



SPECIAL BOARD MEETING MINUTES
Wednesday, May 20, 2009 – 9:00 a.m.
Tahoe City Public Utility District

FINAL MINUTES

ATTENDANCE: Alex Mourelatos, Jim Kercher, Dan Tester, Ron McIntyre, Jennifer Merchant, Dave Wilderotter, Ron Parson, Debbie Casey, and Deb Dudley

STAFF IN ATTENDANCE: Steve Teshara, Kym Fabel, Andy Chapman, Sally Lyon and Sarah Holster

1.0 CALL TO ORDER – ESTABLISH A QUORUM

1.1 The meeting was called to order at 9:08 a.m. by Chairman Alex Mourelatos and a quorum was established.

2.0 PUBLIC FORUM

2.1 Ron Parson suggested that for future Board meetings, we spend more time reviewing and discussing action items and less on informational items. He asked staff and the Board Chair to prioritize action items on the agendas going forward.

3.0 AGENDA AMENDMENTS AND APPROVAL

3.1 **M/S/C (Tester/Parson) (9/0) to approve the agenda as presented.**

4.0 CONSENT CALENDAR

4.1 **M/S/C (Parson/Tester) (9/0) to approve consent calendar as presented.**

5.0 DISCUSSION AND POSSIBLE ACTION TO SCHEDULE A SPECIAL MEETING OF THE NLTRA BOARD IN LATER JUNE TO CONSIDER AND TAKE FINAL ACTION ON THE PROPOSED NLTRA BUDGET FOR FY-2009/10

5.1 Steve Teshara reported that the Finance Committee has scheduled its next meeting for June 17th to take final action on the proposed NLTRA Budget for FY-2009/10. Ron Parson suggested it is also critical to have an additional Board meeting in June to further review budget line items and take final action on the NLTRA Budget. A Special Board meeting was scheduled for Friday, June 26th beginning at 9:00 a.m. Due to the July 4th holiday, the Board suggested moving the July 1st Board meeting to July 8th.

6.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE NLTRA PLACER COUNTY TOT BUDGET REQUEST FOR FY-2009/10 FOR SUBMITTAL TO THE COUNTY, AND DIRECTION TO THE NLTRA EXECUTIVE BOARD AS MAY BE RELATED TO THIS SUBMITTAL

6.1 Alex Mourelatos led a review of the \$3.6 million TOT budget scenario and changes made to the budget format. Changes include new and historic County Services line items. The format also breaks out marketing programs from overhead. Jennifer Merchant distributed a breakdown of the additional \$500,000 allocation for County Services (new line item).

Ron McIntyre reviewed the status of the discussions between the Executive Committee and Chief Assistant County Executive Officer, Rich Colwell. He said that the CEO has taken an additional \$500,000 for new County Services in addition to carryover. For the second year in a row, the CEO's office is proposing a "fixed fee" contract to the NLTRA regardless of TOT collections. Alex noted the County is willing to be flexible on departmental percentages.

- 6.2 Jennifer asked about the Direct Marketing line item. Andy clarified the line item includes more than just coop expenses such as new event development. Dave Wilderotter asked if the Coop budget included special event funding. Andy explained the Coop agreement excludes special events at this time. He said each organization has different special event needs.
- 6.3 Ron McIntyre said Placer County is facing more cuts due to state decreases. He is concerned about requesting a 60/40 split from the Board of Supervisors at this time and suggested we accept the fixed fee amount of \$3.6 million. Ron recommended we send a letter to each Supervisor and members of the CEO staff that points out the community's expectation of TOT and reiterate our position that what is earned in Tahoe should stay in Tahoe. Ron said we need an indication from the Board of Supervisors that the funding percentage of 60/40 will come back to the NLTRA. He said the letter should also request that in the future, any NLTRA budget cuts should be in proportion to other county departments. Deb Dudley added that our budget scenario was developed with a fixed fee amount but based on the 60/40 split. She said the intent was to reach an understanding about the need for the 60/40 funding percentages. Deb reported that the Assistant CEO refused to entertain the 60/40 split. She noted the Board of Supervisors will hold a hearing to consider a County budget proposal net Tuesday, May 26th, in Auburn.

