



**BOARD MEETING MINUTES**  
**Wednesday, June 4, 2008 – 8:30 a.m.**

**Tahoe City Public Utility District**

**FINAL MINUTES**

**BOARD MEMBER ATTENDANCE:** Dave Wilderotter, Ron McIntyre, Julie Regan, Graham Rock, Debbie Casey, Roger Beck, Deb Dudley, Jennifer Merchant, and Alex Mourelatos

**STAFF IN ATTENDANCE:** Steve Teshara, Ron Treabess, Andy Chapman, Sally Lyon, Kym Fabel, Jason Neary, and Sarah Holster

**OTHERS IN ATTENDANCE:** Alvina Patterson, Mike Dunsford, Pettit Gilwee, Lolly Kupec, Cindy Gustafson, and Claire Walton

**1.0 CALL TO ORDER – ESTABLISH A QUORUM**

- 1.1 The Board meeting was called to order at 8:35 a.m. by Chair Debbie Casey and a quorum was established. She read the NLTRA's mission and meeting ground rules.

**2.0 PUBLIC FORUM**

- 2.1 Mike Dunsford, representing the Tahoe City Redevelopment Advisory Group gave his assessment on the state of Tahoe City. He said the Advisory group is made up of several active community leaders. Mr. Dunsford reported that other areas in the region have new development or are scheduled for new development. He expressed concern that these upgrades will continue to drain the life from Tahoe City. He said Tahoe City is experiencing decreased retail sales and a long series of restaurant closures. The Advisory group attributes this to the lack of an adequate bed base in Tahoe City. The Tahoe City Golf Course is the only property large enough to accommodate a resort hotel (45 acres), but the land has many challenges such as stream environment zones. The group approached the California Tahoe Conservancy (CTC); CTC officials said they were potentially interested in the purchase of the environmentally sensitive and stream zone portions of the property for restoration. The group also spoke with Supervisor Kranz and he is supportive of the potential acquisition of the Tahoe City Golf Course and master planning of the western gateway to Tahoe City. Mr. Dunsford said in order for these issues to be addressed, we have to amend the community plan to include the golf course. The owners of the golf course had originally declined to be included in the existing community plan, but are now in support. Mike reported that it is the intent of the group to form a non profit corporation to be funded by the NLTRA and the Placer County Redevelopment Agency to begin work. They feel it is important to establish a Board to include a representative from the NLTRA, Tahoe City Public Utility District (TCPUD), Placer County and Tahoe City property owners and hire an advocate to collaborate the "rescue mission" per the direction of the Board. He said the community needs to take

more control of the town. Mr. Dunsford said he intends to come back to the NLTRA Board with more information as the efforts of the Tahoe City Redevelopment Advisory Committee evolve.

- 2.2 Discussion followed with regard to the Tahoe City “Rescue Mission” plan.
  - 2.2.1 Ron McIntyre said sales tax and TOT collection data do not support the position that Tahoe City is “falling apart”. He agreed Tahoe City is languishing. Mike said we need to look at the bigger picture and at the accomplishments of our neighboring communities. He said we are losing our high end anchor tenants.
  - 2.2.2 Alex Mourelatos said Tahoe City has been a recipient of significant infrastructure funds. He said Mike is degrading the quality of investment in infrastructure and the outstanding work of our TCPUD. He said the Truckee River on Lake Tahoe is a natural draw for the community. He said it is on that foundation that we have this opportunity to discuss redevelopment.
  - 2.2.3 Jennifer Merchant said she appreciates the presentation and suggested the group expand its proposed Board to include the “regular citizen” and outreach to the local community. She cautioned that there may be opposition to changes in Tahoe City. She reported that the Redevelopment Agency has spoken with Supervisor Kranz about the opportunity to meet with the group to discuss redevelopment plans for Tahoe City, specifically as it relates to the Tahoe City Golf Course. She said it is important to work together on this matter. The County recognizes the need for community support. Mike confirmed that a meeting is scheduled with Placer County, the CTC, the TRPA, and other agencies later this month.
  - 2.2.4 Cindy Gustafson, TCPUD General Manager, reported that the TCPUD Board is asking staff to look at local preference purchase plans. Other communities throughout the state are doing this successfully. She said she is currently researching this effort and would report back with more information to the NLTRA once information becomes available. She said the TCPUD is looking to adopt a policy within its jurisdiction and urged the County to do the same. Jennifer said Placer County has existing policies in place. Cindy explained that the County’s policy does not support small business in the consultant selection. Jennifer said she would follow-up with the County in regards to this issue.
- 2.3 Pettit Gilwee reported that we received two national “hits” in the last month both from USA Today. The first, *TripAdvisor ranks Lake Tahoe Top U.S. Vacation Destination* and second an article titled *North Lake Tahoe-Tall Mountains, Deep Water and Second Homes*. She noted that Andy Chapman was quoted in the TripAdvisor article. USAToday has circulation of 2.3 million and readership of over 10 million.

