend is Wrong Regardless), But We Have No Idea of What Percentage of the Mountain Golf Course's Use is Not Actually Being Used by Local Property Owners: The Mountain Golf Course is available to members of the general public, whether or not local parcel/residential dwelling unit owners paying the RFF. Thus access to and use is promoted by staff to visitors/tourists when in contrast, NRS 318.015 instructs that the District's recreational facilities and the services they offer should primarily exist for the benefit of "the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada."

Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public is so That Revenues Realized From the General Public Will Reduce the Costs Local Parcel Owners Are Required to Pay: But we have seen that this is a false narrative¹⁰, and staff know it to be false.

In 2002 as Well as 2013 the Board Instructed Staff to Budget Mountain Golf Operations on a Financially Breakeven Basis: So what happened? On December 11, 2002 the Board adopted Resolution 1736¹¹ which adopted Financial Standards for the District's various recreational facilities including the Mountain Golf Course. As the Board and the public can see from ¶VII(A) of Resolution 1736, that Board declared that the services provided by both Championship and Mountain Golf be "provide(d) on a breakeven basis." Although for political reasons Resolution 1736 was rescinded nearly six (6) years after adoption (March 26, 2008) and replaced with a watered down version of Policy 2.1.0, the subject was again discussed by the Board at its October 1, 2013 meeting. Thereat Board members were asked whether each of the District's recreational facilities and the programs offered thereat "should generate a profit, break even, or simply provide value?" Four (4) of the five

⁸ See pages 193-202 of the packet of materials prepared by staff in anticipation of the Board's July 17, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_7-17-19.pdf ("the 7/17/2019 Board packet")].

⁹ See page 193 of the packet of materials prepared by staff in anticipation of the Board's May 22, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-22-19.pdf ("the 5/22/2019 Board packet")].

¹⁰ One need merely look at staff's proposed Diamond Peak income and expense statement (see page 102 of the 3/11/2020 Board packet). Instead of reducing the RFF by the \$1,640,600 of alleged savings, that money is proposed to be used to subsidize overspending at the District's *other* recreational facilities.

¹¹ Resolution 1736 is attached as Exhibit "B" to the written statement contemporaneously submitted at this meeting insofar as the proposed budget for the Tennis Center is concerned.

(5) trustees declared that the Mountain Golf Course should operate on a breakeven basis, and the fifth (former Trustee Wolfe) declared it should generate a profit¹². ***So why is it acceptable to continue to budget for operational losses?*** Isn't it time for this Board to take charge of the District's finances rather than passing off this duty to staff who have consistently demonstrated they are not capable of managing the District's recreational venues on a financial break even or positive cash flow basis?

Conclusion: In addition to massive capital costs, Staff propose assessing local parcel/residential dwelling unit owners at least \$221,481 in operational overspending to subsidize the Mountain Golf Course. Public Works Director Joseph Pomroy often speaks about fairness and equity insofar as our utility rates are concerned. To make his argument, he uses the example "pay for what you use." In other words, don't make the majority of rate payers pay for the excess services exacted by a few. Well why should it be any different insofar as the fees charged at any of the District's recreation venues (here Mountain Golf) are concerned¹³? Shouldn't access and use be paid by those few who actually use this facility and the services it offers rather than the majority of local parcel/ residential dwelling unit owners who do not?

Therefore I request that this \$221,481 *not* be budgeted, and all Mountain Golf programs/ services be eliminated unless they are financially break even or positive cash flow. Direct our staff figure out how to increase revenues/reduce costs to eliminate *all* negative cash flow. And if they are not capable, maybe it's time to find another operator or dispose of this asset.

And to those asking why your RFF/Beach Facility Fee ("BFF") are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

¹² A spreadsheet depicting trustees' views on this subject was attached to the minutes of the Board's October 1, 2013 meeting [see page 126 of the materials prepared by staff in anticipation of the Board's October 30, 2013 meeting ("the 10/30/2013 Board packet")]. A copy of that spreadsheet is attached as Exhibit "C" to the written statement contemporaneously submitted at this meeting insofar as the proposed budget for the Tennis Center is concerned.

¹³ Some years ago the Board commissioned a "parcel utilization" survey. What the Board and the public discovered is that system wide, less than 15% on average of the parcels/residential dwelling units assessed the RFF had an owner/occupant who used any of the District's recreational facilities just once in the preceding year (note how much larger this *actual* utilization was compared to consultant Finn's survey of but a percentage of parcel/residential dwelling unit owners⁷). This means that the overwhelming majority of parcel/residential dwelling unit owners paying the RFF/their occupants *never* use a given recreational facility.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
MOUNTAIN GOLF
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 629,122 | 690,668 | 615,000 | 678,573 | 922,166 |
| Facility Fee | 327,375 | 328,831 | 328,120 | 328,120 | 221,481 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | 59,215 | 42,739 | 39,000 | 38,932 | 40,890 |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 1,015,712 | 1,062,238 | 982,120 | 1,045,625 | 1,184,537 |
| Uses: | | | | | |
| Salaries & Wages | 327,821 | 340,012 | 355,000 | 372,113 | 432,056 |
| Employee Benefits | 88,958 | 93,523 | 103,000 | 115,629 | 119,791 |
| Total Personnel | 416,779 | 433,535 | 458,000 | 487,742 | 551,847 |
| Professional Services | 3,828 | 1,437 | 2,000 | 4,140 | 4,170 |
| Services & Supplies | 327,292 | 322,832 | 340,000 | 315,732 | 352,789 |
| Insurance | 18,355 | 15,782 | 18,000 | 18,000 | 17,280 |
| Utilities | 82,546 | 87,535 | 90,000 | 88,840 | 91,760 |
| Cost of Goods Sold | 76,071 | 51,521 | 58,000 | 59,423 | 105,100 |
| Central Services | 47,300 | 47,800 | 54,000 | 54,000 | 58,140 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 555,392 | 526,907 | 562,000 | 540,135 | 629,239 |
| Total Uses | 972,171 | 960,442 | 1,020,000 | 1,027,877 | 1,181,086 |
| Net Sources (Uses) | \$ 43,541 | \$ 101,796 | \$ (37,880) | \$ 17,748 | \$ 3,451 |

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(a) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF ACCESS TO CHAMPIONSHIP GOLF, A MINIMUM OF \$32,812 OF THE COURSE’S PROPOSED EXPENSES SHOULD NOT BE BUDGETED

Introduction: Here staff seek Board approval of a proposed operating budget for the Championship Golf Course¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for the Championship Golf Course. For purposes of this written statement I have placed an asterisk next to the \$32,812 RFF entry on Exhibit “A.” And that’s the purpose of this written statement.

Do You Understand What This \$32,812 “Facility Fee” Entry Represents? For those who don’t, this is the amount staff propose local parcel/residential dwelling unit owners involuntarily *subsidize* Mountain Golf’s proposed overspending.

Given the Championship Golf Course is a Facility Available for the Public’s Use, Please Understand it Exists Just as Much For the Benefit of the World’s Tourists as the Few Local Parcel/Residential Dwelling Unit Owners Who Choose to Actually Use it: Notwithstanding, *only* the local parcel/residential dwelling unit owners who pay the RFF are asked to subsidize the Championship Golf Course’s negative cash flow.

Please Understand That the Numbers I Will Share Are Staff’s Numbers: even though I and others I know are of the opinion staff’s financial reporting is deceitfully presented to put the happiest face forward possible on another money losing commercial business. As an example, since Exhibit “A” represents operational cash flow, one cannot see the massive additional negative cash flow caused by capital expenditures. Thus the financial picture presented is intentionally distorted.

Let me provide an example of this distortion. Look at the estimated \$5,071,084 of proposed “charges for services” revenue compared to fiscal year 2019-20’s budgeted \$4,516,321. This nearly 12.3% increase in estimated revenues is extremely optimistic as is staff’s estimated 10% increase in Evets/Banquet sales, and 12.6% increase in merchandise sales²). And if too optimistic, it means staff’s proposed \$32,812 of estimated *negative* cash flow is understated. Yet the Board and the public are being misled into believing a rosier picture than what I and others believe will be reality.

¹ A copy of that budget appears at page 92 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf] (“the 3/11/2020 Board packet”). This page is attached as Exhibit “A” to this written statement.

² See page 91 of the 3/11/2020 Board packet.

Please Understand That These Numbers Do NOT Include Capital Expenditures: Given staff have budgeted for \$4,159,900 of *additional* Community Services³ Capital Expenditures⁴ without any breakdown as to how much is assigned to Championship Golf, the Board and the public have no idea how much *more* in *negative* cash flow is properly assignable to Championship Golf's functions. Thus like I said, Championship Golf's financial picture is distorted.

They're distorted for another reason. Look again at staff's estimated \$5,071,084 of "charges for services" 2020-21 revenue. Not all of this \$5,071,084 represents *cash* revenue. When a punch card holder uses his/her card to buy down the cost of a round of golf to the resident rate, staff do not declare the net cash revenue actually received under "charges for services." Instead they include the full retail rate with no discount, and then report the amount of the buy down as a negative "charges for services" number⁴ in the Community Services Recreation Administration sub-fund⁵. However if you didn't know this, you would presume that the total "charges for services" reported in the Championship Golf income and expense statement⁴ represented cash revenues actually received.

Nonetheless, Staff Admit They Are Proposing to Overspend \$32,812 at the Championship Golf Course, and They Propose This Overspending Be Subsidized By the RFF⁴:

Please Understand That at the Board's June 19, 2019 Meeting, Stephen Bohnet of Finn Consulting Presented Evidence That 59% of Local Parcel/Residential Dwelling Unit Owners Assessed the RFF NEVER USE THE CHAMPIONSHIP GOLF COURSE⁶: And if we add those who only used it once or twice in the last year, this number balloons to a whopping 70%! Subsidizing the Championship Golf Course's *negative* cash flow violates the "pay for what you use" principle.

And Not That it Makes a Difference (Because Budgeting to Overspend is Wrong Regardless), But We Have No Idea of What Percentage of the Championship Golf Course's Use is Not Actually Being Used by Local Property Owners: The Championship Golf Course is available to members of the general public, whether or not local parcel/residential dwelling unit owners paying the RFF. Thus access to and use is promoted by staff to visitors/tourists when in contrast, NRS 318.015 instructs that the District's recreational facilities and the services they offer should primarily exist for the benefit of "the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada."

Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public is so That Revenues Realized From the General

³ Championship Golf is a sub-fund of the District's Community Service Fund.

⁴ See page 92 of the 3/11/2020 Board packet.

⁵ See page 143 of the 3/11/2020 Board packet.

⁶ See page 24 of the packet of materials prepared by staff in anticipation of the Board's June 19, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-19-19.pdf ("the 6/19/2019 Board packet")].

Public Will Reduce the Costs Local Parcel Owners Are Required to Pay: But we have seen that this is a false narrative⁷, and staff know it to be false.

In 2002 as Well as 2013 the Board Instructed Staff to Budget Championship Golf Operations on a Financially Breakeven Basis: So what happened? On December 11, 2002 the Board adopted Resolution 1736⁸ which adopted Financial Standards for the District's various recreational facilities including the Championship Golf Course. As the Board and the public can see from ¶VII(A) of Resolution 1736, that Board declared that the services provided by both Championship and Mountain Golf be "provide(d) on a breakeven basis." Although for political reasons Resolution 1736 was rescinded nearly six (6) years after its adoption (March 26, 2008), and replaced with a watered down version of Policy 2.1.0, the subject was again discussed by the Board at its October 1, 2013 meeting. Thereat Board members were asked whether each of the District's recreational facilities and the programs offered thereat "should generate a profit, break even, or simply provide value?" Four (4) of the five (5) trustees declared that the Championship Golf Course should operate on a breakeven basis, and the fifth (former Trustee Wolfe) declared it should generate a profit⁹. ***So why is it acceptable to continue to budget for operational losses?*** Isn't it time for this Board to take charge of the District's finances rather than passing off this duty to staff who have consistently demonstrated they are not capable of managing the District's recreational venues on a financial break even or positive cash flow basis?

Conclusion: In addition to massive capital costs, Staff propose assessing local parcel/residential dwelling unit owners at least \$32,812 in operational overspending to subsidize the Championship Golf Course. Public Works Director Joseph Pomroy often speaks about fairness and equity insofar as our utility rates are concerned. To make his argument, he uses the example "pay for what you use." In other words, don't make the majority of rate payers pay for the excess services exacted by a few. Well why should it be any different insofar as the fees charged at any of the District's recreation venues (here Championship Golf) are concerned¹⁰? Shouldn't access and use be paid by those few who

⁷ One need merely look at staff's proposed Diamond Peak income and expense statement (see page 102 of the 3/11/2020 Board packet). Instead of reducing the RFF by the \$1,640,600 of alleged savings, that money is proposed to be used to subsidize overspending at the District's *other* recreational facilities.

⁸ Resolution 1736 is attached as Exhibit "B" to the written statement contemporaneously submitted at this meeting insofar as the proposed budget for the Tennis Center is concerned.

⁹ A spreadsheet depicting trustees' views on this subject was attached to the minutes of the Board's October 1, 2013 meeting [see page 126 of the materials prepared by staff in anticipation of the Board's October 30, 2013 meeting ("the 10/30/2013 Board packet")]. A copy of that spreadsheet is attached as Exhibit "C" to the written statement contemporaneously submitted at this meeting insofar as the proposed budget for the Tennis Center is concerned.

¹⁰ Some years ago the Board commissioned a "parcel utilization" survey. What the Board and the public discovered is that system wide, less than 15% on average of the parcels/residential dwelling

actually use this facility and the services it offers rather than the majority of local parcel/residential dwelling unit owners who do not?

Therefore I request that this \$32,812 *not* be budgeted, and all Championship Golf programs/services be eliminated unless they are financially break even or positive cash flow. Direct our staff to figure out how to increase revenues/reduce costs to eliminate *all* negative cash flow. And if they are not capable, maybe it's time to find another operator or dispose of this asset.

And to those asking why your RFF/Beach Facility Fee ("BFF") are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

units assessed the RFF had an owner/occupant who used any of the District's recreational facilities just once in the preceding year (note how much larger this *actual* utilization was compared to consultant Finn's survey of but a percentage of parcel/residential dwelling unit owners⁷). This means that the overwhelming majority of parcel/residential dwelling unit owners paying the RFF/their occupants *never* use a given recreational facility.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 CHAMPIONSHIP GOLF
 PROPOSED OPERATING SOURCES AND USES
 FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 3,763,012 | 3,952,990 | 4,570,000 | 4,516,321 | 5,071,084 |
| Facility Fee | 180,056 | 217,866 | 172,000 | 172,263 | 32,812 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | 29,334 | 17,032 | 7,000 | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 3,972,402 | 4,187,888 | 4,749,000 | 4,688,584 | 5,103,896 |
| Uses: | | | | | |
| Salaries & Wages | 1,450,745 | 1,509,876 | 1,635,000 | 1,592,508 | 1,739,948 |
| Employee Benefits | 378,678 | 383,157 | 470,000 | 512,154 | 524,010 |
| Total Personnel | 1,829,423 | 1,893,033 | 2,105,000 | 2,104,662 | 2,263,958 |
| Professional Services | 7,273 | 6,632 | 7,000 | 7,860 | 7,980 |
| Services & Supplies | 957,431 | 989,286 | 1,015,000 | 1,056,265 | 1,113,183 |
| Insurance | 38,909 | 45,516 | 67,000 | 67,200 | 75,180 |
| Utilities | 207,188 | 221,553 | 230,000 | 226,160 | 231,960 |
| Cost of Goods Sold | 837,876 | 940,504 | 1,036,000 | 1,004,692 | 1,152,375 |
| Central Services | 177,600 | 188,900 | 236,800 | 236,800 | 254,820 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 2,226,277 | 2,392,391 | 2,591,800 | 2,598,977 | 2,835,498 |
| Total Uses | 4,055,700 | 4,285,424 | 4,696,800 | 4,703,639 | 5,099,456 |
| Net Sources (Uses) | \$ (83,298) | \$ (97,536) | \$ 52,200 | \$ (15,055) | \$ 4,440 |

IVGID March 11, 2020 Board of Trustees Meeting Public Comment #1

By: Margaret Martini – To be included with the Meeting Minutes

I spent a great deal of time reading through the District's proposed operating budget. Although, I am not a financial wizard, it is clear to me that we need a management consultant and a real CPA to get our revenues and our expenses in line. What you have produced is not only difficult to justify, it is financially unsustainable. If you begin with the first page, you show sources that conflate the Recreation and Beach Fees as one fee. Now, we all know that there are two fees – one for all our Community Services venues and one for our Beaches. Each individual fee must be the source for their fund's operations, capital projects and debt service. They cannot be combined and used as you see fit. Which is, of course, what has been going on with the scheme you call punch card utilization. You are collecting money from the Rec Fee in Community Administration to facilitate this scheme and by one citizen's calculations, you have transferred close to \$2.7 million from our Rec Fee to the Beaches. Crystal Bay property owners are paying a portion of the Rec Fee which is going to pay the expenses of the Beaches that they cannot legally use. That is theft. This fraud is being built into the 2021 Budget and it must stop.

The percentage increases for fixed costs like salaries and benefits, as well as services and supplies are far outpacing the revenues you project. You also continue to increase marketing expenses which does not benefit our property owners and our residents. Of the close to 100 community programs, you have failed to identify the community's actual participation and we have no clear understanding of the total recreation and beach fee subsidies for these programs.

Frankly, Indra, as our interim General Manager, I am extremely disappointed with the operating budget being presented tonight. In addition to not being consistent with previous year's operating budgets, it is long on pages and short on the substance our Board needs to make responsible decisions. Any changes in climate and poor economic conditions will spell financial disaster for our community.

IVGID 3-11-20 Board of Trustees Meeting Public Comments

By: Margaret Martini – to be included with the Meeting Minutes

Agenda Item F-3 (Restricting \$9,658,890 to the Effluent Pipeline Project (2524SS10))

I strongly support the Board's restricting the \$9,656,890 to be used solely for Phase II of the Effluent Pipeline. I urge this Board to define this project to only include the replacement of the 6 miles of failing pipeline in the center of State Route 28. The \$2 million collected from utility ratepayers for more than 7 years was specifically imposed to fund this project. It is quite unfortunate, that the District has repurposed approximately \$5 million dollars of the close to \$14 million collected for this project to fund other projects. I also request that this Board restrict the \$2 million collected annually for fiscal year 2020 and all subsequent years to fund Phase II.

Agenda Item F-4 (\$35,000 Authorization for engagement of independent expert on opinion and guidance on issues raised on 2019 CAFR as well as accounting policies used in preparation of District's financial statements)

After years and years of allegations of deceptive and unlawful accounting and reporting practices, I recommend that the Board approve the \$35,000 our Audit Committee Chair is seeking to engage an independent expert to provide guidance on the material issues raised by Trustees Callicrate, Dent and Schmitz on the District's 2019 CAFR as well as providing guidance on accounting policies used in the preparation of the District's financial statements. Our citizens and all users of our financial statements which include the State, the County, and our creditors are entitled to complete and accurate financial reporting. This is an expenditure for financial transparency and compliance with all laws and generally accepted accounting principles that we can all support.

