

APPROVED AUGUST 1, 2019

The Regular Meeting of the Douglas County Board of County Commissioners was held on June 20, 2019 in the meeting room of the Tahoe Transportation Center, 169 Highway 50, Stateline, NV, beginning at 1:30 PM. **When applicable, the minutes below have been transcribed.**

Call to Order

Chairman Penzel speaks:

We will get this meeting going. This is a 1:30 PM meeting of the Board of County Commissioners and let the record reflect that all the County Commissioners and the Sheriff are here.

Commissioners Present:

Barry Penzel, Chairman
Larry Walsh, Vice Chairman
Dave Nelson, Commissioner
Wesley A. Rice, Commissioner
John Engels, Commissioner

Commissioners Absent:

None

Staff Present:

Dan Coverley, Sheriff
Patrick Cates, County Manager
Zach Wadle, Deputy District Attorney
Nicki Leeper, Clerk Supervisor
Tanya Balda, Deputy Clerk
Amy Poole, Administrative Assistant to the Board

INVOCATION

Chairman Penzel speaks:

We have an Invocation by Pastor Rich Lammay.

Pastor Rich Lammay, High Sierra Fellowship, speaks:

First off, I would like to thank the Commissioners for allowing us...

Chairman Penzel speaks:

You need to turn it on.

Pastor Rich Lammay speaks:

I'd like to thank the Commissioners for allowing us to bring an invocation to this meeting. The tradition of invocations is very deep in our country and we're invoking the presence of God into the meeting. So, let us pray. Father, we thank you Lord for this beautiful place that you've created, Douglas County, Lord. From the sweet waters all the way to the Sierra, from Markleville to Carson City. You have created beauty that reflects your handiwork. We thank you for it and now Lord, we pray for this meeting Lord. I pray for the Commissioners, that you give them great knowledge, great wisdom. You tell us in your word that if anyone lacks

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wisdom to ask and you will give it. So give them that wisdom, but Lord, we pray for the greater good of our County Lord, that you will watch over us as a people, you will protect us, keep us from the evil and the violence of this world. We pray for all of our County workers, from the Sheriff's Department, the Firefighters, to the Public Works people, Lord, keep them safe. And Lord now, we just ask that you would speak through our Commissioners. They are here to serve, to serve our County and Lord, we ask you to bless them and bless this time in the name of Christ Jesus my Lord, I pray. Amen.

Chairman Penzel speaks:
Thank you, sir.

PLEDGE OF ALLEGIANCE

Chairman Penzel speaks:
And now we will have a Pledge of Allegiance by Commissioner Rice.

Commissioner Rice speaks:
Please join me in the Pledge. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

PUBLIC COMMENT

Chairman Penzel speaks:
At this time, we'll have Public Comment. It will be taken on those items that are within the jurisdiction and control of the Board of County Commissioners or those agenda items where Public Comment will not be taken as a public hearing is not legally required. Public Comment is limited to three minutes per speaker unless additional time is granted by the Chairperson. The Board of Commissioners uses timing lights to ensure that everyone has an opportunity to speak. You will see a green light when you begin and then a yellow light which indicates that you have 30 seconds left and should conclude your remarks. Once the light turns red, please sit down. If you're going to comment on a specific agenda item that the Board of Commissioners will take action on, please make your comments when the Board of Commissioners considers that item and the item is open for Public Comment. So, at this point Public Comment is open. If you will come up, state your name and sign in please. If you would print I'd appreciate, the Clerk would appreciate it.

PUBLIC COMMENT

Roger Adam speaks:
During last night's Republican Town Hall meeting in Minden regarding recent State Legislation, wasn't Commissioner Rice the only public official on the panel to mention A.B. 48 and the opportunity it provided County Commissioners to address what he called "the tax or taxpayer inequity between an existing gas tax and no equivalent diesel tax?" Isn't taxpayer inequity a term used by Democrats and RINOs to justify endless new taxes or endless increases in existing taxes to

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fund the socialist agenda? To them there are never enough taxes and existing tax rates are never high enough. If some other state, county, city or even the federal government has a tax on something or its tax rate is higher, then of course, Democrats and RINOs may insist that taxpayer inequity demands equivalent taxes in another jurisdiction or on another product. A.B. 48 allows all rural counties to raise diesel taxes by a vote of two thirds of the Commissioners without public approval or by majority of the public voters. Keep in mind that four Republican Douglas County Commissioners voted in 2015 to raise our gas tax without giving the public the opportunity to vote. Only Barry Penzel, back when he was Republican, voted no. Our Republican State Assemblyman Wheeler and State Senator Settlemeyer, who also participated on last night's Republican panel, represented their Douglas constituents by voting no on A.B. 48. Won't higher diesel taxes also cause prices of all products delivered by diesel trucks to rise, such as clothing and groceries. Examples of so-called taxpayer inequities between Douglas or Nevada and other jurisdictions are full state sales taxes on groceries, in Alabama, Mississippi and South Dakota, modified taxes in ten additional states and sales taxes on groceries by some local governments in Arizona, Colorado, Georgia, Louisiana, North and South Carolina. Most clothing is sales tax exempt in Minnesota, Pennsylvania, New Jersey and Vermont. Clothing up to a certain value is sales tax exempt in Massachusetts and Rhode Island. Connecticut has a luxury additional sales tax on clothing over a certain amount. With so many opportunities for Democrat or RINO State legislators and RINO Commissioners to address taxpayer inequities with new and higher taxes, shouldn't we be concerned about three politicians who vote for special interest such as Genoa Shares and Tahoe businesses instead of Douglas citizens?

Chairman Penzel speaks:
Further Public Comment?

Virginia Starrett speaks:

I'm the notorious Virginia Starrett, the one who must've left her crown at home today, according to some of the propaganda out there on the table. I don't want to talk at all about anything that's on the agenda right now. What I do want to say though is how proud this County can be of people in it that do take an interest in the Legislature. I'm a part of a grassroots group called Protect Nevada Children and we have been fighting for five years to protect the data of our children that they are giving up daily in our schools and we were able in this last legislative session working across the aisle to sponsor a nonpartisan bill that requires schools to do more. Which they have done very little but requires them to do far more to protect our children's data and also to notify parents when breaches of that data take place. And we require the vendors now that provide Ed Tech to the schools, to notify the schools when breaches take place. This is a small step forward in actually protecting the privacy of our children. But that movement started here in Douglas County and its people from Douglas County and Washoe County, John Ippolito in the main and I are the Directors of that group that were able to get this through that Legislature with the help of Mo Denis, who is a Democrat and Lisa Krasner, who is a Republican. So this County, I think, can really pat itself on the back for having a lot of interest in what happens in this

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State and being responsible for some of the good things that take place. Thank you.

Chairman Penzel speaks:
Thank you. Further Public Comment?

Ted Gaines speaks:

I missed a couple meetings here, little injury prone; but I think the Board of Commissioners need to read these. This was passed out to the Douglas County workers about harassment. You guys are not exempt from the State Ethics Laws. On page 5 in there Mr. Penzel, you'll find that what it says is "when you crumple a piece of paper; you can never straighten it again." In my opinion, you didn't crush it, you didn't crumple it, you crushed it. Some of the people have mentioned you stepping off as Chairman; I think you ought to be off the whole Commission, when you see that you violated this. Now to the roots of it, I talked to a County Manager a few days ago about some ethics violations and flat violations from Douglas County employees, from officers, to Deputy DA's, to the higher ranking employees. Mr. Louis handled a fencing thing with us. Five days after, a code enforcer seen her shadow, that your County Manager has unquestionable proof that somebody's lying here. Five days after that, he started a minor variance. Now, he gave a violation of the minor variances 20.20.040. That wasn't correct. He violated it. Then it went to 20.20.060 to 20.20.040, which included 600 feet around the property. He violated the County Codes there. Now he, other people have come to you and said this about this planner, he's a head Planner, Mr. Louis Cariola. He deceived you; he showed you on video, he gave you bad information as to where this fence was going to go. He knew where the fence was going to go. There was a permit pulled on the fence. I am going to leave you this packet for anyone that look at it. The man should be fired yesterday. He completely violated ethics laws, the mission statement and the whole works. So I will leave that package for you. I'm not leaving the rest because everything I leave seems to disappear. I gave 40 envelopes to be delivered to people that required, your codes required them, that never went no-where. They threw them away or did something with them; they never got delivered. So you people need to question the people that are giving you the information because that's how you're making your decisions here.

Chairman Penzel speaks:
Further Public Comment? Is there anybody outside in either the jury room or outside that needs to make a comment? Okay.

Patrick Henderson speaks:

I live in Stateline. Holding this Board of County Commissioners meeting, or any other BOCC meeting in Stateline belies the concept of equal representation and participation by all citizens of Douglas County, and it's a practice that should be stopped. Any Douglas County business conducted by the BOCC is the business of all the citizens of Douglas County. The notion that BOCC business can be parsed into Lake business or Valley business is a warped concept that denies that all the citizens in the County elect and are represented by all the Commissioners. I do not recall the BOCC ever holding a BOCC meeting in Sunridge to address a Sunridge

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matter, or holding a BOCC meeting in the vicinity of Topaz Lake to address a Topaz Lake issue. The County pays \$125,000 per year to use the Stateline facility to conduct BOCC meetings. Whether or not this is an egregious precipitate of the McDermid-Thaler dynasty is immaterial. The fact is that this money could be used to hire a third Sheriff's Deputy that the BOCC could not find funds for, but chose instead to continue featherbedding the facility in Stateline to conduct BOCC meetings. The Douglas County seat is in Minden. The Douglas County seat is as close to being a central location for all the citizens as one might find; a venue that has proper equipment and adequate space to conduct BOCC meetings. The County Manager recently opined to a group of citizens that he did not recall in the past ever seeing a BOCC meeting held at a venue other than the County seat. I request that out of respect for all the citizens of Douglas County, all future BOCC meetings, the business of all the citizens of Douglas County, be conducted at the County seat in Minden, Nevada. Thank you.

To review Mr. Henderson's full Public Comment statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:

Further Public Comment? Seeing none, I will close Public Comment and bring it back to the Board.

Annette Philips speaks:

I wanted to speak. I was a little slow. Sorry about that.

Chairman Penzel speaks:

Okay, Public Comment is still open.

Ms. Philips speaks:

I have to apologize ahead of time. I am not going to be near as eloquent as these other people have been. We know it's on...

Chairman Penzel speaks:

What is your name, ma'am?

Ms. Philips speaks:

Oh, Annette Philips. I signed in, I forgot to say my name. We know that these meetings are held up here mid-day, in the middle of the week, at 1:30 in the afternoon, so most people that can't take a day off work to come to these meetings. Okay. That's unfair. It's done on purpose and it should stop. Like the gentleman before me said, 1:30 on a Thursday. How many people can take off work to come to this? That's exactly why it's done. Okay. Please don't shove this stuff down our throats. Thank you.

Chairman Penzel speaks:

Further Public Comment?

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Jeanne Shizuru speaks:

I just want to add a little bit to what the other two people that just spoke about, where the meetings are held because I recall a big meeting about the DCSID a couple years ago relating to the scandals of that Lake GID and the accusations of ethics violations against Hope Sullivan. And even though that might have been called a Lake issue, the District Attorney saw fit to hold it at the Community Center in the afternoon so that a lot of people could attend and it was late afternoon. These other two speakers that just spoke reminded me that when the Board has the will to make these meetings available at the Lake, they do act on that. Thank you.

Chairman Penzel speaks:

Ma'am.

Ms. Philips speaks:

I can't go back?

Chairman Penzel speaks:

One bite of the apple at this point; you can do it again at the end of the meeting.

Ms. Philips speaks:

Okay, sorry.

Chairman Penzel speaks:

Okay. Any further Public Comment? Alright, seeing none now, I will close Public Comment.

APPROVAL OF AGENDA

Chairman Penzel speaks:

I'll bring it back to the Board for approval of the agenda.

Vice Chairman Walsh speaks:

Mr. Chair, I move to approve the agenda.

Commissioner Nelson speaks:

Second.

Chairman Penzel speaks:

So, we have a motion by Vice Chairman Walsh and second by Commissioner Nelson. All those in favor signify by saying aye. Motion passes 5-0.

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MOTION to approve the agenda; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Walsh, Vice Chairman
SECONDER:	Dave Nelson, Commissioner
AYES:	Rice, Engels, Penzel, Walsh, Nelson

APPROVAL OF PREVIOUS MINUTES

For possible action. Approval of the draft minutes of the May 16, 2019, regular meeting of the Board of County Commissioners.

Board of County Commissioners - Regular - May 16, 2019 1:30 PM

Chairman Penzel speaks:
So, approval of the previous minutes.

Commissioner Nelson speaks:
I'd like to move to approve the previous minutes of May 16, 2019 and I wanted to state that these are very complete minutes. I was very impressed with them. It's almost verbatim from everybody.

Chairman Penzel speaks:
Thank you. Is there a second?

Vice Chairman Walsh speaks:
Second.

Chairman Penzel speaks:
So, we have a motion by Commissioner Nelson, a second by Vice Chairman Walsh. All those in favor signify by saying aye. Any nays? No nays. Motion passes 5-0.