### **3.0 AGENDA AMENDMENTS AND APPROVAL**

- 3.1 **M/S/C (McIntyre/Dudley) (8/0) to approve the agenda as presented.**

### **4.0 CONSENT CALENDAR - MOTIONS**

- 4.1 **M/S/C (Mourelatos/Beck) (8/0) to approve the consent calendar as presented.**

**5.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE REQUEST FROM THE TAHOE CITY PUBLIC UTILITY DISTRICT FOR AN INFRASTRUCTURE ALLOCATION OF \$165,000 FOR THE DESIGN AND PERMITTING OF THE CLASS 1 BIKE TRAIL CONNECTION THROUGH HOMEWOOD**

- 5.1 Ron Treabess reported on plans to design and prepare the environmental document for the Class 1 Bike Trail project in Homewood, the so called “missing link” segment. He reported the Joint Infrastructure/Transportation Committee voted to recommend to the Board of Directors the approval of \$165,000 in matching funds to complete the design and permitting phase of the Class 1 Bike Trail project. He reported that currently there are safety issues associated with the missing link of bike trail through North Homewood. The TCPUD has been diligently working with Caltrans and the California Tahoe Conservancy (CTC) to move ahead with the design, permitting, and environmental analysis for the project. This phase is scheduled to be completed by the end of the year, with construction to begin in 2009. The CTC has contributed \$165,000 in matching funds for the first phase. He said they have been the main contributor to all bike trails in North Lake Tahoe. Their intent is to continuing to fund the various trail links that have not been completed. However, due to funding constraints, they have requested the TCPUD find matching funds in order to achieve phase 1 of the project. The construction funds will be provided by the CTC and Placer County park dedication fees. Total project cost estimates are \$1.8 million for the approximate one mile section of trail.
- 5.2 As a follow-up to Jennifer Merchant’s question at the Joint Committee meeting related to the federal ½ percent transportation funding coming to Lake Tahoe, Ron reported it has not been signed into law and therefore is not available for this phase of the project. He reiterated that the CTC funding is also limited. Also at the Joint Committee meeting, Roger Beck asked about cost estimates of the project. Ron explained that estimated costs are based on past trail projects and are “real” numbers. He confirmed that the request includes engineering costs and not TCPUD administrative costs. Steve Teshara reported that Congress has passed the SAFETEA-LU Corrections bill which includes a new funding source for planning transportation projects at Lake Tahoe, but it has not been signed. It will however eventually become law and when the money becomes available, he anticipates bike trail projects will be eligible. He noted that the TCPUD is an important partner, and if the NLTRA money is not all used, it will be returned or transferred to other eligible TCPUD projects supported by the NLTRA. Ron reminded the Committee that the Homewood “missing link” bike trail is a high priority project in the NLTRA’s Master Plan.
- 5.3 Cindy Gustafson thanked the NLTRA Board for its continued support of TCPUD projects. She said typically the TCPUD requests grant funds in order to prevent TCPUD rate payers from being significantly impacted by project planning and construction. In exchange for grant funds, the district Board made a commitment to maintain the projects for the life of the project. She reported that the TCPUD supported and provided outreach to secure the TOT 2% increase. This tax generates visitor dollars to help provide funding for projects while leaving the rate payers to fund maintenance costs. Currently trail maintenance per mile of trail cost is \$11,000. On this particular section, costs for 20 years with 3% inflation would be \$300,000 for maintenance. She confirmed that a portion of the requested funds will go to the TCPUD for engineering costs. She assured the Board they would only spend what is needed for the project.
- 5.4 Jennifer asked staff about the timeline for the passage of the SAFETEA-LU Correction Bill. She would prefer to use federal money for the design phase and NLTRA funds for capital improvements. Steve said it is difficult to determine when the money will become available. He said it is not yet clear if there is 2008 money available. Cindy said the TCPUD is not opposed to a provision to use the CTC’s funding first, until more information about the new Tahoe federal revenue becomes available. She anticipates

that design and permitting process would not be completed until the fall. Jennifer said she didn't want to slow down the project planning process, but would prefer to use federal money for the first phase. Ron McIntyre asked staff to look into a reimbursement plan for the federal money.