Agenda Item F-5 (\$45,000 to engage an independent expert to assess and recommend internal controls as well as auditing the accounting and reporting of punch card utilization)

Although management has represented that our financial statements have been prepared in accordance with a comprehensive framework of internal controls –

NO ONE has produced these policies and practices. Clearly, they don't exist. As a consequence, you as a Board and we as taxpayers and ratepayers, can have no confidence in the veracity of any of the District's financial statements. This is a good step forward in ensuring that our financials are free of fraud and material errors. There cannot be enough said about the fraudulent punch card utilization scheme. For more than 7 years, there have been undisclosed and unlawful transfers of millions of dollars of our Recreation Fee to the Beaches. More than 475 Crystal Bay property owners paying a Recreation Fee are unknowingly and unwilling paying for expenses for the Beaches they cannot legally use. This is more than unacceptable, it is criminal. This scheme is also double booking revenues at our recreational venues and materially distorting our financial statements. I urge this Board to approve the \$45,000 budget to engage an independent expert and I urge Trustee Dent to take immediate action.

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM F(3) – RESTRICTING \$9,656,890 OF UTILITY FUND FUNDS TO RESTRICTED RESERVES FOR THE EFFLUENT EXPORT PIPELINE PHASE II PROJECT

Introduction: Here the Board proposes *RESTRICTING* \$9,656,890 of remaining \$2 million/year capital improvement contributions expressly earmarked for the effluent export pipeline phase II project to that project to eliminate any possibility staff will use those funds for any other purpose. Although I am fully in agreement that this action be taken, there are two ancillary matters that I believe need to be addressed. And that's the purpose of this written statement.

It's Not Just the Remaining \$9,656,890:" It's the prospective \$2 million annually that staff has been and will be collecting. Please modify the requested action to expressly include prospective additions to the existing \$9,656,890.

There Should Be No Need For This Action: because staff previously represented that the subject contributions would be committed reserves! At Mr. Pomroy's 2013 utility rate study, he submitted a memorandum that represented there were two Utility Fund reserves; an "uncommitted reserve fund" he expected to fund to \$2.5 million over the next five (5) years, and an "accumulated savings (fund) for the Export project" (aka a "reserve balance") he represented rate payers' \$2 million yearly contributions for the subject project would be deposited. These representations appear on page 244 of the packet of materials prepared by staff in anticipation of the Board's February 27, 2013 meeting, and a copy of this page with an asterisk next to the quoted representations is attached as Exhibit "A" to this written statement.

To demonstrate these representations were not a mistake, Mr. Pomroy repeated them during his 2014 utility rate study. To demonstrate this fact, I have reference page 15 of the packet of materials prepared by staff in anticipation of the Board's February 12, 2014 meeting. This page along with an asterisk next to the quoted representations is attached as Exhibit "B" to this written statement.

If staff represented to the Board and the public that accumulated savings of the \$2 million being collected for the subject project would be retained as an "accumulated savings" fund, why is this action required? And why have staff spent any of it for other purposes?

And Why Isn't the Board Taking Action Against Mr. Pomroy and Others For Using Taxpayer Funds For Purposes Other Than Those Representing? A crime no less – see NRS 205.305 - embezzlement.

Conclusion: The time has come to no longer give our vaunted staff a pass for misappropriating the public's moneys. They need to understand loud and clear that they work for the public, rather than the other way around. I ask the subject of what to do with Mr. Pomroy be agendized for a future meeting because passing the proposed resolution is not enough.

And to those asking why your utility rates are as high as they are, and going higher, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

EXHIBIT "A"

Capital Revenues and Expenses

The capital expense is the current five year capital plan that is being developed as part of the budget process. The five year expenses and revenues are presented in the following table. The capital revenue is the summation of monthly capital fees collected in the utility rates, connection fees, and interest income and increases by approximately 9.1% per year averaged over 5 years. The capital expense is the capital improvement projects net of grants and debt proceeds. The five year impact is to balance revenues and expenses. Beginning in year three we expect to begin re-building the uncommitted reserve fund.

| 5-Year Plan | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5-Yr Sum |
|--------------------|----------------|----------------|----------------|----------------|-----------------|------------------|
| Capital Revenue | 3,918,000 | 4,588,000 | 4,786,000 | 4,992,000 | 5,207,000 | \$23,491,000 |
| Capital Expense | (4,547,000) | (5,058,000) | (3,996,000) | (4,762,000) | (4,843,000) | (\$23,206,000) |
| | | | | | Subtotal | \$285,000 |

There are several important points to remember in the estimate of capital expenses. The capital expenses assume that we spend 100% of all capital budgets. The Effluent Export Project has also been adjusted with the assumption that we will not receive Section 595 funding which increases our capital costs. The large rate increases will occur in capital and primarily in sewer in 2013 and 2014.

With the 2012-13 budget year, Public Works began accumulating \$2,000,000 per year in savings for the construction of the Effluent Export Project. We expect to have accumulated a total of \$6,000,000 by the construction project start date in spring 2015 while also continuing to collect \$2 million annually for this critical project.

The reserve balance is a critical fund to be managed in Public Works. At this time, there are several large variables mentioned above that can significantly swing the reserve balance. The amount of the bonding will be adjusted to assure the reserve fund remains at a prudent balance while also considering the costs of borrowing, the economic conditions in Nevada and the susceptibility of the funds.

 The uncommitted reserve fund, separate from the accumulated savings for the Export Project, is currently scheduled to be less than the Policy target for the next five years. The current goal is to keep the uncommitted reserve fund above \$2.5 million.

EXHIBIT "B"

With the 2012-13 budget year, Public Works began accumulating \$2,000,000 per year in savings for the construction of the Effluent Export Project. We expect to have accumulated a total of \$8,000,000 by the construction project start date in spring 2016 while also continuing to collect \$2 million annually for this critical project.



The reserve balance is a critical fund to be managed in Public Works. At this time, there are several large variables mentioned above that can significantly swing the reserve balance. The amount of the bonding will be adjusted to assure the reserve fund remains at a prudent balance while also considering the costs of borrowing, the economic conditions in Nevada and the susceptibility of the funds. The uncommitted reserve fund, separate from the accumulated savings for the Export Project, is currently scheduled to be less than the Policy target for the next five years. The current goal is to keep the uncommitted reserve fund above \$2.5 million.

Federal Funding of Capital Projects

The District has received Federal Funding in the amount of \$15,500,000 for the Sewer Effluent Export Project and \$2,700,000 for Water Infrastructure Projects over the last 10 years. This combined amount of \$18,200,000 over 10 years equates to a total savings of \$2,020 per residential customer or on average \$17 per month. The Effluent Export Project funding comes through our partnership with the US Army Corp of Engineers and we receive funding from the Section 595 Program of the Water Resources and Development Act of Congress. The Water Infrastructure funding comes through the Lake Tahoe Fire Partnership led by the South Lake Tahoe Public Utilities District and is funded through the US Forest Service.

Summary

The proposed utility rate increase is to raise water rates by 2.4% and sewer rates by 9.1% for a total utility rate increase of 6.0%. The rates are currently scheduled for an average 3.9% increase per year for five years to meet the projections presented here. This is less than last year's projection that rates would increase by 5.2% per year for next five years. The lower projection is because 2013 and 2014 had large sewer rate capital improvement fee increases to continue to raise capital for the \$23 million Effluent Export Project. The sewer rate increase is 11% and 9% respectively in each of those years to generate the capital revenue needed going forward.

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(h) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF ACCESS TO THE DISTRICT’S PARKS AND ATHLETIC FIELDS WHICH ARE “AVAILABLE” TO THE GENERAL PUBLIC FOR FREE, THE \$730,000 OF OUR RECREATION FACILITY FEES (“RFFs”) ASSIGNED TO FINANCIALLY SUBSIDIZE THESE VENUES (NEARLY \$90.00/ ASSESSED PARCEL/RESIDENTIAL DWELLING UNIT) SHOULD BE ELIMINATED BY A LIKE AMOUNT

Introduction: Here staff seek Board approval of an operating budget for proposed “availability” to the District’s public parks and athletic fields¹ which are available to members of the general public who are not paying the RFF *for free*. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for the District’s public parks and athletic fields. For purposes of this written statement, I have placed an asterisk next to the \$730,067 RFF entry on Exhibit “A.” A discussion of this *de facto negative* \$730,067 is the purpose of this written statement.

Do You Understand What the \$730,067 “Facility Fee” Entry Represents? This is the amount staff propose local parcel/residential dwelling unit owners involuntarily financially support (aka *subsidize*) the District’s and as you will discover *others’* parks, athletic and other fields. And please understand, since the District’s parks and athletic fields are facilities available for the public’s use, they exist for the benefit of the world’s tourists rather than just “the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada” as NRS 318.015(1) instructs.

Although You May Think You Understand What the District’s Parks and Athletic Fields Consist of, I Submit You Take a More Detailed Examination: Instead of simply making the District’s Parks and athletic fields “available” for local parcel/residential dwelling units’ use, staff have decided to make *other persons’* parks and similar fields available and to make these parcels’/residential dwelling units’ owners’ pay for their “maintenance, snow removal, grounds, turf management, customer service, and trash collection.”² That’s right! Page 122 of the 3/11/2020 Board packet identifies all of the parks and fields managed by staff, which are subject to the Parks’ sub-funds *negative* cash flow. Besides the obvious (Preston Field and the Village Green), listen to the following:

¹ Copies of that budget appear at page 128 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf] (“the 3/11/2020 Board packet”). This page is attached as Exhibit “A” to this written statement.

² See page 122 of the 3/11/2020 Board packet.

1. 3 Multi Use Ball Fields at Incline Park: Like the upper athletic field at Incline High, these are really not the District's fields. Rather, they represent Incline Middle School's physical education fields. The Board and the public probably do not know this, but these fields were acquired some years ago for the District's recreational use. However shortly after acquisition, in 1978³, the District sold a portion to the Washoe County School District ("WCSD") so Incline Middle School could be constructed. But the District did not sell the WCSD physical education fields. Instead, it entered into a disingenuous⁴ inter local agreement with the WCSD whereby the WCSD gets to use all of the District's recreational facilities for free, including Incline Park, in consideration of the District being able to use the WCSD's recreational facilities for free. And when it comes to grounds maintenance, turf management, and improvement of these fields⁵, who do you think pays? IVGID thank you very much. Just our way of saying "thanks" at local parcel owners' expense. Moreover the Board and the public has no idea of the extent of these costs because staff refused to share their particulars and they're not obtainable through the District's OpenGov data tool⁶.

2. The NT Lions Club Disc Golf Course: Several years ago the disc golfers in our community convinced the District to donate lands for the construction and operation of a disc golf course. These golfers represented that if approved, their club would fund one hundred percent (100%) of the construction costs. And to guaranty we local property owners would not have to pay for the golf course's maintenance/improvement/repair costs, these golfers represented they would cover 100% of these costs if allowed to sell the naming rights to the Lion's Club for \$10,000. Yes I and others opposed this arrangement because we knew IVGID staff could not be trusted. And now we see we were right!

According to page 122 of the 3/11/2020 Board packet the golf course's "maintenance, snow removal, grounds, turf management, customer service, and trash collection" are all being provided by the District. And the costs associated therewith, given we realize no user fees whatsoever from use of the golf course, are passed on to local property/residential dwelling unit owners. Just our way of saying "thanks" at local parcel owners' expense. Moreover, the Board and the public have no idea of the extent of these costs because staff have refused to share their particulars, and they're not obtainable through the District's OpenGov data tool⁶.

³ Go to <https://www.yourtahoeplace.com/ivgid/about-ivgid/history-of-ivgid>.

⁴ The reason I call this agreement disingenuous is because we all know the WCSD has little if any recreational facilities the District has any need of using. Even if it did, the price tag to the District for that use is grossly disproportionate in the WCSD's favor.

⁵ Several years ago local parcel/residential dwelling unit owners paid hundreds of thousands of dollars of RFF dollars for irrigation system upgrades to these fields. And somewhat recently, with the help of benefactor David Duffield, Sr., the District paid hundreds of thousands of dollars more for improvements to these ball fields.

⁶ Go to <https://www.yourtahoeplace.com/ivgid/financial-transparency/opengov-data-tool>.

3. The Holman Family Bike Park: Empowered by the success of their disc golf comrades, several years ago the mountain bikers in our community convinced the District to donate lands for the construction and operation of a mountain bike pump track. Like the disc golfers before them, these bikers represented that if approved, their club would fund one hundred percent (100%) of the construction costs. And to guaranty we local property owners would not have to pay for the bike park's maintenance/improvement/repair costs, these bikers represented they would cover 100% of these costs if allowed to sell the naming rights (apparently to the late Homan family). Yes I and others opposed this arrangement because we knew IVGID staff could not be trusted. And again we now see we were right!

According to page 122 of the 3/11/2020 Board packet the bike park's "maintenance, snow removal, grounds, turf management, customer service, and trash collection" are all being provided by the District. And the costs associated therewith, given we realize no user fees whatsoever from use of the bike park, are passed on to local property/residential dwelling unit owners. Just our way of saying "thanks" at local parcel owners' expense. Moreover, the Board and the public have no idea of the extent of these costs because staff have refused to share their particulars, and they're not obtainable through the District's OpenGov data tool⁶.

4. East & West Park: These parks sit at either end of the intersections of Lakeshore Blvd. and Highway 28. Furthermore, they *don't* sit on District owned property. Rather, they are owned by Washoe County! Notwithstanding, guess who pays to maintain and improve them? That's right, IVGID. Just our way of saying "thanks" at local parcel owners' expense. Several years ago I attempted to discover the legal bases for IVGID assuming the liabilities associated with these parks on the County's behalf. In response to my public records request, Ms. Herron referred me to some county employee who just never seemed to be able to return my telephone calls. And when I raised the issue with our Board of Commissioner, Marsha Berkbigler, my inquiries were ignored. Moreover the Board and the public have no idea of the extent of these costs because staff have refused to share their particulars, and they're not obtainable through the District's OpenGov data tool⁵.

5. The Upper High School Athletic Field: Although IVGID staff represent that the District owns this field (in "2008...the District...purchased...the upper field at the Incline High School"³), it does not⁷. Notwithstanding, page 122 of the 3/11/2020 Board packet reveals that the District maintains that field's landscaping pursuant to a written purchase order originating from the WCSD. Although the WCSD pays IVGID \$21,700 annually⁸ (approximately \$1,800/month), I and others believe this sum nowhere compensates the District for all of its costs associated with maintaining this field. Besides, why do IVGID staff assume an ever enlarging footprint? Why not let the WCSD handle its own landscape maintenance requirements?

⁷ Several public records requests made to Susan Herron have revealed there has been no agreement to purchase the field, nor has title transferred to the District.

⁸ See the \$21,700 "intergovernmental" revenue entry on Exhibit "A".

6. **The Visitor's Center:** on Highway 28. Similar to Incline Middle School, the Visitor's Center which is occupied by the Reno-Sparks Convention and Visitors Authority ("RSCVA"). But unlike the Middle School, IVGID owns this property. However several decades ago the District entered into a potential ninety-nine (99) year lease with the County which allows the RSCVA to use these lands. And what's the revenue to the District? \$1/year.

But wait. There's more. According to the lease the District is obligated to maintain, improve and repair the approximate ¾ acre park which surrounds the Visitor's Center. Just our way of saying "thanks" at local parcel owners' expense⁹. Moreover, the Board and the public have no idea of the extent of these costs because staff have refused to share their particulars, and they're not obtainable through the District's OpenGov data tool⁶.

7. **IVGID's Administration Building:** Just because the District owns an administration building doesn't mean the RFF can be used for its' landscaping maintenance/repairs/improvements. IVGID staff have represented that the RFF is a recreation standby service fee for its payers' "availability" to use *RECREATIONAL VENUES*. So why is staff assessing local property/residential dwelling unit owners the RFF to pay for this building's landscape maintenance/repair? In another written statement I have submitted contemporaneously with this one, I have demonstrated where the District has proposed receiving in excess of \$3.5 million in 2020-21 *ad valorem* and C-Taxes. Given these monies are supposed to pay for the costs IVGID incurs to provide general governmental services to the inhabitants of Incline Village/Crystal Bay, why aren't any of those funds used to pay for landscape maintenance/repair/improvement costs associated with the Administration Building? Moreover, the Board and the public have no idea of the extent of these costs because staff have refused to share their particulars, and they're not obtainable through the District's OpenGov data tool⁶.

8. **The Beaches:** Until receipt of the 3/11/2020 Board packet I had no idea that the landscape maintenance/repair/improvement costs associated with the beaches were being charged to/paid by the Parks sub-fund. This means that Crystal Bay and other property/residential dwelling unit owners without beach access (primarily along Lakeshore Blvd.) are improperly paying for maintenance of an asset for which they are denied access¹⁰! Moreover, the Board and the public have no idea of the extent of these costs because staff have refused to share their particulars, and they're not obtainable through the District's OpenGov data tool⁶.

Moreover, Please Understand That the Numbers I Will Share With the Board and the Public Are Staff's Numbers: even though I and others I know are of the opinion some of these numbers are "juiced" and others are deceitfully presented.

Moreover Still, Please Understand These Numbers Represent ONLY Operational Numbers: Given staff have budgeted for \$4,159,900 of additional Community Services Capital Expenditures¹¹

⁹ Several years ago local parcel/residential dwelling unit owners paid tens of thousands of dollars of RFF dollars for improvements/repairs/upgrades to this park.

¹⁰ If I were Frank Wright or Steve Kroll, I wouldn't be too happy to learn this.

without any breakdown as to how much is assigned to the Parks or athletic fields, the Board and the the public have no idea how much *more* in *negative* cash flow is properly assignable to the Parks sub-fund.

Staff Admit They Are Proposing to Budget to *Overspend* \$730,067 They Assign to Parks They Propose Be *Subsidized* By the RFF¹²:

Please Don't Respond That Local Property Owners Should Subsidize the Financial Losses Associated With Our Parks and Athletic Fields Because Many Cities or Counties Provide Services Like These to Their Communities at a Financial Loss: Although those communities may be providing the same public facilities, they're *not* coming up with the monies to do so by specially taxing local property owners. Rather, they're using some portion of the *ad valorem* taxes they receive to do so.

Here although IVGID is receiving *ad valorem* and Consolidated (C)-Taxes, it is using them to pay staff salaries and benefits instead. Don't believe me? I have attached staff's proposed 2020-21 budget (its income and expense statement for the General Fund¹³) as Exhibit "B" to this written statement. Note where I have placed asterisks next to a combined \$3,539,383 of *ad valorem*/C-Tax revenue. Now look at the expenses on that page. Besides \$3,317,636 in administrative salaries and benefits, show me where one dime has been proposed to be spent on the community's parks and athletic fields.

