

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winquest
General Manager

SUBJECT: General Manager's Status Report
Prepared for the meeting of August 12, 2020

DATE: August 5, 2020

Interim General Manager & Board of Trustees Priority Projects & Tasks

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Effluent Pond Lining Project Request for Qualifications (RFQ)	August 2020	GM Winquest/Director of PW Pomroy Trustees Wong/Dent	One submittal received. Lumos & Associates will be interviewed mid-August
Effluent Pipeline Project Request for Qualifications (RFQ)	August 2020	GM Winquest/Director of PW Pomroy Trustees Wong/Dent	See above
USFS Parcel Acquisition – Potential Dog Park	Ongoing	GM Winquest	Met with USFS Staff 4/2/20 process of filing a special use permit. Will be delayed as a result of COVID-19
USACE Grant Funding for Pond Lining/Pipeline Projects	TBD	GM Winquest/Director of Public Works Pomroy	No update
Burnt Cedar Pool Project	Present Conceptual Design at 8/12 BOT Meeting	Engineering Manager Chorey/GM Winquest	Conceptual design has been completed. Community Group and IVGID Staff are continuously providing input.
Internal Controls Audit	Winter 2020	Audit Committee/GM Winquest/Director of Finance Navazio	Internal policies, processes, controls etc. being evaluated by staff
Ordinance 7 Administrative Revisions	Fall/Winter 2020	GM Winquest	Creation of advisory team in August 2020.
Smith vs IVGID Litigation	Board completely updated in August, 2020	Legal Counsel/Board of Trustees/GM Winquest	Update was provided on 6/10/20 by Legal Counsel.
Construction Project and Engineering Contract Audit	Kick off meeting was held on July 13, 2020	GM Winquest/Director of Finance Navazio	Approved by the BOT on 6/10/2020. Under contract with Moss Adams

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Utility Reserve Fund/Rate Study	Fall 2020	GM Winquest/Board	Team meeting on 7/24/20. Agenda item to confirm goals and objectives 8/12/20.
2020/2022 Strategic Plan	TBD	Senior Management Team/Board of Trustees	Need to discuss timing based on upcoming election
2020/2021 Budget Kick off Workshop	Fall 2020	GM Winquest/Director of Finance Navazio	Will discuss during long range calendar
Recreation Punch card accounting	Ongoing	Director of Finance Navazio	Board Workshop scheduled on 9/9/20

COVID–19, Impacts to the District & update on closures and restrictions

The Recreation Center is currently open with a limited capacity of 50% for current members only. Drop in use is being evaluated at this time. Reservations are required for Group Fitness Classes, Gymnasium, Pool, and Strength and Conditioning area. The Chateau Grille is currently open with limited capacity and reservations are required. Weddings, Banquets and Events are currently taking place with significant restrictions based on state and county guidelines and restrictions. A variety of Parks & Recreation programs are being offered with strict health and safety guidelines. The community parks remain open for drop in use and social/physical distancing is being closely monitored.

- High Sierra Patrol is currently on site 12:00pm – 10:00pm
- All Beach Parking lots open 7am – 9pm daily
- Incline & Burnt Cedar Beach Gates are currently staffed 8am - 8pm Mon – Thurs, and Fri – Sun 7am – 8pm. (High Sierra Patrol locks gates at 9pm)
- Ski Beach Boat Ramp Gate is currently staffed from 7am – 8pm daily. Launching is limited to Tahoe only watercraft with seal intact. TRPA is now providing inspections by appointment at the Truckee, Meyers, and Spooner Summit locations.
- Beaches are currently open to IVGID Picture Pass and Recreation Punch Card Holders only. Physical/Social Distancing required. Pop up tents only allowed in specific areas.

Beach operations are constantly changing and Staff has and will remain flexible as restrictions are ready to either lifted or added dependent on impact of COVID–19 and observed behavior at the beach properties.

The Public Works & Utilities team continues to provide outstanding service while protecting the water and sewer infrastructure during this extremely crucial and challenging time. Engineering Staff continues to work on project development and management, Public Works Administration is closed to the public but Staff is answering phones and responding to emails during normal business hours.