- 5.5 Ron McIntyre asked if Caltrans would include the trail as part of its highway realignment project in Homewood. Cindy said through the efforts of the CTC, the TCPUD is working with Caltrans to include the trail in the department's highway realignment plan in Homewood. They are also working to resolve issues such as right-of-way, tree removal, and private property mitigation. It is her hope that Caltrans will allow a variance for the separation of trail and the curb to avoid the need to use private property. Ron said the TCPUD can come back to request maintenance costs, if needed.
- 5.6 Roger Beck requested that the TCPUD make another presentation to the Board related to project costs once they are determined. Cindy offered to bring the consultant scope of work back to the NLTRA Board for review.
- 5.7 **M/S/C (Merchant/McIntyre) (8/0) to recommend to the Placer County Board of Supervisors an infrastructure allocation of \$165,000 for the design and permitting of the Class 1 Bike Trail Connection through Homewood, with the priority to spend other funding first unless it slows down the project and that the TCPUD reports back to the Board on the scope of work negotiated.**

**6.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE REQUEST FROM THE TAHOE CITY DOWNTOWN ASSOCIATION FOR AN INFRASTRUCTURE ALLOCATION OF \$8,000 FOR THE COMPLETION OF PHASE 1 OF THE TAHOE CITY HISTORIC WALKING TOUR PROJECT**

- 6.1 Ron Treabess reported that the Tahoe City Downtown Association (TCDA) is prepared to develop a self-guided historic walking tour through downtown Tahoe City to enhance the cultural experience for our residents and visitors. The infrastructure allocation request is \$8,000 for the completion of Phase 1 of the Tahoe City Historic Walking Tour project. The tour will require markers, plaques, signage, a guide and map, and directional aids to the interpretive stops throughout Tahoe City. The project is divided into five phases to be completed over the next two years. The first phase includes the initial planning, historical research, and the development of more precise project costs. The total project cost is estimated at \$85,000. Once the first phase is completed, there will be a planning document in place with refined cost estimates for the project and the TCDA will return with an Infrastructure request for the next phase of project funding. Ron Treabess provided a breakdown of the allocation request; \$1,500 for the TCDA's administration, \$3,000 to subcontract with professional planner to lay out and coordinate the project elements, \$2,000 to hire a historian to identify historical features and the balance for services used to prepare a useable plan. Ron reported that the Joint Committee unanimously approved the requested project allocation. He said it was discussed whether print collateral (tour guide) should be funded from marketing. He feels that portion of the project is more appropriate for an infrastructure allocation.
- 6.2 Discussion followed in regards to the Tahoe City Walking Tour project.
- 6.2.1 Roger Beck said he would recommend approval of the \$8,000 with the understanding that by approving the funds, it does not include the approval of the total project cost.
- 6.2.2 Ron McIntyre suggested that the historical trail markers tie into the wayfinding signage program. Ron Treabess said the projects are different, but related. He

confirmed that the project can easily reflect the wayfinding signage project design.

- 6.2.3 Jennifer referenced the NLTRA/County Agreement which requires a bidding process for projects over \$50,000, and noted that the staff report indicates the TCDA's next funding request would be for \$50,000. Accordingly, she said the TCDA should be prepared to conduct a bidding process. Debbie Casey said there needs to be a clarification in regards to this issue. She understands the bidding requirement applies when more than \$50,000 is proposed to go to a single contractor. She also understands that the next phase of funds TCDA plans to request will be expended with more than one contractor. Jennifer noted that the intent of the provision is to ensure that public funds are handled properly.
- 6.2.4 Dave Wilderotter said that this project is overwhelmingly supported in the community. He acknowledged the efforts of Lolly Kupec and Claire Walton, both in the audience, in developing the project.
- 6.2.5 Deb Dudley noted that Carson City has received a federal grant for a similar walking tour project. She encouraged the TCDA to apply for grants. She said Carson City is also generating funds from map sales. Lolly confirmed that the first phase of the project will identify other funding sources. She said to date, they have already received a grant from the Truckee Tahoe Community Foundation (TTCF) for the coloring book portion of the project. They will fund the book in perpetuity.

- 6.3 **M/S/C (Beck/McIntyre) (8/0) to recommend to the Placer County Board of Supervisors the approval of an infrastructure allocation of up to \$8,000 for completion of Phase 1 of the Tahoe City Historic Walking Tour project with the understanding that by approving this allocation the NLTRA is not committing to approval of the total project cost.**

## **7.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE THE UPDATED NORTH LAKE TAHOE CHAMBER OF COMMERCE BUSINESS PLAN FOR FY-2008/09**

- 7.1 Steve Teshara reported that the Chamber of Commerce Advisory Committee has provided input to update the Chamber Business Plan FY-2008/09. They have recommended to the Board the approval of the document. He said the Chamber is looking forward to partnering with the Marketing Committee and community partners on *Location Based Marketing* (In Market) collateral and advertising. Ron McIntyre asked if the sustainability indicators supported by the Chamber of Commerce is included as a project in the plan. Steve confirmed the Chamber is taking the lead on the project, currently using staff time and resources as part of the in-kind match for project development funds coming from the Army Corps of Engineers. A funding strategy for data gathering and analysis once the project is launched is in development. Alex Mourelatos said staff accurately reflected the Chamber Committee's input into plan. He encouraged everyone to review the plan to better understand the direction of the Chamber of Commerce. Dave Wilderotter also thanked staff for their efforts in updating the plan. Kym Fabel said the location based marketing collateral is being prepared in collaboration with our partners. This project has opened opportunities for other collaborative projects.

