



SPECIAL BOARD MEETING MINUTES
Friday, June 26, 2009 – 9:00 a.m.
Tahoe City Public Utility District

FINAL MINUTES

ATTENDANCE: Ron McIntyre, Alex Mourelatos, Dan Tester, Tom Murphy, Debbie Casey, Graham Rock, Dave Wilderotter, Ron Parson, and Jennifer Merchant

STAFF IN ATTENDANCE: Steve Teshara, Andy Chapman, Sally Lyon, Ron Treabess, and Sarah Holster

OTHERS IN ATTENDANCE: Art George and John Wilcox

1.0 CALL TO ORDER – ESTABLISH A QUORUM

- 1.1 The meeting was called to order at 9:10 a.m. by Chairman Alex Mourelatos and a quorum was established.

2.0 PUBLIC FORUM

- 2.1 Art George, Indigenous Washoe Outreach Director for the Tahoe Foundation, approached the Board on behalf of the Tahoe Foundation to offer Washoe interpretive opportunities for NLTRA programming. The Foundation is currently working on the Tahoe Wayfinder project, approved by the TRPA, and would like to include the “n” icon. He would also like to coordinate efforts with the Regional Wayfinding Signage project. Mr. George expressed interest in providing input into the Squaw Valley Olympic Museum project. He said he is trying to encourage positive relations with the Washoe Tribe.
- 2.2 John Wilcox invited Art George to give a presentation at Squaw Valley Institute on local Washoe history. He confirmed the SVSMF would be interested in including the Washoe Tribe in the museum project. John reported that the October 18th presentation with Greg Mortenson, author of *Three Cups of Tea*, is sold out. He said they are trying to arrange a matinee presentation earlier that day. He said there is already a waiting list.
- 2.3 Debbie Casey announced the upcoming 1st Annual Gene Upshaw Memorial Golf Classic Tournament (formally Indian Summer Classic) scheduled to be held at Grey’s Crossing on July 24th and 25th. Proceeds of the event will go to pancreatic cancer research. Participants get to play with former NFL players. A reception will be held for participants at Wild Goose Restaurant the evening before. The tournament will conclude with a Lake Tahoe Music Festival concert featuring *Huey Lewis and the News*. Sponsorship opportunities are available. Registration is available online at www.gu63.org.
- 2.4 Alex Mourelatos reported that some of his visitors had issues with the Aquatic Invasive Species boat inspection process. He asked Ron Treabess to notify the TCPUD about the matter. Jennifer Merchant said this is a TRPA issues. She offered to forward the complaint letter to the TRPA Governing Board.

- 2.5 Jennifer reported the NLTRA approved infrastructure projects, the North Lake Tahoe Traffic Calming Devices and Regional Wayfinding Signage project, will be on the Board of Supervisors agenda for approval on July 7th.
- 2.6 Steve Teshara announced that Board member Jim Kercher is taking a job in Colorado. He will submit a letter of resignation to the Board. Steve said his seat must be declared vacant and an interim appointment must be made for the remainder of the year. Although the seat is not up for two more years, the Bylaws indicate that in this situation, the seat will be up for reelection this fall, as part of the annual NLTRA Board election cycle. This item will be up for discussion at the next NLTRA Board meeting scheduled for July 8th.

3.0 AGENDA AMENDMENTS AND APPROVAL

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

4.0 CONSENT CALENDAR

- 4.1 M/S/C (Parson/Tester) (9/0) to approve the consent calendar with the removal of the Finance Committee minutes of June 17th. The Finance Committee minutes were not approved. They will go back to the Finance Committee for further discussion and clarification.**

5.0 DISCUSSION AND POSSIBLE ACTION TO CONSIDER AND APPROVE A REVISED TOT BUDGET SUBMITTAL TO THE PLACER COUNTY EXECUTIVE OFFICE AND BOARD OF SUPERVISORS