- *IVGID Public Works will temporarily suspend disconnections and penalty charges for delinquent accounts during this time. We will work with customers facing financial hardship to develop payment plans in order to assist with past due balances. We encourage any of our customers to contact us if they have concerns about their account balances.*
- *Solid waste violations and fines have been suspended except for some customer upgrades to wildlife resistant carts for spills. Waste Not has been reduced in staffing as a non-essential operation during Covid-19 and is unable to respond to violation reports. Customers are being charged by Waste Management for excess refuse per the Franchise Terms.*

VENUES

These venues will see a phased opening with safety and distancing requirements and measures in place. Group activities are currently being limited to 50 people or less or 50% of capacity depending on the facility/venue as part of a COVID-19 Phase 2 opening. Staff will continue to provide information to the community as these plans further develop.

Facility/Venue Openings

Incline Beaches and Boat Ramp – Open to IVGID Pass and Recreation Punch Card holders

Burnt Cedar Pool – June 15, 2020 (Lap Swimming, Swim Lessons, Aqua Fitness)

Disc Golf Course – May 11, 2020

Championship Course Driving Range – May 11, 2020

Chateau Grille & Championship Golf Course – May 18, 2020

Incline Tennis & Pickleball Center – May 18, 2020

Incline Skate Park – May 21, 2020

Mountain Golf Course – May 25, 2020

Village Green & Incline Park Playing Fields – Open for limited drop in use

Incline Bike Park – May 23, 2020

Recreation Center & Community Programming – June 15, 2020

Banquets, Weddings, & Events – Late May, 2020

**all facilities/venues open with COVID-19 restrictions*

Capital Projects Update July 13, 2020

Design

Burnt Cedar Swimming Pool Improvements

A 2020/2021 Capital Improvement and Board of Trustees Priority Project, this project will reconstruct the two (2) existing pools (full size and toddler) at Burnt Cedar Beach. A design consultant has been selected to work with IVGID Staff and a community group to develop a preferred conceptual design. Conceptual design drawings will be presented to the Board of Trustees at their August 12, 2020 meeting. The project will proceed into final design this fall, construction is tentatively planned for summer 2021. The advertisement for a Construction Manager at Risk (CMAR) closes August 6, 2020. The CMAR proposals will be reviewed and

evaluated prior to selecting a Contractor. The CMAR contract is anticipated to be presented to the BOT for approval in September.

Effluent Pipeline Project

District Staff provided a detailed Effluent Export Project update to the Board of Trustees on January 29, 2020. The immediate priority is to replace all of the remaining Segment 3 pipeline (12,385 linear feet) and to make immediate repairs to the Segment 2 pipeline (17,314 linear feet) to extend its life and mitigate a potential future leak site. At the February 26, 2020 Board of Trustees Meeting, a design services scope of work was presented to the Board to begin replacement of Segment 3, the scope of work was not approved. The Board has placed this project on hold pending the hiring of a Project Manager to conduct a complete project review of the Effluent Export Project. The annual CIP amount of \$2,000,000 will be allocated to this project. At the March 11, 2020 Board of Trustees meeting, the Board of Trustees unanimously approved to restrict \$9,656,890 to the Effluent Pipeline Project, Project #2524SS1010 from the Unrestricted Net Position in the Utility Fund effective March 12, 2020.

Effluent Pond Lining Project – 2599SS2010 (this is a new capital project #) – PO#

A component of the Water Resource Recovery Facility (WRRF) operation is a 2.4-million-gallon effluent storage basin located adjacent to the wastewater resource recovery facility (Plant). The WRRF Effluent Storage Alternative Analysis Memorandum, September 2018, recommends a reinforced concrete or the combination of concrete and shotcrete lining that provides the best long term value, maximizes storage volume, and has low maintenance to keep in service. At the February 26, 2020 Board of Trustees Meeting, a design services scope of work was presented to the Board for lining the pond, the scope of work was not approved. The Board has placed this project on hold pending the hiring of a Project Manager to conduct a complete project review of the Effluent Export Project. On February 27, 2020, Staff set up a new capital project for the Effluent Pond Lining and that project number is noted above. It is also included as an unbudgeted project for the 2020-21 CIP Budget.

Construction

Championship Golf Maintenance Building Drainage and Washpad Improvements

A 2020 Capital Improvement Project, this project will improve surface and sub-surface drainage, construct a modern wash pad facility, and spot treat pavement failures at the Championship Golf Maintenance Building. This project addresses health and safety issues and prevents future water damage to this facility. A local engineering consultant completed the design and the construction contract was awarded at the June 23, 2020 Board of Trustees meeting. Construction has commenced and the project is scheduled to be completed this October.