MOTION to approve the minutes for the Board of County Commissioner May 16, 2019 regular meeting; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dave Nelson, Commissioner
SECONDER:	Larry Walsh, Vice Chairman
AYES:	Rice, Engels, Penzel, Walsh, Nelson

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**ADJOURN AS BOARD OF COUNTY COMMISSIONERS CONVENE AS DOUGLAS
COUNTY LIQUOR BOARD**

Chairman Penzel speaks:

Now we will adjourn as the Board of County Commissioners and convene as the Douglas County Liquor Board and we will be adding to our number, the Sheriff.

DOUGLAS COUNTY LIQUOR BOARD

For possible action. Discussion to approve the On-Site Retail Liquor License for Big Daddy's Bike Ski and Board represented by owner Keith Hart. Keith Hart has signed a Waiver of Notice of Hearing. Big Daddy's Bike Ski and Board is located at 1546 Hwy 395 N. Gardnerville, NV 89410. (Jeff Schemenauer)

Chairman Penzel speaks:

I will read into the record the action. For possible action. Discussion to approve the On-Site Retail Liquor License for Big Daddy's Bike Ski and Board represented by owner Keith Hart. Keith Hart has signed a Waiver of Notice of Hearing. Big Daddy's Bike Ski and Board is located at 1546 Hwy 395 N. Gardnerville, NV 89410. Undersheriff Elges.

Ron Elges, Undersheriff, speaks:

Good afternoon Board, thank you. All the proper paperwork has been completed and we're not contesting the application.

Chairman Penzel speaks:

Alright, any comments from the Board? Alright, we will open this for Public Comment. Any Public Comment on this item? Seeing none, I will close Public Comment. Was there any Public Comment out at the other two venues? Okay. So bring it back to the Board. What's the pleasure of the Board?

PUBLIC COMMENT- none

Vice Chairman Walsh speaks:

Mr. Chair, absent any further discussion, I move to approve the On-Site Retail Liquor License for Big Daddy's Bike Ski and Board represented by owner Keith Hart.

Commissioner Nelson speaks:

Second.

Chairman Penzel speaks:

So, we have a motion by Vice Chairman Walsh, a second by Commissioner Nelson. All those in favor signify by saying aye. Any nays? No nays. The motion passes 6-0. Thank you.

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MOTION to approve the On-Site Retail Liquor License for Big Daddy's Bike Ski and Board represented by owner Keith Hart; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Walsh, Vice Chairman
SECONDER:	Dave Nelson, Commissioner
AYES:	Rice, Engels, Coverley, Penzel, Walsh, Nelson

Chairman Penzel speaks:

We will adjourn as the Douglas County Liquor Board, reconvene as the Board of County Commissioners.

ADJOURN AS DOUGLAS COUNTY LIQUOR BOARD RECONVENE AS BOARD OF COUNTY COMMISSIONERS

CONSENT CALENDAR

Chairman Penzel speaks:

We have items A through Q on the Consent Calendar. Any items to be pulled by the Board? Any Items to be pulled by the public? Seeing none, I will bring it back to the Board.

Commissioner Nelson speaks:

I will move to approve the Consent Calendar, Items A through Q.

Vice Chairman Walsh speaks:

Second.

Chairman Penzel speaks:

So, we have a motion by Commissioner Nelson, a second by Vice Chairman Walsh. All those in favor signify by saying aye. Any nays? No nays. The motion passes 5-0.

MOTION to approve the Consent Calendar; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dave Nelson, Commissioner
SECONDER:	Larry Walsh, Vice Chairman
AYES:	Rice, Engels, Penzel, Walsh, Nelson

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CLERK-TREASURER

A. For possible action. Discussion on the Outdoor Festival Permit application submitted by JMAX Productions for the Iration - Live from Paradise w/Pepper, Fortunate Youth & Katastro, Reggae-Beach Music, to be held on August 23, 2019, from 5:00 p.m. to 10:30 p.m., at the MontBleu Resort, Casino & Spa, 55 Highway 50, Stateline, Nevada. (Kathy Lewis)

B. For possible action. Discussion on the Outdoor Festival Permit application submitted by the Town of Genoa for the Genoa Americana Celebration, on Thursday, July 4, 2019, from 9:00 a.m. to 6:00 p.m., to be held at the Mormon Station State Historic Park, Nevada. (Kathy Lewis)

C. For possible action. Discussion to accept the cumulative voucher sheets for checks issued for the 3/29/19 Payroll, 4/12/19 Payroll, 4/26/19 Payroll, 5/10/19 Payroll, 5/24/19 Payroll, 3/15/19 Payables, 3/22/19 Payables, 3/27/19 Payables, 3/29/19 Payables, 4/5/19 Payables, 4/12/19 Payables, 4/19/19 Payables, 4/26/19 Payables, 5/3/19 Payables, 5/10/19 Payables, 5/17/19 Payables, 5/24/19 Payables, and 5/31/19 Payables. (Kathy Lewis)

COMMUNITY DEVELOPMENT

D. For possible action. Discussion to approve a three-year contract with Carson City for \$260,000 in FY 2019/20, \$270,000 in FY 2020/21, and \$280,000 in FY 2021/22 to provide Environmental Health Services in Douglas County regulating all annual health permits and inspections. (Dave Lundergreen)

COMMUNITY SERVICES

E. For possible action. Discussion to approve a contract with Great Western Recreation to purchase and install playground equipment for Kahle Park in Stateline, Nevada, in the total amount of \$143,894, as previously budgeted in FY 2019-20, and authorize the Community Services Director to sign the professional services contract and to approve change orders or additions up to a maximum of 10% of the base contract price. (Scott Morgan)

COUNTY MANAGER

F. For possible action. Discussion to approve a contract with Marcus G. Faust, P.C., for lands bill and federal lobbying services not to exceed \$50,000 as previously budgeted in FY 2019-20. (Patrick Cates)

G. For possible action. Discussion to approve sending a letter of acknowledgement and support to the Governor's Office of Economic Development (GOED) to award economic incentives to OS Operations, LCC ("Bently Nevada," a subsidiary of Baker Hughes, a GE Company), as allowed by state law. (Patrick Cates and Andrew Haskin)

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DISTRICT COURT

H. For possible action. Discussion to approve indigent legal service contracts with (1) Maria Pence, Esq.; (2) Mathew Work, Esq.; (3) Matthew Ence, Esq.; (4) Kristine L. Brown, Esq.; and (5) a fifth licensed attorney to be selected by the District Court Judges, effective July 1, 2019 through June 30, 2020, each in the amount of \$195,833.33, per the previously approved FY 2019-2020 budget. (Bobbie Williams)

FINANCE

I. For possible action. Approve the Quarterly Financial Report for the Quarter ended March 31, 2019. (Terri Willoughby)

J. For possible action. Discussion to accept the auditor's report on Douglas County's general ledger balances through June 3, 2019 per NRS 251.030. (Geoff Bonar)

HUMAN RESOURCES

K. For possible action. Discussion on the general and property insurance coverage by the Nevada Public Agency Insurance Pool (POOL), in an amount not to exceed \$795,922.25 for FY 2019-20. (Wendy Lang)

PUBLIC WORKS

L. For possible action. Discussion on the purchase of two (2) Flygt submersible pumps to facilitate the major repair of the Clubhouse Sewer Lift Station pumps for a total cost of \$120,840 and authorize the Public Works Director to approve contract change orders up to 5% of the contract amount. (Philip Ritger)

SHERIFF

M. For possible action. Discussion to approve the transfer of funds previously donated to Citizen's Patrol, which was placed in a Douglas County Sheriff's Office restricted account prior to the formation of the Citizen's Patrol non-profit corporation, to a non-profit corporation which will now be managed directly by the Citizen's Patrol. (Dan Coverley)

N. For possible action. Discussion to approve the hiring of Rick Koontz, Sr. as a Deputy Sheriff/School Resource Officer at an hourly salary of \$30.44 which is above the mid-grade salary range for this position. (Dan Coverley)

SOCIAL SERVICES

O. For possible action. Discussion to approve Amendment #1 to the Interlocal/Intralocal Contract for Services between Nevada Aging and Disability Services Division and Douglas County updating the process by which counties are notified of changes in Medicaid reimbursement rates. (Karen Beckerbauer)

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TECHNOLOGY SERVICES

P. For possible action. Discussion to approve a contract with Motorola for \$190,644 to upgrade the server and storage infrastructure used to host the Spillman software application. This hardware supports the critical application used for 911 Computer Aided Dispatch, Douglas County Sheriff Jail Management, and Sheriff Records. (Tammy James)

Q. For possible action. Discussion to approve the donation of obsolete electronic devices to ComputerCorps, a nonprofit organization in Carson City, Nevada pursuant to Resolution 2017R-089. (Tammy James)

ADMINISTRATIVE AGENDA

PUBLIC WORKS

1. For possible action. Discussion on draft Resolution 2019R-032, a resolution Establishing Certain Water Rates, Fees and Charges for the Douglas County Water Utility. (Philip Ritger)

Chairman Penzel speaks:

To the Administrative Calendar and item number one. This is for possible action. Discussion on draft Resolution 2019R-032, a resolution Establishing Certain Water Rates, Fees and Charges for the Douglas County Water Utility. Mr. Ritger.

Philip Ritger, Public Works Director, speaks:

Let me just pull the presentation up here. In your packet you've got the draft Resolution 2019R-32, which is for consolidated Carson Valley and Lake Tahoe water consolidation rate resolution which will in the future all be under fund 328, as a Douglas County enterprise fund. I am going to walk through some information here in the presentation. Some of it is information you've seen before. Maybe a little different cast or information will be provided as well and then at the end of the presentation I'll open it up for questions from the Board and the Public Comment, obviously.

When we started this process, well right when I, probably around the time I got here or just before, so a little over six months ago, the goal of the, of what we are bringing forward to you is to establish a single consolidated rate structure for all metered and unmetered customers in Douglas County, both at the Lake and in the Valley. The charter obviously is to ensure that all operational maintenance needs of the enterprise fund are met for the utility. We've identified the capital improvement project needs for this enterprise fund. But this rate structure, what we're proposing to come forward here with is only funding to provide support for roughly, a little under or right around 50 percent of that total capital improvement need. And those will fall into the what are termed the most critical and critical projects, which I'll define later as well. The other thing is that this rate resolution

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and the rate study, the finances for it need to meet the requirements for debt service and the bondholders and meet the financial policies of the County. And in the course of doing this, we looked at ways to reduce or level out the yearly water bills for the average customers in the Valley and the Lake and at the same time encourage water conservation for the highest users. So to that end, in looking at the baseline and I think in the last meeting there was talk about sort of tying this to the CPI and then what would that look and how would, we looked at that. So really going forward here, what we're doing is we're comparing things to sort of a baseline model that would exist, that if we just took today's rates and the rate structure we have and moved it forward by a three percent CPI. The CPI index, by the way, that I am using here is actually slightly low for this region. The Western Region in the Bureau of Labor statistics right now, the rolling 12 month average is currently about 3.1. It's so slightly down. It was trending closer to 3.2 to 3.3 over the last 6 to 12 months, but for sake of argument here we used the three percent number and that projects forward sort of what the volumetric charge or what the charge would look like in 2020 if we simply rolled forward with the existing rate structure. One of things I want to comment about is in comparison that existing rate structure with a three percent CPI would not fund, would not be sufficient to fund the operational needs of the enterprise and specifically would not fund any of the capital improvement projects that are critical to this utility. What we present and this is again, this is what's built into the rate resolution which is the 2019R-032 the consolidated rates, is for the average customer and the average customer both at the Lake and the Valley is around 16,000 gallons per month on a monthly basis, average usage. It translates to the total charge in the Valley of \$67.60 as we talked about last year. That's for the year 2020, this next fiscal year and in the Skyland, Zephyr and Cave Rock systems we would have a consolidated rate here as well. Where we would have the same volumetric charge or the same base calculation volumetric charge even though their unmetered and then we add in the capital improvement project surcharge, which is to offset some of the disparity between where the capital project needs are in the initial phases of this rollout for the next three years.