- 5.1 Alex Mourelatos reported on the TOT Budget submittal to Placer County. He said the NLTRA Executive Committee directed staff to prepare a \$4.1 million budget based on discussions with Chief Assistant County Executive Officer, Rich Colwell. He said the purpose of directing staff to develop a \$4.1 million budget was due to the fact that a number of assumptions were made in the \$3.6 million budget including the flexible use of infrastructure funds for marketing. The Executive Committee had anticipated the County's support in doing this. The CEO's Office expressed concern about the corresponding reduction in infrastructure funds and suggested the NLTRA maintain an investment in infrastructure. The Executive Committee disagreed and said in these economic times, the use of infrastructure funds for marketing represents a critical investment for the community and the county. The \$4.1 million budget would address both issues; preserving investment in infrastructure and providing the funds necessary for marketing. Ron McIntyre asked about the submittal format. Steve said staff would draft a cover letter to be sent with the budget proposal detailing expenditures. Alex agreed and said the Scope of Work would also be revised.
- 5.2 Alex reported on his meeting yesterday with Rich Colwell in regards to the TOT budget and the NLTRA/Placer County contract. He said the County budget does not include a \$4.1 million budget for the NLTRA. Rich requested the reconciliation of the transportation budget against actuals so any unspent funds could be incorporated into the budget process. It was also requested that the NLTRA establish internal journal transfers for Placer County projects that are being funded through the NLTRA. Alex reported that the CEO's office has agreed to allow \$50,000 of infrastructure funds for marketing. The shortfall of \$164,000 would need to be funded from other sources. In the event marketing reserves are used to help fund the shortfall, the County supports reducing the reserve requirement next year. Rich further indicated that the internal journal entry issue should be addressed outside the context of the contract, but the purpose is to shorten the billing cycle and explore ways to improve efficiency. Rich expressed a willingness to resolve the conference marketing issue if we accept a \$3.6 million budget. As an incentive, Rich

proposed a one year only agreement based on a 4 year average of TOT. He offered a percentage (10%) of what comes in above that amount. These funds would be unrestricted. The percentage would increase incrementally based on the amount collected vs. projections. Ron McIntyre added that we only get a percentage if we reach \$500,000 beyond projections. Alex confirmed that Rich also requested that this contract proposal be signed and approved by the July 7th Board of Supervisors meeting. According to Alex, Rich acknowledged our displeasure with the budgeting process and offered us the opportunity to approach the Board of Supervisors to make that statement under Public Comment.

- 5.3 Discussion followed in regards to the TOT budget submittal to Placer County.
- 5.3.1 Ron McIntyre expressed his concern that the CEO's office is making policy that should be determined by the Board of Supervisors. Jennifer Merchant said it is the CEO's perspective that last year the Board of Supervisors acted in a manner that changed the policy of the 60% formulation. In addition, the Board has acted twice on the County proposed budget for FY-2009/10; once with the reallocation of TOT to other County Services and a second time on the full County budget which includes a tourism budget page with the \$3.6 million allocation to the NLTRA. Alex expressed concern with our leverage. He said we are putting the organization at risk if we submit a \$4.1 million budget.
- 5.3.2 Dave Wilderotter asked for clarification regarding the balance of funds that could come in above TOT projections. Jennifer said if there is a balance, the money would go to other services in the Tahoe area. Dave asked if the County had already budgeted for the balance. Jennifer confirmed that an interim spending plan has been approved. Based on this approach by the County, Dave said there is no incentive to pass the 2% tax in 2012. Jennifer disagreed and said there is no opportunity without it. Dan Tester said the process is not equitable; however, he is not willing to put the organization at risk. Ron McIntyre said if the 2% is not renewed in 2012, the 8% money would provide 63% to marketing 16.5% to transportation and 20% to infrastructure. Ron McIntyre said we have no assurance that the County will reinstate our funding percentages in the future. Dan indicated that there are other funding mechanisms available for organizations similar to ours which are not controlled by the County. Ron McIntyre agreed and but said an improvement district would work only if Placer County reduced its TOT. Ron noted that before the formation of the NLTRA, there was no infrastructure being done in Tahoe. He said the NLTRA has been responsible for significant improvements.
- 5.3.3 Graham Rock asked if the County's intent is to dissolve the NLTRA. Ron said the County continues to use our funds for other County Services. Debbie Casey expressed concern about our leverage. She said the County needs to consider what would happen if there was no organization bringing attention to this area. She reported that there are more accommodations coming online and we stand to increase TOT significantly. Tom Murphy doesn't see the risk in submitting a \$4.1 million budget since we are showing what we need. Jennifer said the percentage increase proposal is a one time offer. Alex confirmed we need to approve the budget today to receive the offer.
- 5.3.4 Ron Parson said there is a question of how the TOT budget was presented to the Board of Supervisors. He said the NLTRA is an important organization to the community and suggested we use this situation as an opportunity to outreach to our constituency about these issues prior to next year's budgeting cycle. He said we would be more impactful influencing the Board of Supervisors if they hear from the community as a whole. Ron feels our Supervisor supports our efforts.