- 7.2 **M/S/C (Beck/McIntyre) (8/0) to approve the updated North Lake Tahoe Chamber of Commerce Business plan for FY-2008/09.**

**8.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE THE NLTRA BUDGET FOR FY-2008/09**

- 8.1 Ron McIntyre gave an overview on the discussions at Monday's Finance Committee meeting. He said there was some confusion about conflict of interest and the budget approval. Ron and Debra Dudley abstained from voting on sections of the budget until the matter related to conflict of interest is resolved. Subsequent to that meeting, staff contacted the NLTRA's legal team and clarified that there is no conflict of interest with approving the budget. Deb clarified that she does not have a financial contract with the NLTRA, but abstained from voting on the Marketing portion of the budget in the interest of moving the process forward and until Placer County had a chance to clarify its opinion on the conflict of interest policy. Both Ron and Debra excused themselves from the budget discussions. Jennifer said she has spoken with Placer County's legal counsel and their concern is that there is a perception of conflict of interest since conflicts are not resolved in public. She suggested that NLTRA Board adopt a policy similar to the public code for transparency purpose. Debbie Casey expressed concern that at some point throughout the year, other members of the Board could be in conflict and would have voted on the budget. Jennifer said we can not take responsibility for future conflicts of interest. Roger Beck said this raises a bigger issue. He feels the Board should be notified of any business or financial arrangement between the NLTRA and other members of the Board. Debbie agreed and said it's better to serve on the side of transparency. She clarified that whatever goes beyond the disclosure forms, should be disclosed to the Board. Staff will provide to the Board a copy of Ron McIntyre's consulting services agreement with the NLTRA.
- 8.2 Ron McIntyre said he follows the Brown Act specifically and has disclosed information, when appropriate. He doesn't believe the "perception" argument. He said people use this argument for political reasons. Deb Dudley agreed and said this sets a dangerous precedent. She said the same conflict of interest argument could potentially apply to all Board members. She does not believe in this personally or professionally. Debbie suggested we agendaize this issue for further discussion next month.
- 8.3 Sally Lyon reported that Finance Committee reviewed the budget assumptions for FY-2008/09, the TOT budget, and the proposed FY-2008/09 changes to the NLTRA's agreement with Placer County. The Committee recommended to the Board the approval the NLTRA Budget for FY-2008/09. Debbie noted that the Finance Committee approved the budget with three votes. The first vote included approval of the budget with the exception of the Marketing and Infrastructure/Transportation portions. The second vote was to approve the marketing portion of the budget with Debra abstaining from the vote. The third vote included the approval of the Infrastructure/Transportation portion of the budget with Ron McIntyre abstaining from the vote.
- 8.4 Discussion followed in regards to the NLTRA Budget for FY-2008/09.
- 8.4.1 Roger Beck asked that in the future, a forecast be included in the budget for comparison. He asked about the staffing changes noted in the budget. Sally said the changes are functional only; there is a second full time employee in the VIC. He asked for clarification with regard to the increase in salaries. Sally explained that there were three position vacancies last year that are now filled. Roger asked for clarification with regard to the incentive decrease. Sally said that line item is based on Groups Sales commissions that are already booked. Andy clarified that we far outpaced the budget on booking projections. This current year is a decrease off our forecast, but increase to the budget. Roger asked about the increase in health insurance. Sally explained that last year we had significant savings by going with a high deductible plan and flexible savings accounts. Our broker did caution that the plan may have been under priced and

expected the plan to increase in 2008/2009. This year there is a 32% increase in healthcare costs. Roger asked about the decrease in marketing. Steve said there are differences from the current year because staff does not have an indication of any carryover available at this time. He said once the carryover is known, we can further discuss the restoration of specific marketing programs. Sally reported that TOT collection figures through the third quarter of the current fiscal year have now been received and they are ahead of last year. She anticipates carryover. Roger asked if the Marketing decrease would effect Incline's contribution to the Coop. Andy clarified that the coop is split between two budgets with a 45% minimum contribution. Roger also asked about the spike in salaries for the months of January and August. Sally clarified that there are three pay periods in January and August in addition to incentive payments.

8.4.2 Alex Mourelatos asked about the decrease in the media budget line item for the coop and asked Andy to clarify the 45% contribution. Andy said last year marketing contributed a higher percentage to the coop, but due to the decrease in funding this year, conference is contributing more to reach the 45% required contribution.