Ron McIntyre left the meeting at 9:50 a.m.

- 6.4 Ron Parson said that if we exceed the County's TOT projections, the NLTRA should request the balance, since that amount is not budgeted for at this time. Although Jennifer does not anticipate a fund balance from 2008/09, she said this was fair middle ground until the organization can discuss reestablishing the 60/40 split. Jennifer suggested the NLTRA work with the County CEO's office on an amendment to the scope of work to show how the additional funding would be spent. She noted the 60/40 is a legal concern. Alex said the County has been clear that there is no legal precedence for the 60/40 split. He said it is our intent to develop a proper legal structure to support the funding split in the future. Deb feels that if we concede to a \$3.6 million budget this year, the County would be less likely to reestablish our funding at 60/40 next year. The Board directed staff to conduct research in regards to a legal funding structure. Ron Parson said we need *funded* and *unfunded* requirements in the contract. He said we should use 60/40 as a planning number; that way the Board of Supervisors is unencumbered. He said the County is taking a risk by breaking an agreement with the North Lake Tahoe voters.
- 6.5 Ron Parson expressed concern related to the clarity of the TOT budget line items. Alex confirmed that detailed line items are included in the NLTRA budget, not the TOT budget. Ron said personnel and overhead should transparent. Alex explained that staff revised the TOT Budget format presented today, based on feedback from the Finance Committee Monday. Ron said the TOT budget should reflect cuts. Steve said the cut is the balance between 60% of TOT and \$3.6 million. Jennifer noted that the organization is maintaining the same staff level at the expense of capital improvements. Steve said staff is reviewing a significant reduction in medical insurance costs by changing carriers and programs. Jennifer feels that is a small percentage of the total. Dave disagreed and recommended that we increase staff and bring marketing in-house to save costs. He said Placer County should be concerned with an efficient product, not staff decreases.

Ron Parson said he does not suggest cutting staff, but to demonstrate cost efficiency. Jennifer agreed but said that it will not go unnoticed that the capital improvements budget has been reduced to zero. Steve suggested that when the Board reviews the budget with the community, they present the NLTRA budget and not the TOT budget, noting that although the largest, TOT is not the NLTRA's only source of revenue.