- 5.3.5 Tom confirmed that we did this last year. He said the County needs to understand the importance of investing more money into marketing. Cuts to marketing take money away from the County. He feels we need to take the risk and submit a \$4.1 million budget. Steve said the original budget submittal included the \$4.1 million budget with an addendum to the Scope of Work showing how additional monies, over the \$3.6 million, would be spent. He said this approach gives flexibility to the Board of Supervisors if additional monies should become available. Steve also suggested we continue to look at strategies of a tourism business improvement district. Alex said we have an opportunity to avoid conflict of CEO's office if we accept the \$3.6 million. He confirmed that we have gained awareness with the Supervisors in regards to our concerns as a community. He said it is important to show Placer County that we are participating in helping to address the County budget shortfall.
- 5.3.6 Graham suggested we accept the \$3.6 million, but discuss other variables. He recommended that if available, we request \$500,000 but give the County the remainder of funds. He said they stand to gain a considerable amount since the Ritz Carlton is coming online. Alex expressed concern with the timeframe and negotiating variables. Dave questioned our representation. He said our Supervisor and CEO's office may not be interested in carrying our suggestions forward. Ron Parson said Supervisor Montgomery is positive about the NLTRA. He believes that if we approach her as a community, she will be receptive to our requests. Ron McIntyre expressed concern with this approach since the Executive Committee worked with Board of Supervisors early on and they still chose not to respond to our position.
- 5.3.7 Dave said if the County has an approved interim spending plan there is no way we are getting anything over the \$3.6 million. He said if TOT comes in over the 4 year average, we should request 100% up to the 60% threshold. Steve said that approach gives both the NLTRA and Placer County incentive to keep pushing TOT. Jennifer suggested we develop a plan if that request is not accepted. Alex said if not accepted, we can negotiate the percentage. Ron Parson suggested we send the request to the CEO's office in addition to our Supervisors. Ron McIntyre agreed and suggested we write to each supervisor, attaching our proposal and have representation at the Board of Supervisors meeting to provide comment. Ron Treabess suggested the item be on the agenda for the Board of Supervisors Tahoe meeting at the end of July. Jennifer recommended talking to our Supervisor about changing the date for the NLTRA's agenda item.
- 5.3.8 Tom said he has a fundamental issue with the CEO staff making policy and not the Board of Supervisors. He feels Rich's proposal is cavalier. Tom asked how we will we sell the proposal. Alex said the submittal will include the cover letter with the request, scope of work, and an addendum to the scope detailing planned expenditures should additional funding become available.
- 5.3.9 Ron Treabess noted that if additional funding becomes available, it will not be accessible until next year, which could affect marketing. Jennifer agreed but said the funding would be flexible. Ron Treabess asked if the County would submit a document detailing Rich's proposed offer. According to Alex, Rich said he would give Jennifer direction on how to reflect the proposal in the contract. In regards to addressing the Board of Supervisors, Alex said he would contact Jennifer Montgomery for direction. Ron Parson said our proposal is consistent with Jennifer Montgomery's statement that she supports working towards reestablishing traditional NLTRA funding percentages.

5.3.10 In regards to the TOT budget submittal, Steve said staff will reflect the \$50,000 shift from Infrastructure to marketing. Staff will prepare recommendations addressing the marketing shortfall (as compared to the original \$3.6 million TOT budget proposal which shifted \$214,000 from Infrastructure to marketing) for review at the July 8th Board meeting.