And Not That it Makes a Difference, But We Have No Idea What Percentage of Park Use is *Not* Being Used by Local Property Owners: In addition to the obvious, many of our athletic fields are being used by sports clubs who play sports clubs from other communities/states.

Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public, is so They Will Reduce the Costs Local Property Owners Are Required to Advance Will be Lower by a Like Amount: As the Board and the public can see, given the general public is not charged user fees to access and use the District's parks and athletic fields, this representation is patently false.

Since IVGID Looks to Washoe County For its Governance, We Pay the County a Separate *Ad Valorem* Property Tax, and the County Directly Benefits From the Transient Occupancy Tax ("TOT") Assessed on the World's Tourists Who Lodge in Incline Village/Crystal Bay and Use Our Recreational Facilities While Visiting, Why Isn't the County Paying For Maintenance/Repair/Improvement to IVGID's as Well as its Own Parks and Athletic Fields? What *ad valorem* and other taxes/fees does it collect from the communities of Incline Village and Crystal Bay? What TOTs are collected on the world's tourists who lodge in Reno/ Sparks/South Lake Tahoe/Incline Village/Crystal so they can recreate at the District's recreational facilities? What portion of those taxes/fees are shared with the District? What recreational facilities and programs does Washoe County provide to the inhabitants of

¹¹ See page 89 of the 3/11/2020 Board packet.

¹² See page 128 of the 3/11/2020 Board packet – Exhibit "A."

¹³ See page 161 of the 3/11/2020 Board packet.

Incline Village and Crystal Bay? Instead of attacking me, the messenger, why isn't the District making Washoe County and the RSCVA subsidize staff's overspending on the District's Parks and athletic fields?

Conclusion: Staff propose assessing local parcel/dwelling unit owners at least \$730,067 more than they actually require to subsidize the District's Parks and athletic fields which are available to be used by the general public as a whole *for free*. Given this is an improper use of a true "fee," the District has no power to levy special taxes against property, and this subsidy amounts to nearly \$90.00 a parcel unit, I request this amount *not* be budgeted, and the RFF be *reduced* by a like amount.

And to those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
PARKS
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 48,910 | 46,580 | 53,000 | 62,178 | 65,801 |
| Facility Fee | 703,856 | 873,701 | 730,067 | 730,067 | 730,067 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | 19,854 | 250 | 9,000 | - | - |
| Intergovernmental | 20,220 | 14,570 | 23,000 | 23,400 | 21,700 |
| Interfund | 63,685 | 70,604 | 78,000 | 82,010 | 84,926 |
| Central Services | - | - | - | - | - |
| Total Sources | 856,525 | 1,005,705 | 893,067 | 897,655 | 902,494 |
| Uses: | | | | | |
| Salaries & Wages | 332,157 | 337,927 | 338,000 | 345,389 | 342,681 |
| Employee Benefits | 71,527 | 75,544 | 75,000 | 85,289 | 86,061 |
| Total Personnel | 403,684 | 413,471 | 413,000 | 430,678 | 428,742 |
| Professional Services | 1,080 | 1,110 | 1,100 | 1,140 | 1,170 |
| Services & Supplies | 268,312 | 258,733 | 288,000 | 303,876 | 302,862 |
| Insurance | 13,541 | 18,718 | 13,800 | 16,800 | 13,320 |
| Utilities | 93,082 | 83,907 | 9,600 | 96,485 | 96,485 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | 38,600 | 39,500 | 42,300 | 42,300 | 45,540 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 414,615 | 401,968 | 354,800 | 460,601 | 459,377 |
| Total Uses | 818,299 | 815,439 | 767,800 | 891,279 | 888,119 |
| Net Sources (Uses) | \$ 38,226 | \$ 190,266 | \$ 125,267 | \$ 6,376 | \$ 14,375 |

EXHIBIT "B"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
PROPOSED SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ 1,533,905 | \$ 1,604,615 | \$ 1,690,000 | \$ 1,697,807 | \$ 1,787,000 |
| Consolidated Taxes | 1,649,920 | 1,708,093 | 1,750,000 | 1,751,692 | 1,752,383 |
| Charges for Services | - | - | - | - | - |
| Facility Fee | - | - | - | - | - |
| Investment income | 89,960 | 327,815 | 275,000 | 201,000 | 131,400 |
| Miscellaneous Revenues | 2,047 | 2,002 | 2,000 | 2,400 | 2,400 |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | 1,094,000 | 1,169,400 | 1,367,400 | 1,367,400 | 1,471,440 |
| Use of Fund Balance | - | - | - | 201,000 | - |
| Total Sources | 4,369,832 | 4,811,925 | 5,084,400 | 5,221,299 | 5,144,623 |
| Uses: | | | | | |
| Salaries & Wages | 1,848,640 | 2,013,473 | 2,125,000 | 2,125,940 | 2,168,182 |
| Employee Benefits | 803,839 | 887,376 | 1,050,000 | 1,068,804 | 1,149,454 |
| Total Personnel | 2,652,479 | 2,900,849 | 3,175,000 | 3,194,744 | 3,317,636 |
| Professional Services | 218,282 | 322,466 | 340,000 | 293,750 | 347,975 |
| Services & Supplies | 562,451 | 545,204 | 600,000 | 768,185 | 780,940 |
| Insurance | 50,440 | 62,791 | 53,000 | 52,680 | 53,100 |
| Utilities | 102,550 | 101,839 | 106,000 | 106,565 | 106,685 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 933,723 | 1,032,300 | 1,099,000 | 1,221,180 | 1,288,700 |
| General Fund Cap. Exp. | 113,813 | 121,257 | 340,000 | 686,445 | 370,150 |
| Total Uses | 3,700,015 | 4,054,406 | 4,614,000 | 5,102,369 | 4,976,486 |
| Net Sources (Uses) | \$ 669,817 | \$ 757,519 | \$ 470,400 | \$ 118,930 | \$ 168,137 |

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(j) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF ACCESS TO THE TENNIS CENTER, A MINIMUM OF \$114,842 OF THE CENTER’S PROPOSED EXPENSES SHOULD NOT BE BUDGETED

Introduction: Here staff seek Board approval of a proposed operating budget for the Tennis Center¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for the Tennis Center. For purposes of this written statement I have placed an asterisk next to the \$114,842 RFF entry on Exhibit “A.” And that’s the purpose of this written statement.

Do You Understand What This \$114,842 “Facility Fee” Entry Represents? For those who don’t, this is the amount staff propose local parcel/residential dwelling unit owners involuntarily *subsidize* the Tennis Center’s proposed overspending.

Given the Tennis Center is a Facility Available for the Public’s Use, Please Understand it Exists Just as Much For the Benefit of the World’s Tourists as the Few Local Parcel/Residential Dwelling Unit Owners Who May Actually Use it: Notwithstanding, *only* the local parcel/residential dwelling unit owners who pay the RFF are asked to subsidize the Tennis Center’s negative cash flow.

Please Understand That the Numbers I Will Share Are Staff’s Numbers: even though I and others I know are of the opinion that staff’s financial reporting is deceitfully presented to put the happiest face forward possible. As an example, since Exhibit “A” represents operational cash flow, one cannot see the massive additional negative cash flow caused by capital expenditures. Thus the financial picture presented is distorted.

Please Understand That These Numbers Do NOT Include Capital Expenditures: Given staff have budgeted for \$4,159,900 of *additional* Community Services² Capital Expenditures³ without any breakdown as to how much is assigned to the Tennis Center, the Board and the public have no idea how much *more* in *negative* cash flow is properly assignable to Tennis Center functions. Moreover,

¹ A copy of that budget appears at page 139 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. This page is attached as Exhibit “A” to this written statement.

² Tennis is a sub-fund of the District’s Community Service Fund.

³ See page 89 of the 3/11/2020 Board packet.

these numbers don't include the \$1,170,000 currently budgeted for the current tennis renovation project⁴. Thus like I said, the Tennis Center's financial picture presented is distorted.

Nonetheless, Staff Admit They Are Proposing to Overspend \$114,842 at the Tennis Center, and They Propose This Overspending Be Subsidized By the RFF³:

Please Understand That at the Board's June 19, 2019 Meeting, Stephen Bohnet of Finn Consulting Presented Evidence That 84% of Local Parcel/Residential Dwelling Unit Owners Assessed the RFF NEVER USE THE TENNIS CENTER⁵: And if we add those who only used it once or twice in the last year, this number balloons to a whopping 89%! For these and other reasons I unsuccessfully urged the Board to vote against the proposed \$1.285 million renovation of the Tennis Center⁶ because it violates the "pay for what you use" principle.

What is the Justification for Forcing 84% of Local Parcel/Residential Dwelling Unit Owners/ Their Occupants Who NEVER Use the Tennis Center to Involuntarily Finance \$1.285 Million or More of Tennis Center Renovations? And remember, this number is on top of the \$164,000 of 2019-20⁷ and the current \$114,182 of proposed 2020-21 operational overspending!

And Not That it Makes a Difference (Because Budgeting to Overspend is Wrong Regardless), But We Have No Idea of What Percentage of Tennis Center Use is Not Actually Being Used by Local Property Owners: In the Fall/Winter 2019 edition of the IVGID Quarterly⁸, staff highlighted many of the "programs" administered out of the Tennis Center. All were/are available to members of the general public, whether or not local parcel/residential dwelling unit owners paying the RFF. Thus access to and use of the Tennis Center is promoted by staff to visitors/tourists when in contrast, NRS 318.015 instructs that the District's recreational facilities and the services they offer should primarily exist for the benefit of "the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada."

Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public, is so the Revenues Realized From the General

⁴ See pages 11 and 12 of the 3/11/2020 Board packet.

⁵ See page 24 of the packet of materials prepared by staff in anticipation of the Board's June 19, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-19-19.pdf ("the 6/19/2019 Board packet")].

⁶ See pages 193-202 of the packet of materials prepared by staff in anticipation of the Board's July 17, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_7-17-19.pdf ("the 7/17/2019 Board packet")].

⁷ See page 193 of the packet of materials prepared by staff in anticipation of the Board's May 22, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-22-19.pdf ("the 5/22/2019 Board packet")].

⁸ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Qrtly-Sept-2019.pdf.

Public Will Reduce the Costs Local Parcel Owners Are Required to Pay: But this is a false narrative⁹ and staff know it to be false.

In 2002 as Well as 2013 the Board Instructed Staff to Budget Tennis Center Operations on a Financially Breakeven Basis. What Happened? On December 11, 2002 the Board adopted Resolution 1736¹⁰ which adopted Financial Standards for the District's various recreational facilities including the Tennis Center. As the Board and the public can see from ¶VII(A) of Resolution 1736, that Board declared that the services provided by the Tennis Center be "provide(d) on a breakeven basis." Although for political reasons Resolution 1736 was rescinded on March 26, 2008 and replaced with a watered down version of Policy 2.1.0, the subject was again discussed by the Board at its October 1, 2013 meeting. Thereat Board members were asked whether each of the District's recreational facilities and the programs offered thereat "should generate a profit, break even, or simply provide value?" Four (4) of the five (5) trustees declared the Tennis Center should operate on a breakeven or on a profit basis¹¹. **So why is it acceptable to continue to budget for operational losses?** Isn't it time for this Board to take charge of the District's finances rather than passing off this duty to staff who have demonstrated they are not capable of managing the District's recreational venues on a financial break even or positive cash flow basis?

Conclusion: In addition to massive capital costs, Staff propose assessing local parcel/residential dwelling unit owners at least \$114,842 in operational overspending to subsidize the Tennis Center and the many programs administered therefrom. Public Works Director Joseph Pomroy often speaks about fairness and equity insofar as our utility rates are concerned. To make his argument, he uses the example "pay for what you use." In other words, don't make the majority of rate payers pay for the excess services exacted by a few. Well why should it be any different insofar as the fees charged at any of the District's recreation venues (here the Tennis Center) are concerned¹¹? Shouldn't access and use be paid by those few who actually use this facility and the services it offers rather than the overwhelming majority of local parcel/residential dwelling unit owners who do not¹²?

⁹ One need merely look at staff's proposed Diamond Peak income and expense statement (see page 102 of the 3/11/2020 Board packet). Instead of reducing the RFF by the \$1,640,600 of alleged savings, that money is proposed to be used to subsidize overspending at the District's *other* recreational facilities.

¹⁰ Resolution 1736 is attached as Exhibit "B" to this written statement.

¹¹ A spreadsheet depicting trustees' views on this subject was attached to the minutes of the Board's October 1, 2013 meeting [see page 126 of the materials prepared by staff in anticipation of the Board's October 30, 2013 meeting ("the 10/30/2013 Board packet")]. A copy of that spreadsheet is attached as Exhibit "C" to this written statement.

¹² Some years ago the Board commissioned a "parcel utilization" survey. What the Board and the public discovered is that system wide, on average less than 15% of the parcels/residential dwelling units assessed the RFF had an owner/occupant who used any of the District's recreational facilities

Therefore I request that this \$114,842 *not* be budgeted, and all Tennis Center programs/ services be eliminated unless they are financially break even or positive cash flow. Direct our staff figure out how to increase revenues/reduce costs to eliminate all negative cash flow. And if they are not capable, maybe it's time to find another operator or dispose of this asset.

And to those asking why your RFF/Beach Facility Fee ("BFF") are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

just once in the preceding year. This means that the overwhelming majority of parcel/residential dwelling unit owners paying the RFF/their occupants *never* use a given recreational facility.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
TENNIS
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 145,196 | 153,435 | 156,000 | 156,100 | 158,100 |
| Facility Fee | 114,581 | 130,893 | 114,842 | 114,842 | 114,842 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 259,777 | 284,328 | 270,842 | 270,942 | 272,942 |
| Uses: | | | | | |
| Salaries & Wages | 120,151 | 136,149 | 135,000 | 139,281 | 128,372 |
| Employee Benefits | 19,854 | 26,172 | 26,000 | 29,131 | 29,635 |
| Total Personnel | 140,005 | 162,321 | 161,000 | 168,412 | 158,007 |
| Professional Services | 540 | 555 | 570 | 570 | 585 |
| Services & Supplies | 53,919 | 55,751 | 62,000 | 61,986 | 63,830 |
| Insurance | 2,289 | 2,736 | 3,120 | 3,120 | 3,540 |
| Utilities | 7,547 | 7,685 | 8,100 | 8,135 | 8,135 |
| Cost of Goods Sold | 13,731 | 13,696 | 15,000 | 15,500 | 15,500 |
| Central Services | 10,500 | 10,800 | 12,700 | 12,700 | 13,680 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 88,526 | 91,223 | 101,490 | 102,011 | 105,270 |
| Total Uses | 228,531 | 253,544 | 262,490 | 270,423 | 263,277 |
| Net Sources (Uses) | \$ 31,246 | \$ 30,784 | \$ 8,352 | \$ 519 | \$ 9,665 |

EXHIBIT "B"

Resolution No. 1736

**BUSINESS RELATIONS AND FINANCIAL STANDARDS
Incline Village General Improvement District**

WHEREAS, IVGID is chartered under state laws and county ordinance to provide utility and recreation services to Incline Village and Crystal Bay; and

WHEREAS, a central purpose of IVGID is to provide quality services which are readily accessible at a minimal competitive price to IVGID residents and property owners; and

WHEREAS, sound business decisions improve the quality and availability of IVGID services, while controlling costs to taxpayers and users located within the boundaries of IVGID, and this requires clear financial objectives and careful control of operations; and

WHEREAS, IVGID business decisions are subject to numerous federal, state, and local regulations; and

WHEREAS, IVGID decisions may have a significant effect on local businesses and the local economy; and

WHEREAS, the health of local businesses affects the welfare of our community; and

WHEREAS, on June 14, 1990, the Board of Trustees of the Incline Village General Improvement District adopted Resolutions No. 1590, "Business Relations," and 1591, "Financial Standards, which was subsequently amended on August 17, 1999; and

WHEREAS, in July 2002, the Board of Trustees directed staff to update the provisions of Resolutions 1590 and 1591; and

WHEREAS, input was received from citizens and staff, and Board workshops were held to bring clarity and direction to the provisions of Resolutions 1590 and 1591.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Incline Village General Improvement District that the Policy Statements on Business Relations and Financial Standards contained in Resolutions 1590 and 1591 are hereby amended and combined into one Policy Statement on Business Relations and Financial Standards, as attached hereto and incorporated herein by reference.

RESOLVED this 11th day of December, 2002.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regular meeting of the Board of Trustees of the Incline Village General Improvement District on the 11th day of December, 2002, by the following vote:

AYES, and in favor thereof, Trustees:

Syd Brosten, Ted Fuller, Kenny Kinsman, Gail Krolick, Bob Wolf

NOES, Trustees: None

ABSENT, Trustees: None



Secretary

Policy Statement

**BUSINESS RELATIONS and FINANCIAL STANDARDS
Incline Village General Improvement District**

I. PURPOSE

IVGID provides high quality utility and recreation services which are readily accessible at low cost to residents and property owners. This requires clear financial objectives, careful control of operations, and prudent management of investments.

This policy statement provides a general framework for decision-making in five areas:

Services: What services IVGID provides.

Operations: How services are operated.

Marketing: When and how services are offered to visitors.

Finances: What standards are established for financial results.

Businesses: How IVGID relates to local businesses.

II. SERVICES

Subject: What services IVGID provides.

Policy: IVGID will add or delete utility and recreation services in relation to the need for them in the community. Need will be determined based upon objective analysis and public input. IVGID will not initiate new services when existing local public and private providers are meeting community needs.

Factors: In determining whether to offer or continue a service, the IVGID Board will consider the following:

How the service is related to IVGID's charter.

How the service is related to other IVGID services.

Whether other service providers are meeting substantially all of the need or serving the same customers as the proposed IVGID service.

Whether other service providers are located within Incline Village/Crystal Bay.

How the service affects the quality of life and environment.

The character, quality, cost, and availability of services provided by others.

Risk.

Required capital investment. A return on investment (ROI) or return on service (ROS) analysis will be completed on capital improvement projects (CIP) based on a pre-established limit set annually during the budgeting process. Consideration will be given to whether a venue's CIP requests are equal to the venue's depreciation.



The amount of subsidy or the breakeven point relating to the service.

If it is a support rather than a primary service, whether the support service is available on the premises of similar primary facilities.

Whether the service can be provided through IVGID by a private contractor, or only by IVGID employees.

III. OPERATIONS

Subject: How services are operated.

Policy: IVGID will review operating methods for each recreation and utility service on a periodic basis, or when there have been significant negative results, based upon benchmarks over a five-year term. Operating method decisions will be based on an objective analysis of the pros and cons of alternative operating methods, on a case-by-case basis.

Factors: In determining whether to operate a service directly with IVGID employees, or on a contracted basis, the IVGID Board will consider the following:

The expertise and track record of IVGID staff, and of potential contractors.

Risk.