8.4.3 Dave Wilderotter asked about the Transportation budget. Ron reported that this year's flexible funding will increase for expanded services. Jennifer clarified that the County has reviewed the contract, but she planned to abstain from today's vote until the CEO's office has discussed further. She said the County is concerned with merit increases and flexible funding for transportation. Steve clarified that if there is carryover, transportation will receive additional money which would reduce the amount of flexible funding needed to fund 2008/09 transportation projects.

8.4.3 Roger Beck feels that a 4% to 5 % increase on salaries may be excessive. He suggested the Executive Committee review salary and merit increases for employees. Dave said the budget only sets the parameters of the increase. Debbie clarified that the Board will not decide on increases for individual staff. Steve explained that personnel files are not public and reported that staff exercises great fiscal prudence. He said staff would consult with legal counsel in regards to what can be disclosed. Roger requested that the Executive Committee or a subcommittee of the Board review wage increases by position before they are given. Jennifer agreed and said the salary increases "peaked" the interest of the County since they are looking at eliminating step increases and all cost of living adjustments at the County level. Debbie said the Board should set the guidelines, but staff needs to make the decision at the staff level without further review from the Board. Jennifer suggested having a special session on budget issues before the July meeting. Dave said he agrees with the existing parameters. Alex said we have a quality staff and they have accomplished their objectives. He feels it is important to provide the right incentives to staff. Graham agreed and said we have an excellent staff and they deserve a rate increase. Deb Dudley reported that the cost of living adjustment throughout the state is averaging 4.1%. She does not feel the increase is out of line. Debbie confirmed that the Board consensus is to maintain the 4% to 5% increase recognizing there will be further discussion with the County. Steve said staff will report back to the Board the discussions with the County in regards to this issue.

8.4.4 Ron McIntyre said he would abstain from the vote, but "it hurts" because he feels there is no legal requirement for him to abstain.

**8.5 M/S/C (Mourelatos/Beck) (5/0/3 Abstention-McIntyre, Dudley, and Merchant) to approve the proposed FY-2008/09 NLTRA budget.**

**9.0 REVIEW, DISCUSSION AND POSSIBLE ACTION TO FORMALLY APPROVE PROPOSED NLTRA/PLACER COUNTY CONTRACT CHANGES AND UPDATED SCOPE OF WORK FOR FY-2008/09**

- 9.1 Steve Teshara reported that staff submitted to Placer County, through Jennifer Merchant, requested contract changes and a revised scope of work FY-2008/09. This year the scope of work included performance objectives for each functional area of the company. The objectives were drawn from the Strategic Business Plan, Three Year Marketing Strategy, and other source documents previously approved by the Board. He said that if the Board directs further changes today, staff will incorporate those changes and submit a revised set of documents to Jennifer Merchant.
- 9.2 Jennifer Merchant reported that for the most part, the County is in agreement on the proposed contract changes. She said it is likely that some “conduct of business” issues will remain in the contract, including conference bookings and marketing equity issues. She cautioned that personnel and overhead increases for infrastructure and transportation may “raise flags”. Jennifer said she would follow-up with the County in regards to additional funding needs for the Kings Beach Commercial Core Improvement project. She said the reference to Central Reservations will continue to be included in the contract for the purposes of preventing any future service from operating using Placer County TOT. Jennifer confirmed that she is working on the payment schedule. She said section 2e will remain because ROI is required to be included in the Quarterly Reports. She feels that some of the performance objectives in the scope of work are not as measurable as they could be and will discuss her input with staff.
- 9.3 Debra Dudley requested that the Marketing Committee review changes to the scope of work to make sure the performance objectives discussed with the County are achievable. Jennifer agreed and said committees should review the performance objectives. Steve confirmed that all objectives have been approved by the Board.
- 9.4 **M/S/C (Beck/Rock) (7/0/1 Abstention-Merchant) to authorize staff to send the contract changes and Scope of Work for FY-2008/2009 to Placer County with the understanding that there will be revisions and that any changes will be reported back to the committees and the Board for ratification.**

Roger Beck left the meeting at 11:11 a.m.

**10.0 DISCUSSION AND POSSIBLE ACTION TO APPROVE APRIL 30, 2008 FINANCIAL STATEMENTS**

- 10.1 Sally Lyon reported that the Finance Committee reviewed and recommended to the Board of Directors the approval of the April 30, 2008 Financial Statements.
- 10.2 **M/S/C (Mourelatos/Rock) (6/0) to approved the April 30, 2008 Financial Statements.**

**11.0 STATUS REPORT AND REQUEST FOR FURTHER BOARD DISCUSSION RE: PROPOSED CLICK THROUGH CHARGE FOR LODGING PROPERTIES OUTSIDE PLACER AND WASHOE COUNTIES**