What does this translate to? We talk about the average customer at 16,000 gallons. How does this look for customers throughout the spectrum from the usage stand point? So, what it translates to is that this graph is here to show you what the 4,000 gallons per month, 8,000, 16,000, 21,000 and then when you get up in the very high usage around 40,000 gallons per month. You'll see that in the broadest range of traditional use of water or where we look at the use, by the way, I should comment that the average use of water during the winter months, which is considered sort of the residential indoor use component, is 4,000 gallons. The yearly average is 16,000 gallons and the summer average, when you take the amount of water used in the summer average is 21,000-22,000 gallons. So, we are in that range right there. That's the reason for the numbers you see here. Anyway, you see that this model which will fund the utility fund, the capital needs, the rate proposal we're coming forward with will actually lower the rates for the average customer and the users within the realm, the lower use customers in average compared to just a simple three percent increase on the current rate structure. The reason for that is obviously we're going to, this model will burden the very

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high end users and when you look at, I'll put it this way, 27,000 gallons per month on average uses an acre foot annually. So, when you're above, when you're in the 30,000, 40,000, 50,000 gallons your pushing, well at 50,000 gallons in particular, you're consuming two acre feet of water a year for your residential use. What does this look like? The model obviously or the rate resolution is for five years and so there's always discussions how does this look going forward over the course of five years. That's what this graph does. We started in fiscal year 2020 with a \$67.60 rate for the average ratepayer and that will go to \$85.34 by the end of this resolution in 2024. What I wanted to point out though is that the five-year average for this period of time is \$76.21 and you actually don't exceed that. You don't exceed at just the standard three percent increase until you get into the year 2024 with this proposal. What does that mean for the Lake customers or for the unmetered customers, I should say? It translates, again, you've got the added surcharge on top of that, the \$20 surcharge, otherwise the rate structure is the same as we just saw on the previous slide. The five-year average, again, is \$76.21 plus the \$20 CIP surcharge. How does that compare to current rates up at the Lake? You'll see that in Skyland, Zephyr and Cave Rock, the five-year average for this rate model is lower in all cases. When you add in the CIP charge, it is slightly higher for the Skyland customers and everyone else is still at or below on a five-year average. In terms of the capital improvement needs, as I mentioned, the structure we're proposing will fund both the most critical and critical. The total capital improvement needs for the utility is \$65.4 million, based on the preliminary engineering reports. What we're coming forward here today is to fund the most critical, which are those deficiencies in our system that address public health and safety issues and potential risk and the critical issues, which again, are our deficiencies in the system that will minimize the loss of service or compliance related issues. What we are not funding and asking for funding for are the things that fell into the what were called the important and other categories. The important category is things that will improve the operational efficiency and I want to preface this by saying, obviously any item we address with the most critical and critical will improve operational efficiency. The things that fall into important and other are things that strictly are there for increased or in incremental operational efficiencies and then in the last category is incremental system reliability changes. So, when you asked the question, what are we deferring by not trying to fund 100 percent of this, those are the types of programs we're going to defer, and obviously readdress when we come back at the next, in five years to do the same thing.

Again, the recap from the last presentation, this was in there and this is on the, the question came up about the current balance in our fund, which is \$10.38 million. \$6.7 million or roughly \$7 million of that will be used for capital improvement projects in the next few years. As we roll that out and with the rates and the revenue generated by the rates that will allow us to continue to incrementally run capital improvement programs and still maintain a fund balance of \$3.47 million over the course of time. That's critical from the standpoint of our bond ratings and reserves and compliance with the laws. What this model does require us to do or what it does propose is that we will be issuing revenue bonds over the course of time for about \$24.2 million. Again, the bonds

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will be used to buy the capital needs today, with the goal being that we're paying those off with future generations because of the life expectancy of the infrastructure and the things that we're putting in, so you're carrying that forward.

This chart is probably hard to decipher but there's a lot of information here. This is really the financial forecast that shows where the cash operating reserves are, that's the low, the dark blue line at the bottom. The green is the existing debt service that's being funded or that has to be paid with the revenue. The light blue is the new debt service that will be incurred with the bonds as we move forward and you see that doesn't happen till around 2022. And then, the black lines or the dark gray line at the top, the bars at the top are the rate funded capital, that's the capital improvements. The big jump in 2021 is the recognition that the \$10.3 million in current assets will be, \$6.9 million of that will be used for capital projects to start and then the debt will be incurred past that time. Again, the dash line there is just to show that it is a balance revenue model and that the total revenues with the rate increases will keep pace with the fund requirements. At today's meeting we will be doing this, we will bring this resolution for final adoption at the July 1, 2019 meeting down in the Valley, so just to reiterate for you that today's meeting we are asking you to direct staff to simply bring this resolution before the Board for final adoption and that is the actual asking today, not to adopt it yet today. So, we will do a second public hearing at the Valley. And with that, I will open it up for questions.

To review Mr. Ritger's full presentation please see the Supplemental Meeting Materials.

Chairman Penzel speaks:
Questions from the Board? Commissioner Engels.

Commissioner Engels speaks:
Mr. Ritger, in regard to the bond, have you discussed anything in regard to terms as it relates to interest rates, underwriting fees, legal fees, etc?

Mr. Ritger speaks:
In the financial analysis, the FCS group along with staff has looked at, again, you're looking out over a long period of time, but there are two major sources of funding for this. The primary one would come through the State's revolving fund where it's a fixed or low interest rate loans and its design for that. The State does have funding for that. We are not able to take advantage of that unless we have the ability to pay to service that debt and this mechanism will allow that to open up for us and there's a, we have used those funds in the past. We currently are using some of those funds, the State revolving fund for the wastewater treatment plant, we were also using them for, we've used them for the Sierra Country Estates and other projects within the County. Very favorable rates and we would not most likely be going out to the private market for that, we would be using those funds.

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Commissioner Engels speaks:
Thank you.

Chairman Penzel speaks:
Further questions? One question. When you considered the rates and you put the rates up there, how did you divide the portions of the rate up, debt service, maintenance, whatever, reserve, I would assume? How did you do that, percentage wise? Really what I'm getting at is when you multiply the increase do you include a six percent charge on the increase or on the debt?

Mr. Ritger speaks:
So...

Chairman Penzel speaks:
Or did you multiply it times one figure, is really what that comes down to?

Mr. Ritger speaks:
I think the way to look at that is, it's, I'm not the finance person here, but I will address this, the best I can. There is, in any given year, based on our expenditures and based on expenditures, there is a revenue requirement and what the FCS model did and when they looked at it, they looked at what the operating and maintenance expenses were, they looked at what the capital improvement costs were going to be, what everything that the utility needs to do and then you generate a....

Commissioner Rice's computer started talking. Laughter from the audience.

Mr. Ritger speaks:
I'll pause for a second.

Chairman Penzel speaks:
Please continue.

Mr. Ritger speaks:
I don't think you opened up the floor to Public Comment from the computer, so we will continue now.

Chairman Penzel speaks:
It'd be the only thing that hadn't.

Laughter from the audience.

Mr. Ritger speaks:
The way to look at this is the utility requires a certain amount of funds to operate and in those funds are the capital expenditures, as well as the operating and maintenance expenditures, as well as any other incidental costs. So is capital expense an element of the total fund expenditure, yes.

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Chairman Penzel speaks:

No, that's not what I was asking.

Mr. Ritger speaks:

Well, but if we increase, so as we move through time and as we move down through time, yes, there's incremental costs to operations, there's incremental cost to the capital expenditures and the fund revenue has to keep up with it. So the rate increase was built into this based on that top line projection you're looking at there in terms of what that line had to be. We could lower that line or we could lower the slope of that line, but that would mean that you would fall below your funding requirements based on what you have here. So yes, in a sense, debt service is built into it because you have to pay it back.

Chairman Penzel speaks:

Oh, yeah. I understand that but did you multiply that times the six percent? Because that debt increase is going to be a constant number and if you just multiplied, you came up with all your percentages that equated to dollars and then you multiply that rate times six percent, .06 to get to the next one.

Mr. Ritger speaks:

Okay. The debt increase is not flat. We are not taking out a 100 percent of the debt today and simply paying for it over the next ten years. We're taking it out in incremental chunks. So there's, I think the, I'd have to look, bear with me here a second, the model or the financial projection requires the issuance of debt of, essentially we're going to issue debt in four increments, totaling the \$24.2 million, which would be \$3.3 million, \$3.4 million will be issued in 2022. So you'll see an increase in debt service which is shown by the light blue line there in 2022 and that portion of debt will move forward. We will do, there's an issuance of debt of another \$6.8 million in 2024, which is why you'll see the debt service needing to go up again at that point. So the debt service and what we have to pay goes up incrementally over time.

Chairman Penzel speaks:

I understand that.

Mr. Ritger speaks:

So yes, it's built into the rate increase.

Chairman Penzel speaks:

Yes, I understand that. My point was, if you just, I'll try one more time. If you have a certain number for the monthly fee and then multiplied it times .06 to get the next year's increase, do you include the debt service in that because that is a constant amount. Is it not? And what you are trying, I think, to tell me is you're going to get different amounts of debt over time but those payments are still, they're all the same; are they not, the debt payments? Regardless of when you incur it and regardless at what point you incur it, you're still going to be paying the same basic amount for debt, is that not correct?

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Mr. Ritger speaks:

No. I mean, it's actually, no, I mean, in the 2022 time period our debt service will total around, we'll be serving around \$1.3 million in debt. By 2024 we'll need to service about \$1.7 million in debt. By 2026 we'll be servicing about \$2.1 million in debt. So it's in the debt because we're...

Chairman Penzel speaks:

Right. It's increasing.

Mr. Ritger speaks:

It's increasing. So as a result, yes, it needs to be built into the revenue. So the revenue has to cover that debt service but we are leveraging that debt service, that's the issue, it's...

Chairman Penzel speaks:

I understand that.

Mr. Ritger speaks:

So we are using today's dollars or using that debt to get the capital improvements and then leverage that out over time.

Chairman Penzel speaks:

Okay. Thank you. Any other questions? Commissioner Engels.

Commissioner Engels speaks:

Mr. Ritger, this money that comes from the State, is that like a revolving line of credit and not a typical bond? Do you know? In other words, can you if you need a million now and two million later, it would be like within that same amount of money that we owe the State and it could be paid down faster; do we have any control over that?

Mr. Ritger speaks:

Yeah, it is termed a State Revolving Fund and it does operate that way. I know we just, when we finished up, so it is project related, it is project specific funding and when you complete a project you can close out that loan. Like recently, with Sierra Country Estates, we took out a State Revolving Fund loan to do the water treatment plant there. We came in under budget or under the loan amount; we closed that out and returned the balance of the money back to the State to then be leveraged again on another project. So you do take the money out on incremental basis for specific projects, but there is no sort of caveat to how many of those you can have going at any time as long as you have the ability to service that debt. There is a waiting list for, I mean, we do have projects sitting on there right now that we can't actually pull the trigger on because we don't have the, because this rate structure is not in place but there is some competition for those funds. So we do keep, the utility does keep our projects on their radar so that we've met those requirements and if in fact we have the ability to then pull the trigger on it and get them to the release those funds to us or approve those loans.

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Chairman Penzel speaks:

Further questions? Alright, then I'll open this for Public Comment. Any Public Comment on this item?

PUBLIC COMMENT

Dan Aynesworth speaks:

Genoa Lakes. Phil, I have a question about irrigation water rights. Any change gonna happen there? There was a significant change back in 2010 when the Valley systems got consolidated. What's happening this time?

Chairman Penzel speaks:

Before, you go on, ask the question to us and then we will ask him so we don't get into a debate.

Mr. Aynesworth speaks:

Sorry. Can I just address that question to the Board? I'm sorry.

Chairman Penzel speaks:

So you want to know...

Mr. Aynesworth speaks:

Oh, do I have to repeat that question?

Chairman Penzel speaks:

No, that's good. What's happening with irrigation water rates?

Mr. Aynesworth speaks:

Correct.

Chairman Penzel speaks:

Thank you, Dan. Okay. At the end we'll address...

Mr. Aynesworth speaks:

I'm sorry. I know Phil too well.

Mr. Ritger speaks:

Under Public Comment you can address the Board with the question you have and they will then direct staff to answer questions or entertain those at the end of the Public Comment. So, you'll have to wait until the end.

Chairman Penzel speaks:

Any further Public Comment?

Dick Barnard speaks:

Chairman, Commissioners. I am here on behalf of one of the Marla Bay Protective Associations which is part of ZWUD, Zephyr Water Utility District, and I just want to state that generally, theoretically, conceptually, we support the view that it's

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become important to consolidate all County water districts. We understand that underlying principle. I guess I do, however, share some of the same concerns that a couple of the Commissioners have expressed already. It's my understanding that the rates would be reviewed automatically in five years to determine whether the six percent increase is still needed. Because of some of the questions that have risen here and some of the other issues that have come about, we believe that this is too long a period of time to automatically review these rate increases. We don't know when the debts going to go on. We don't know to what extent it's going to impact the rates, to what extent and when. Six percent is twice, at least twice, the CPI over five years. That means without any review we would be adding 30 percent to the rates. This seems to me to be a bit too far to go when we would have an opportunity or could build in an opportunity to review this in three years. I'll just say that I have been told that this similar issue arose in Washoe County sometime back and Truckee Meadows Water Authority was found after three years to be awash in money. Not that that would happen here, but and actually reduced the rates. So given that we're plowing some new ground here and some pretty extensive changes, I think it would be our request and recommendation that we build in an automatic review to this rate structure, certainly with respect to the three percent and potentially even with respect to the surcharge but that would be our request. Thank you.

Chairman Penzel speaks:
Thank you.

Virginia Starrett speaks:

I look at the graphs and I really don't completely understand them but I'm wondering about the policy of only taking care of things that are listed as most critical and critical. That doesn't seem like the best policy to me. It's like waiting till your whole house is on fire before you start putting it out. I wonder is this kick the can kind of management here. Are we just afraid to charge the real rates we should charge because if we did and really took care of our capital improvements the way we should it would cause a revolt of some kind so we will just take the coward's way out and do it that we only handle the most critical and critical things. So could someone address why that's good policy only to do those things and not actually do what's necessary to put us into good shape. Thanks.