- 6.6 Debbie Casey asked about our negotiating leverage. Steve said we need to document the impacts to other destinations that have cut promotion; such documentation exists from other areas. Deb Dudley said the Executive Committee has tried to make that case to the County. The County's priority is addressing its budget crisis. Deb feels \$3.6 million is not enough to do a sufficient job at promoting our destination and expressed concern related to our market share. Dan Tester believes our leverage is based on community need and we should inform the community about the reductions in TOT funding to the NLTRA. He noted that there are other funding methodologies being used by destinations which we need to explore. Alex said there is a disconnect between the Board of Supervisors and the County Executive Office. He suggested we approach the Board of Supervisors with our concerns at the May 26th meeting. He feels if we agree to the \$3.6 million budget, we lose future leverage. Deb suggested we contact our Supervisor, Jennifer Montgomery, to further discuss the reestablishment of the 60/40 split. Steve agreed the funding split is a difficult challenge. He agreed that we should reach out to the Board of Supervisors, indicating the significant percentage of reductions the NLTRA has taken to help fund in the County's budget shortfall.
- 6.7 Discussion followed in regards to funding percentages across NLTRA departments. Steve said infrastructure funding was pushed to marketing based on several factors. Those include the constraints of the \$3.6 million budget, the economic climate, community and committee feedback, and the fact that Placer County is already holding some \$5.5 million committed to the NLTRA for infrastructure. He noted the willingness of the County Executive Office to be flexible within available funding. Steve suggested that if there are unanticipated TOT funds that can later be granted to the NLTRA, we could put that money back into Infrastructure. Jennifer suggested staff consider using a portion of marketing reserves to reduce the amount of infrastructure funding transferred to marketing. Steve said staff would draft a letter to the County with the proposed budget including a rationale for focusing dollars on marketing. He said a marketing focus is part of our commitment to increase TOT and help improve County revenues. Discussion followed in regards to the Direct Marketing line item. Alex said the budget needs to be clear on what goes into the coop line item. Ron Parson said we need to specify our funding rationale to maintain our relationship with our marketing coop partners.
- 6.8 Ron Parson said since we are negotiating a new contract, we need to address the use of marketing reserves. Steve explained that suggested changes in the contract are submitted to the CEO's office, each with a rationale. Staff anticipates preparing a draft contract and TOT budget submittal before the end of May.
- 6.9 Alex expressed concern that the County lacks trust in our organization. He said the CEO's office does not understand what we do. Deb Dudley agreed and said the organization is under valued. Debbie Casey feels our only leverage is to disband. Steve said there are other mechanisms to capture all TOT collected at North Lake Tahoe. Jennifer agreed and said there are other funding mechanisms that can be used other than TOT. Deb said we still need to come up with long term solution.
- 6.10 M/S/C (Dudley/Wilderotter) (7/0/1 Abstention-Merchant) to accept the \$3.6 million budget scenario for submittal to the Placer County CEO's office with some adjustments of marketing back to infrastructure and with the caveat that in the future, it is the goal of the organization to reinstate the 60/40 funding split. The Board directed staff to draft a letter to each member of the Board of Supervisors**

reflecting the organization's concern regarding the percentage of reductions the NLTRA has taken to assist in the County's budget shortfall. The budget request should also include that any additional TOT beyond County TOT projections be returned to the NLTRA for specific projects to be identified in the scope of work. Our county submittal should include a recommended contract change related to the use of marketing reserves.

7.0 DISCUSSION AND POSSIBLE ACTION TO APPOINT A COMMITTEE TO MEET, DISCUSS AND DEVELOP NLTRA SPECIAL EVENT AND WEB SITE STRATEGIES, AS A FOLLOW-UP TO OUTCOMES OF RECENT MARKETING WORKSHOPS

7.1 Alex Mourelatos reported that following the Joint Marketing and Chamber workshops, he met with members of the two committees to discuss event strategy, events in the region and the role of NLTRA in special events. It was suggested that the NLTRA establish a task force and dedicated staff to develop new special event and Web site strategies. Alex said consensus indicated the need for a NLTRA staff person responsible for developing a strategy. He said the Board will develop a slate of members for the task force. The Board directed staff to develop resources to support the task force. Staff asked that this committee be appointed in a 60-day timeframe for budget development. Debbie Casey asked for clarification regarding the NLTRA's role in the special event process. Alex said the NLTRA's role is promotion of events. Jennifer Merchant said in the future, new media could be part of the overall marketing budget.

7.2 **M/S/C (Tester/Parson) (8/0) to appoint a task force and develop resources to support NLTRA special event and Web site strategies.**

8.0 DIRECTORS' COMMENTS

8.1 There were no further comments.

9.0 MEETING REVIEW AND STAFF DIRECTION

9.1 The Board directed staff to conduct research in regards to a legal funding structure related to the 60/40 split.

9.2 Submit the \$3.6 million budget scenario to the Placer County CEO's office with some adjustments of marketing back to infrastructure. Staff will submit a draft copy of the submittal to the Board at the end of May for review.

9.3 Draft a letter to the Board of Supervisors indicating the significant percentage of reductions the NLTRA has taken to help fund in the County's budget shortfall.

9.4 Staff to develop resources in support of the Special Events Task Force.

10.0 ADJOURNMENT

10.1 The meeting adjourned at 11:13 a.m.

Submitted by,
Sarah Holster
Executive Assistant