- 11.1 Steve Teshara reported that staff has been working on a marketing equity plan to include Truckee in the North Lake Tahoe Marketing Cooperative (NLTMC) marketing efforts. The goal is to get Truckee to contribute equitable funding to the coop. Debbie Casey has spoken with Tony Lashbrook with the Town of Truckee and Lynn Saunders with the Truckee Donner Chamber of Commerce about this issue. Tony and Lynn said that although they are not opposed to a marketing contribution, Truckee needs to hear from its constituents. He said Truckee’s budget for FY-2008/09 is already in play. Steve



reported that the click through charge is a “first step” effort to reach the marketing equity goal. Staff has begun discussions with Truckee lodging representatives about the proposed click through charge in hopes of encouraging them to urge the Town to contribute funding to the Marketing Coop. Steve reported that there is genuine confusion among the Truckee properties about the difference between Chamber dues and the proposed click through charge. Steve said staff’s intent is to educate the lodging properties about these differences. Consistent with Board direction to explore click through charges, staff reports that from October 2007 through March 2008, 5,800 clicks have gone to Truckee properties from our Web site or 5.6% of the total clicks. Andy Chapman added that Patti Baird, acting as our informal liaison with Truckee Lodging, understands the importance of the issue and is trying to arrange a meeting between NLTRA staff and Truckee lodging representatives to discuss misconceptions.

11.2 Discussion followed with regard to the Truckee Marketing equity issue.

11.2.1 Roger Beck feels that the NLTRA Board is being derelict in its responsibilities if they settle for \$1 per click through. He said it doesn’t equal our marketing contribution. Andy explained that the click through charge is the first step in an effort to establish marketing equity. Staff will continue to discuss this opportunity with the Town of Truckee in hopes they will fill the gap. Debbie clarified that Roger Beck is referring to a percentage of total TOT not just 45% (\$65,000) of their marketing budget. She said there is a broader perspective issue. It is difficult for some Board members and Placer County to sustain a notion that \$1 click through will address the marketing equity issue. Debbie said it is the general consensus that global marketing includes Truckee; however, we are marketing to drive TOT revenues and Truckee properties do not generate TOT for our county. Ron McIntyre said Placer County redistributes a great deal of TOT back to North Lake Tahoe. He wants them to be comfortable with whatever scenario we decide on.

11.2.2 Dave Wilderotter said he understands the need to protect our lodging properties, but the amenities in Truckee will generate TOT and sales tax in Placer County. Debra Dudley agreed and said Truckee is not our competition. Other areas such as Vale, Aspen and Whistler are our competition and we need to have a strong voice for our destination which includes Truckee. She suggested we approach Truckee lodging properties with a business model similar to Travelocity. Alex said there is no way to capture click through booking using a model like Travelocity. He feels Truckee is a valuable business partner, but if we adopt a click through solution at this level, it is not equity. He said it needs to be clear that this is a first step. Graham Rock said we need to continue negotiations with the Town of Truckee and the Truckee Donner Chamber of Commerce. He doesn’t want to disappoint our lodging properties which generate significant TOT for our area. Graham noted that Truckee has more desirable lodging than Tahoe City and that needs to be addressed by Placer County, the NLTRA and others.

11.2.3 Debbie said we are currently in a “lose/lose” situation. She doesn’t feel we can make a decision to satisfy everybody. Both Truckee and Placer County have constituents they need to answer to. She said the click through is a good first step, but it’s not enough to resolve the issue. She does believe we need continued negotiations and feels it will take a more time for Truckee to decide to participate in the coop. She believes in the importance of destination marketing and the inclusion of Truckee in those efforts. Debbie believes Nevada County amenities drive the TOT benefit to Placer County lodging which will only continue to grow. Jennifer said Placer County will not allow the subsidy of business development in other jurisdictions. She said the County supports regional marketing, but Truckee is not currently an equal partner. Jennifer feels the click

through plan is a step in the right direction, but not a resolution. She said Truckee is our competition when the visitor decides to come to this destination. If this issue is not resolved, the Truckee lodging properties must be pulled from the Web site. Graham asked Jennifer what the County feels is an equitable amount. She said a percentage of total TOT is equitable. She suggested we should directly approach the Town Council as an organization. Jennifer repeated the current situation is not acceptable to Placer County.