Capital investments.

The breakeven point or cost to IVGID.

Degree of control IVGID and the community desires over operating practices.



Amount of taxpayer subsidy provided to the service.

Effect on resident and owner user fees.

Effect on resident and owner access to the service.

Length and terms of contract required to obtain the interest of reputable private contractors.

Relationship to other IVGID services.

Tax exempt financing restrictions.

Required support by central IVGID staff.

IV. MARKETING

Subject: When and how services are offered to visitors.

Policy: IVGID will market recreation services to visitors when resident and owner access can be maintained; visitor use can be comfortably accommodated; and visitor sales are necessary to finance quality and keep down costs to taxpayers and residents.

Factors: In determining which recreation services to market to visitors, and how to direct this marketing, the IVGID Board will consider the following:

Whether the service is available for use by the general public.

Effect on resident and owner access.

Crowding.

Effect on tax subsidies or resident and owner user fees.

Effect on local economy and local businesses.

Effect on IVGID breakeven point or costs.

Effect on improving the range or quality of services which can be made available.

Cooperative marketing opportunities with the local Visitors and Convention Bureau, Chamber of Commerce, and private businesses.

Whether the IVGID service to be marketed is operated by IVGID staff or by a private contractor.

Cross-marketing relationships with other IVGID services.

V. FINANCES

Subject: What standards are established for financial results.

Policy: IVGID will establish financial standards, identifying which services are to be at breakeven, and which will be subsidized over a five-year term. 

- Factors:** In determining the breakeven point or subsidy, if any, for each service, the IVGID Board will consider the following:
- Relationship of the service to public health, safety, and welfare.
 - Whether it is feasible to charge for the service or control access to it.
 - Whether it is feasible to provide the service at breakeven to IVGID, or with lesser subsidies.
 - Tax rates at subsidy or breakeven levels.
 - Recreation fees at subsidy or breakeven levels.
 - User rates at subsidy or breakeven levels.
 - How many people benefit from the service.
 - Users' ability to pay.
 - Whether the service is subsidized or not subsidized in other communities.
 - Whether there are private businesses offering the service locally without a subsidy.
 - Whether the IVGID service is being operated by IVGID staff or by a private contractor.
 - Relationship to IVGID's financial plans.
 - Whenever CIP exceeds depreciation, consideration must be given to increasing user fees, recreation fees, borrowing or a combination thereof.
 - The increase in net worth of the District when debt is paid down.
 - Competitive pricing of private businesses for which the District already offers a service.
 - Maintain minimum fund reserves in Community Services and Utility Funds, which will be determined by annual review of the 10-year cash flows with a focus on the long-term capital needs for these two enterprise funds. These fund reserves will be evaluated and set each year as part of the annual budgeting process.

VI. BUSINESSES

Subject: How IVGID relates to local businesses.

Policy: IVGID will provide local businesses with opportunities to compete for IVGID contracts. IVGID will work cooperatively with local businesses and business organizations on joint programs and promotions of our community.

Actions: IVGID will implement this policy in the following ways:

Make IVGID contracts available for bid by local businesses.

Consider, within the limits of the law, a policy of preference for Incline Village/Crystal Bay businesses in contract award.

Formalize policies controlling IVGID's merchandising with food/beverage operations to minimize competition with businesses outside IVGID's primary sphere of interest. The 'primary sphere of interest' is defined as functions which take place upon District property.

Continue and expand joint promotional efforts with local businesses and business organizations.

Maintain IVGID's active involvement in business organizations, functions and activities.

The purpose of the District's involvement with businesses must be with the purpose of cooperating in maintaining minimal competitive user and recreation fees.

VII. FINANCIAL STANDARDS

The following five-year objectives are established for the financial performance of IVGID services, to include operations and capital investments:



A. Breakeven and/or Breakeven Point. These services IVGID seeks to provide on a breakeven basis. Measurement is net income after depreciation and interest expense over a five-year term:

- Water
- Sewer
- Trash
- Tennis
- Alpine Skiing
- Golf
- Chateau
- Aspen Grove
- Programs - Adults



B. Subsidy. These services IVGID is willing to subsidize. Measurement is net loss after depreciation and interest expense over a five-year term:

- Beaches
- Parks
- Incline Village Recreation Center
- Programs - Youth

An annual recreation fee distribution summary, based upon the next fiscal year operating and CIP budget, will be mailed to each recreation parcel owner subsequent to the Board of Trustees adopting the recreation roll. This summary will delineate the amount of the recreation fee to be used or not used by the venues within Community Services.

EXHIBIT "C"

2014-2015 BUDGET PRIORITIES

October 7, 2013

How do you feel about the various venues and programs within IVGID? Do you feel they should generate a profit, break even, or simply provide value? Please check the appropriate box for each venue or program.

(H) Hammerel (W) Wolfe (Sm) Smith (Si) Simonian (D) Devine

| Venue or Program | Value | ↔ | Break Even | ↔ | Profit |
|--|---------------|--------------|-------------------|-----------|-------------------|
| Championship Golf | | | (H) (Sm) (D) (Si) | | (W) |
| Mountain Golf | | | (H) (Sm) (D) (Si) | | (W) |
| Chateau | (H) (Sm) | | (D) | | (W) (Si) |
| Aspen Grove | (H) | | (D) | (Sm) (Si) | (W) |
| Food & Beverage | | | (H) | | (W) (Sm) (D) (Si) |
| Diamond Peak Ski Resort | | | (H) | (D) | (W) (Sm) (Si) |
| Parks | (H) (Sm) | (W) (D) (Si) | | | |
| Tennis  | | (W) | (H) (Sm) (Si) | (D) | |
| Youth Programs | (H) | (W) (D) | (Si) | (Sm) | |
| Adult Programs | (H) | (W) (D) | (Si) | (Sm) | |
| Senior Programs | (H) | (W) (D) | (Si) | (Sm) | |
| Recreation Center | (Sm) (Si) | | (H) (W) (D) | | |
| Beaches | (H) | (D) | | | (W) (Sm) (Si) |
| (H) Winter golf course usage | (H) (Sm) (Si) | | | | |
| (H) Create IVGID land use policy | (H) (Sm) (Si) | | | | |
| (H) Mobile POS | | | (H) (Sm) (Si) | | |
| (H) Grant writer | | | (H) (Sm) | | |
| (H) District-wide pass/resort charge | | | (H) (Sm) | | |
| (H) District-wide bike racks | (H) (Sm) | | | | |
| (H) Electric car chargers | (H) (Sm) | | | | |
| (W) Keep rec/beach fee level | | | (Sm) | | |
| (D) Wildlife | | | (Sm) (D) | | |

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WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(r) – BECAUSE STAFF REFUSE TO SHARE THE EXPENDITURES THEY PROPOSE BE BUDGETED TO THE GENERAL FUND, LOCAL PARCEL/ RESIDENTIAL DWELLING UNIT OWNERS ARE INDIRECTLY FORCED TO SUBSIDIZE OVERSPENDING IN THIS FUND THROUGH CENTRAL SERVICES TRANSFERS, AND THERE ARE AT LEAST \$72,000 IN WASTEFUL/ UNNECESSARY EXPENDITURES PROPOSED WITH TRI-STRATEGIES WHICH REQUIRE DELETION, THE BOARD SHOULD NOT RATIFY/APPROVE STAFF’S PROPOSED EXPENDITURES IN THIS FUND UNTIL STAFF PRODUCE A LINE ITEM SUMMARY OF PROPOSED EXPENDITURES

Introduction: Here staff seek Board approval of a proposed operating budget for the General Fund¹ (aka “District Administration”). For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for the General Fund. For purposes of this written statement I call the Board’s and the public’s attention to the following entries, and what I believe they represent:

1. **\$1,787,000 of *ad valorem* tax revenue:** This is the District’s estimated 2020-21 *ad valorem* tax revenue from local non-exempt parcels;
2. **\$1,752,383 of consolidated (C-Tax) revenue:** There is a statewide C-Tax which consists of various sources of revenue including sales taxes and fees from vehicle registration. This tax gets allocated amongst various local governments, and this is the District’s estimated 2020-21 allocation;
3. **\$3,549,383 of combined 2020-21 tax revenues:**
4. **\$3,317,636 of proposed 2020-21 personnel wages and benefits:** Instead of paying for general governmental services which benefit our community, you can see that essentially 100% of tax revenues are spent on administrative salaries and benefits;
5. **\$2,652,479 of actual 2017-18 personnel wages and benefits:** Thus in just the last four (4) fiscal years, administrative salaries and benefits have increased by \$665,157 or a whopping 25.08%!
6. **\$2,900,849 of actual 2018-19 personnel wages and benefits:** The increase in administrative salaries and benefits between 2017-18 and 2018-19 was \$248,370 or 9.4%.

¹ A copy of that budget appears at page 161 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. This page is attached as Exhibit “A” to this written statement.

7. **\$3,175,000 of estimated actual 2019-20 personnel wages and benefits:** The increase in administrative salaries and benefits between 2018-19 and 2019-20 was \$274,151 or another 9.5%.

8. **\$3,317,636 of proposed 2020-21 personnel wages and benefits:** The proposed increase in administrative salaries and benefits between 2019-20 and 2020-21 is \$142,636 or another 4.5%.

9. **\$1,094,000 of actual 2017-18 central services transfer revenue:** What is central services revenue, and from where is it transferred? This revenue is virtual rather than actual out-of-pocket inasmuch as it represents reimbursements to the General Fund (i.e., transfers) “allocated between the Utility, Community Service and Beach Funds to (allegedly) cover the cost of services provided by the General Fund.”² Therefore this “revenue” to the General Fund consisted of nothing more than \$1,094,000 of transfers from the District’s Utility, Community Service and Beach Funds to allegedly reimburse the General Fund for *some*³ of the costs of the administrative services provided to those funds.

Consider that in 2017-18 Public Works employed 34.6 employees, translating into 31.2 FTEs whose costs were assigned to the Utility Fund⁴. In contrast, the District employed 980 employees⁵ system wide, translating into 259.6 FTEs⁶. Notwithstanding 3.35 Public Works employees were assigned to the business office (a customer service representative, a contracts administrator, an administrative manager, and, a program coordinator⁷), staff determined that Public Works not only required the General Fund’s central services, but a whopping 27.14%⁶ (\$297,000) of the allocated cost (\$1,094,000).

Moreover, in just the last four (4) fiscal years central services costs have increased by \$377,440 or a whopping 34.5%!

² See page 157 of the current 2019-20 budget [https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf (“the 2019-20 Budget”).]

³ I say “some” of the costs because according to staff, not all of those costs are reimbursed. Rather, only the shared costs of Accounting and Human Resources are allocated under a plan which considers wages, benefits, full time equivalents and certain services and supplies (see ¶15 at page 42 of the latest 2018-19 Comprehensive Annual Financial Report [<https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-IVGID-CAFRReport.pdf> (“the 2018-19 CAFR”).]

⁴ See page 146 of the 3/11/2020 Board packet.

⁵ Go to <https://transparentnevada.com/salaries/2018/incline-village-general-improvement-district/>.

⁶ Go to page 112 of the 2017-18 budget [https://www.yourtahoeplace.com/uploads/pdf-ivgid/2017.6.16_2017-2018_Operating_Budget.pdf (“the 2017-18 Budget”).]

⁷ See page 125 of the 2017-18 Budget.

Even the most cursory examination of the methodology behind central services reveals that it has been disproportionately assessed against the Utility Fund, and disproportionately increased in just the last four (4) years. And why? Because of all of the District's funds, this is the one which because of its steady revenue source can most easily afford it. And because personnel costs have increased at such an alarming rate, and *ad valorem* and C-Tax revenue remains fairly flat, staff have no other revenue source to keep up with this increase in the General Fund other than central services transfers.

10. \$1,169,400 of actual 2018-19 central services transfer revenue: The increase in allocated central services costs between 2017-18 and 2018-19 was \$75,400 or 6.9%. (compare this to a 9.4% increase in employee wages and benefits).

11. \$1,367,400 of estimated actual 2019-20 central services transfer revenue: The increase in allocated central services costs between 2018-19 and 2019-20 was \$198,000 or a whopping 16.93%. (compare this to a 9.5% increase in employee wages and benefits).

12. \$1,471,440 of proposed 2020-21 central services transfer revenue: The increase in allocated central services costs between 2019-20 and 2020-21 is estimated to be \$104,440 or 7.6%. (compare this to an estimated 4.5% increase in employee wages and benefits).

These are the purposes of this written statement.

What I Believe the Above Data Represent: IVGID's General Fund is supposed to report income and expenses associated with the general governmental services it delivers. Whatever those services actually are, the revenues the District receives in its capacity of being a governmental agency are limited (*ad valorem* and C-Taxes). They are nowhere sufficient to pay for the extensive business infrastructure (HR, IT, Finance, Risk Management, Marketing, Retail Sales, etc.) staff have created.

Notwithstanding NRS 318.180 gives the Board "the power to hire and retain agents, employees (and) servants," and NRS 318.185 gives the Board "the power to prescribe the duties of officers, agents, employees and servants, and (to) fix their compensation," and NRS 318.210 gives the Board "all rights and powers necessary or incidental to or implied from the specific powers granted in this chapter" which would extend to firing agents, employees and servants, past Boards have been hoodwinked by staff into abdicating these powers to staff⁸. Is it any wonder then that in just the last four (4) years staff have increased administrative salaries and benefits a whopping 25.08%? And that the central services transfers necessary to pay for them have increased an even greater 34.5%? And now rather than cutting costs, staff are proposing even more overspending!

Please Understand That the Numbers I Will Share Are Staff's Numbers: even though I and others I know are of the opinion that staff's financial reporting is deceitfully presented to put the

⁸ See Resolution 1480 (pages 12-17 at https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Policy_and_Procedure_Resolutions.pdf) which gives these powers to the General Manager.

happiest face forward possible. As an example, since Exhibit "A" represents operational cash flow, one cannot see the massive additional negative cash flow caused by capital expenditures. Thus the financial picture presented is distorted.

My E-Mail Request of February 17, 2020: On February 17, 2020 I sent interim General Manager Winquest an e-mail pertaining to the upcoming 2020-21 budget⁹. Knowing that wasteful spending gets buried within the budget's "Services and Supplies" category, I asked to examine "EVERY individual, line item expense, under the Services and Supplies category." Although my request was targeted to the District's Community Services and Beach Funds, it has equal relevance to the District's General Fund. To date staff have neither acknowledged receipt of my request, nor have they made available for my examination any of the requested documents.

For this reason alone, I ask that staff's proposed budget be REJECTED. Unless the records I have requested are made available for public examination, consideration of staff's proposed budget is a wasteful endeavor.

Two Wasteful Expenditures Assigned to Exhibit "A" I Ask Be Expressly Deleted Therefrom – Tri Strategies: Tri-Strategies labels itself "a government relations and public affairs firm specializing in strategic communications, coalition management, public engagement, and government advocacy."¹⁰ What exactly does this firm's publicized services have to do with furnishing facilities for public utilities or recreation? Given the answer is "nothing," why am I discussing it?

Because the District has entered into two contracts with Tri-Strategies whose costs have been assigned to the General Fund and buried under "Services and Supplies." The first contract is to act as a lobbyist for IVGID to influence State legislation. This contract costs local parcel/residential dwelling unit owners \$2,000 per month.

The second contract is to act as a public relations and communication arm for IVGID issuing press releases, amongst other tasks (expenditures pursuant to this contract are wrongfully labeled "Government Affairs" consulting¹¹). And this contract costs local parcel/residential dwelling unit owners \$4,000 per month.

Collectively, these contracts with Tri-Strategies are costing the District \$6,000/month¹¹ plus expenses. I and others I know want these wasteful expenditures to end. Hence this written statement.

⁹ A copy of that e-mail is attached as Exhibit "B" to this written statement.

¹⁰ Go to <https://www.tri-strategies.com/>.

¹¹ As evidence of these expenditures I have attached page 2 of the District's bill pays for the week ending February 13, 2020 (go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Check_Run_02.08.20_to_02.13.20_a.pdf) as Exhibit "C" to this written statement. The public knows these expenses are assigned to the General Fund given the chart of account ("COA") numbers disclosed. The number expressly refers to the General Fund.

Forecasts Unlimited: Unbelievably we're paying this firm \$700/month for...are you ready for this one...weather forecasts¹². The same forecasts available over the internet *for free*! Although the COA number assigned to this payment discloses this expenditure has been assigned to Ski, the argument I am attempting to make is the same as the one applicable to Tri-Strategies. The Board and the public need to know every expense included under the "Services and Supplies" category in our budgets so the Board can exercise *line item deletion*.

Conclusion: Here staff propose the Board blindly rubber stamp its intent to spend nearly \$5,600,000 on items assigned to the General Fund including Public Relations and Communications Services and who knows what else given there is no line item disclosure. Until staff disclose each and every line item expense buried under "Services and Supplies" as I have asked, I request no budget be passed for the General Fund.

And to those asking why your RFF/Beach Facility Fee ("BFF") are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

¹² I have attached page 2 of the District's bill pays for the week ending February 7, 2020 (go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Check_Run_01.31.20_to_02.07.20.pdf) as Exhibit "D" to this written statement.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
PROPOSED SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ 1,533,905 | \$ 1,604,615 | \$ 1,690,000 | \$ 1,697,807 | \$ 1,787,000 |
| Consolidated Taxes | 1,649,920 | 1,708,093 | 1,750,000 | 1,751,692 | 1,752,383 |
| Charges for Services | - | - | - | - | - |
| Facility Fee | - | - | - | - | - |
| Investment income | 89,960 | 327,815 | 275,000 | 201,000 | 131,400 |
| Miscellaneous Revenues | 2,047 | 2,002 | 2,000 | 2,400 | 2,400 |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | 1,094,000 | 1,169,400 | 1,367,400 | 1,367,400 | 1,471,440 |
| Use of Fund Balance | - | - | - | 201,000 | - |
| Total Sources | 4,369,832 | 4,811,925 | 5,084,400 | 5,221,299 | 5,144,623 |
| Uses: | | | | | |
| Salaries & Wages | 1,848,640 | 2,013,473 | 2,125,000 | 2,125,940 | 2,168,182 |
| Employee Benefits | 803,839 | 887,376 | 1,050,000 | 1,068,804 | 1,149,454 |
| Total Personnel | 2,652,479 | 2,900,849 | 3,175,000 | 3,194,744 | 3,317,636 |
| Professional Services | 218,282 | 322,466 | 340,000 | 293,750 | 347,975 |
| Services & Supplies | 562,451 | 545,204 | 600,000 | 768,185 | 780,940 |
| Insurance | 50,440 | 62,791 | 53,000 | 52,680 | 53,100 |
| Utilities | 102,550 | 101,839 | 106,000 | 106,565 | 106,685 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 933,723 | 1,032,300 | 1,099,000 | 1,221,180 | 1,288,700 |
| General Fund Cap. Exp. | 113,813 | 121,257 | 340,000 | 686,445 | 370,150 |
| Total Uses | 3,700,015 | 4,054,406 | 4,614,000 | 5,102,369 | 4,976,486 |
| Net Sources (Uses) | \$ 669,817 | \$ 757,519 | \$ 470,400 | \$ 118,930 | \$ 168,137 |

EXHIBIT "B"

Upcoming Budget

From: s4s@ix.netcom.com
To: "ISW@ivgid.org"
Cc: Callicrate Tim Trustee <callicrate_trustee@ivgid.org>, Dent Matthew <dent_trustee@ivgid.org>, schmitz_trustee@ivgid.org, Wong Kendra Trustee <wong_trustee@ivgid.org>, Morris Peter <morris_trustee@ivgid.org>, Herron Susan <Susan_Herron@ivgid.org>
Subject: Upcoming Budget
Date: Feb 17, 2020 6:14 PM

Hello Indra -

As you know soon staff will be presenting a proposed budget for 2020-21.