5.4 M/S/C (Parson/Wilderotter) (8/0/1 Abstention – Jennifer Merchant) to submit to the Placer County Board of Supervisors the \$3.6 million budget scenario with modifications to the incentive structure so the NLTRA will receive 100% up to 60% of TOT collected based on a 4 year average and an addendum to the scope of work to indicate how the additional funds will be expended.

Graham Rock left the meeting at 11:41 a.m.

6.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE NLTRA BUDGET FOR FY-2009/10

6.1 Staff presented a Power Point which highlighted assumptions used to develop the proposed FY-2009/10 NLTRA Budget. He said the budget is based on \$4.1 million as directed by the Finance Committee. Staff will make the necessary adjustments to the budget to be consistent with a \$3.6 million budget. Ron McIntyre said we need to address the marketing shortfall. Steve said the contract will reportedly require a 7.5% reserve rather than 15%. That amount along with savings to personnel and overhead could be used to address the shortfall. Steve said the emphasis of expenditures, including TOT expenditures, is on marketing. This emphasis reflects community input, Marketing Committee recommendations, and NLTRA Board direction. Approximately \$100,000 has been reduced from NLTRA operational and overhead expenses (as compared to FY-2008/09), with these funds also shifted to marketing. The budget proposes allocating TOT from Infrastructure to Marketing in the amount of \$50,000. The County is holding \$5.5 million in infrastructure funds for the NLTRA. Some of the funds are earmarked for Placer County projects such as the Kings Beach Commercial Core Improvement Project and the Tahoe City Transit Center.

6.2 Steve continued to review assumptions for FY-2009/10 with the \$3.6 million TOT budget. The Transportation Budget will not include Highway 267 service. The Chamber budget remains the same since it is a non-TOT budget. Steve said without infrastructure project expenditures, salaries and benefits are 30% of the overall NLTRA budget, with overhead at 7%. With infrastructure project expenditures, salaries and benefits are 22% of the overall NLTRA budget, with overhead at 6%. There is an increase in Marketing in the amount of \$259,000 for additional marketing programs. Miscellaneous marketing programs show an increase of \$116,000 for Web site enhancement, redirected funds for marketing, and additional cost savings in the company. A Marketing Task Force is being formed to develop marketing strategies and identify marketing opportunities. Conference revenue shows a decrease in commissionable revenue; however, bookings are showing an increase in 2010/11. The overall subsidy for the North Lake Tahoe Express is reduced based on efficiency and ridership. In addition, the Tahoe City Trolley will be eliminated this year. Ron McIntyre reinforced that the Highway 267 service will be included in the addendum to the Scope of Work to show how additional funds would be spent. Jennifer said when the winter service ends; we may have a better indication of whether we can fund an interim Highway 267 service. Steve agreed and said staff is also working with partners to help fund the service. Tom Murphy reported that due to the rate increase on TART, the employee passes no longer work. He said they are not eligible to purchase the consumer day pass. Tom said resort funding to TART could be impacted if this is not addressed. Steve said staff would contact Will Garner, Placer County DPW, to discuss the issue.