Ron Bingaman speaks:

Zephyr Heights resident. Good afternoon. First off, a comment, I received the notice of this meeting in the mail and as a comment, I would hope that you would consider adding the address and time of meeting on future notices for other first-time attendee's, makes it a little helpful. Next item I have a comment on, when it talks about capital improvements, there wasn't much detail in that. I'm assuming a lot of this will be devoted at the water treatment plants themselves, but I would also like to comment on the fact that really on the Lake side area until you get individual water meters in at each residence, your data is not accurate. You're only able to use averages. For some homeowners, my wife and I've tried to reduce our irrigation on our grass and plant or native plants to reduce our water use, and indeed you talk about implementing water conservation incentives. If you don't

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know what a residence is using, each residence, how can you implement any water conservation incentives? I know how much we use approximately and a block down, there's one of these three-story party houses and they'll book two, three, four families in there a week all the time. Now, do you think my wife and I are using the same amount of water that five families are using in a given week? So in terms of defining what your capital improvements are, I would challenge you to make sure that individual water meters at every residence is a priority. Without the data, without the numbers, how can you make an effective decision and guide us into the future? Thank you.

Annette Philips speaks:

It's okay because it's a different subject, right?

Chairman Penzel speaks:

Right.

Ms. Philips speaks:

Gardnerville resident. Okay, I just want to make sure. Hello, could you guys do me a favor? I really don't get this and I might be the only one in the room, could you go back to the very first one? And I had a question on that. It had blue on it or something, I think, with the grey on the bottom. That's the one. Okay. So is the top what you're charging now and is the bottom what you're, I don't understand that difference there. Could someone just give me a little educational on that? Just real quick.

Chairman Penzel speaks:

We will do it as soon as we get all the questions, ma'am.

Ms. Philips speaks:

Oh, okay. Is that how you do it? Okay. Alright and then, okay and then, we got nothing in the mail. The gentleman said he got something in the mail; I don't know if that's something that, we got nothing in the mail in the Valley. Maybe that was somebody did that at the Lake, I don't know, is that something you guys send out, notice in the mail? You do. Okay. I didn't get one. Okay. Thank you.

Chairman Penzel speaks:

Any further comments?

Brett Tibbitts speaks:

Cave Rock resident. I am here to enthusiastically and wholeheartedly support this plan. It's been a long time coming for us. The main issue with Cave Rock as you can see from this chart that we have by far the highest rates in the County. We've had them forever. 16 years ago, the County forced us on our own in violation of its own policies to subsidize Uppaway. ZWUD, Skyland, we're not responsible for that at all. Which was unfair and illegal and as a result of that, of our money going out the door to subsidize Uppaway, whose rates would've been \$400 a month if we had not done so, our infrastructure has fallen apart. We do have new tanks. I have to admit that and Ron always points that out to me. Our tank system is in

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good shape but our pipes are falling apart. If there were a fire in Cave Rock the house would burn because they can't, the system is in such bad shape the pipes that they would burst for the flow and the County has owned the Cave Rock water system for 40 years. This isn't Sierra Country Estates, where we just came in. The County has owned our system for 40 years and the condition of our pipes is beyond appalling. It's beyond third country, Third World Country. So as a result of these problems, we filed the lawsuit. I happened to be the lead plaintiff in that lawsuit, but we have 50 plaintiffs. I'm glad to see this coming to an end. We are giving up all of our damages for all the years of being forced to subsidize Uppaway if this goes through. I think it's a fantastic way to properly run a water company and to get projects funded as needed. I know Virginia just asked the difference between or why we're just talking about extreme need and the next level of need. The problem is there's enough problems that that's going to take quite a bit of money to get those done and once those are done we'll be in a better shape to move forward. But this is a much better way to run a water system for this County and we can get rid of this pitting little water system against each other, where nothing gets done. So we enthusiastically and completely support this and hope you approve it today and on July 1, 2019. Thank you.

Chairman Penzel speaks:

Thank you. Further comments? Any comments from...? Okay. Thank you very much. Alright, then I'll close Public Comment. I'll bring it back to the Board. What's the pleasure of the Board? First let me answer the questions. Thank you. I wrote them down. What is the irrigation? What are the irrigation rates and how they differ?

Mr. Ritger speaks:

The rate resolution, 2019R-032, can you hear me, actually covers all the rates. It is a consolidate resolution; it covers the consolidated rates for metered water service both for residential use, commercial and irrigation. That's in appendix or Exhibit A of the rate resolution. In Appendix B of the rate resolution is the metered private fire service charges. In Appendix C is the consolidated rate schedule for unmetered residential use and then Exhibit D is the consolidated rates schedule for the connection charges. So this one resolution will consolidate all the rates in the system and basically rescind or repeal the rates that are currently in existence. With regards to the other rate structures, commercial, irrigation and the ones and the fire service connections, those are consistent with the policy that's built into this resolution, is those will be going up by that six percent.

Chairman Penzel speaks:

Alright, the next one was ZWUD supports the rates generally, but they would like to have the review in three years. Is it possible to have finance do the review without a full, let's hire a rate group and do it?

Mr. Ritger speaks:

Staff can take that under advisement. We can take a look at that. One of things I do want to point out is that this, the rate model right now, the modeling that's

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been done has been done over a 10 year window. It was our proposal to come back halfway through that to re-access the needs to continue at that kind of a rate structure and reevaluate this. So we're only putting in place the six percent rate for the first five years. If you really looked at the FCS report they would project out that you needed that for the full 10 years. We're not asking for that today because we believe we should be coming back with the improvements that are made initially to look at efficiency gains, look at other things that would mitigate that necessity going forward.

Chairman Penzel speaks:

But you could do a three year assessment if you looked at this, you and the County Manager, looked at this and take it under advisement and let us know maybe July 1, 2019? What's the purpose for putting them, I'm going to add this one, what's the purpose for putting or having a discussion in the Valley on 1st of July?

Mr. Ritger speaks:

So again, this is a resolution, it really only requires one hearing which we are having today if you so desire. I think it was the desire of the staff and the District Attorney's office that we allow for Public Comment in both locations, just because we are co-located here and at the Valley.

Chairman Penzel speaks:

Okay and to address part of Ms. Philips question, for the 1st of July meeting would those ratepayers receive something in the mail, a notice?

Mr. Ritger speaks:

So all ratepayers did receive something in the mail, anyone who, the notice that the gentleman brought up here and showed went out with the utility bill that was mailed out this month, as well as public notices in the paper, but that notice went out with the utility bill. I believe the resident who is here commented that she lived in Gardnerville; I'm going to assume that she is either part of the Gardnerville Ranchos...

Chairman Penzel speaks:

Gardnerville water system.

Mr. Ritger speaks:

Or the Gardnerville water system. She's either in one of those two jurisdictions and would not be affected by these resolutions.

Chairman Penzel speaks:

Okay. And then Ms. Starrett asked is this a kick the can down the road policy.

Mr. Ritger speaks:

No, and I think, well, I mean, sure if you, but you'd be looking at a ten percent rate, I mean, I think the issue is, again, it's like the rate review in five years. It's like the rate review as we move forward in time. We can only, there's only a finite

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amount of capital improvement that can be done in, over the course of a short period of time like this. And while we, while it would be nice to have the funding in place to do 100 percent of that, I think those priorities, those needs will change. Again, as I said, the things we're leaving off the table right now are things that today would be incremental improvements to the efficiency of the operations and sort of long, and another reliability type issues. And I think it's, again, if I was in the private sector I'd tell you it's good business sense to deal with it this way and not simply, you know, decide it's, you want to take the entire pool at once.

Chairman Penzel speaks:

Okay. So in sum, most critical and critical, address public health and safety risks, minimum loss of service and compliance; the others while they are important, improve operational efficiency and improve system reliability. Is that correct?

Mr. Ritger speaks:

Correct. Incremental improvements in both of those, I mean, you're going to gain operational efficiencies, you're going to gain operational reliability while you address the critical and most critical things. So those, that's just going to come along with it. The last two categories are things that are really there to strictly do that; they don't, they're not resolving a compliance issue. They're not resolving a potential loss of service issue, or any kind of public health and safety issue.

Chairman Penzel speaks:

Okay. Moving on then we'll talk about putting meters on all the properties up here.

Mr. Ritger speaks:

That is a very valid point. That is part of the critical and most critical infrastructure needs. So I'll address that in a couple of ways, one is it is the policy of the utility that when we do any water line improvements, by the way, a lot of the capital improvement program projects that we're talking about here, one gentleman asked if this was being focused on the treatment facility itself, very little...

Chairman Penzel speaks:

The same person was talking about it.

Mr. Ritger speaks:

Yeah. Very little actually because this is actually going to be dealing mainly with the distribution systems, the piping in the ground, how it gets to the home, how it gets distributed throughout the systems. That's the critical need. As part of those programs, as we replace those pipe lines and those distribution systems, we will be installing the infrastructure to meter the residence. It's not within the scope of the next five years to meter 100 percent of the residents up here, but the goal is to have the meter sets and the pit setters in place as part of this expansion so that we can meter them. Because he is absolutely right, conservation is a function of being able to be metered. Where we came up with the numbers? Just so you're clear, obviously in the Valley and all the meter customers we have very good

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statistics on use, average use, daily use, peak use, etc. In the unmetered systems, which are really the systems here at the Lake, we looked at the total production volume. Basically, water that's produced and the total number of customers or connections that are being serviced and it turns out that on average, turns out to be that same 16,000 gallons per month. We can't tell you whether it is being used, you know, where the peaks are and things of that. I know the operators can tell you where the peak demand is during irrigation time, but short of that we just have the ability right now to be able to get a total denominator and a total numerator and divide it.

Chairman Penzel speaks:
So you have gross numbers.

Mr. Ritger speaks:
We have gross numbers here and on the unmetered systems, correct.

Chairman Penzel speaks:
When are you planning to complete the metering of it, of all the properties?

Mr. Ritger speaks:
It'll be a function of how we put the distribution lines in. So, right now as we work on a project to replace the water distribution line, the main line under Cave Rock Drive as part of the Road Rehabilitation Program there, with that Homeowners Association, we'll be setting the meters along those roads. As we expand out from there, we will be doing the same thing.

Chairman Penzel speaks:
Brand-new shiny meters. Right, alright.

Mr. Ritger speaks:
The infrastructure will be in place to be able to put meters in place. It'll be up to...

Chairman Penzel speaks:
Okay. Now, Ms. Philips also asked about your chart, bottom...

Mr. Ritger speaks:
So the bottom is...

Chairman Penzel speaks:
Could you dim the lights again? Thank you.

Mr. Ritger speaks:
Yeah. So on that chart, the top is the, that would be the rate structure rolling forward into it to 2020. So it's based at the current rate structure brought forward into 2020 compared to what the rate resolution is. So it is functionally today's rates versus what we're proposing the rate model to be. The rate model that we're proposing here again incorporates the first 4,000 gallons of consumption into the rate and then reduces the consumption charge up to a point at which we

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accelerate it. But there's a, as we said in that other, in the slide right after this, for the average typical user or for the users in that 4,000 to 21,000 gallon range or actually from zero to 22,000 gallons roughly in that range, in those months or those usages you're going to see a reduction over just a traditional rate increase of three percent.

Chairman Penzel speaks:

Okay. Would you go back to the chart and explain the figures? So that, the base monthly charge is...

Mr. Ritger speaks:

Okay. So the base monthly charge in the top line, that is the fixed charge that is, would be, is assessed to every connection, every residential connection. Pay is a base charge of \$26.39, with independent of consumption. So that's a flat rate that they would charge. On that model, for every 1,000 gallons of water that's consumed up to, I think the first 8,000 gallons, there is a fixed incremental charge. I roughly think, I think it's around \$2.70 per thousand gallons. And then from 9,000 gallons up to 24,000 gallons of consumption it increases to just under \$4.00 per 1,000 gallons, rough numbers. Obviously, the rate structures for the Skyland, Zephyr and Cave Rock, which are there current rate structures, those have been in place for five years and how those were derived at, I did not go back to look at but that's the structure they have there. In terms of the lower chart, so under this rate resolution, the new base monthly charge is \$31.00 which includes a first 4,000 gallons of water consumption. You then pay per 1,000 gallons of water consumption for the next, between 5,000 and 12,000 gallons at one rate and then from 12,000 to 21,000 at a second tiered rate. So in the case of the 16,000 gallon consumption those two combined consumptions total \$36.60 and your total charge is then shown at the bottom.

Chairman Penzel speaks:

Okay. Thank you and I don't think Mr. Tibbitts really had a question; he had more of a comment. So, are there any further questions from the Board? Vice Chairman Walsh.

Vice Chairman Walsh speaks:

Phil, the critical and most critical is \$29.9 million, as far as, I believe, does your model right here at the end of fiscal 24 have all those installed and paid for?

Mr. Ritger speaks:

No, that would be done over the course of a ten year period. That's a ten year window but we would be well on the way to funding a large portion of that.

Chairman Penzel speaks:

Further questions? Okay. Then if there are no further questions, I'll look for a, pleasure of the Board, a motion.

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Commissioner Nelson speaks:

I would like to direct staff to bring Resolution 2019R-032 before the Board for adoption at a public hearing on July 1, 2019 and I would like that to include a three year financial review.

Vice Chairman Walsh speaks:

Second.

Chairman Penzel speaks:

We have a motion by Commissioner Nelson, a second by Vice Chairman Walsh. All those in favor signify by saying aye. Any nays? No nays. The motion passes 5-0.