Cruz Construction, Inc Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$425,433	\$50,902.43	\$476,335.43	\$64,446.98	\$411,888.45

Martis Peak Road - Water Main Replacement

A 2020 Capital Improvement Project, this project includes slip lining a 14-inch water main under State Route 28 and replacing aging steel water main in Martis Peak Road and Rifle Peak Court. IVGID Engineering Staff completed the design and the construction contract was awarded at the June 23, 2020 Board of Trustees meeting. Construction has commenced and the project is scheduled to be completed by the end of September.

Rapid Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$456,610	\$0	\$456,610	\$0	\$456,610

Tennis Center Renovation

The project includes remodeling the pro-shop and restrooms, enclosing the existing kitchenette area, expanding and enhancing the deck area, and layout improvements to make the venue more welcoming. The construction contract was awarded at the June 10, 2020 Board of Trustees meeting. Construction is scheduled to begin August 17th and is expected to be substantially complete by April 1, 2021.

Daniel Fraiman Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$709,000	\$0	\$709,000	\$0	\$709,000

Lakeview Ski Lift Maintenance and Improvements

This project includes electrical upgrades to the ski lift. Upgrades consist of the replacement of the Main Low Voltage Control Panel, DC Motor Drive Panel, Return Station Controls, Loading System Controls and Drive panel. The project also includes the replacement of the communication cable from the top terminal to the bottom terminal. There are three distinct components to the project including electrical engineering and design, bidding and

procurement for the fabrication of the panels as well as bidding a contracted installation of the replacement panels. An electrical engineer has been hired to complete the design and is currently working with Staff to develop the electrical design documents for bidding the panel fabrication and installation. Panel fabrication was awarded at the June 10, 2020 Board of Trustees meeting.

WRRF Aeration System Improvements

The aeration process of wastewater treatment supplies oxygen to facilitate the biological activity that converts raw sewage into treated wastewater effluent. The plant has six-200,000-gallon aeration basins with two jet aeration clusters per basin supplied by computer controlled multistage centrifugal aeration blowers. This project funds the design and replacement of the aeration system equipment at the WRRF. The Board awarded the construction contract to the lowest responsive bidder, KG Walters, on December 11, 2019. Construction has commenced and is anticipated to continue until December 2020. Progress meetings are held every two weeks.

K. G. Walters Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$1,508,500	\$6,069	\$1,514,569	\$221,794	\$1,303,864

Water Reservoir Safety and Security Improvements – Phase 1

This project will replace the ladders that access the top of the water reservoirs, install intermediate access platforms, install protective railings and install new fall protection devices. The exterior access to the roof area is required to meet the needs of the District to monitor the water quality in the reservoirs and perform routine repairs to radio communication equipment. The ladders also need to be secured from access by the public. The reservoir ladders, fall protection, platforms, and protective railings will meet the current Occupational Safety and Health Administration (OSHA) safety standards. The Board awarded the contract to Resource Development Company on April 10, 2019 for 10 of 13 reservoirs. Construction begins this summer and is expected to be substantially complete by September 15, 2020.

Resource Development Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$362,600	\$0	\$362,600	\$0	\$362,600

Water Reservoir Safety and Security Improvements – Phase 2

The second phase of this project will replace the ladders that access the top of the water reservoirs, install intermediate access platforms, install protective railings and install new fall protection devices for the remaining 3 reservoirs. The construction contract was awarded at the June 10, 2020 Board of Trustees meeting. Construction is scheduled to begin this summer and is to be completed by the end of the year.

Paso Robles Tank, Inc. Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$109,000	\$0	\$109,000	\$0	\$109,000

IVGID Recreation Center Site Lighting Replacement

A 2020 Capital Improvement Project to replace bollard and site lights with modern LED fixtures. An outside electrical engineering firm has completed design and the project has been awarded to Intermountain Electric, Inc. The project is complete.

Intermountain Electric, Inc. Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$84,856	\$0	\$84,856	\$84,856	\$0

Incline Village Bocce Courts

At the August 14, 2019 Board of Trustees meeting, the Board prioritized construction of bocce courts. Engineering Staff has completed design and at the May 6, 2020 Board of Trustees meeting, the Board approved the Notice to Proceed. Construction of the four (4) Bocce Courts adjacent to the Incline Village Recreation Center is complete.

Rapid Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$68,860	\$1,200	\$70,060	\$70,060	\$0

Financial Transparency

FY2019-20 Year-End

Accounting and Finance Staff are working on performing fiscal 2019-20 year-end close activities, as well as the accounting close for the first month of the new 2020-21 fiscal year. Preliminary unaudited results reflect favorable performance relative to budget across all of the Districts governmental and proprietary funds.