Based upon the financial shenanigans I've recently come across, as well as a new one which benefits Forecasts Unlimited (go to <http://www.forecastsunlimited.com/>), I am asking to examine EVERY individual, line item expense, under the Services and Supplies category, in the Community Services and the Beach Special Revenue Funds. I am sharing this request with you now so it doesn't come as a surprise and you have time to work on it before the first version of your proposed budget is made public.

I am sending a copy of this e-mail to the Board asking they NOT approve any budget staff proposes unless what is presented is in the detail I request because otherwise, the Board and the public have no clue whatsoever as to what exactly is being proposed to be expended in the next fiscal year.

I just learned that staff have been paying Forecasts Unlimited \$700 month for weather reports. In my book there is no justification whatsoever for this kind of expense. The basic power to furnish facilities for public recreation was never given to IVGID so it could operate public recreation facilities for the benefit and convenience of the world's tourists. These facilities are supposed to be here for the residents of Incline Village/Crystal Bay and we don't need to financially subsidize the same because revenues which would otherwise obviate the need for a subsidy are wasted on an expenditures like this one.

And now I want to learn of all the other wasteful expenditures our staff bury in these fund categories so they cannot be appropriated ahead of time.

Finally, I ask Ms. Herron include this e-mail in the packet of materials prepared for the next Board meeting so the public can learn what I've learned about IVGID staff's wasteful expenditures.

Thank you for your cooperation and please consider this to be a public records request.

Aaron Katz

EXHIBIT "C"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
CHECK REGISTER WITH INVOICE DETAIL

| Check Date | Payment Type | Check | Vendor# | Name | GL Allocation Amount | Check Amount | Account | Invoice Desc |
|------------|--------------|--------|---------|---------------------------------------|----------------------|--------------|-----------------|--|
| 02/13/2020 | EFT | 3142 | 3562 | CC Cleaning Service, LLC | 5,735.00 | 5,735.00 | 350-48-840-7530 | Janitorial Services Contract for 364 days at \$185 per day awarded by BOT 10/30/19 ba |
| 02/13/2020 | EFT | 3143 | 1937 | First Choice Services | 130.55 | 130.55 | 390-39-780-7415 | coffee, tea and sugar |
| 02/13/2020 | EFT | 3144 | 2938 | Industrial Electrical Co. | 1,060.63 | 1,060.63 | 340-34-620-7510 | Tach Generator Drop-In Replacement for Obsolete Baldor |
| 02/13/2020 | EFT | 3145 | 2889 | L&C Cook Specialty Foods, Inc. | 930.30 | 930.30 | 340-00-000-0720 | food for resale-statement 02.09.2020 |
| 02/13/2020 | EFT | 3146 | 3199 | Employee Reimbursement | 82.84 | 165.67 | 200-27-380-7685 | reimburse expenses-Environmental education confer-NV City |
| 02/13/2020 | EFT | 3146 | 3199 | Employee Reimbursement | 82.83 | 165.67 | 200-28-990-7685 | reimburse expenses-Environmental education confer-NV City |
| 02/13/2020 | EFT | 3147 | 1943 | New West Distributing, Inc. | -616.00 | 5,188.25 | 340-34-530-7924 | credit on beer |
| 02/13/2020 | EFT | 3147 | 1943 | New West Distributing, Inc. | 65.00 | 5,188.25 | 320-31-520-7924 | resale beer purchase |
| 02/13/2020 | EFT | 3147 | 1943 | New West Distributing, Inc. | 76.15 | 5,188.25 | 340-00-000-0721 | resale beer purchase |
| 02/13/2020 | EFT | 3147 | 1943 | New West Distributing, Inc. | 432.00 | 5,188.25 | 340-34-530-7924 | resale beer purchase |
| 02/13/2020 | EFT | 3147 | 1943 | New West Distributing, Inc. | 5,231.10 | 5,188.25 | 340-34-530-7924 | resale beer purchase |
| 02/13/2020 | EFT | 3148 | 1239 | PDM Steel Service Centers, Inc | 975.66 | 975.66 | 200-25-230-7520 | .250 ALUMINUM PLATE 48 X 144, SKID CHARGE |
| 02/13/2020 | EFT | 3149 | 2206 | Praxair | 209.40 | 418.80 | 200-22-230-7425 | Cylinder Rent Summary 11/20/2019 TO 12/20/2019 |
| 02/13/2020 | EFT | 3149 | 2206 | Praxair | 209.40 | 418.80 | 200-22-230-7425 | CYLINDER RENT SUMMARY 12/20/19-01/20/2020 |
| 02/13/2020 | EFT | 3150 | 2245 | Sierra Meat Co | 222.00 | 3,203.07 | 340-00-000-0720 | food for resale |
| 02/13/2020 | EFT | 3150 | 2245 | Sierra Meat Co | 464.21 | 3,203.07 | 340-00-000-0720 | food for resale |
| 02/13/2020 | EFT | 3150 | 2245 | Sierra Meat Co | 603.56 | 3,203.07 | 340-00-000-0720 | food for resale |
| 02/13/2020 | EFT | 3150 | 2245 | Sierra Meat Co | 932.90 | 3,203.07 | 340-00-000-0720 | food for resale |
| 02/13/2020 | EFT | 3150 | 2245 | Sierra Meat Co | 980.40 | 3,203.07 | 340-00-000-0720 | food for resale |
| 02/13/2020 | EFT | 3151 | 2109 | State of Nevada Dept. Conservation | 2,060.00 | 2,060.00 | 200-25-230-7450 | Contract# 4914 Easement |
| 02/13/2020 | EFT | 3152 | 1827 | Swire Coca Cola USA | 1,171.78 | 3,361.97 | 340-00-000-0720 | beverages for resale |
| 02/13/2020 | EFT | 3152 | 1827 | Swire Coca Cola USA | 2,190.19 | 3,361.97 | 340-00-000-0720 | beverages for resale |
| 02/13/2020 | EFT | 3153 | 1182 | Tahoe Supply Company LLC | 216.60 | 416.15 | 200-25-230-7515 | hand sanitizer & disposable gloves |
| 02/13/2020 | EFT | 3153 | 1182 | Tahoe Supply Company LLC | 99.78 | 416.15 | 370-43-780-7415 | paper hot cups, paper towel and paper plates |
| 02/13/2020 | EFT | 3153 | 1182 | Tahoe Supply Company LLC | 99.77 | 416.15 | 390-39-780-7415 | paper hot cups, paper towel and paper plates |
| 02/13/2020 | EFT | 3154 | 3834 | Tri-Strategies, Ltd. | 2,000.00 | 6,000.00 | 100-10-990-6030 | 2019-2020 Government Affairs Consultant |
| 02/13/2020 | EFT | 3154 | 3834 | Tri-Strategies, Ltd. | 4,000.00 | 6,000.00 | 100-10-990-6030 | 2019-2020 Government Affairs Consultant |
| 02/13/2020 | EFT | 3155 | 1862 | Western Nevada Supply | 597.28 | 1,372.28 | 200-25-990-8120 | 4 150 1/8T BG L441 RING GSKT, 4 X 1/16 NON ASB RING GSKT 150, FCA 4 STD ST |
| 02/13/2020 | EFT | 3155 | 1862 | Western Nevada Supply | 775.00 | 1,372.28 | 200-22-990-8120 | 8 X 2?-9 #250 F X PE DI SPOOL |
| 02/13/2020 | Check | 773239 | 3875 | Ascent360, Inc | 222.22 | 2,350.00 | 320-31-980-7010 | Customer Data Platform (CDP) and Customer Relationship Management (CRM) softwa |
| 02/13/2020 | Check | 773239 | 3875 | Ascent360, Inc | 222.22 | 2,350.00 | 320-32-980-7010 | Customer Data Platform (CDP) and Customer Relationship Management (CRM) softwa |
| 02/13/2020 | Check | 773239 | 3875 | Ascent360, Inc | 1,794.45 | 2,350.00 | 340-34-980-7310 | Customer Data Platform (CDP) and Customer Relationship Management (CRM) softwa |
| 02/13/2020 | Check | 773239 | 3875 | Ascent360, Inc | 111.11 | 2,350.00 | 350-48-980-7010 | Customer Data Platform (CDP) and Customer Relationship Management (CRM) softwa |
| 02/13/2020 | Check | 773240 | 1566 | ATCO International | 162.00 | 162.00 | 410-51-910-7415 | SUKUP JR'S |
| 02/13/2020 | Check | 773241 | 2867 | Automationdirect.com | 19.00 | 19.00 | 200-25-230-7515 | NITRA pneumatic selector switch,IP65 |
| 02/13/2020 | Check | 773242 | 2025 | B & L Backflow Testing Specialist LLC | 346.40 | 346.40 | 200-22-870-7415 | Differential Pressure Gauge Calibration-Field test kit-material costs for repair and labor |
| 02/13/2020 | Check | 773243 | 2321 | Bavco | 117.80 | 117.80 | 200-22-870-7415 | test kit calibration check watts, c size battery |
| 02/13/2020 | Check | 773244 | 1149 | Bobby Jones Golf Co. | 77.00 | 92.21 | 320-00-000-0710 | golf merchandise-Kyle PUD |
| 02/13/2020 | Check | 773244 | 1149 | Bobby Jones Golf Co. | 15.21 | 92.21 | 320-31-460-7945 | golf merchandise-Kyle PUD |
| 02/13/2020 | Check | 773245 | 3200 | Customer Refund | 91.86 | 91.86 | 200-00-000-2860 | Utility Customer Refund |
| 02/13/2020 | Check | 773246 | 2985 | Erickson, Thorpe & Swainston, LTD | 5,543.87 | 8,483.27 | 100-10-990-6010 | Legal 10/29/19-2/6/2020 |
| 02/13/2020 | Check | 773246 | 2985 | Erickson, Thorpe & Swainston, LTD | 2,939.40 | 8,483.27 | 100-10-990-6010 | Legal 5/29/19-8/7/16 Katz v IVGID |
| 02/13/2020 | Check | 773247 | 3453 | Farmer Bros. Co | 316.69 | 316.69 | 340-00-000-0720 | beverages for resale |
| 02/13/2020 | Check | 773248 | 1672 | FedEx | 7.21 | 7.21 | 200-22-870-7415 | Engineering-Shipping |
| 02/13/2020 | Check | 773249 | 1081 | Global Equipment Co., Inc. | 487.31 | 487.31 | 340-34-690-7415 | Hiland Patio Heater/propane |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 9.03 | 1,698.75 | 200-25-220-7515 | MINIATURE LAMP,655,5.6W,T3 1/4,28V,PK10 |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 1,132.17 | 1,698.75 | 200-25-230-7520 | LINE INTERACTIVE,3.00KVA,120VAC |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 14.49 | 1,698.75 | 410-51-920-7405 | MOUSE,CORDED,2 BUTTON,BLACK |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 14.22 | 1,698.75 | 370-43-780-7415 | PRE-MOISTENED CLEANING TISSUES,PK100 |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 0.66 | 1,698.75 | 200-22-230-7515 | REDUCER BUSHING,1/2X3/8 IN,SPIGOTXFPT |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 127.41 | 1,698.75 | 200-25-230-7520 | TEE,1/4",THREADED,316 STAINLESS STEEL,HEX NIPPLE,PIPE SIZE 1/4 IN,HEX SI |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 153.55 | 1,698.75 | 200-25-230-7520 | WEDGE ANCHOR,1/2" DIA.,3-3/4" L,PK50 |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 56.06 | 1,698.75 | 390-39-780-7415 | EAR MUFFS,HEADBAND,BLK/YEL,30DB |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 85.48 | 1,698.75 | 200-25-230-7520 | FULL MORTISE HINGE,304 SS,SATIN,4-1/2" |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 18.89 | 1,698.75 | 410-51-920-7440 | CABLE TIE,13.4 IN,BLACK,PK50, CRIMPER,RG-59, RG-62,9" L, QK CHANGE DISC,2 |
| 02/13/2020 | Check | 773250 | 1328 | Grainger, Inc. | 86.79 | 1,698.75 | 410-51-920-7490 | CABLE TIE,13.4 IN,BLACK,PK50, CRIMPER,RG-59, RG-62,9" L, QK CHANGE DISC,2 |
| 02/13/2020 | Check | 773251 | 1835 | Greg Norman/Tharanco Lifestyles LLC | 2,091.26 | 4,477.45 | 320-00-000-0710 | Merchandise for golf shops |
| 02/13/2020 | Check | 773251 | 1835 | Greg Norman/Tharanco Lifestyles LLC | 117.60 | 4,477.45 | 320-31-460-7945 | Merchandise for golf shops |
| 02/13/2020 | Check | 773251 | 1835 | Greg Norman/Tharanco Lifestyles LLC | 2,157.10 | 4,477.45 | 320-00-000-0710 | Merchandise for golf shops |
| 02/13/2020 | Check | 773251 | 1835 | Greg Norman/Tharanco Lifestyles LLC | 111.49 | 4,477.45 | 320-31-460-7945 | Merchandise for golf shops |
| 02/13/2020 | Check | 773252 | 3461 | Griswold Industries/dba: CLA-VAL CO | 2,761.00 | 2,761.00 | 200-22-220-7515 | KIT,RPPT 60/61, CSM11-A2-2, CV, CVS-1.; ADPTR ASSY X105L 2-3BR8 |
| 02/13/2020 | Check | 773253 | 3733 | Halo Branded Solutions, INC | 149.70 | 149.70 | 340-34-990-7430 | Employee Uniforms |
| 02/13/2020 | Check | 773254 | 2090 | High Sierra Patrol, Inc. | 155.00 | 2,377.75 | 100-10-990-7605 | January 2020 Security Patrol Services |