- 11.2.4 Alvina Patterson feels in order to be equitable, Truckee should contribute approximately 13% of their total TOT similar to that of the NLTRA and Incline Village Crystal Bay Visitors Bureau (IVCBVB). She suggested we remove the click through link for Truckee properties on the Web site.
- 11.2.5 Alex suggested we begin to charge \$1 click through and request the Truckee Chamber and/or Town match the click through amount within six months and to come up with solution to provide an equivalent amount similar to the NLTMC within 12 months. If they do not comply, we should discontinue the linkage from our Web site to Truckee lodging properties. Graham said we should approach Truckee with a partnership plan and explain that their contribution would allow them to be part to make marketing decisions as part of the NLTMC.
- 11.2.6 Ron McIntyre said that realistically, the solution will take time to resolve. He asked for forbearance from Placer County if we are moving forward to solve the problem. He said we need to meet with Truckee and make a “white paper” case for the validity of our situation and discuss equity; however, he doesn’t believe in artificial timelines getting in the way of solving a regional problem. He said we should develop a timetable for conversations with Truckee. Jennifer disagreed and said we should go into discussions with a timeframe goal. Ron expressed concern that Truckee is not fully educated about the situation. Debbie said we are not educated about their scope or mission. Jennifer said Truckee cannot beg ignorance since we have been discussing this issue since November.
- 11.2.7 Steve said the click through plan is not only for the purpose of generating dollars, but to help encourage the Town to contribute dollars on the behalf of Truckee lodging properties. He suggested a multi-step direction to establish a \$1 click through charge for Truckee Lodging properties effective August 1, 2008. If individual properties choose to opt out of the program, they will remain on the Web site as a chamber member without a link, or the Board could direct that they be removed completely. Within the next 12 months, we will request the Town match the click through amount generated. He feels we should not specify that money needs to come from Truckee TOT, especially if the Town has other funds available. He said staff will prepare a white paper to make a case for why Truckee should participate in a coop as a partner. He suggested we provide a reasonable timeline for compliance. Jennifer added that we need to make it clear that NLTRA will not market Truckee if they do not participate. This includes the “Neighborhoods” map. Debbie directed staff to agendize this plan for further discussion. She said the white paper should be clear on what is an equitable amount. Jennifer confirmed that \$162,000 would be an appropriate amount to begin the process, from Placer County’s perspective.

Dave Wilderotter left the meeting at 12:07p.m.

**12.0 PRESENTATION OF POLICY ISSUE FOR BOARD DISCUSSION AND DIRECTION RE: PERCENTAGE OF COMMISSION PAID ON CONFERENCE BOOKINGS OUTSIDE OF PLACER AND WASHOE COUNTIES**

- 12.1 Steve Teshara reported that Placer County has acknowledged the NLTRA's satisfactory compliance with eight of the nine special provisions of the FY-2007/2008 NLTRA/Placer County Agreement (section 2.D). The County has requested an additional action step with regard to Conference Marketing and booking, asking the Board to determine whether the additional 2% commission currently charged to properties outside Placer County is competitive with the larger market. Jason Neary, NLTRA Director of Sales, reported on the Conference program. He provided the program budget, which is approximately \$480,000 per year with \$300,000 from Placer County TOT and the balance from a combination of membership dues and commissions and support from Incline through the Marketing Coop. He said the current commission structure is 10% for Placer and Washoe County properties and 12% for properties outside of Placer and Washoe County. There is a proviso if there is a third party (travel agent) also getting a commission, the NLTRA will only get 5%. The conference agreement with properties includes a leads program. He reported that in the past, the NLTRA would not send leads to South Lake Tahoe which was a disservice to the client and eliminated the opportunity to develop relationships. The plan evolved to include a commission structure based on leads given to South Shore properties and providing a robust service. He noted that we never market properties outside Placer County. All conference commissions generated by the NLTRA from those leads are returned back to the program to market North Lake Tahoe.
- 12.2 Jason provided an overview of bookings. The North Shore receives approximately 75% of all bookings. He said this is true whether or not we provide leads to South Shore. The budget shows South Shore bookings have generated approximately \$600,000 to our budget over the last 10 years. He said eliminating South Shore would reduce funding for the program. The NLTRA Conference Sales program has generated over \$32 million in room revenue over the last 10 years, which includes \$2 million in commissions to help run the program. Jason reported that evidence suggests properties would pay 15% commission for the lead, but if they did not participate, the department would lose a significant amount of revenue. He reported that we would generate an additional \$14,000 in revenue if we increased the commission to 15%; however, if we lost a property due to an increase, it would cost us more than \$14,000. Graham Rock noted that if we kept the 12%, the profits will continue to increase as the Average Daily Rate goes up. Jason confirmed that trends show an increase in the last three years. Andy reiterated that Conference marketing does not support South Shore. He said those commissions from leads to the South Shore and Truckee come back to market North Lake Tahoe.
- 12.3 Discussion followed in regards to commission paid on Conference bookings outside of Placer and Washoe Counties.
- 12.3.1 Alex Mourelatos asked if our properties pay a commission to another conference department outside the region. Jason explained that it is very unusual to pay a commission to a Convention and Visitors Bureau. He said it is not the industry standard.
- 12.3.2 Jennifer reported that it states in the contract, based on the audit findings, that the NLTRA will work with the CEO's office to develop a policy to prioritize marketing and booking of Placer County lodging properties and conference related facilities and mentions methods that should be considered include multi-level fee structures. She said work on this provision has not been completed. She said Placer County pays for marketing of conferences and is a recipient of

less than half of the conference bookings that occur through the Marketing program. Jason said that is based on 2005/06 numbers and going forward South Shore has had less booking than North Shore. Jennifer said North Shore bookings include Nevada and Washoe counties. She said the numbers show that Placer County is less than 50% of North Shore bookings. She acknowledged that commissions are coming in from other areas, but the department is funded by Placer County money and those funds are not being recouped. Jason cautioned that Jennifer's line of thinking infers that all that South Shore business would have gone to North Shore, which is not accurate.