MOTION to bring Resolution 2019R-032 before the Board for adoption at a public hearing on July 1, 2019 and to include a three year financial review; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dave Nelson, Commissioner
SECONDER:	Larry Walsh, Vice Chairman
AYES:	Rice, Engels, Penzel, Walsh, Nelson

2. For possible action. Discussion to approve a \$60,941 contract with F&F Industries, Inc., dba Ponderosa Roofing and Steel Works, for the Library Re-Roof Labor Project and authorize the Public Works Director to approve contract change order up to 10% of the contract amount. (Scott McCullough)

Chairman Penzel speaks:

Okay. Already on to number two. I'll read this into the record. For possible action. Discussion to approve a \$60,941 contract with F&F Industries, Inc., dba Ponderosa Roofing and Steel Works, for the Library Re-Roof Labor Project and authorize the Public Works Director to approve contract change order up to ten percent of the contract amount. So it'll be Mr. McCullough. Welcome.

Scott McCullough, Project Manager, speaks:

Thank you, Chairman, Members of the Board. The library in the Valley needs a new roof. We are going to put a new roof on it with your approval. This request is for the labor portion of that project. This was split out into a labor and materials contract. The labor contract is here. The material contract will be following for the next item. It was bid out; four bids were received and Ponderosa is the lowest and is recommended for award.

Chairman Penzel speaks:

Any question from the Board? Commissioner Engels.

Commissioner Engels speaks:

If this roof leaks do, we have recourse?

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Mr. McCullough speaks:

There is a 15 year leak-free guarantee and that's part of the whole system, is they're very responsive and a very good steward of their roofs. So we're highly confident they'll take care of that and honor that.

Chairman Penzel speaks:

Further questions? Vice Chairman Walsh.

Vice Chairman Walsh speaks:

Scott, the next item is, like you said, for the material. That's \$62,903, if you add the two together the balance is \$123,844 and we previously approved in our CIP budget \$110,000. Where's the difference come from?

Mr. McCullough speaks:

Chairman, we're going to wrap up the DCMEP project shortly and we're going to have a significant savings on that project. So when we close that project out we plan on bringing it back to you for request to utilize that funds savings to balance the fund of this project.

Chairman Penzel speaks:

This is the project that you presented previously; it was 35 percent under budget?

Mr. McCullough speaks:

This was a different one.

Chairman Penzel speaks:

Oh. Okay. Under budget is good.

Mr. McCullough speaks:

It's on time too.

Chairman Penzel speaks:

Yeah. Congratulations. Any further questions? Okay, then we will open this up to Public Comment. This is for action. Any Public Comment on the reroofing, labor? Seeing none. Is there any, alright then, we will close Public Comment and bring it back to Board for the pleasure of the Board.

PUBLIC COMMENT- none

Vice Chairman Walsh speaks:

Mr. Chair, absent further discussion, I move to approve a \$60,941 contract with F&F Industries, Inc., for the Library Re-Roof Labor Project and authorize the Public Works Director to approve contract change orders up to ten percent of the contract amount.

Commissioner Rice speaks:

Second.

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Chairman Penzel speaks:

So we have a motion from Vice Chairman Walsh, a second by Commissioner Rice. All those in favor signify by saying aye. Any nays? No nays. The motion carries 5-0.

MOTION to approve a \$60,941 contract with F&F Industries, Inc., for the Library Re-Roof Labor Project and authorize the Public Works Director to approve contract change orders up to ten percent of the contract amount; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Walsh, Vice Chairman
SECONDER:	Wesley A. Rice, Commissioner
AYES:	Rice, Engels, Penzel, Walsh, Nelson

3. For possible action. Discussion to approve a \$62,903.76 contract with Garland/DBS Inc. for the Library Re-Roof Material Project and authorize the Public Works Director to approve contract change orders up to 10% of the contract amount. (Scott McCullough)

Chairman Penzel speaks:

We'll move on to item number three. For possible action. Discussion to approve a \$62,903.76 contract with Garland/DBS Inc. for the Library Re-Roof Material Project and authorize the Public Works Director to approve contract change orders up to ten percent of the contract amount. Mr. McCullough.

Scott McCullough, Project Manager, speaks:

Thank you, Mr. Chair. This contract is for the material for the labor we just approved. Garland is really the coordinator of these types of projects. They're under agreement, a national, inter-local cooperative agreement where they come in and specify the product, bid the project on behalf of the County and is the one that holds the warranty for that 15 year leak-free warranty.

Chairman Penzel speaks:

Thank you. Questions from the Board? Seeing none. I'll open this for Public Comment. Any Public Comment on this item?

PUBLIC COMMENT

Roger Adam speaks:

Did I miss something or did they or did I hear that it was within ten percent? Does that mean they can go ten percent over the bid amount and the County will pay it? Is that normal procedure?

Chairman Penzel speaks:

We will get to your answer at the...

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Mr. Adam speaks:
Okay. Thank you.

Chairman Penzel speaks:
Alright, any further Public Comment? Seeing none. Any from outside? Seeing none. We will close Public Comment and bring it back to Board. What's the pleasure?

The Chairman was advised to have Mr. Adam's question answered.

Chairman Penzel speaks:
That's the pleasure.

Laughter was heard.

Chairman Penzel speaks:
Thank you. Alright, Mr. McCullough, you're on. The question is can they go ten percent over the amount and then is that normal procedure.

Mr. McCullough speaks:
Mr. Chairman, we hope to never use that ten percent. It's a contingency that we preauthorized in case we find a different site condition or the project warrants additional funding. It will be approved by the Public Works Director, in this case, but our intent is to never use that ten percent. It's only preauthorized as a contingency.

Chairman Penzel speaks:
Off the top of your head do you have any knowledge of how often it's ever used? Or how often it's used?

Mr. McCullough speaks:
Once in a while, I mean, it's typical that you have a project, you know, two to three percent issues, but on a roofing project like this, I don't anticipate any use of the contingency fund, especially with one subcontractor. We have limited labor or limited type of work; you're reducing your exposure.

Chairman Penzel speaks:
Thank you. Mr. County Manager.

Patrick Cates, County Manager, speaks:
Thank you, Mr. Chairman. I just wanted to add a comment. My previous life having been responsible for the State Public Works Board, it is common practice for CIP projects to include contingency because if you do encounter site conditions that were unforeseen you have the opportunity to do change orders. It is very difficult to deal with when you have a contractor deployed. Thank you.

Chairman Penzel speaks:
Thank you, sir. Alright, now, what is the pleasure of the Board, second pleasure?

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Vice Chairman Walsh speaks:

Mr. Chair, I moved to approve a \$62,903.76 contract with Garland/DBS Inc. for the Library Re-Roof Material Project and authorize the Public Works Director to approve contract change orders up to ten percent of the contract amount.

Commissioner Nelson speaks:

Second.

Chairman Penzel speaks:

So we have a motion by Vice Chairman Walsh, a second by Commissioner Nelson. All those in favor signify by saying aye. Any nays? No nays. Motion carries 5-0.

MOTION to approve a \$62,903.76 contract with Garland/DBS Inc. for the Library Re-Roof Material Project and authorize the Public Works Director to approve contract change orders up to ten percent of the contract amount; carried.

RESULT:	APPROVED [5 TO 0]
MOVER:	Larry Walsh, Vice Chairman
SECONDER:	Dave Nelson, Commissioner
AYES:	Rice, Engels, Penzel, Walsh, Nelson

Chairman Penzel speaks:

We are going to take a five minute break.

A break was held.

Chairman Penzel speaks:

If we could bring this back to order. Alright, let the record reflect that all five Commissioners are back and so is the Sheriff.

COUNTY MANAGER

4. For possible action. Discussion of the procedures under NRS 279.608 to amend, deviate from, or dissolve redevelopment plans and area boundaries and to provide direction to staff regarding the possible commencement of such procedures for Douglas County Redevelopment Area No. 2. (Dave Nelson and Zach Wadle')

Chairman Penzel speaks:

Alright, we are going to go on to item number four. Titled for possible action. Discussion of the procedures under NRS 279.608 to amend, deviate from, or dissolve redevelopment plans and area boundaries and to provide direction to staff regarding the possible commencement of such procedures for Douglas County Redevelopment Area Number 2 and this is going to be Mr. Wadle and the County Manager.

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Zach Wadle, Deputy District Attorney, speaks:

Thank you, Mr. Chair. If the Board will recall last, we were here about a month ago, I gave a short presentation on various facets of NRS Chapter 279 concerning the amendments or dissolution of redevelopment areas. I'm happy to do that again if that's the Board's pleasure. If you don't feel like you need it, we can, not do it. So just let me know what you guys would like and I'll go from there.

Chairman Penzel speaks:

Questions from the Board, comments?

Commissioner Nelson speaks:

I think I remember everything you mentioned we could do.

Chairman Penzel speaks:

I'm sorry did I interrupt you? It's okay? Okay, Mr. County Manager.

Patrick Cates, County Manager, speaks:

Thank you, Mr. Chairman. I just want to make a few comments about this issue. I am three months on the job now so this has been quite a learning experience for me. At this point I am neither in support nor opposed to this project. I think my, or the, I should say not this project but RDA2 and the event center, I am trying to learn as I go and my attempt is to put as much information as I can out there to inform the debate and I just wanted to share what we've done since the last meeting and some of my observations. We put up a webpage, I guess about a week ago, on everything related to RDA2. We did that as a result of my frustration in trying to find all the documentation that has been involved in this. So we thought it would be very helpful because it has been considered over a rather long period of time, going back to like a dozen meetings going back to 2009 to the present. So there's quite a bit of material out there that had been considered by prior Commissions and the website was an effort to put it all in one place. We also created some frequently asked questions based on a lot of the comments that we had heard from folks. It certainly doesn't answer every question but it was designed to answer the more frequent questions that we heard. As far as, I put together a summary and that wasn't originally on the website. We just put this out as supplemental material, it's a financial summary and I wanted to talk briefly about that. One number that has been cited quite a bit in the public is \$160 million of tax increment that would be used for the event center. I just want to say that that is an outdated number. With the passage of S.B. 461 in the legislative session that just concluded earlier this month that funding formula is no longer in play. There actually were three pieces of legislation that I think are relevant to the discussion from the 2019 session. The first one was A.B. 98. That was, I would say, a housekeeping piece of legislation. It made a very minor change to TDVA's (Tahoe Douglas Visitor's Authority) statutes, which by the way, were enacted in 1997 and included building a convention center as one of their objectives, but it added language referring to a multi-use event and convention center. So "multi-use event and" was added. So a very minor bill, I think it just made the facility broader in its scope so that it wouldn't face any legal challenges if and when it came to selling bonds. So it was just really clear that it's more of a multi-use

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facility than to strictly a convention center. S.B. 461, as I mentioned, that was approved by the legislature. That imposes a \$5.00 tourism surcharge on per night charges for lodging rentals in the Tahoe Township and it gives the TDVA authority to sell bonds and other powers to operate the event center. Another bill was not directly related to TDVA but it was related to RDAs in general, that's S.B. 465. My understanding is this bill came out of Clark County, Tick Segerblom, former legislator that presented that bill and it allows an RDA to pass a resolution to carve out School District related funds and return them to the County School District. Currently, well prior to the passage of this law, you couldn't carve out certain pieces of funding out of an RDA. Again, it was not aimed at our RDA at all, but the legislation was passed, and it's worth noting. With that I want to just cover the funding estimates for Tahoe South Event Center based on this new legislation passing and based on the testimony that we've heard from the TDVA. So first of all, there's a section on here that describes \$100,085,000 in bonds that includes \$91 million for the project as well as underwriting cost, issuance cost of bonds, it comes to the total of \$100,085,000. That came from a presentation that the TDVA gave on May 2, 2019 to the legislature in relation to S.B. 461. I think those are the most current numbers and people have been citing numbers that came from reports that are dated. So using that figure, I then went back to testimony provided by TDVA about looking for \$25 million or anticipating \$25 million from RDA2 to fund this project. The rest of it would be funded with the existing TDVA transient lodging license tax that they receive as well as this new \$5.00 surcharge. The \$5.00 surcharge would make up approximately 55 percent of the costs. If you take \$100 million and you calculate a 30 year bond payment and in the backup it shows how that was calculated, this is a high-level estimate, when you actually issue bonds there's a lot of variables. I assumed a five percent interest rate. There's a lot of things that go into it. This isn't written in stone, but it gets you in the ballpark. For a \$100 million project you're looking at about a \$6.5 million bond payment for 30 years. If you take that same funding breakdown the RDA2 property tax increment would need to contribute about \$1.6 million per year for the 30 years. I can tell you that for the next fiscal year budget we budgeted approximately \$1.1 million in revenue for RDA2. I believe that's probably a low estimate. I think we'll come in higher than that. I'm not sure when we'll hit \$1.6 million, but I think as property values grow, as the Beach Club comes online that that will grow and I'm confident that we'll reach the \$1.6 million figure fairly quickly.