Preliminary (Unaudited) FY2019-20 Results

	General Fund			<i>CFWD To</i>
	Budget	Actual	Variance	<i>FY2020/21</i>
Sources	5,020,299	5,144,395	124,096	
Uses	5,664,169	4,342,506	(1,321,663)	
Net Sources/(Uses)	(643,870)	801,889	1,445,759	<i>(300,000)</i>
	Utilities			
	Budget	Actual	Variance	
Sources	12,841,469	12,781,653	(59,816)	
Uses	14,349,751	9,966,893	(4,382,858)	
Net Sources/(Uses)	(1,508,282)	2,814,760	4,323,042	<i>(2,553,786)</i>
	Community Services			
	Budget	Actual	Variance	
Sources	22,598,780	23,207,383	608,603	
Uses	26,635,871	21,645,199	(4,990,672)	
Net Sources/(Uses)	(4,037,091)	1,562,184	5,599,275	<i>(2,500,701)</i>
	Beach			
	Budget	Actual	Variance	
Sources	2,479,800	2,449,452	(30,348)	
Uses	3,105,529	1,827,495	(1,278,034)	
Net Sources/(Uses)	(625,729)	621,957	1,247,686	-
	Internal Services			
	Budget	Actual	Variance	
Sources	3,155,307	2,623,819	(531,488)	
Uses	3,142,117	2,796,321	(345,796)	
Net Sources/(Uses)	13,190	(172,502)	(185,692)	-

Year-end Audit

By mid-August Staff anticipates providing unaudited trial balances to the District's Independent Auditor who is scheduled to perform their field work the first two weeks in September. Draft financial statements are scheduled to be completed in October with the final Comprehensive Annual Financial Report due to be delivered by the end of October.

FY2020-21

Staff is working on the first close of the new fiscal year, including updating our operating and capital project reporting to reflect the new fund structure supporting the FY2020/21 adopted budget. Reviewing our internal and external financial reports is critical to support our goal of financial transparency and demonstrating sound fiscal management of District resources.

Work also continues on the engagement with Moss/Adams to perform a review of the District's contract management practices. We are completing the initial document request for identified projects and the audit team will be scheduling interviews with staff, board members and community stakeholders in late August / early September.

Update on Staffing Changes and Organizational Approach

The Communication Coordinator Position formerly held by Misty Moga has been vacant since May 3, 2019. Excited to announce that Kari Ferguson has accepted the position as of July 26, 2020. Kari previously was our Recreation Supervisor – Youth & Family Programs & Events from 2005 to 2020. Now that Kari has transitioned into her new position, the position that she vacated will be eliminated and the existing responsibilities and duties from this position will be absorbed by other staff members within the Parks & Recreation Department as part of an ongoing organizational restructuring within the Parks & Recreation Department.

Additionally, Mike Gove who previously served as the District's Senior IT Analyst and has been the Interim Director of IT since October 21, 2018 has been formally promoted to the Director of IT as of July 22, 2020. We are excited to see both Kari and Mike transition into their new roles with the district.

Tax Revolt Update

IVGID has received the following information from Village League's President Mr. Todd Lowe and we thought it important enough to share with our community.

Below are the numbers calculated to show the impact of moving the first payment date from October 2020 until July 2021.

<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>Total Owed by IVGID</i>
<i>\$509,402.31</i>	<i>\$468,861.44</i>	<i>\$381,472.81</i>	<i>\$1,359,736.56</i>

Summary of Implementation Plan Agreement

Recall that in 2019 the District Court ordered the County to make excess property tax refunds to every residential property owner in Incline Village and Crystal Bay during the 2003-2006 period with interest by October 2021. The County and State both appealed the District Court's decision to the Nevada Supreme Court. In a similar 2006 District Court ruling which was also appealed to the Supreme Court it took until 2011 to get a final ruling and start the refund

process. And those refunds required over two years to distribute, cost the County over \$1 million dollars to process and left nearly 3,000 taxpayers with no refund at all.

Rather than expend many hundreds of thousands of dollars in litigation expenses with interest still accruing at over \$5,000 per day only once again for the County to lose the fight and delay refund payments until the year 2024, we entered into settlement negotiations. We felt there had to be a better outcome for taxpayers and the County if we could devise a "kinder and more gentle" implementation of the Court's ruling. My meeting with you, Ryan and trustee chair Wong helped shape our objectives. Those negotiations, which were long and difficult were fruitful, producing the agreement approved yesterday by the Board of County Commissioners.