EXHIBIT "D"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
CHECK REGISTER WITH INVOICE DETAIL

| Check Date | Payment Type | Check | Vendor# | Name | GL Allocation Amount | Check Amount | Account | Invoice Desc |
|------------|--------------|-------|---------|---|----------------------|--------------|-----------------|--|
| 02/07/2020 | EFT | 3099 | 3558 | Alta Vista Janitorial | 220.00 | 3,420.00 | 350-48-840-7510 | 01.12.2020 & 01.26.2020 cleaning Sauna & carido rooms |
| 02/07/2020 | EFT | 3100 | 3686 | AP Technology, LLC | 175.00 | 175.00 | 100-12-120-7415 | SecureCheck Signature Digitization-Remove Wong add Callicrate. |
| 02/07/2020 | EFT | 3101 | 2998 | Belkorp AG, LLC | 164.71 | 164.71 | 410-51-910-7490 | Frame/Weldment, Packer Arm |
| 02/07/2020 | EFT | 3102 | 2019 | BJG Architecture & Engineering | 16,262.50 | 16,262.50 | 380-45-880-8120 | Tennis Center Renovation; architectural services. Board awarded 8/14/19. |
| 02/07/2020 | EFT | 3103 | 1902 | Burgarello Alarm, Inc | 90.00 | 315.00 | 430-53-940-7520 | Alarm repair-Aquatics |
| 02/07/2020 | EFT | 3103 | 1902 | Burgarello Alarm, Inc | 115.00 | 315.00 | 430-53-940-7520 | alarm repair-Chateau |
| 02/07/2020 | EFT | 3103 | 1902 | Burgarello Alarm, Inc | 110.00 | 315.00 | 430-53-940-7520 | Alarm repairs Mountain Golf |
| 02/07/2020 | EFT | 3104 | 1886 | Capital Beverage, Inc. | 31.92 | 31.92 | 340-00-000-0721 | beer for resale |
| 02/07/2020 | EFT | 3105 | 3562 | CC Cleaning Service, LLC | 10,075.00 | 10,075.00 | 340-34-690-7530 | Janitorial Services for 120 Day High Season per BOT Award 10/30/19 based \$325 per c |
| 02/07/2020 | EFT | 3106 | 1356 | CDW Government, Inc. | 2,282.50 | 2,282.50 | 200-22-970-7300 | CANON IMAGEFORMULA CR-190I II |
| 02/07/2020 | EFT | 3107 | 3680 | Codale Electric Supply | 979.00 | 979.00 | 200-22-220-7520 | A-B 825-MCM180 Current Converter Mo |
| 02/07/2020 | EFT | 3108 | 3199 | Employee Reimbursement | 250.00 | 250.00 | 200-00-000-2396 | Med Reimb 02/01/2020 |
| 02/07/2020 | EFT | 3109 | 1760 | Doppelmayr USA, Inc. | 89.20 | 4,975.44 | 340-34-620-7510 | CABLE PMI-PSM SOLDERED |
| 02/07/2020 | EFT | 3109 | 1760 | Doppelmayr USA, Inc. | 2,488.65 | 4,975.44 | 340-34-620-7510 | DROP SHEAVE HUB, SIDE PLATE, BRAKE SHOE, COMPLETE, HALFEN BOLT, V-B |
| 02/07/2020 | EFT | 3109 | 1760 | Doppelmayr USA, Inc. | 2,397.59 | 4,975.44 | 340-34-620-7415 | ELEC SPECIALIST OVERTIME,EXPENSES AIR LODGING ETC,PER DIEM INSIDE U |
| 02/07/2020 | EFT | 3110 | 3408 | Enerspect Medical Solutions, LLC | 184.37 | 3,284.87 | 100-12-140-7433 | Cardiac Science Powerheart G3 Plus Fully-Auto AED with case. First Aid |
| 02/07/2020 | EFT | 3110 | 3408 | Enerspect Medical Solutions, LLC | 737.25 | 3,284.87 | 200-22-240-7433 | Cardiac Science Powerheart G3 Plus Fully-Auto AED with case. First Aid |
| 02/07/2020 | EFT | 3110 | 3408 | Enerspect Medical Solutions, LLC | 1,626.00 | 3,284.87 | 320-31-990-7433 | Cardiac Science Powerheart G3 Plus Fully-Auto AED with case. First Aid |
| 02/07/2020 | EFT | 3110 | 3408 | Enerspect Medical Solutions, LLC | 737.25 | 3,284.87 | 430-53-940-7415 | Cardiac Science Powerheart G3 Plus Fully-Auto AED with case. First Aid |
| 02/07/2020 | EFT | 3111 | 2042 | EXL Media | 2,125.00 | 14,137.54 | 330-33-980-7010 | EXL Media 2019-20 media buying services for Community Services venues - Agency Fr |
| 02/07/2020 | EFT | 3111 | 2042 | EXL Media | 500.00 | 14,137.54 | 350-48-980-7010 | EXL Media 2019-20 media buying services for Community Services venues - Agency Fr |
| 02/07/2020 | EFT | 3111 | 2042 | EXL Media | 4,073.98 | 14,137.54 | 330-33-980-7010 | EXL Media 2019-20 media buying services for Facilities/Weddings |
| 02/07/2020 | EFT | 3111 | 2042 | EXL Media | 438.56 | 14,137.54 | 350-48-980-7010 | EXL Media 2019-20 media buying services for Rec Center |
| 02/07/2020 | EFT | 3111 | 2042 | EXL Media | 7,000.00 | 14,137.54 | 340-34-980-7010 | EXL Media 2019-20 media buying services for Community Services venues - Agency Fr |
| 02/07/2020 | EFT | 3112 | 2327 | Fall Line Corp | 455.00 | 455.00 | 340-34-630-7510 | POLYSTAKE SQUARE RED 5 FOOT |
| 02/07/2020 | EFT | 3113 | 3719 | Forecasts Unlimited LLC | 700.00 | 700.00 | 340-34-630-7415 | Weather Forecasts for Feb 2020. |
| 02/07/2020 | EFT | 3114 | 3199 | Employee Reimbursement | 372.40 | 372.40 | 200-00-000-2395 | Med Reimb 02/01/2020 |
| 02/07/2020 | EFT | 3115 | 1557 | Incline Village Chevron Auto Care & Tire Center | 33.51 | 736.48 | 330-33-500-7420 | January 2020 Fuel Propane |
| 02/07/2020 | EFT | 3115 | 1557 | Incline Village Chevron Auto Care & Tire Center | 225.21 | 736.48 | 340-34-690-7415 | January 2020 Fuel Propane |
| 02/07/2020 | EFT | 3115 | 1557 | Incline Village Chevron Auto Care & Tire Center | 294.01 | 736.48 | 340-34-690-7420 | January 2020 Fuel Propane |
| 02/07/2020 | EFT | 3115 | 1557 | Incline Village Chevron Auto Care & Tire Center | 64.40 | 736.48 | 350-46-820-7420 | January 2020 Fuel Propane |
| 02/07/2020 | EFT | 3115 | 1557 | Incline Village Chevron Auto Care & Tire Center | 119.35 | 736.48 | 390-39-780-7420 | January 2020 Fuel Propane |
| 02/07/2020 | EFT | 3116 | 3199 | Employee Reimbursement | 65.95 | 65.95 | 340-34-610-7685 | Jan 2020 Mileage Reimbursement |
| 02/07/2020 | EFT | 3117 | 2889 | L&C Cook Specialty Foods, Inc. | 1,259.06 | 1,259.06 | 340-00-000-0720 | food for resale-statement 02.02.2020 |
| 02/07/2020 | EFT | 3118 | 1457 | Marcus G Faust, PC | 2,342.98 | 5,713.94 | 200-25-990-6030 | Federal Legislative Advocate Services, BOT approved 5/1/19 - Sr Team request add Ge |
| 02/07/2020 | EFT | 3118 | 1457 | Marcus G Faust, PC | 1,724.15 | 5,713.94 | 100-10-990-6030 | Federal Legislative Advocate Services, BOT approved 5/1/19 - Sr Team request add Ge |
| 02/07/2020 | EFT | 3118 | 1457 | Marcus G Faust, PC | 1,646.81 | 5,713.94 | 200-22-990-6030 | Federal Legislative Advocate Services, BOT approved 5/1/19 - Sr Team request add Ge |
| 02/07/2020 | EFT | 3119 | 1943 | New West Distributing, Inc. | 1,224.65 | 1,224.65 | 340-00-000-0721 | resale beer purchase |
| 02/07/2020 | EFT | 3120 | 3142 | Pacific States Communications of Nevada, Inc. | 129.63 | 561.33 | 200-22-990-7840 | VOIP Customer Care serv. 02/12/20 to 03/11/2020 |
| 02/07/2020 | EFT | 3120 | 3142 | Pacific States Communications of Nevada, Inc. | 129.62 | 561.33 | 200-25-990-7840 | VOIP Customer Care serv. 02/12/20 to 03/11/2020 |
| 02/07/2020 | EFT | 3120 | 3142 | Pacific States Communications of Nevada, Inc. | 151.04 | 561.33 | 360-49-990-7840 | VOIP Customer Care serv. 02/12/20 to 03/11/2020 |
| 02/07/2020 | EFT | 3120 | 3142 | Pacific States Communications of Nevada, Inc. | 151.04 | 561.33 | 390-39-990-7840 | VOIP Customer Care serv. 02/12/20 to 03/11/2020 |
| 02/07/2020 | EFT | 3121 | 1239 | PDM Steel Service Centers, Inc | 1,409.10 | 1,409.10 | 340-34-690-7415 | 1/2 HR PLATE - CR, BURN CHARGES 5 @ 24 X 60, |
| 02/07/2020 | EFT | 3122 | 2206 | Praxair | 494.71 | 494.71 | 320-31-520-7415 | NITROGEN K, NIT-CO2 25% FOOD GRD 55 |
| 02/07/2020 | EFT | 3123 | 3529 | Reno Cycles & Gear | 18.02 | 18.02 | 410-51-920-7490 | cable-battery to solenoid |
| 02/07/2020 | EFT | 3124 | 1936 | Sierra Electronics | 22.00 | 22.00 | 410-51-920-7490 | MINI-U -RG56 CRIMP |
| 02/07/2020 | EFT | 3125 | 2245 | Sierra Meat Co | 411.00 | 4,373.02 | 340-00-000-0720 | food for resale |
| 02/07/2020 | EFT | 3125 | 2245 | Sierra Meat Co | 455.30 | 4,373.02 | 340-00-000-0720 | food for resale |
| 02/07/2020 | EFT | 3125 | 2245 | Sierra Meat Co | 958.30 | 4,373.02 | 340-00-000-0720 | food for resale |
| 02/07/2020 | EFT | 3125 | 2245 | Sierra Meat Co | 1,030.90 | 4,373.02 | 340-00-000-0720 | food for resale |
| 02/07/2020 | EFT | 3125 | 2245 | Sierra Meat Co | 1,517.52 | 4,373.02 | 340-00-000-0720 | food for resale |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 62.17 | 1,427.71 | 200-27-380-7470 | 36 month maintenance contract for PW Admin Xerox effective 1/1/18. |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 124.33 | 1,427.71 | 200-22-970-7415 | 36 month maintenance contract for PW Admin Xerox effective 1/1/18. |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 62.17 | 1,427.71 | 200-28-990-7470 | 36 month maintenance contract for PW Admin Xerox effective 1/1/18. |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 15.00 | 1,427.71 | 320-31-420-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 25.00 | 1,427.71 | 320-31-990-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 15.00 | 1,427.71 | 320-32-990-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 25.00 | 1,427.71 | 340-34-530-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 15.00 | 1,427.71 | 340-34-960-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 15.00 | 1,427.71 | 350-48-990-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 15.00 | 1,427.71 | 350-48-990-7330 | CN13421-01 Non Network Printer Base 02/01-02/29/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 4.14 | 1,427.71 | 320-31-990-7330 | CN13444-01 Multi Function Copiers Overage 01/01-01/31/2020 |
| 02/07/2020 | EFT | 3126 | 2384 | Sierra Office Solutions | 21.92 | 1,427.71 | 320-31-990-7330 | CN13444-01 Multi Function Copiers Overage 01/01-01/31/2020 |

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(g) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF ACCESS TO THE RECREATION CENTER AND THE “PROGRAMMING” ADMINISTERED THEREFROM, THE NEARLY \$1,225,000 OF OUR RECREATION FACILITY FEES (“RFFs”) ASSIGNED TO SUCH ACCESS AND PROGRAMMING (NEARLY \$150.00/ASSESSED PARCEL/RESIDENTIAL DWELLING UNIT) SHOULD BE ELIMINATED BY A LIKE AMOUNT

Introduction: Here staff seek Board approval of an operating budget for proposed “availability” to the Recreation Center and the Community “Programs” administered therefrom¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a series of proposed income and expense statements for Recreation Center and the “Programs” that are administered therefrom. And for purposes of this written statement, I have placed asterisks next to the collective \$1,222,247 RFF entries on Exhibit “A.” And a discussion of this *de facto negative* \$1,222,247 is the purpose of this written statement.

Let’s Understand Exactly What Staff Are Representing on the Income and Expense Statements Attached to Exhibit “A:” Page 119 represents proposed income and expenses assigned to the Recreation Center and the “Fitness, Health & Wellness,” “Aquatics,” and “Adult Sports” programs [the “Recreation Center & Programming (other than) Youth & Seniors”] that are administered therefrom. Page 120 represents proposed income and expenses assigned to “Youth & Family” programs administered out of the Recreation Center. Page 121 represents proposed income and expenses assigned to “Youth & Family Sports” programs administered out of the Recreation Center. And, page 118 represents proposed income and expenses assigned to “Senior” programs administered out of the Recreation Center.

Do You Understand What the Combined \$1,222,247 “Facility Fee” Entry Represents? This is the amount staff propose local parcel/residential dwelling unit owners unnecessarily, wastefully and involuntarily financially support (aka *subsidize*) the Recreation Center and the various programs which are administered therefrom. And understand, since the Recreation Center is a facility available for the public’s use, it exists for the benefit of the world’s tourists rather than just “the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada” as NRS 318.015(1) instructs.

Although You May Understand What the Recreation Center is, Do You Understand What “Community Programming” Really Consists of? Instead of simply making the Recreation Center “available” for local parcel/residential dwelling units’ use, staff have decided to operate one-hundred

¹ Copies of that budget appear at pages 118-121 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. These pages are collectively attached as Exhibit “A” to this written statement.

(100) or more “programs” administered out of that facility. And just so you understand, besides the obvious, those programs extend to: massage therapy²; child care (aka “Kids Zone”);³ personal training⁴; nutrition assessment⁵; stress reduction⁵; success motivation⁵; Tai Chi Chuan/Chi Gung training⁶; mantra meditation⁷; Gong immersion⁷; Shotokan karate⁸; dancing through the ages⁷; art and painting⁹; baby-sitting training¹⁰; ballet⁹, ballroom⁹, jazz⁸ and hip hop⁸ dancing; after/before school day care; domestic and international travel; senior transportation¹¹; etc., etc. And given these programs are labor intensive, they require staffing by a whopping 25.68 full time equivalent (“FTE”) employees¹². That staffing is broken down into the following categories: “Fitness, Health & Wellness,” “Aquatics,” “Youth & Adult Sports,” “Youth & Family,” and, “Senior;” they are outlined more particularly at pages 114-116 of the 3/11/2020 Board packet; and, **NOT ONE OF THEM operates at a financially break even or on a positive cash flow basis**¹³!

Although it’s One Thing to Offer a Variety of “Programs,” I and Others I Know Believe it is Wrong to Offer Any at a Monetary Loss, and to Force Local Property Owners to Financially Subsidize Them Through the RFF: Stated differently, it’s time for the District’s recreational venues and the programs and services offered from each to stand on the revenues they are able to generate, the expenses they incur, **and nothing more!**

² See page 8 of the Fall/Winter 2019 edition of the IVGID Quarterly [“the IVGID Quarterly” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/IVGID_Qrtly-Sept-2019.pdf)].

³ See page 10 of the IVGID Quarterly.

⁴ See page 12 of the IVGID Quarterly.

⁵ See page 13 of the IVGID Quarterly.

⁶ See page 14 of the IVGID Quarterly.

⁷ See page 16 of the IVGID Quarterly.

⁸ See page 26 of the IVGID Quarterly.

⁹ See page 18 of the IVGID Quarterly.

¹⁰ See page 28 of the IVGID Quarterly.

¹¹ See page 32 of the IVGID Quarterly.

¹² See page 113 of the 3/11/2020 Board packet. Please understand the Recreation Center proposes employing far more than 25.68 employees. There are dozens of part time employees working as little as 4 hours/week (in order to gain free or severely discounted recreational privileges from themselves and their families) who are collectively bundled into a FTE.

¹³ Please understand staff refuse to share the real financial costs associated with any of these programs. Go to OpenGov (<https://www.yourtahoeplace.com/ivgid/financial-transparency/opengov-data-tool>) and attempt to pull up the actual revenues and expenses associated with any of these programs, and see what you come up with. Since the answer is none, rather than putting the burden on me to prove that my assessment is wrong, how come you don’t place the burden upon staff?

Moreover, Please Understand That the Numbers I Will Share With the Board and the Public Are Staff's Numbers: even though I and others I know are of the opinion some of these numbers are "juiced" and others are deceitfully presented.

Moreover Still, Please Understand These Numbers Represent ONLY Operational Numbers: Given staff have budgeted for \$4,159,900 of additional Community Services Capital Expenditures¹⁴ without any breakdown as to how much is assigned to the Recreation Center or "Community Programs," the Board and the public have no idea how much *more* in *negative* cash flow is properly assignable to the Recreation Center or to any particular Community Program category.

Forgetting About Any Recreation Programs Staff Propose Operating Out of the Recreation Center But For "Fitness, Health & Wellness," "Aquatics," and "Adult Sports," Staff Admit They Are Proposing to Budget to Overspend \$820,300 They Assign to the Recreation Center They Propose Be Subsidized By the RFF¹⁵:

Forgetting About Any Recreation Center Expenditures Per Se, Staff Admit They Have Proposed to Spend at Least \$114,842 More on Youth and Family Programs Than the Revenues They Have Proposed Realizing From These Programs. And They Propose This Overspending Be Subsidized By the RFF¹⁶: Actually staff's subsidy number is *greater* because they have failed to assign any central services expense¹⁷ number, notwithstanding 2.17 FTEs are assigned to Senior Programs¹².

Forgetting About Any Recreation Center Expenditures Per Se, Staff Admit They Have Proposed to Spend at Least \$98,436 More on Youth and Family Sports Programs Than the Revenues They Have Proposed Realizing From These Programs. And They Propose This Overspending Be Subsidized By the RFF¹⁸: Actually staff's subsidy number is *greater* because they have failed to assign any central services expense⁶ number, notwithstanding 1.9 FTEs are assigned to Senior Programs¹².

Forgetting About Any Recreation Center Expenditures Per Se, Staff Admit They Have Proposed to Spend at Least \$188,669 More on Senior Programs Than the Revenues They Have Proposed Realizing From These Programs. And They Propose This Overspending Be Subsidized the RFF¹⁹:

¹⁴ See page 89 of the 3/11/2020 Board packet.

¹⁵ See page 119 of the 3/11/2020 Board packet.

¹⁶ See page 120 of the 3/11/2020 Board packet.

¹⁷ Central services expenses are virtual rather than actual out-of-pocket expenses as they represent reimbursements to the General Fund "allocated between the Utility, Community Service and Beach Funds to (allegedly) cover the cost of services provided by the General Fund" [see page 157 of the current 2019-20 budget (https://www.yourtahoeplace.com/uploads/pdf-ivgid/2019-20_Operating_Budget.pdf)].

¹⁸ See page 121 of the 3/11/2020 Board packet.

¹⁹ See page 118 of the 3/11/2020 Board packet.

Actually staff's subsidy number is *greater* because they have failed to assign any central services expense⁶ number, notwithstanding 3.77 FTEs are assigned to Senior Programs¹².

Please Don't Respond That Local Property Owners Should Subsidize the Financial Losses of the Recreation Center and the Programs it Administers Therefrom Because Many Cities or Counties Provide Services Like These to Their Communities at a Financial Loss: Although those communities may be providing the same, they're *not* coming up with the monies to do so by specially taxing local property owners. Rather, they're using some portion of the ad valorem taxes they receive to do so.

Here although IVGID is receiving *ad valorem* and Consolidated (C)-Taxes, it is using them to pay staff salaries and benefits instead. Don't believe me? I have attached staff's proposed 2020-21 budget (its income and expense statement for the General Fund²⁰) as Exhibit "B" to this written statement. Note where I have placed asterisks next to a combined \$3,539,383 of *ad valorem*/C-Tax revenue. Now look at the expenses on that page. Besides \$3,317,636 in administrative salaries and benefits, show me where one dime has been proposed to be spent on the Recreation Center or any of the programs administered therefrom.

And Not That it Makes a Difference, But We Have No Idea What Percentage of Recreation Center Programming is *Not* Being Used by Local Property Owners: In the Fall/Winter 2019 edition of the IVGID Quarterly staff highlighted many of the "Programs" which are administered out of the Recreation Center. All were/are available to members of the general public, whether or not local property owners paying the RFF. And many were assessable on a temporary basis to visitors.

Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public, is so They Will Reduce the Costs Local Property Owners Are Required to Advance Will be Lower by a Like Amount: As the Board and the public can see, this representation is patently false.

Since IVGID Looks to Washoe County For its Governance, We Pay the County a Separate *Ad Valorem* Property Tax, and the County Directly Benefits From the Transient Occupancy Tax ("TOT") Assessed on the World's Tourists Who Lodge in Incline Village/Crystal Bay and Use Our Recreational Facilities While Visiting, Why Isn't the County Paying For the Recreation Center and the Programs its Administers Therefrom? What *ad valorem* and other taxes/fees does it collect from the communities of Incline Village and Crystal Bay? What TOTs are collected on the world's tourists who lodge in Reno/Sparks/South Lake Tahoe/Incline Village/Crystal so they can recreate at the District's recreational facilities? What portion of those taxes/fees are shared with the District? What recreational facilities and programs does Washoe County provide to the inhabitants of Incline Village and Crystal Bay? Instead of attacking me, the messenger, why isn't the District making Washoe County and the Reno-Sparks Convention & Visitors Authority subsidize staff's overspending at the Recreation Center?

²⁰ See page 161 of the 3/11/2020 Board packet.

Conclusion: Staff propose assessing local parcel/dwelling unit owners at least \$1,222,247 more than they actually require to subsidize the Recreation Center and the many programs which are administered therefrom. Public Works Director Joseph Pomroy often speaks about fairness and equity insofar as our utility rates are concerned by using the example “pay for what you use.” In other words, don’t make the majority of rate payers pay for the excess services a few exact from the public’s water and sewer systems. Well why should it be any different for the Recreation Center and the many programs which are administered therefrom²¹? Shouldn’t access and use be paid by those few who are actually using this facility and the programming and services it offers rather than the majority of local parcel/residential dwelling unit owners who use neither²²? Given this subsidy amounts to nearly \$150.00 a parcel unit, I request this amount *not* be budgeted, the programs be eliminated unless financially self-sustaining, and the RFF be *reduced* by a like amount.