The other item, the \$5.00 per night surcharge, they would need about \$3.5 million in revenue from the \$5.00 per night surcharge. By the way, that goes in, the law is effective July 1, 2019 and we have already taken measures to start collecting that. I don't think we'll be able to collect it until August 1, 2019 but that's in the works. Then I wanted to know how reasonable that was; would they be able to collect enough revenue to make that kind of a bond payment out of the \$5.00 surcharge. So I took \$3.5 million divided by the \$5.00 per night surcharge and it came up with a figure of 716,000 room nights that would be needed in order to generate that kind of bond payment. If you look at 2017 figures, there's a total room nights available in the Township of \$1.4 million. In 2017, there were actually 886,000 almost 887,000 room nights sold. That's 2017. That is a figure that is growing,

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but that would generate about \$4.4 million, almost \$1 million more than what they would need for the bond payment just based on 2017 numbers. So my assessment of this, again, I think it's a decision for this Board whether this is the most prudent use of the property tax funds, but there does seem to be sufficient income, both from RDA2 tax increment as well as from the \$5.00 per night surcharge to be able to fund those bond payments on a project of that size. I think what, in the conversations that I've been having with TDVA and others, you know, there's a lot of steps to go in this process before we would get to a point where the Commission would be looking at entering into agreement to have bonds issued. I know that the TDVA is working on an update to their study. I think that will be done fairly soon. I have pressed them to better articulate the investments that the casinos have been making in the Core. I think there's been a lot of criticism about that. I think the casinos have made investments, but I don't think that's been very well articulated. I think people are right to raise those concerns. I want to see a lot more thought put into the operations of this event center; what that would look like. A lot of people have been critical of the number of events that have been estimated, and I know when I spoke with the consultants I suggested that they maybe do some best case and worst case scenarios, you know, what would that look like if you could only generate half the events. How much money would that generate? Would that make it worthwhile for the County? I think that there is more to come and more for the Commission to consider before they commit the County funds to this should it not be dissolved. I think there are several more steps in the process before the County would be actually asked to commit the funds to the event center and I just wanted to add that as update from my perspective on this issue. Thank you.

Chairman Penzel speaks:

Thank you, sir. Questions from the Board, comments? Commissioner Nelson.

Commissioner Nelson speaks:

Yeah, I brought this forward. I think that it's time to really take a serious look at this. I have a manifesto, which I'm not going to read today. But I am going to tell you a little bit about my history and the things I have done and been involved in so you get an understanding of where I'm coming from when I say that the numbers that have been presented to us as far as how much revenue, etc. I think are off by about three times. I think we're looking at 1/3 of their projection and at that I think the risk becomes too high for the County to engage in this, even 1/4 of the amount of the event center. So my background is that I have a BS degree in Business Administration from Cal Poly Pomona. I worked in the real estate industry primarily for the first part of my career. I achieved the position of National Director of Claims with Ticor Mortgage Insurance. In that position I developed a tracking system for tracking claims, looking at what was going on, analyzing the data and making sure that I was truthful to management. Sometimes that doesn't work out so well and it didn't work out so well for me because I went to them, I was called into a board meeting, they asked me how are we doing on claims and I told them it's not too good and if we see a downturn in the real estate market we are going to be in real trouble. I said underwriting has to be tightened up. We're approving things that should not be approved and it's going

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to end up in claims in the long run. About a week later, my boss came into the office and said it appears you don't have the same vision for the company that we have so we'll give you six months to leave, find another job. I thought that six months was extremely generous and I did immediately start seeking another position. However, three years later, Ticor Mortgage Insurance folded because of exactly what I told them. So I have a history of looking at numbers, understanding them and doing a pretty good job of projecting what I see. I also, when RDA1-B the Riverwood issue came up, I stood up and fought for against that because I told the Board at that time, if you look at the numbers retail is already overbuilt in this area. There's no reason to invest more money and further development of retail in Douglas County. Everybody seems to think that RDA1 was such a great success, but from a business standpoint when I go up there I see vacant buildings. I see Ross Dress for Less being vacant for years. I see Staples being vacant for years, the bookstore, vacant for years, the small stores in there, still vacant. It's probably about 75 percent occupied, 25 percent vacant today. To me that is not a successful project. It should be absolutely full and there should be people lining up to get into the stores. That would be a successful project. So RDA, the Riverwood thing, obviously did not go the way everybody thought it would and it ended up costing the County almost \$1 million in lawsuits and getting out of the agreements that we signed in that process. I think I was right again.

Okay, now we come to RDA2 and the event center. Studies show that for the last 20 years event centers, convention centers have been grossly overbuilt and what do the promoters do every time they come in and say, "well gee, we've got to enlarge the event center, that'll make more money for us." It never happens. It just doesn't happen. These reports that we have, the feasibility study, I'm gonna talk about that in a minute. I did hand out a document on that; I think it was out there for everybody to take one of. I'm gonna talk about that a little bit, but the feasibility study on one page has so many errors in it, it would make a dog with a crippled leg jump through a hoop. It is just so full of mistakes and errors in a lot of areas and I'm gonna present that to you in just a second. I also wanted to mention that I did ask the Douglas County group, the Taxpayer Strikeforce, to look into this and they presented a document that is in the packet today and I think they have a lot of things in there that make sense to me, and I think should make sense to everybody in this room. I know this is a very controversial item and it has a lot of ins and outs on it, but this one page here, you'll notice that it does say assumptions right in the beginning. It doesn't say studies, it says assumptions. Okay. So we can assume that everything they've got here is an assumption. Where did those assumptions come from? A lot of them we don't know. The 130 events has been mentioned, that's definitely assumption. It is not anywhere, in these studies done anywhere. They filled this report with a lot of pictures and information about a lot of convention centers from all over the United States but nothing locally. And guess what? We have a very, very compatible event center that's about an hour and half from here, the Reno Event Center and they are having a very difficult time. And, you know, I know Lake Tahoe is beautiful but have you ever thought about the fact that sometimes we get snow even in Carson Valley in October. You know, if I'm thinking about going to an event in Tahoe and I may get snowed in for a week and I've only got three days, I'm not gonna go. So

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there's a lot of things here that people need to look at when they think about how beautiful Tahoe is. Yes, it is but guess what, there's a lot of beautiful places around the world and I've been to a few of them. I've been to them on trips like this with upper management, where we took an annual event. Usually these events happened to award the top salesman in the companies. The top ten percent get to go on an annual trip and you go somewhere. I've been to Cancún. I've been to St. John's, Orlando, Florida. These are the places they take people, where it's warm and sunshiny. It is not where it is likely to be cold and freezing. So to think that we're going to fill this event center with all of these types of events, I think it's foolhardy. It really is.

Okay. This document, let's take a look at one of the first things I noted was they're looking at 130 event days, but somewhere else in the documents they talk about 220 total events. That means that the average event is 1.7 days. You take the 221 divide it by the 130 and you get 1.7. The reason that's important is because we want to know how many attendees we have, not how many attendee days because one person may attend multiple times. So if it's a multi-day event they may go to both days, but it's really just one person coming in for that event, not two. The way they've run the numbers they're counting two people for one. Okay. That's the very first thing. Now we get down here and we find they have overnight visitors of 89,433. The interesting thing is if you take the 156,900 divide it by 1.7 to get how many actual attendees we're going to have, that's around 92,300. I think that was the number I had here, yeah, 92,300 individuals attending the event. You can't book a room to somebody who's a shadow of somebody else. It just doesn't happen. It doesn't work. Okay. So here we have 92,300 individuals coming in, based on their 156,900 number, but they're telling us we're going to have 89,433 overnight guest. Almost 100 percent, everybody that attends is going to stay overnight. How many of you think that's likely? I don't. Okay. So then we go on further but there's this whole thing, I know they are looking at day visitors 43 percent, overnight visitors 57 percent and then the next one is day visitors 90 percent and overnight visitors 100 percent. I don't know what exactly what all that means precisely, but I know that not 89,433 people are going to stay overnight. And you notice how these are never estimates, they're exact numbers. That's to make you think that these are not assumptions. These are actual factual numbers. It's a psychological game folks and you have to be wise to it. I've seen it. I've lived through it. I know what I'm talking about. So, the bottom line is this is a huge, huge risk with our \$25 million, huge. And I think that it is too big a risk for us to risk taxpayer dollars, and I know there's some arguments going back and forth about is this taxpayer dollars or not. But I have one statement to make about that, government has no money that it doesn't first take from somebody else. Those are taxpayer dollars. There's no doubt about it. No other way to look at it. I'm gonna wrap it up there and leave everybody else a chance to respond and we'll go from there.

Chairman Penzel speaks:

Thank you, sir. Any other comments? Commissioner Engels.

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Commissioner Engels speaks:

I'd like to direct this to Mr. Cates, in your analysis you mentioned a bond and a par of \$100 million. How would that bond be secured with the underwriter?

Mr. Wadle speaks:

I don't think we can answer that question right now definitively Commissioner Engels because we don't know exactly how that deal would work. In general, I would tell it would be secured by pledge revenue both from the three sources that are listed on that analysis Mr. Cates provided to you; but the ultimate terms of that type of deal and the bond issuance really remain to be seen at this point and how the deal would actually look.

Commissioner Engels speaks:

So just in general and hypothetically, it would require two bonds because revenue is coming from two different sources. Could we make that assumption?

Mr. Wadle speaks:

I don't think necessarily. You could probably, again there's a lot of variables, but you could probably have a single bond issue with various sources of pledged revenue. You could also do it differently, where there will be multiple bond issues. It just depended on how the deal was structured.

Chairman Penzel speaks:

Further questions or comment? Okay. Then I'll open this to Public Comment. You might want to stand in line there.

PUBLIC COMMENT

Danna Meyer speaks:

Good afternoon, I am here to read a statement from Nancy McDermid, I guess you all know her as our former compadre of the rest of you. Nancy said, I would ask the BOCC to confer with the city of SLT officials and the business owners, Vail/Heavenly, Gary Casteel Jr., John and Camilla Jovicich, to learn how successful the redevelopment of the Heavenly Village parcels has been financially, environmentally, vmt reduction for instance, and for the community even though it took 12 years plus to achieve it. The success of this project gave impetus to the Nevada side to redevelop as well.

When Nancy began on the BOCC, TRPA was updating its 1987 Regional Plan. We seized on that opportunity and developed a public private partnership called the Kingsbury Working Group to envision what the commercial core of Kingsbury and Hwy 50 from Kahle Drive through the casino core to Stateline could become. The private sector then engaged Richard Shaw of Design Workshop to create the South Shore Vision Plan which went from Kahle Drive to Ski Run Blvd. This plan was widely accepted; indeed it was enfolded into the TRPA Regional Update when passed unanimously in December 2010 and upheld, unbelievably, unanimously by the 9th Circuit Court of Appeals. The first Area Plan submitted to TRPA was Douglas County Tourist Core plan which was the South Shore Vision Plan and it

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could only be accomplished through redevelopment. The city also had their Tourist Core Area Plan adopted by TRPA. Both plans received unanimous TRPA governing board approval. Being developed on a parallel path and also part of the South Shore Vision Plan was the realignment of Hwy 50 which TRPA governing board again unanimously approved in December 2018. The idea is to create a Main Street from the corner of Mont Bleu and Hard Rock to at least Park Avenue. That plan is currently being worked on.

Both the Edgewood Lodge and the Beach Club received unanimous governing board approval, indeed neither project came before the Douglas County Planning Commission or the BOCC for approval. What Douglas County has received as a result of those two projects is huge environmental gain. Edgewood took out the asphalt parking lot adjacent to the beach and some old homes while the Beach Club took out 100 plus mobile homes adjacent to the Lake. The TMDL credits from these two projects were huge for our required TMDL reduction placed on us by the EPA. Courtney Walker can further inform you of the advantages that Douglas County received from these two projects.

Congress passed legislation allowing U.S. Forrest Service land to be developed and accessed year round. Prior to the gondola in Heavenly Village, there was no way to reach the mountain tops once the skiing ended. Vail who owns Heavenly put in the gondola and the Epic Discover, all on the California side. Is that me, done? Okay. Thank you.

Ms. Meyer's time reading Ms. McDermid's statement into the record concluded.

To review Ms. McDermid's full Public Comment statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:
Thank you, ma'am.

David Akola speaks:

Gentlemen, I come to you not as a Member of the Planning Commission, but as a concerned resident of Douglas County. Some years ago, while I was a resident of Reno, a new event center was proposed for Reno. Because I was working out of town, I could not express my opinion that I thought the Reno Event Center was a poorly conceived project that would not pay for itself. That is now the case. Now RDA2 is in existence to create an event center in Lake Tahoe. I strongly feel that this project should not be built without asking Douglas County voters to vote on the project. Douglas County residents should not be asked to support a project that will enrich the casinos in Lake Tahoe and create a burden on the taxpayers of Douglas County when the event center proves to be unprofitable. Please put the event center on the ballot in 2020 and let Douglas County voters decide if the event center should be constructed. If this project and its possible future financial liability are not brought to the voters of Douglas County, I think in every future reference to this project should be called Penzel's Folly. Thank you.

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To review Mr. Akola's full Public Comment statement please see the Supplemental Meeting Materials.