- 6.3 Steve reviewed function by department and the staff members associated with each department. He also reported on budget figures for each department. Consolidated shows a decrease in salaries and benefits overall by 5% and a decrease in rent by 7%. He noted there are no Common Area Maintenance (CAM) increases planned for next year. This assumption was confirmed based on discussions with our landlord. He said Management is changing the NLTRA's medical health insurance provider to save costs. Marketing numbers will change based on the \$3.6 versus \$4.1 TOT budget. There is a decrease in Visitor Support/Transportation under miscellaneous since TRPA rental car mitigation fees will not be received. This funding has been a "pass through" to the TNT/TMA; now the money will go directly to the TMA. Expenses for research and planning are budgeted \$10,000 less than last year. Visitor Information Center revenues show a decrease based on funding needs. The expenses are also down with the elimination of one seasonal position. Chamber of Commerce expenses show an increase based on planned membership programs, special events, and further enhancement of the Chamber Web site. Infrastructure revenue and expenses are recognized as expenditures are made.
- 6.4 Discussion followed in regards to the proposed NLTRA Budget for 2009/10.
- 6.4.1 Jennifer asked about the Marketing Cooperative media line item under consolidated. Steve explained that the coop funding in the budget will remain flat but shows a decrease due to the reserve expenditure that was approved in the current fiscal year. Jennifer suggested if needed, marketing contingency could be cut since it is not allocated for anything specific. Alex said we need to preserve our contingency line item to be able to address market fluctuations. Jennifer asked about consumer marketing research. Andy Chapman reported that it would be similar to the ad awareness study that was completed two years ago. Tom suggested putting that off for a year. Alex disagreed and said it is necessary due to the changing dynamics in the marketplace. Jennifer asked about the decreases in Visitor Information. Sally said we are projecting a profit in that department and we eliminated a seasonal position. In regards to Jennifer's question about infrastructure, Steve explained that infrastructure projects are not included in the budget since revenue and expenses are recognized as projects are approved and expenditures are made. Alex suggested that prior to the next Board meeting, he would meet with staff and Jennifer to review the revised budget and address specific concerns.
- 6.4.2 Ron McIntyre asked if we are going to be required to pay back the \$50,000 loan from infrastructure to marketing. Steve said using infrastructure funding in this way does not violate the 2% TOT ballot language. Jennifer agreed and said that is related to Board of Supervisors policy. Ron said if the money is coming from 8% money it would not need to be paid back.
- 6.4.3 Ron Parson said we need to discuss the budget in more detail at the next Finance Committee meeting. It is his intent to increase transparency. The next Finance committee meeting is scheduled to be held on Monday, July 6th beginning at 11:00 a.m. In addition, a separate meeting with Jennifer will be scheduled for next week to review the budget. Jennifer reported that she is now Placer County's representative on the NLTRA Finance Committee, replacing Gretchen Nedved. In regards to the budget, Debbie Casey asked staff to consider streamlining staff positions. She said we may need to outsource or consolidate positions to save costs. Staff has provided a detailed organization chart. Steve said reducing staff could affect programs. The Board directed staff to develop a budget to address the \$214,000 marketing shortfall with the \$50,000 from infrastructure. Alex also asked staff to include a revised addendum to the Scope of Work.

7.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE AN INFRASTRUCTURE FUNDING REQUEST IN THE AMOUNT OF \$100,000 FOR PHASE IIB TO CONTINUE THE PLANNING AND DEVELOPMENT OF THE BUSINESS PLAN TO ESTABLISH THE SQUAW VALLEY OLYMPIC MUSEUM AND WESTERN WINTER SPORTS HERITAGE CENTER