And to those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

²¹ Moreover some years ago, the Board directed staff to eliminate the financial subsidy of the RFF at all of the Districts recreational venues except possibly the Recreation Center. Yet look how staff have responded.

²² Some years ago the Board commissioned a “parcel utilization” survey. What the Board and the public discovered is that system wide, on average less than 15% of the parcels/residential dwelling units assessed the RFF had an owner/occupant who used any of the District’s recreational facilities just once in the preceding year. This means that the overwhelming majority of parcel/residential dwelling unit owners paying the RFF/their occupants *never* use a given recreational facility.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
RECREATION CENTER & PROGRAMMING WITHOUT YOUTH & SENIORS
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 1,099,903 | 1,199,101 | 1,165,000 | 1,169,429 | 1,208,662 |
| Facility Fee | 662,934 | 930,515 | 795,691 | 795,691 | 820,300 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | 1,247 | 3,483 | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 1,764,084 | 2,133,099 | 1,960,691 | 1,965,120 | 2,028,962 |
| Uses: | | | | | |
| Salaries & Wages | 723,226 | 813,037 | 863,000 | 827,913 | 888,144 |
| Employee Benefits | 194,502 | 206,371 | 234,000 | 244,907 | 260,540 |
| Total Personnel | 917,728 | 1,019,408 | 1,097,000 | 1,072,820 | 1,148,684 |
| Professional Services | 5,400 | 5,550 | 5,700 | 5,700 | 5,850 |
| Services & Supplies | 429,115 | 425,631 | 500,300 | 502,136 | 501,349 |
| Insurance | 36,008 | 50,559 | 57,600 | 57,600 | 55,920 |
| Utilities | 133,555 | 131,349 | 143,280 | 143,560 | 142,840 |
| Cost of Goods Sold | 43,216 | 38,501 | 40,000 | 49,860 | 44,559 |
| Central Services | 101,000 | 105,700 | 124,000 | 124,000 | 133,440 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 748,294 | 757,290 | 870,880 | 882,856 | 883,958 |
| General Fund Cap. Exp. | - | - | - | - | - |
| Total Uses | 1,666,022 | 1,776,698 | 1,967,880 | 1,955,676 | 2,032,642 |
| Net Sources (Uses) | \$ 98,062 | \$ 356,401 | \$ (7,189) | \$ 9,444 | \$ (3,680) |

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 YOUTH AND FAMILY PROGRAMMING (46-810)
 PROPOSED OPERATING SOURCES AND USES
 FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 107,834 | 80,533 | 62,000 | 34,780 | 52,250 |
| Facility Fee | 147,962 | 106,870 | 106,639 | 106,639 | 114,842 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 255,796 | 187,403 | 168,639 | 141,419 | 167,092 |
| Uses: | | | | | |
| Salaries & Wages | 152,188 | 104,045 | 102,000 | 92,414 | 105,902 |
| Employee Benefits | 52,970 | 42,573 | 38,000 | 38,655 | 43,305 |
| Total Personnel | 205,158 | 146,618 | 140,000 | 131,069 | 149,207 |
| Professional Services | - | - | - | - | - |
| Services & Supplies | 24,787 | 19,213 | 14,700 | 14,725 | 14,520 |
| Insurance | - | - | - | - | - |
| Utilities | 661 | 659 | 720 | 720 | 720 |
| Cost of Goods Sold | 540 | 585 | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 25,988 | 20,457 | 15,420 | 15,445 | 15,240 |
| General Fund Cap. Exp. | - | - | - | - | - |
| Total Uses | 231,146 | 167,075 | 155,420 | 146,514 | 164,447 |
| Net Sources (Uses) | \$ 24,650 | \$ 20,328 | \$ 13,219 | \$ (5,095) | \$ 2,645 |

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 YOUTH AND FAMILY SPORTS (46-811)
 PROPOSED OPERATING SOURCES AND USES
 FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | <u>Actual</u> <u>FYE - 18</u> | <u>Actual</u> <u>FYE - 19</u> | <u>Estimated</u> <u>Actual</u> <u>FYE- 20</u> | <u>Approved</u> <u>Budget</u> <u>FYE - 20</u> | <u>Proposed</u> <u>Budget</u> <u>FYE - 21</u> |
|--------------------------------------|----------------------------------|----------------------------------|---|---|---|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 33,656 | 31,017 | 39,000 | 34,790 | 41,875 |
| Facility Fee | 63,425 | 98,649 | 98,436 | 98,436 | 98,436 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 97,081 | 129,666 | 137,436 | 133,226 | 140,311 |
| Uses: | | | | | |
| Salaries & Wages | 86,630 | 84,444 | 87,000 | 86,893 | 95,070 |
| Employee Benefits | 34,894 | 31,444 | 39,000 | 40,538 | 42,196 |
| Total Personnel | 121,524 | 115,888 | 126,000 | 127,431 | 137,266 |
| Professional Services | - | - | - | - | - |
| Services & Supplies | 6,303 | 5,152 | 8,000 | 6,220 | 6,120 |
| Insurance | - | - | - | - | - |
| Utilities | - | - | - | - | - |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 6,303 | 5,152 | 8,000 | 6,220 | 6,120 |
| General Fund Cap. Exp. | - | - | - | - | - |
| Total Uses | 127,827 | 121,040 | 134,000 | 133,651 | 143,386 |
| Net Sources (Uses) | \$ (30,746) | \$ 8,626 | \$ 3,436 | \$ (425) | \$ (3,075) |

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
 SENIOR PROGRAMMING (46-820)
 PROPOSED OPERATING SOURCES AND USES
 FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 48,559 | 53,394 | 54,000 | 46,210 | 62,110 |
| Facility Fee | 165,094 | 172,636 | 172,263 | 172,263 | 188,669 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | - | - | - | - | - |
| Intergovernmental | 17,000 | 17,000 | 17,000 | 17,000 | 17,000 |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 230,653 | 243,030 | 243,263 | 235,473 | 267,779 |
| Uses: | | | | | |
| Salaries & Wages | 131,808 | 155,053 | 158,000 | 156,804 | 171,640 |
| Employee Benefits | 36,833 | 40,617 | 44,000 | 44,433 | 48,847 |
| Total Personnel | 168,641 | 195,670 | 202,000 | 201,237 | 220,487 |
| Professional Services | - | - | - | - | - |
| Services & Supplies | 35,829 | 35,456 | 37,000 | 36,965 | 41,990 |
| Insurance | 1,615 | - | - | - | - |
| Utilities | 1,023 | 1,033 | 1,000 | 1,080 | 1,080 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 38,467 | 36,489 | 38,000 | 38,045 | 43,070 |
| General Fund Cap. Exp. | - | - | - | - | - |
| Total Uses | 207,108 | 232,159 | 240,000 | 239,282 | 263,557 |
| Net Sources (Uses) | \$ 23,545 | \$ 10,871 | \$ 3,263 | \$ (3,809) | \$ 4,222 |

EXHIBIT "B"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
GENERAL FUND
PROPOSED SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ 1,533,905 | \$ 1,604,615 | \$ 1,690,000 | \$ 1,697,807 | \$ 1,787,000 |
| Consolidated Taxes | 1,649,920 | 1,708,093 | 1,750,000 | 1,751,692 | 1,752,383 |
| Charges for Services | - | - | - | - | - |
| Facility Fee | - | - | - | - | - |
| Investment income | 89,960 | 327,815 | 275,000 | 201,000 | 131,400 |
| Miscellaneous Revenues | 2,047 | 2,002 | 2,000 | 2,400 | 2,400 |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | 1,094,000 | 1,169,400 | 1,367,400 | 1,367,400 | 1,471,440 |
| Use of Fund Balance | - | - | - | 201,000 | - |
| Total Sources | 4,369,832 | 4,811,925 | 5,084,400 | 5,221,299 | 5,144,623 |
| Uses: | | | | | |
| Salaries & Wages | 1,848,640 | 2,013,473 | 2,125,000 | 2,125,940 | 2,168,182 |
| Employee Benefits | 803,839 | 887,376 | 1,050,000 | 1,068,804 | 1,149,454 |
| Total Personnel | 2,652,479 | 2,900,849 | 3,175,000 | 3,194,744 | 3,317,636 |
| Professional Services | 218,282 | 322,466 | 340,000 | 293,750 | 347,975 |
| Services & Supplies | 562,451 | 545,204 | 600,000 | 768,185 | 780,940 |
| Insurance | 50,440 | 62,791 | 53,000 | 52,680 | 53,100 |
| Utilities | 102,550 | 101,839 | 106,000 | 106,565 | 106,685 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 933,723 | 1,032,300 | 1,099,000 | 1,221,180 | 1,288,700 |
| General Fund Cap. Exp. | 113,813 | 121,257 | 340,000 | 686,445 | 370,150 |
| Total Uses | 3,700,015 | 4,054,406 | 4,614,000 | 5,102,369 | 4,976,486 |
| Net Sources (Uses) | \$ 669,817 | \$ 757,519 | \$ 470,400 | \$ 118,930 | \$ 168,137 |



WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(c) – BECAUSE OF THE OPERATIONAL CASH FLOW DIAMOND PEAK THROWS OFF, THE \$1,640,000 OF OUR RECREATION FACILITY FEES (“RFFs”) ASSIGNED TO OPERATIONS (\$200/ASSESSED PARCEL/ RESIDENTIAL DWELLING UNIT) SHOULD BE ELIMINATED BY A LIKE AMOUNT RATHER THAN USED TO SUBSIDIZE MORE STAFF OVERSPENDING AT OTHER PUBLIC RECREATION VENUES

Introduction: Here staff seek Board approval of an operating budget for Diamond Peak¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for Diamond Peak. And for purposes of this written statement, I have placed an asterisk next to the \$1,640,600 “Facility Fee” entry under revenues on Exhibit “A.” A discussion of this \$1,640,600 entry is the purpose of this written statement.

Do You Understand What This Negative Revenue Entry Represents? Assuming the answer is “no,” let me try to explain. Initially, listen to staff’s explanation:

“The proposed facility fee of \$1,640,600...will allow the ski area venue to contribute a sum of \$200.00 a parcel unit to *other* Community Services venues within the District.”²

Translation: the portion of the RFF budgeted to Diamond Peak (here \$1,640,600) isn’t necessary because Diamond Peak operations don’t require a subsidy like the District’s other recreational facilities do. So instead of reducing the RFF by a like amount because it is unnecessary, staff propose keeping the funds and using them to subsidize even *more* over spending at the District’s other recreational facilities.

But That’s Not What Staff Told the Board and Public When it Adopted the RFF: On May 22, 2019 the Board approved³ Resolution 1871⁴ which at ¶6 adopted a “Report For Collection on the

¹ A copy of that budget appears at page 102 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. This page is attached as Exhibit “A” to this written statement.

² See page 99 of the 3/11/2020 Board packet.

³ See pages 190-193 of the packet of materials prepared by staff in anticipation of the Board’s June 19, 2019 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-19-19.pdf (“the 6/19/2019 Board packet”)].

⁴ See pages 250-253 of the packet of materials prepared by staff in anticipation of the Board’s May 22, 2019 meeting (“the 5/22/2019 Board packet”).

County Tax Roll of Recreation Standby and Service Charges” (“the Report”) aka the RFF and Beach Facility (“BFF”) Fees. ¶II of that Report declared that this \$1,640,600 was allegedly “**required**...for the proper servicing of...bonds and the administration, operation, maintenance, and improvement of said properties, equipment and facilities.”⁵ Obviously this representation was and is *wrong* given Diamond Peak estimates it does not require said \$1,640,000 as a subsidy.

To Justify the RFF, Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public is so the User Fees They Pay Will Reduce the Costs Local Property Owners Are Compelled to Advance Will be Lower by a Like Amount: But as the Board and the public can see, this representation is patently false⁶.

Conclusion: Staff propose assessing local parcel/dwelling unit owners at least \$1,640,600 *more* than they actually require to subsidize operational expenses at Diamond Peak. If the District’s other recreational facilities are losing \$1,640,600 more than the sums staff are currently representing, then how about being up front, honest and transparent by sharing the truth so we can have an intelligent conversation about whether it makes sense to operate any facility or series of facilities that loses this much money annually? In the meantime, given this \$1,640,600 amounts to “\$200.00 a parcel unit,”² and staff has represented that if the District’s recreational facilities require less of a subsidy because more of their operating costs are being paid by the world’s tourists, I request this amount *not* be budgeted and the RFF be *reduced* by a like amount instead.

To those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

⁵ See page 260 of the 5/22/2019 Board packet.

⁶ One need merely look at staff’s proposed Diamond Peak income and expense statement (see page 102 of the 3/11/2020 Board packet). Instead of reducing the RFF by the \$1,640,600 of alleged savings, that money is proposed to be used to subsidize overspending at the District’s other recreational facilities.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
SKI
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual <u>FYE - 18</u> | Actual <u>FYE - 19</u> | Estimated Actual <u>FYE- 20</u> | Approved Budget <u>FYE - 20</u> | Proposed Budget <u>FYE - 21</u> |
|--------------------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 9,155,646 | 11,778,871 | 10,025,000 | 9,222,320 | 10,148,735 |
| Facility Fee | (1,636,874) | (1,534,698) | (1,640,600) | (1,640,600) | (1,640,600) |
| Investment income | 23,220 | 40,320 | 24,000 | - | 22,500 |
| Miscellaneous Revenues | 74,119 | 75,437 | 71,000 | 71,429 | 77,240 |
| Intergovernmental | - | - | - | - | - |
| Interfund | 10,329 | 15,456 | 10,000 | 16,200 | 14,985 |
| Central Services | - | - | - | - | - |
| Total Sources | 7,626,440 | 10,375,386 | 8,489,400 | 7,669,349 | 8,622,860 |
| Uses: | | | | | |
| Salaries & Wages | 2,767,963 | 3,072,710 | 2,970,000 | 2,970,495 | 3,135,849 |
| Employee Benefits | 847,817 | 925,074 | 980,000 | 985,297 | 1,050,665 |
| Total Personnel | 3,615,780 | 3,997,784 | 3,950,000 | 3,955,792 | 4,186,514 |
| Professional Services | 35,800 | 25,313 | 23,000 | 23,400 | 23,700 |
| Services & Supplies | 1,808,998 | 2,143,376 | 1,970,000 | 1,973,731 | 2,058,216 |
| Insurance | 199,812 | 205,695 | 195,000 | 195,400 | 212,700 |
| Utilities | 609,003 | 558,751 | 600,000 | 604,945 | 627,070 |
| Cost of Goods Sold | 450,634 | 564,528 | 424,000 | 424,000 | 529,100 |
| Central Services | 304,300 | 335,500 | 388,100 | 388,100 | 417,600 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 3,408,547 | 3,833,163 | 3,600,100 | 3,609,576 | 3,868,386 |
| Total Uses | 7,024,327 | 7,830,947 | 7,550,100 | 7,565,368 | 8,054,900 |
| Net Sources (Uses) | \$ 602,113 | \$ 2,544,439 | \$ 939,300 | \$ 103,981 | \$ 567,960 |

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(d) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF MARKETING THE DISTRICT’S RECREATIONAL FACILITIES TO THE WORLD’S TOURISTS, THE NEARLY \$1,200,000 OF OUR RECREATION FACILITY FEES (“RFFs”) ASSIGNED TO MARKETING (NEARLY \$150.00/ASSESSED PARCEL/RESIDENTIAL DWELLING UNIT) SHOULD BE ELIMINATED BY A LIKE AMOUNT

Introduction: Here staff seek Board approval of an operating budget for Marketing and Communications¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for Marketing and Communications. And for purposes of this written statement, I have placed an asterisk next to the *negative* \$1,197,303 total uses entry under total expenses on Exhibit “A.” A discussion of this *negative* \$1,197,303 entry is the purpose of this written statement.

Do You Understand What This Negative “Total Uses” Entry on Exhibit “A” Represents?

Assuming the answer is “no,” let me try to explain. Initially, listen to staff’s explanation:

The monies our “Marketing & Sales Department (expends to)...promote greater utilization of the facilities by residents² and visitors alike.”³

Now listen to my explanation: the monies local parcel/residential dwelling unit owners unnecessarily, wastefully and involuntarily financially support the marketing of our recreational facilities to the world’s tourists rather than “the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada” as NRS 318.015(1) instructs.

Do You Think the Marketing of Our Recreational Facilities to the World’s Tourists This is What the Washoe County Board of Commissioners Had in Mind When They Granted IVGID the Basic Power to Furnish Facilities For Recreation? Of course not!

¹ A copy of that budget appears at page 107 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. This page is attached as Exhibit “A” to this written statement.

² I didn’t know we needed to spend nearly \$1.2M to promote greater utilization of the public’s recreational facilities by those who are financially subsidizing them. Aren’t they already subsidizing the equivalent of greater utilization by paying alleged standby service charges for the mere availability to use¹² these facilities?

³ See page 103 of the 3/11/2020 Board packet.

Do You Understand That the Monies to Pay For the Negative “Total Uses” Entry on Exhibit “A” Come From the RFF? The costs associated with marketing and communications are paid by those IVGID departments which use them⁴; Diamond Peak, the Championship and Mountain Golf Courses, Facilities, the Recreation and Tennis Centers and Community Services Administration. Since essentially all of these departments are budgeted to overspend (Diamond Peak⁵, the Championship⁶ and Mountain⁷ Golf Courses, Facilities⁸, the Recreation⁹ and Tennis¹⁰ Centers and Administration¹¹), their overspending is subsidized by the RFF, and when you overspend system wide it is disingenuous to attempt to cherry-pick any single expenditure as *not* representing overspending, the costs associated with marketing and communications are being subsidized by the RFF.

But the RFF Cannot be Used to Subsidize Marketing and Communications Expenditures: because according to IVGID staff, the RFF pays for the mere “availability” of local properties to use the District’s recreational venues¹² once their occupants pay additional the additional user fees which are

⁴ See pages 103-05 of the 3/11/2020 Board packet.

⁵ Although Diamond Peak is not budgeted to overspend, *per se*, in essence it is because of its: allocation of the RFF [see page 102 of the 3/11/2020 Board packet (\$1,640,600)] spent elsewhere [“the proposed fee will allow the ski area venue to contribute (this sum)...to (the overspending of) other Community Services venues” (see page 99 of the 3/11/2020 Board packet)]; and, non-inclusion of some portion of \$3,911,492 in capital improvement expenditures assigned to the RFF (see page 89 of the 3/11/2020 Board packet).

⁶ Look at Championship Golf overspending (see page 92 of the 3/11/2020 Board packet). According to staff this overspending is budgeted to be subsidized by \$32,812 of the RFF.

⁷ Look at Mountain Golf overspending (see page 97 of the 3/11/2020 Board packet). According to staff this overspending is budgeted to be subsidized by \$221,481 of the RFF.

⁸ Look at Facilities overspending (see page 112 of the 3/11/2020 Board packet). According to staff this overspending is budgeted to be subsidized by \$41,015 of the RFF.