The essential terms of the agreement were worked out between December 2019 and February 2020. Those terms, memorialized before a Supreme Court Judge are attached to the final agreement as an exhibit. You can get that from our website. When the pandemic hit and we resumed further negotiations to modify that agreement based on expected impacts and difficulties.

The Court's ruling stands in every regard except the implementation details of order items 7 and 8. Those provisions direct the Treasurer on how and when to make refund payments. Here is a summary of where we ended up.

Who Gets A Refund

Every owner of a residential parcel starting in the 2003/4 year through the 2005/6 tax year is eligible for a refund. There are some 9,000 parcels in Incline Village and Crystal Bay. Some 1,500 of those are owned by the US government, Nevada State, Washoe County or IVGID; all of whom are exempt from paying property taxes. So that leaves about 7,500 parcels. Many of those parcels have been sold during the period so there are multiple owners eligible for a refund. We estimate that the County will need to pay 11,000 owners.

For removal of doubt, if one did not actually pay the excess taxes during the 2003 through 2006 period there is no refund available. Additionally, the Village League gets zero refunds and will not recoup any of the millions of dollars (all donated by our community) of fees and costs. This was a concession made as part of the settlement.

Remember that during 2003 through 2008 Incline Village and Crystal Bay property owners were paying taxes at rate 214% higher than neighboring Nevada Lake Tahoe counties. Even if one did not own property here in 2003 every property owner has benefited by a dramatic reduction in property taxes owed ever since because of the work we did to reverse unconstitutionally made assessments.

How much

The amount of taxes refunded for each parcel is calculated simply by determining the difference between the property tax assessment determined by the Supreme Court in the famous Bakst, Barta, and Drakulich decisions and that which the treasurer actually used for each of the three tax years in question. That difference is then multiplied by each year's applicable tax rate. To that amount interest is added. During the 17-year period during which the County held taxpayers excess tax payments the judicial interest rate varied between 5 and 10.25%. To simplify matters, we agreed to a flat 6% simple interest rate. To further simplify the calculations for the Treasurer we agreed to fix the start date for each interest period to the final day on which a property tax payment could be made during each of the three tax years. For sold properties, the refund amount is prorated between old and new owners based on the number of days of ownership.

To incent the County to make payments soonest and complete the task in reasonable time there is a 24-month interest holiday. During that period interest ceases to accrue. The period begins following the first month that the County starts making refunds and continues for the following 24 months. If the County fails to make payments ratably over that period, they forfeit the interest holiday. Any refunds not made during the holiday resume accruing interest.

How and When

After making the refund calculations the Treasurer is obligated to provide notice to all owners. Current residents of Incline Village and Washoe County residents are notified first. To ensure all owners get notice the County is required to contract a 3rd party search firm to locate anyone they cannot find themselves.

The payment of refunds can start at any time. However, the County has the option to wait until July 1, 2021 to start payments. This was a pandemic-related concession by taxpayers. Whether they pay sooner or not the refund issuance process must meet a minimum monthly quota. All refund payments must be completed by June 21, 2024.

Unlike previous refund payment scenarios, parcel owners are required to submit claims in order to get a refund. Those claims will be processed on a first in-first out basis. Owners failing to make a claim by May 1, 2023 forfeit getting a refund.

There are many details controlling the Treasurer's action articulated in the agreement. Of particular impact to IVGID and other taxing authorities is that the County cannot reduce their distributions of tax revenues before starting to pay refunds and cannot deduct more than refund amounts actually paid.

Washoe County's Obligations

In order to audit and ensure compliance and fair taxpayer treatment the County has various obligations. Here are a few:

- *Create an implementation website*
- *Calculate refunds in accordance to the agreement*
- *Provide notice to all Owners*
- *Provide a log of all owners, notices and refund payments to the Village League, Court and County*
- *Find every owner, contracting search firms as-needed*
- *Prepare regular progress reports to the Court, County and Village League,*
- *Follow a prescribed dispute resolution process*

For further information and details of the agreement and the refund plan, please visit the Village League's website:

(<http://nevadapropertytaxrevolt.org/wp-content/uploads/2020/08/Taxpayer-Implementation-Agreement.pdf>).

The deal must be approved by the District Court and the State before it becomes law.