Lynn Muzzy speaks:

The RDA2 list of projects comes with constantly fluctuating cost estimates even as the projects proposed keep changing. The event center has gone from \$50 million to \$80 million to now maybe being taken off of the RDA2 table altogether. More millions have been designated for bicycle paths, street beautification and other frivolities, but some of them are not in the redevelopment area and their attached price tags don't make clear where their funding will be coming from. This is what passes for financial analysis that justifies RDA2. What is constant throughout the RDA2 process is that there are no guarantees that any of this will actually bring customers to Stateline businesses and the at risk taxpayers have no guarantee that their money will not become a giant slush fund for the Lake's alphabet agencies. We have been told for a certainty that S.B. 461, the \$5.00 room tax, is projected to produce \$91 million. Therefore, RDA2 funding is no longer needed. RDA should never have been created without a vote of the people. It was already cutting into the County's ability to fund services and infrastructure needs. Now the looming population bomb from the 1,000 plus housing units approved in Douglas County will increase demand for more services and more infrastructure. The just passed omnibus crime bill A.B. 236, like Prop 47 in California changes many felonies to misdemeanors. We will have more crime. Tax money diverted to RDA2 means underfunding first responder staffing, resulting in longer call for service wait times, neglected infrastructure and no relief for the schools that will lose \$8.1 million thanks to the Legislature. This Board has no business continuing to send badly needed tax dollars to RDA2 that will deny or delay services. The taxpayers have paid for it and have every right to expect. Those who stand to gain from RDA2 say the voters want it and they have called for transparency. Fine, you can't get more transparency than to put this to a vote of the people. Unless your mind is made up and you don't want to know what the voters think. And I would also add that the folks that have been taking out very expensive ads in the newspaper and I see lately the Chamber of Commerce have weighed in, in favor of RDA2. Maybe they'll do the background and maybe they'll possibly underwrite the project to guarantee that the taxpayers will not lose. Thank you.

Richard Rodriquez speaks:

Good afternoon, I live in the Saratoga Estates in Minden. I have several points that I'd like to make regarding RDA2. RDA2 appears to be primarily for the benefit of the casinos with limited benefit to other businesses in the area. With respect to the funding by dedicating future incremental property tax revenues in excess of the base year to RDA2, RDA2 is appropriating all incremental future tax revenues to RDA2 and thus depriving Douglas County of the normal growth in property tax revenue usually associated with depreciating value for the next 30 years. This will create a hole in funding the future for normal County services such as police, fire, schools and other essential County services. Also buried within this proposal is the need for the County to issue a bond issue which will affect all County residents should the anticipated revenue stream fail to materialize thus depriving

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County services of essential funds so as to, excuse me, so as to repay the bond and serves in which may necessitate an increase in property taxes on all residents to pay for the shortfall in funding in the County services. Forth, as the event center proposal necessitates the issuing of a bond, it should be put before all of Douglas County voters with complete details on how much of the County funds would be at risk if the anticipated revenues from the event center failed to materialize. At several meetings, including Members of the Board of Supervisors, Douglas County residents have been informed that a potential shortfall of County revenues could be a problem. With that as a background, how can the voters be asked to fund the event center and put Douglas County at even greater risk of a funding shortfall for essential services for the benefit of the event center that will primarily be of benefit to the casinos? My final point is the problem in decline in revenue for the casinos appears to be poor strategic planning, which does not create a problem to be solved by the taxpayers of Douglas County. Thank you for your time.

Jeanne Shizuru speaks:

I put a couple of papers in front of you on your desk today Commissioners. One of them is a graph that looks like this. It's in front of you and this is data from the Reno Sparks Convention Center feasibility study and you might notice the decrease in room nights from 2015, 2016, 2017 which I want to comment on. There are three flaws that Professor Heywood Sanders discovered in the information about the event center's financial projections. Professor Heywood Sanders is the foremost national authority on using government money, i.e. economic development to build event centers. He is the author of the Brookings Institution 2005 article entitled "Space Availability, The Realities of Convention Centers as Economic Development Strategy" and the 2014 book, Convention Center Follies.

Commissioners, when you look at the graph of the history of the room nights generated by the Reno Sparks Convention Center events from fiscal year 2010 to fiscal year 2018 you will notice that there is a dramatic decrease in room nights beginning in 2015. I asked Professor Sanders why the decrease. Professor Sanders told David and me that the convention/event center industry is vastly overbuilt. This is why the room nights have dropped off for the Reno Sparks Convention Center. Why does the graph show a partial recovery in fiscal year 2018? Because that number, 80,000 room nights, is based on the budget. It is not an actual number of room nights for fiscal year 2018. It's an estimate. A second flaw that Professor Sanders pointed out to David and me is that the EPS report erroneously interchanges the number of annual visitors to the event center, also known as attendee days, with the number of attendees. As my husband pointed out earlier, this is an error of a factor of 1.7 times, representing the average number of days of an event at the event center. The third and largest error that Professor Sanders identified in the CSL feasibility study and the EPS fiscal and economic analysis report is explained in the attached June 10th email that I also put in front of you. It reports overnight visitors of 89,433 and it estimates that they are going to spend \$353 per trip, which would assume that they would stay in Stateline for 2.8 nights. This is a sleight of hand, changing an invalid estimate of overnight visitors

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into an exponential amount of hypothetical spending per overnight visitor. If the actual number of room nights is closer to 17,000 then this is a 4.7 times error. Thank you.

To see Mr. Shizuru's full Public Comment statement and reference material please see the Supplemental Meeting Materials.

Chairman Penzel speaks:

Did you want to give your notes to the clerk, to be included in the record? You don't have to. I am just asking.

James McKalip speaks:

First of all, I want to thank the County Manager for his analysis. I appreciate that. The purpose of our County government must be to serve the needs of all the people. We form local governments and tax ourselves so that we can have essential services. It is the difference between a bucket brigade and a modern fire department, between Barney Fife and our outstanding Sheriff's Department, between a schoolhouse and a school district, dirt roads and paved roads. That is why it's essential that the taxes from every residence goes towards meeting these needs. When we created a district to use those taxes elsewhere, we create more burden for other taxpayers. One way or another, these funds will have to be made up. The event center is supposed to be the savior of our casino corridor, yet it is lacking, in my opinion, actual casino investment. If you believe the numbers of the proponents, the event center will be a gold mine. Millions will flow to benefit all mankind. But this is not the case with other events centers throughout the country. We should rely on more independent sources of information. 130 events is three to four times more than other similar facilities. The Moscone Center, which is in San Francisco, does only about 45 events a year. The Reno Event Center, I think was at 56 events but they've lost their basketball team. Now it's down to about 35 to 40 and they have easier access, including a major airport. The event centers remind me of a slot machine. Bright lights, bells and whistles often placed next to a new car but not exactly a sound investment, in fact they seldom pay off. County and City governments are being sold on stadiums, arenas and events centers all over the country with the same promises. The sales pitch is really good. Then if you asked a car salesman for the facts, you'd probably been driving a Yugo. Build this building if you must, but leave out the Beach Club Condos. These residents will be using County services and the taxes collected needs to pay for those services. We all gamble in one form or another, stocks, bonds, funds, even a little gaming but we do so with our money. RDA2 is gambling with public money to serve private interests. To have government of, by, and for the people, government must prioritize the needs of the many over the wants of the few. It is not wrong for the County to encourage business, but not at the risk of public need. I am concerned that public money will be in the hands of a visitor's authority that, except for one Member is not elected, does not mean publicly, and is not accountable to the people of this County. With roads that we cannot afford to maintain, the need for more Sheriffs, a new JLEC center, it seems reckless to divert taxes from the public good. I respectfully urge you to either dissolve the

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RDA or redraw it to exclude any and all residences including the Beach Club Condos so that residential taxes go to public services. Thank you.

To review Mr. McKalip's full Public Comment statement please see the Supplemental Meeting Materials.

Roger Adam speaks:

Don't supporters of the 30 year, at least \$48 million RDA2 business welfare scheme include casinos, developers, contractors, realtors, resorts and other businesses at Tahoe that would benefit from free RDA2 taxpayer dollars. For example, Hard Rock and Caesars Entertainment including top stockholder George Soros subsequent to the Corporation's 2017 Chapter 11 bankruptcy. Didn't his fund report holdings of 24.8 million shares of Caesar stock during the first quarter of this year? How do you think Douglas citizens feel about Penzel, Walsh and Rice's promotion of RDA2 including Douglas tax dollars making billionaire George Soros even richer instead of funding Douglas Sheriff's, Fire, EMT, schools and roads? On May 17th didn't Harrah's Northern California celebrate the opening of a new \$168 million, 71,000 square foot Me-Wuk Indian Casino, with 950 slots and 20 gaming tables on 17 acres in Ione, managed by George Soros Caesars Entertainment Corp.? Does Soros believe his dollars are better invested in a competing California Indian Casino, then an event center in Stateline? Isn't the five-year average annual number of events for the Reno Convention Center 56, while proponents of the RDA2 scheme project 130 or more annual events for their event center in the parking lot at Mont Bleu? Isn't the Reno Convention Center much closer to a major airport, a much more accessible during winter months than a Stateline Event Center? Doesn't the RDA2 scheme include \$7.9 million for 7/10 of a mile, Kahle Drive road reconstruction and streetscape from Highway 50 to the Tahoe Beach Club? Didn't Jacks Valley Road reconstruction cost Douglas only \$4.4 million or \$148 per foot? Wouldn't the \$7.9 million RDA2 tax dollars wasted on Kahle Drive for 7/10 of a mile be better spent to reconstruct over ten miles of Douglas County roads outside RDA2 boundaries? Isn't Edgewood located with RDA2 boundaries? Doesn't Rice's CNE reports show monetary contributions of \$44,665, including amongst other Tahoe special interests a \$5,000 contribution on May 7, 2018 from Edgewood Companies, Stateline? Isn't this major conflict of interest sufficient grounds for the Commissioner to recuse himself from voting in favor of RDA2 or against putting RDA2 to a public vote? RDA2 should be dissolved or put on the ballot. Thank you.

Kirk Walder speaks:

I'm a resident of Zephyr Cove. While I am a Member of the Planning Commission, I am here expressing my personal views. It's dismaying to see the mailings and newspaper advertisements such as the one promoting the recent meeting at Hamdogs and the statements made at that event and the last few meetings of the Board of County Commissioners. It has been long said, "facts are stubborn things." Falsehood number one, RDA will raise taxes on Douglas County residents to pay for the event center. A gross exaggeration. Fact, RDA generates money from an incremental tax on only those properties within the confines of RDA2. It is not a tax on the people of Minden, Gardnerville or anywhere else in Douglas County.

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Falsehood number two, RDA2 is based on the premise that Edgewood and the Beach Club are blighted. Totally incorrect. Fact, the Beach Club construction had not begun when the blight study was done in 2016 and the ordinance creating RDA2, in section seven, says all noncontiguous areas of the redevelopment area are either blighted or necessary for effective redevelopment of the redevelopment area. Falsehood number three, RDA2 takes Douglas County tax dollars and gives them to the casinos. 100 percent false. There is not one single provision in the ordinance creating RDA2 or State Law concerning the event center that sends one single dollar to the casino. If any gaming establishment makes money from the event center it's from the free enterprise system. Just like the money that might be made by restaurants, lodging industry, gas stations, or other business. Falsehood number four, RDA2 was rushed through without proper deliberation. Not true. Fact, the redevelopment plan was based on a preliminary plan formulated and adopted by the Douglas Planning Commission on November 10, 2015. The Board of County Commissioners considered the issue three times, October and November of 2015, January 2016. On February 18, 2016 the Board voted in favor of ordinance 2016-1456, unanimously. So that is over four months of consideration, proper notification, opportunity for Public Comment and unanimous votes by Douglas County policymakers. I could go on. I would respectfully ask the Members of the Board of County Commissioners stick to the facts. Do not demagogue this issue. Members of the public, yes, raise your questions, state your views, but do them with facts and on the merits, not falsehoods. Douglas County deserves a fair debate, not demagoguery.

To review Mr. Walder's full Public Comment statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:

I would remind everybody, if you have written notes on your presentation you are free to give them to the Clerk and have them included in the official minutes.

Jerry Bindel speaks:

Good afternoon, I'm General Manager of a resort bordering both Stateline, Nevada and the redevelopment zone at Heavenly Village. My resorts employee base is made up of residents of both Nevada and California, with a full 25 percent of our employees residing in Douglas County, both at the Lake and in the Valley. Redevelopment at Heavenly Village has been wildly successful, creating a mountain village environment that has become a tourism attraction in itself. My resort and many on both sides of Stateline have been the beneficiaries of this upgrade, through higher occupancies and revenues as are all of our employees through greater employment and salaries. When Harvey's at Stateline has a concert in their summer concert series, all properties in our area receive a strong business bump. This again has a positive effect on our businesses and again on all of our employees. Unfortunately, summer ends, sometimes too quickly and the concert series shuts down in early September. We become weekend driven and we are a weekend driven destination through the remainder of September and perhaps into early October and then our businesses drop off substantially. This in turn has a strong negative effect on all of our employees, and all of our

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businesses. Reduced hours, seasonal layoffs, lower salaries, a challenging snow year exacerbates the situation. The current RDA2, with the outlined year round event center will go a long way to servicing and securing year round employment for all of our employees, through large events, meetings and other events that are not affected by the seasonality of our location. We look at our community without a Stateline. Redevelopment at Heavenly Village has helped all businesses and all citizens in our area. RDA2 and the event center will do the same. We strongly urge you to maintain the Redevelopment Area 2 for the benefit again, of all of the businesses and all of the citizens in our area. Thank you.