- 12.3.3 Steve said it is incumbent upon Placer County, in order to maintain a leadership position in tourism, to have a product. He encouraged the County to continue to support a new and revitalized bed base in Tahoe City. He said clients are booking properties in other areas because those areas have facilities to accommodate conferences. Jennifer agreed that it is the County's responsibility in part, but it is not acceptable to fund conference efforts with Placer County money that do not accrue back. She confirmed that that was detailed in the audit. Andy explained that the audit was pre coop. He clarified that we are now receiving significant money from Incline for marketing. Jennifer said that is a separate issue and conference is funded mostly by Placer County. She said it is the conference department's job to distribute the leads back to the community. Andy reminded the Board that Jason is also meeting the needs of the client.
- 12.3.4 Deb explained that the industry is very much a relationship based business, Jason is the contact for Lake Tahoe. He directs clients to the North Shore properties first.
- 12.3.5 Jennifer said Washoe County should pay into the program. Steve said in lieu of them paying 12% commission, they are contributing substantial marketing dollars and paying for the contributing to the marketing portion of conference. Andy noted that the coop does not pay operational costs, but direct marketing. Jennifer said administrative cost should be shared by both organizations. Andy explained that Incline also provides administrative work so in a sense we should be equally paying for Incline staff time. In the final analysis, Andy said coop administrative expenses for each coop partner are a wash.
- 12.3.6 Jason said since the audit, we have more properties on the North Shore and the trends show an increase in bookings. Jason will contact leads to discuss the potential increase in commissions and analyze potential impacts. Ron McIntyre suggested giving the County a report detailing administrative costs from Incline and NLTRA as it relates to conference. In addition, analyze how conference program affects TOT and sales tax. Jennifer feels the return on investment is strong, but allocation for administrative costs is not equitable. She said our other partners should participate in operational costs.
- 12.3.7 Jennifer asked for industry standards for commissions. Jason explained that the industry standard is 10%. He said the elimination of Incline from the program would mean an \$80,000 impact to the Conference program budget. Steve said Incline administrative and staff expertise is significant. He feels the administrative costs are equal. Jennifer said the contract asked that the County and NLTRA work to develop a policy to address this issue, which has not been done. Alex urged staff to continue monitoring the trend, track conference data by County, articulate the rationale of methods applied to date on the commission structure, and clarify the funding of administrative costs for Incline and the NLTRA. Staff will follow-up based on today's Board discussions and bring

information and policy issues back to the Board for further review, discussion and direction.

Debbie Casey left the meeting at 12:39 p.m.

**13.0 CHAMBER OF COMMERCE REPORT**

13.1 Kym Fabel reported the 22<sup>nd</sup> Annual North Lake Tahoe Chamber of Commerce Business Expo and Mixer will be held at the Hyatt Regency Lake Tahoe, tomorrow June 5<sup>th</sup>, beginning at 5:00 p.m. She encouraged all to attend and learn about participating local businesses and community organizations.

13.2 The Summer Recreation Luncheon will be held at Sunnyside Resort next Wednesday, June 11<sup>th</sup> beginning at 11:45 a.m. She extended an invitation to Placer County visitor related services to make a presentation at the event.

Graham left the meeting at 12:48 p.m.

**14.0 PRESIDENT AND CEO'S REPORT**

14.1 Steve Teshara reported that staff will begin updating the FY-2008/09 NLTRA Strategic Business Plan and agendize the revised draft plan for Board review and direction at the next meeting.

**15.0 DIRECTORS' COMMENTS**

15.1 Alex Mourelatos announced that the consulate of Greece will attend the Glendi event scheduled to be held Friday, June 6, 2008 at the Mourelatos Lakeshore Resort.

**16.0 MEETING REVIEW AND STAFF DIRECTION**

16.1 Staff will update the FY-2008/09 Strategic Business Plan for Board review and discussion. In addition, staff will also agendize for further Board discussion the Conflict of Interest Policy, the Truckee Marketing Equity issue, and the Conference Booking policy.

**17.0 ADJOURNMENT**

17.1 The Board meeting adjourned at 12:53 p.m.

Submitted by,  
Sarah Holster  
Executive Assistant