⁹ Look at Recreation Center overspending (see page 119 of the 3/11/2020 Board packet). According to staff this overspending is budgeted to be subsidized by \$820,300 of the RFF.

¹⁰ Look at Tennis Center overspending (see page 139 of the 3/11/2020 Board packet). According to staff this overspending is budgeted to be subsidized by \$114,842 of the RFF.

¹¹ Look at Community Services Administration overspending (see page 143 of the 3/11/2020 Board packet). According to staff this overspending is budgeted to be subsidized by \$1,041,781 of the RFF.

¹² Every year the District adopts a resolution setting and directing collection of the RFF. For the current fiscal year, that resolution (1871) was adopted on May 22, 2019 [see pages 250-253 of the packet of materials prepared by staff in anticipation of the Board’s May 22, 2019 meeting {“the 5/22/2019 Board packet” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_5-22-19.pdf)}]. ¶16 of the resolution adopts a report (see pages 257-262 of

charged at each of those facilities. The availability to use does not include the massive marketing of those facilities to the world's tourists.

To Justify the RFF, Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public is so the User Fees They Pay Will Reduce the Costs Local Property Owners Are Compelled to Advance Will be Lower by a Like Amount: But as the Board and the public can see, this representation is patently false¹³. In addition to the fact staff's marketing efforts run afoul of a general improvement district's basic powers and reasons for being, our marketing efforts would have to generate a minimum of \$1.2M in new revenues which would never have been generated but for those marketing efforts, *just to break even* (I and others I know believe this is an impossibility)! Stated differently, if we eliminate marketing and our gross revenues decrease by \$1.2M annually, we are no worse off financially than we are today. Since I and others are of the opinion this will not happen, this is another reason why we should eliminate marketing.

Conclusion: Staff propose assessing local parcel/dwelling unit owners at least \$1,200,000 more than they actually require to subsidize marketing and communication endeavors at the District's recreational venues. Given this amounts to nearly \$150.00 a parcel unit, I request this amount *not* be budgeted for marketing and communications, and the RFF be *reduced* by a like amount instead.

And to those asking why your RFF/BFF are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

the 5/22/2019 Board packet) which at ¶11 declares the RFF represents payment for the mere "availability" of use of the District's recreational facilities.

¹³ One need merely look at staff's proposed Diamond Peak income and expense statement (see page 102 of the 3/11/2020 Board packet). Instead of reducing the RFF by the \$1,640,600 of alleged savings, that money is proposed to be used to subsidize overspending at the District's other recreational facilities⁵.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
DISTRICT-WIDE MARKETING AND COMMUNICATIONS
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|---------------------|-----------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | - | - | - | - | - |
| Facility Fee | - | - | - | - | - |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | - | - | - | - | - |
| Uses: | | | | | |
| Salaries & Wages | 278,997 | 283,405 | 275,000 | 336,398 | 322,317 |
| Employee Benefits | 130,628 | 139,614 | 125,000 | 165,239 | 178,139 |
| Total Personnel | 409,625 | 423,019 | 400,000 | 501,637 | 500,456 |
| Professional Services | - | 20,535 | 48,000 | 30,000 | 78,000 |
| Services & Supplies | 552,058 | 545,740 | 580,000 | 607,118 | 606,907 |
| Insurance | - | - | - | - | - |
| Utilities | 8,915 | 11,087 | 11,000 | 11,940 | 11,940 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 560,973 | 577,362 | 639,000 | 649,058 | 696,847 |
| General Fund Cap. Exp. | - | - | - | - | - |
| Total Uses | 970,598 | 1,000,381 | 1,039,000 | 1,150,695 | 1,197,303 |
| Net Sources (Uses) | \$ (970,598) | \$ (1,000,381) | \$ (1,039,000) | \$ (1,150,695) | \$ (1,197,303) |

Public Comment IVGID Board of Trustees Meeting 3/11/2020

If you read Chapter 318 of the NRS, you will understand that GID's were created to provide local services, not facilities for tourism. When I moved here the mantra of the real estate community was our "exclusivity". Now it's all about tourism. I've been fortunate enough to travel to many beautiful places. In some destinations tourists are welcomed; in others, the locals turn away if you try to ask a question. So I try to help tourists who need directions and be an accommodating "host" here in my own community, but I draw the line when I am expected to subsidize tourism with a fee that was supposed to provide recreation for the people who live here.

It's not likely we can turn the County's train wreck called STR regulation. There may not even be any regulation in place this summer. It's looking more and more like transient occupancy will be the "primary" use of residential property in our community. It already is in some of our condo complexes.

More STR's mean higher occupancy during peak seasons and more demand on and for the the amenities and services we subsidize. When we look at our budget and realize the degree of subsidization, maybe it's time to adjust our rates so that we aren't subsidizing use by those who don't live here or own property here. Those not accompanied by a picture pass holder (a resident or an owner) should pay more. Golf has had that practice for years. At the beaches, you used to have to accompany your guests. As long as we have unaccompanied guests (typically paying "guests"), shouldn't they pay more for the privilege, not just at the beaches, but at every venue?

Any maybe we should do away with punch cards altogether. If you live here or own property here you get a picture pass that gives you discounts to be determined. For everyone else, no discount. And if it's the beaches, no entry. And maybe we could finally have financials that make sense, instead of the phony accounting practices of "punch card utilization" that is stuffed into the Community Services Admin Fund and completely throws off the actual financial results of all of our venues.

Judith Miller

IVGID Trash Can Request

- 1) *(Everyone)* Good evening IVGID Board of Trustees.
- 2) *(Julie)* Thank you for the opportunity to speak tonight. We are local students and we are also part of the S.O.S. Outreach program.
- 3) *(Michael)* We believe that trash and littering are a huge problem in our world today. It is also a problem in our home in Tahoe, where we have a beautiful lake, a lot of wildlife, big forests, and beautiful communities to protect.
- 4) *(Julie)* Along Tahoe Boulevard between Village Boulevard and Southwood Boulevard, we have noticed that there is a lot of litter on the ground. Many people, including middle school students, walk this route to stores like Starbucks, 7-11, and Raley's to buy snacks. We are worried that there aren't enough places to throw away the trash along this route.
- 5) *(Michael)* Without a trash can close by, people are often not willing to carry their trash with them for long distances to properly dispose of it. They choose to litter instead. Having a trash can located close to where people purchase snacks and food would make it easier for people to throw away or recycle their trash.
- 6) *(Emma)* Did you know that in all Disney theme parks, there is a trash can every thirty feet? Walt Disney himself did an experiment to see how far a park visitor would walk with trash in their hand before just letting it drop to the ground. He watched visitors and concluded that, on average, the magic distance is 30 feet.
- 7) *(Michael)* We would respectfully like to propose that IVGID consider installing a new trash can along the path that goes along Tahoe Boulevard, between Village Boulevard to Southwood Boulevard on the south side of the road. We believe that a great location for a trash can would be at the corner of Village Boulevard and Tahoe Boulevard, which is close to 30 feet from 7-11 and Starbucks. We also believe that a trash can near the cross walk which crosses the street to Raley's could be a good location as well.
- 8) *(Julie)* We did some research and we think that the Tahoe Bear Box Company's CE Economy Series 80-gallon model, which has space for trash and recycling, is a good model. We believe that this will really help reduce the amount of litter here. We also believe that Tahoe would be a better place if we had more ways to properly throw away trash.
- 9) *(Leo)* We want to keep the lake as trash-free and as clean to protect our fish and water quality.
- 10) *(Emma)* We want to have healthier and stronger wildlife populations.
- 11) *(Michael)* We want bears to hibernate on time, instead of staying awake longer into winter because they are eating human food in the trash.
- 12) *(Julie)* We want to prevent the buildup of microplastics in our environment, which is a dangerous consequence of littering.
- 13) *(Leo)* We want to protect our forests and plants.
- 14) *(Michael)* We want to make our community beautiful.
- 15) *(Everyone)* THANK YOU FOR YOUR TIME AND CONSIDERATION!

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS MARCH 11, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM G(6)(e) – BECAUSE LOCAL PARCEL/DWELLING UNIT OWNERS SHOULD NOT BE SUBSIDIZING THE COSTS OF ACCESS TO OUR FACILITIES, A MINIMUM OF \$41,015 OF THEIR PROPOSED EXPENSES SHOULD NOT BE BUDGETED

Introduction: Here staff seek Board approval of a proposed operating budget for the Facilities¹. For those not familiar with accounting jargon insofar as this proposed budget is concerned, the word “Sources” refers to revenues, and the word “Uses” refers to expenses. Therefore Exhibit “A” consists of nothing more than a proposed income and expense statement for the Championship Golf Course. For purposes of this written statement I have placed an asterisk next to the \$32,812 RFF entry on Exhibit “A.” And that’s the purpose of this written statement.

Do You Understand What This \$32,812 “Facility Fee” Entry Represents? For those who don’t, this is the amount staff propose local parcel/residential dwelling unit owners involuntarily *subsidize* Mountain Golf’s proposed overspending.

Given the Championship Golf Course is a Facility Available for the Public’s Use, Please Understand it Exists Just as Much For the Benefit of the World’s Tourists as the Few Local Parcel/Residential Dwelling Unit Owners Who Choose to Actually Use it: Notwithstanding, *only* the local parcel/residential dwelling unit owners who pay the RFF are asked to subsidize the Championship Golf Course’s negative cash flow.

Please Understand That the Numbers I Will Share Are Staff’s Numbers: even though I and others I know are of the opinion staff’s financial reporting is deceitfully presented to put the happiest face forward possible on another money losing commercial business. As an example, since Exhibit “A” represents operational cash flow, one cannot see the massive additional negative cash flow caused by capital expenditures. Thus the financial picture presented is intentionally distorted.

Let me provide an example of this distortion. Look at the estimated \$5,071,084 of proposed “charges for services” revenue compared to fiscal year 2019-20’s budgeted \$4,516,321. This nearly 12.3% increase in estimated revenues is extremely optimistic as is staff’s estimated 10% increase in Evets/Banquet sales, and 12.6% increase in merchandise sales²). And if too optimistic, it means staff’s proposed \$32,812 of estimated *negative* cash flow is understated. Yet the Board and the public are being misled into believing a rosier picture than what I and others believe will be reality.

¹ A copy of that budget appears at page 112 of the packet of materials prepared by staff in anticipation of this March 11, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_3-11-20.pdf (“the 3/11/2020 Board packet”)]. This page is attached as Exhibit “A” to this written statement.

² See page 91 of the 3/11/2020 Board packet.

Please Understand That These Numbers Do NOT Include Capital Expenditures: Given staff have budgeted for \$4,159,900 of *additional* Community Services³ Capital Expenditures⁴ without any breakdown as to how much is assigned to Championship Golf, the Board and the public have no idea how much *more* in *negative* cash flow is properly assignable to Championship Golf's functions. Thus like I said, Championship Golf's financial picture is distorted.

They're distorted for another reason. Look again at staff's estimated \$5,071,084 of "charges for services" 2020-21 revenue. Not all of this \$5,071,084 represents *cash* revenue. When a punch card holder uses his/her card to buy down the cost of a round of golf to the resident rate, staff do not declare the net cash revenue actually received under "charges for services." Instead they include the full retail rate with no discount, and then report the amount of the buy down as a negative "charges for services" number⁴ in the Community Services Recreation Administration sub-fund⁵. However if you didn't know this, you would presume that the total "charges for services" reported in the Championship Golf income and expense statement⁴ represented cash revenues actually received.

Nonetheless, Staff Admit They Are Proposing to Overspend \$32,812 at the Championship Golf Course, and They Propose This Overspending Be Subsidized By the RFF⁴:

Please Understand That at the Board's June 19, 2019 Meeting, Stephen Bohnet of Finn Consulting Presented Evidence That 59% of Local Parcel/Residential Dwelling Unit Owners Assessed the RFF NEVER USE THE CHAMPIONSHIP GOLF COURSE⁶: And if we add those who only used it once or twice in the last year, this number balloons to a whopping 70%! Subsidizing the Championship Golf Course's *negative* cash flow violates the "pay for what you use" principle.

And Not That it Makes a Difference (Because Budgeting to Overspend is Wrong Regardless), But We Have No Idea of What Percentage of the Championship Golf Course's Use is Not Actually Being Used by Local Property Owners: The Championship Golf Course is available to members of the general public, whether or not local parcel/residential dwelling unit owners paying the RFF. Thus access to and use is promoted by staff to visitors/tourists when in contrast, NRS 318.015 instructs that the District's recreational facilities and the services they offer should primarily exist for the benefit of "the inhabitants...of (Incline Village, Crystal Bay) and of the State of Nevada."

Staff Tell the Board and the Public That the Reason Access to and Use of Our Recreational Facilities Are Made Available to the General Public is so That Revenues Realized From the General

³ Championship Golf is a sub-fund of the District's Community Service Fund.

⁴ See page 92 of the 3/11/2020 Board packet.

⁵ See page 143 of the 3/11/2020 Board packet.

⁶ See page 24 of the packet of materials prepared by staff in anticipation of the Board's June 19, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_6-19-19.pdf ("the 6/19/2019 Board packet")].

Public Will Reduce the Costs Local Parcel Owners Are Required to Pay: But we have seen that this is a false narrative⁷, and staff know it to be false.

In 2002 as Well as 2013 the Board Instructed Staff to Budget Championship Golf Operations on a Financially Breakeven Basis: So what happened? On December 11, 2002 the Board adopted Resolution 1736⁸ which adopted Financial Standards for the District's various recreational facilities including the Championship Golf Course. As the Board and the public can see from ¶VII(A) of Resolution 1736, that Board declared that the services provided by both Championship and Mountain Golf be "provide(d) on a breakeven basis." Although for political reasons Resolution 1736 was rescinded nearly six (6) years after its adoption (March 26, 2008), and replaced with a watered down version of Policy 2.1.0, the subject was again discussed by the Board at its October 1, 2013 meeting. Thereat Board members were asked whether each of the District's recreational facilities and the programs offered thereat "should generate a profit, break even, or simply provide value?" Four (4) of the five (5) trustees declared that the Championship Golf Course should operate on a breakeven basis, and the fifth (former Trustee Wolfe) declared it should generate a profit⁹. ***So why is it acceptable to continue to budget for operational losses?*** Isn't it time for this Board to take charge of the District's finances rather than passing off this duty to staff who have consistently demonstrated they are not capable of managing the District's recreational venues on a financial break even or positive cash flow basis?

Conclusion: In addition to massive capital costs, Staff propose assessing local parcel/residential dwelling unit owners at least \$32,812 in operational overspending to subsidize the Championship Golf Course. Public Works Director Joseph Pomroy often speaks about fairness and equity insofar as our utility rates are concerned. To make his argument, he uses the example "pay for what you use." In other words, don't make the majority of rate payers pay for the excess services exacted by a few. Well why should it be any different insofar as the fees charged at any of the District's recreation venues (here Championship Golf) are concerned¹⁰? Shouldn't access and use be paid by those few who

⁷ One need merely look at staff's proposed Diamond Peak income and expense statement (see page 102 of the 3/11/2020 Board packet). Instead of reducing the RFF by the \$1,640,600 of alleged savings, that money is proposed to be used to subsidize overspending at the District's *other* recreational facilities.

⁸ Resolution 1736 is attached as Exhibit "B" to the written statement contemporaneously submitted at this meeting insofar as the proposed budget for the Tennis Center is concerned.

⁹ A spreadsheet depicting trustees' views on this subject was attached to the minutes of the Board's October 1, 2013 meeting [see page 126 of the materials prepared by staff in anticipation of the Board's October 30, 2013 meeting ("the 10/30/2013 Board packet")]. A copy of that spreadsheet is attached as Exhibit "C" to the written statement contemporaneously submitted at this meeting insofar as the proposed budget for the Tennis Center is concerned.

¹⁰ Some years ago the Board commissioned a "parcel utilization" survey. What the Board and the public discovered is that system wide, less than 15% on average of the parcels/residential dwelling

actually use this facility and the services it offers rather than the majority of local parcel/residential dwelling unit owners who do not?

Therefore I request that this \$32,812 *not* be budgeted, and all Championship Golf programs/ services be eliminated unless they are financially break even or positive cash flow. Direct our staff to figure out how to increase revenues/reduce costs to eliminate *all* negative cash flow. And if they are not capable, maybe it's time to find another operator or dispose of this asset.

And to those asking why your RFF/Beach Facility Fee ("BFF") are as high as they are, and never seem to be reduced, now you have another example of the reasons why.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

units assessed the RFF had an owner/occupant who used any of the District's recreational facilities just once in the preceding year (note how much larger this *actual* utilization was compared to consultant Finn's survey of but a percentage of parcel/residential dwelling unit owners⁷). This means that the overwhelming majority of parcel/residential dwelling unit owners paying the RFF/their occupants *never* use a given recreational facility.

EXHIBIT "A"

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
FACILITIES
PROPOSED OPERATING SOURCES AND USES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

| | Actual FYE - 18 | Actual FYE - 19 | Estimated Actual FYE- 20 | Approved Budget FYE - 20 | Proposed Budget FYE - 21 |
|--------------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|
| Sources: | | | | | |
| Ad Valorem Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Consolidated Taxes | - | - | - | - | - |
| Charges for Services | 355,696 | 392,246 | 450,000 | 420,793 | 529,421 |
| Facility Fee | 147,319 | 308,463 | 131,248 | 131,248 | 41,015 |
| Investment income | - | - | - | - | - |
| Miscellaneous Revenues | 1,150 | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Interfund | - | - | - | - | - |
| Central Services | - | - | - | - | - |
| Total Sources | 504,165 | 700,709 | 581,248 | 552,041 | 570,436 |
| Uses: | | | | | |
| Salaries & Wages | 80,096 | 76,190 | 85,000 | 89,488 | 88,583 |
| Employee Benefits | 38,460 | 37,739 | 41,000 | 47,157 | 47,500 |
| Total Personnel | 118,556 | 113,929 | 126,000 | 136,645 | 136,083 |
| Professional Services | 1,080 | 1,110 | 1,100 | 1,140 | 1,170 |
| Services & Supplies | 262,168 | 294,989 | 338,000 | 337,960 | 352,898 |
| Insurance | 10,341 | 14,573 | 12,240 | 12,240 | 11,820 |
| Utilities | 34,850 | 34,925 | 36,000 | 35,550 | 36,600 |
| Cost of Goods Sold | - | - | - | - | - |
| Central Services | 21,800 | 23,000 | 25,500 | 25,500 | 27,420 |
| Defensible Space | - | - | - | - | - |
| Total Services & Supplies | 330,239 | 368,597 | 412,840 | 412,390 | 429,908 |
| Total Uses | 448,795 | 482,526 | 538,840 | 549,035 | 565,991 |
| Net Sources (Uses) | \$ 55,370 | \$ 218,183 | \$ 42,408 | \$ 3,006 | \$ 4,445 |