- 7.1 Ron Treabess reported the Joint Infrastructure/Transportation Committee unanimously approved the project funding in the amount of \$100,000 for Phase IIB to continue the planning and development of the Business Plan to establish the Squaw Valley Olympic Museum and Western Winter Sports Heritage Center. The recommendation was subject to the identification of Phase IIB deliverables, including the completed museum Master Plan and Business Plan, as well as a more detailed Phase IIB project budget. Other concerns raised at the meeting will be further addressed by the Squaw Valley Ski Museum Foundation (SVSMF) members. He said there was some concern at the meeting related to projected visitation. Ron confirmed that the figures were taken from the Streamline Consulting report entitled, *Investing in Heritage Tourism: Ensuring Placer County's Place in Olympic History*. Alex Mourelatos asked if we should be concerned with using the visitation figures in the study. Jennifer agreed and said the pro forma is based on the 90,000 assumption. She said it raises concerns regarding operational costs and sustainability of the capital infrastructure investment. Jennifer said the business plan should assess variables including visitation. Ron McIntyre reported that it is not uncommon for a business plan or pro forma to go through several modifications. Bill Clark, SVSMF, said the consultants verified the 90,000, but the committee is going through an evaluation process to further review other museums in the region. The 90,000 projection is a good starting point. He said the committee will continue to refine the pro forma before finalizing the business plan. He said the Olympic branded museum will be a huge draw. The committee does not intend to build something that is not sustainable.
- 7.2 Bill reviewed the project budget and sources and uses of funds being requested. Ron McIntyre asked the SVSMF to consider raising funds for an endowment that would sustain the facility. Debbie agreed and said that is critical as part of the capital campaign. Debbie also suggested "scaling" building construction due to high costs. She feels the site selection completion date is aggressive. Bill confirmed that site selection is a priority for the committee. He noted that the community is very involved in the site selection process. Debbie also feels that the Platinum LEED rating goal may be difficult to achieve. She suggested striving for the highest rating possible but not be locked into the platinum rating.
- 7.3 In regards to visitation, John Wilcox reported that 160,000 visitors visit the Salt Lake City Olympic museum each year. That museum's format is very poor and does not compare to our plan. He feels the 90,000 projection is conservative. He noted the daily number of cars stopping to take pictures of the Olympic towers at the mouth of Squaw Valley. He anticipates a highway location generating many visits. He said few buildings have the potential draw as this museum. He said this proposed attraction is very important for our community and region.
- 7.4 Jennifer asked for clarification between the business plan and the master plan. Linda Williams said the Master Plan is facility driven while the Business Plan governs the whole process. Jennifer asked about USOC licensing and if there is a contingency plan if the licensing is not approved. Bill said the committee is undergoing a 3 step process including a short term agreement for use of the words "Olympic" and "Winter Games". Once completed, the next step, merchandising licensing, will go fairly quickly. The third step, museum long term licensing, is anticipated to be a lengthy process but is key in accessing the Total Olympic Program (TOP) sponsorships. He said the museum licensing is on hold while the IOC revises the museum guidelines. Bill confirmed that there is no reason to think the IOC/USOC will not brand our museum. Linda added that if

licensing does not go through, we still have a right to pursue a Ski Museum in which case we would need to scale back the Olympic content.

- 7.5 Tom Murphy reported that the U.S. Ski Association contacted Squaw Valley to host the US Nationals next year. They want to have an Olympic medalists VIP celebration following the Vancouver Olympics. He encouraged the committee to participate in this event. Tom asked about the Auburn Ski Club participation. Bill said he is the Executive Director of the Auburn Ski Club. The Foundation is structured to have two Board seats available for Club members. They intend to permanently loan their existing collection to the museum and, if all goes well, make it a permanent donation.
- 7.6 Alex asked the SVSMF to formally recognize the use of Placer County TOT funds for this project. He noted that NLTRA cannot support operational funds for the museum. He also requested a final reconciliation of financial transactions and level of detail of expenditures. Alex asked the Foundation to report back to the Board in September about a successful site acquisition. Ron Treabess confirmed that the final deliverables will be provided to the Board.
- 7.7 M/S/C (Parson/Murphy) (8/0/1 Abstention-Parson) to approve an infrastructure request in the amount of \$100,000 for Phase IIB to continue the planning and development of the Business Plan to establish the Squaw Valley Olympic Museum and Western Winter Sports Heritage Center with the recognition of the use of Placer County TOT for the project.**

8.0 DIRECTOR'S COMMENTS

- 8.1 Jennifer Merchant announced the upcoming Placer County community forums scheduled to be held this summer. The County is looking for input on community needs. She said County Executive Officer Tom Miller will be leading the discussions. The first forum is scheduled to be held on Tuesday, June 30th at the North Tahoe Events Center in Kings Beach. More information about the forums is available at placercountyforums@placer.ca.gov.
- 8.2 Jennifer reported that Alvinia Patterson brought to her attention that the Quarterly TOT Payment Forms include information regarding occupancy. Jennifer was unaware that that information was requested on the form. She confirmed that Revenue Services will provide the information on a quarterly basis. The information will be reported out by geographic area.
- 8.3 Steve Teshara announced that that the NLTRA Travel Planner was awarded 1st place by the California Travel and Tourism Commission as part of their marketing excellence awards for 2009.

9.0 MEETING REVIEW AND STAFF DIRECTION

- 9.1 Staff will draft a revised TOT budget based on \$3.6 million for submittal to Placer County. Staff will also revise the NLTRA budget as directed by the Board.

10.0 ADJOURNMENT

- 10.1 The meeting adjourned at 12:35 p.m.

Submitted by,
Sarah Holster
Executive Assistant