To review Mr. Bindel's full Public Comment Statement please see Supplemental Meeting Materials.

Chairman Penzel speaks:
Thank you.

Andrew Strain speaks:

Good afternoon, Mr. Chairman, Members of the Commission. I work for the Tahoe Beach Club, here today on behalf of the Beach Club. Our project, as you've heard, is included in the redevelopment area and we support that. Before coming to work for the Beach Club, I worked for Heavenly Mountain Resort and part of the team that developed Heavenly Village over a long haul. It was a public and private partnership that worked. Neither side could have done it themselves. It took both pulling on the oar together to make it happen. It's similar to what's happening today here with the events project and RDA2. It's also fair to observe that the project at Heavenly Village, once known as the Park Avenue Redevelopment Project, would never have happened without redevelopment law and the benefits that a redevelopment district brings. Today you can see that it's fully matured and as Jerry and others have noted, it is successful beyond the imagination. I've been down there many times this summer and it's fair to say it is performing well above expectations. I think it's fair to estimate that we would see the same from the event center, particularly as it's able to take out some of the peaks and valleys that have been described in our economy. The proposal to dissolve or otherwise modify and reduce, we don't support as members of the Beach Club and part of the community. It is the key implementation piece of our recreation and tourism economic base and I ask you to consider strongly, to maintain it as it is. As I understand we have a willing seller, it requires no use of eminent domain on your part and will generate obviously significant revenue both for the County as well as for the private businesses, the employees and the employers who are involved in it. Thank you for your time.

John McLaughlin speaks:

Good afternoon. I am the President and CEO of Edgewood Companies. I'd like to start off by congratulating this County and you gentlemen for taking a big leap forward. In my role as CEO of Edgewood, I think I'm uniquely qualified to speak to that. When Edgewood first started discussing our redevelopment plans, which included a high end resort at Stateline that was centered around recreation and not gaming, we were met with healthy skepticism, especially among the hotel

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financing sector. The nation was still reeling from the recession, the South Shore gaming engine was down approximately \$150 million, the local market had lost 7,000 jobs and there were not any comparable resort properties that benchmark in the South Shore. But we believed that a luxury resort surrounded by the beauty of Lake Tahoe would be a successful project, and after being turned down by several financial institutions, found a bank that shared our vision. That bank was US Bank. After two years of operations, our vision has been validated by two prestigious awards. The lodge was voted the number one hotel in the United States by Travel and Leisure magazine; it was also voted the number one hotel in United States and Canada by Preferred Hotel Resorts. In addition to our successful hotel launch we welcomed a record breaking 55,000 attendees for the American Century Golf Tournament; we're expecting even bigger this year. We're confident that this County's vision to build a year round performing arts and meeting venue is sound. Large business groups are on the rise and now even though we have the lodging to support the industry, the market does not have a meeting space. We're turning away larger groups because we simply don't have the infrastructure to meet their needs. Redevelopment and the event center is a necessary step forward for Stateline and all of the County. I respectfully urge you to build on this success and continue your commitment to RDA2. Redevelopment will benefit both the Lake and the Valley for decades to come. Thank you for your standing up for the County's economy and its future.

Chairman Penzel speaks:
Thank you, sir.

Elizabeth Moreno Sieferman speaks:

Mi Nombre es Elizabeth Moreno Sieferman para el registro publico. Comisionados del Condado de Douglas, Gracias por la oportunidad de hablarles hoy. Yo me gano la vida en el condado de Douglas.

Douglas County Commissioners, thank you for the opportunity to speak to you today. I make my living in Douglas County and I am here today because I have heard some testimony that some of us don't meaningfully contribute to Douglas County and our voices should not count when you are considering the importance of this redevelopment area. That makes me angry. It also makes me sad that some people think that others are not as important, that are somehow less and have no right to speak or have opinions about what could make our lives and our work better. I believe and have raised two children to believe that when we contribute to our community, we matter. I believe that when we work hard in our community to make it better, when we work and spend in our community, when we volunteer in our community, we matter. My family is proud to call this place home, we want to thrive here through great new projects like the event center, we want our community to prosper and we want every individual to prosper, because they all matter. My message today is to keep the redevelopment area intact. This is the way we can change our economy and continue to provide work and a great place to live for all of us. Thank you for listening and taking my view into account. It matters just like everyone else's.

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Gracias por escuchar y tener en cuenta mi opinion. Mi opinion cuenta igual que todos los demas. Thank you.

To review Ms. Sieferman's full Public Comment please see the Supplemental Meeting Material.

Chairman Penzel speaks:
Thank you. Muchas Gracias.

Joelle Shearin speaks:

Good afternoon, Commissioners. I am the President and General Manager of the Hard Rock Hotel and Casino in Stateline, Douglas County, Nevada. The event center proposal and RDA2 will have both immediate and long term real benefits for Douglas County. Its construction will create 800 jobs over a two year period, the operation will create 550 jobs to operate it and of course, its opening will be the first new venue in 27 years. Its opening will anchor the north end of the main street management plan area, which with the redevelopment of the current Highway 50 streetscape will be allowed to be the transformational of the Stateline Entertainment District, from a regional casino destination. Which has long since disappeared, as was mentioned today, to a resort environment based on the draw of Lake Tahoe as the destination for tourism, greater conference and convention business, dining, entertainment, and to the extent that market supports it and increasing gaming, which is only 38 percent of the Hard Rock's revenue. In any case, once the event center opens and a new pedestrian friendly Main Street runs from Heavenly to the new event center, the Hard Rock resort will commence the transformation of its business model to accommodate the new opportunities these much needed improvements will create for the long term growth of Douglas County. Thank you very much.

Chairman Penzel speaks:
Thank you.

Kelly Krolicki speaks:

Good afternoon, I am a resident of Douglas County. I wanted to just point out one thing that was on the website, the RDA2, when we talk about where the portions of the monies would go. When we talk about school operating funds, just because you have an increase in ad valorem, doesn't mean that that increase in ad valorem or that revenue actually goes to our local school districts. What happens is that it goes into the school's overall in the State of Nevada, but not necessarily your local school district. In fact, when you have more ad valorem, typically what happens is that you will get less from the State of Nevada, as far as your distribution per pupil. So it is very misleading to say that the school district would actually receive those revenues. All school districts would receive a portion of those revenues. But unless you run it through the actual Nevada Plan, which is how school districts are funded in Nevada, he would not know the outcome of that revenue. So that was just one point that I wanted to bring up. I moved to Nevada in 1992. I actually was raised on the California side of the South Shore, so I have grown up in this community all of my life. I moved here when I was four years old and I moved to

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Nevada to attend UNR, the University of Nevada. It is a great university and it's also a very good deal as far as a public institution and as far as how much it cost to actually go there as a student. And as you know, we have a lot of plans like the millennium scholarship and other things that actually help our students go to our universities. But I stayed in Nevada because of the taxes, and the low taxes and I happen to appreciate the fact that the gaming actually subsidizes my ability to have low taxes. If I were to purchase the house that I own now, on the California side about 10 years ago, the property tax assessment would have been about \$10,000 per year. It cost me, when I purchased it, \$3,600 in property taxes on the Douglas side of Nevada. We have very low taxes in Nevada because of some certain industries, mining is one, but gaming sales tax revenue is another, and so I happen to be someone that is very appreciative of the gaming institute. Thank you.

Chairman Penzel speaks:
Thank you, ma'am.

Bob Cook speaks:

Good afternoon, Mr. Chairman and Commissioners. The Casino Core was established 75 to 80 years ago. The owners invested hundreds of millions of dollars over decades. That is why it is what it is today, mostly private investments creating an economy that can't be stopped. But what has Douglas County done? Take the golden egg from the nest. Two County Commissioners are currently launching a campaign to dissolve RDA2. Is this what you call good governance? Not investing in the future. I disagree. Douglas County can do much better. Would you buy a new car and not put tires on it, or change the oil when needed? We, all Douglas County residents and all the County Commissioners, need to get behind the RDA2 and support it for all the right reasons. We need to help the economy, the economic vitality of Stateline, Nevada for the people, for Douglas County. In the words of a local legend, "we are one county, we are one community, we are one economy." Please do not let a special interest group dictate what is best for all of Douglas County. Support the Tahoe Douglas Visitors Authority, the Tahoe Township and Douglas County. If the Legislature can approve SB461 and create enough revenue to start the planning process on RDA2, which was approved by Douglas County Board of Commissioners already, why are we even here today? Our future is in your hands. We all depend on tourism, our number one economy. We must continue to reinvent and reinvest in our future, tourism. I ask you again, please support RDA2 for the future of the County, the community and the economy. Thank you.

To review Mr. Cook's full Public Comment statement please see the Supplemental Meeting Materials.

Mike Fry speaks:

Douglas County Commissioners and fellow citizens, thank you for the opportunity to speak. The RDA is much more...

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Chairman Penzel speaks:
Sir, your name please.

Mr. Fry speaks:
I'm sorry?

Chairman Penzel speaks:
Your name please. State your name.

Mr. Fry speaks:
I did, I thought, I work for Lake Tahoe Visitors Authority. The RDA is much more than numbers. The RDA is an opportunity for the South Shore to continue reinventing itself, to continue moving into the future rather staying in the same place that it has been. The South Shore has worked so hard over the last few years, spending over \$500 million to renovate itself and to make itself into something that attracts people to come because our economy is based on tourism. The RDA gives this community an opportunity to compete on a level playing field. We are competing with communities, I mean, if you go to a meeting that is trying to get meeting people to come to a community, we're competing with Bakersfield. Come on. I think Douglas County is a heck of a lot more beautiful than Bakersfield but we don't have a good meeting room. Our meeting rooms are small; we can only do small ones. This is an opportunity to move boldly into the future and if we don't move boldly there would be no Heavenly Village, there would be no sidewalks in the City of South Lake Tahoe and because I've lived here so darn long, I remember when driving up Kingsbury at night it was dark because it was all fields and it was cattle land. But somebody in Douglas County decided to move boldly into the future and started to put houses, that became people's homes and I reckon a number of you folks out there live in those homes. And if we don't continue to move into the future we could look like the other Stateline area. The one that has the Biltmore and the Cal Neva and I think that would be a very sad touch. Thank you very much your time.

John Packer speaks:
You've heard from me before, so I'm not going to repeat my remarks except to say I've been a Douglas County resident and homeowner for 45 years and what I'm going to do is read a statement from Brad Belhouse, he's our General Manager, he is also Caesar's Regional President for Northern Nevada.

Harrah's and Harvey's have a long history in Lake Tahoe. We bring a unique perspective that we've experienced the progression of, and heavily invested in, the South Shore economy for several decades. I, Brad, was never fortunate enough to meet Bill Harrah, I was, but I do know that he was a smart businessman who prided himself on Nevada's forward looking spirit. I also know that while Bill Harrah was known for being an innovator in a lot of ways, he pioneered a culture of live entertainment in Lake Tahoe and foresaw the importance of performing arts to this region's long term success. In 1959, Harrah's opened the iconic South Shore Room. In the gaming heyday of the '60s and '70s, we welcomed Frank Sinatra, Tony Bennett, Burt Bacharach, it goes on and on, Liberace and as

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gaming started to decline, demand for entertainment continued to rise. In 2002, in response to overwhelming demand that we simply could not fill in our small theater, we opened the Lake Tahoe Outdoor Arena in the parking lot of Harvey's. The venue has since hosted performers from Lady Gaga and Beyoncé to Elton John and the Eagles. Put another way, the demand for performing arts, music and culture is so astronomically high in this town that we are attracting world class headliners to perform in a parking lot. And in fact, they call us now. It has become so successful we don't have to call them. My point is that Bill Harrah was right along. Entertainment is a critical part of Lake Tahoe's DNA and an essential part of our future. While the Harvey's Outdoor Concert Series is a resounding success and its impacts to our market are proven, it is and always will be limited by our infrastructure and our weather and the fact that it's only about two months long. Similarly, the demand for group business and conferences continues to expand. Our existing infrastructure is limited and we don't have the space for large groups, as others have said. I'll leave you with this. For those of you who have framed this as a "if you build it they will come" mentality, I have news for you; they've been coming and they're here. This is not about speculating, it's about adapting. I can tell you with all certainty that given the right venue, we will have world class performing arts and group events in this town year round. This is not just good for Tahoe's economy; it is good for all of Douglas County. Commissioners, please support Redevelopment Area Two, and keep it going for Douglas County's future. Thank you, Brad Belhouse.

To review Mr. Packer's full Public Comment statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:
Thank you.

Stewart Moss speaks:

I am going to speak on behalf of Kristi Kandel who is unable to make the meeting today.

Chairman Penzel speaks:
Sir, could you sign in?

Mr. Moss speaks:
Certainly.

Mr. Moss read the following email on behalf of Ms. Kandel:

Good morning Commissioners, I am unfortunately stuck in Chicago today due to a cancelled flight home and won't be able to attend today's meeting regarding RDA2. My name is Kristi Kandel, I live and own several properties at the Lake, am a tax payer and small business owner employing between six to eight Douglas County residents throughout the year. Last year I ran for office because I understood the magnitude of the decisions that would be made by the Douglas County Commissioners over the next two to four years. I wanted to make sure that our community made the decisions that would propel us forward and would help

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create a thriving prosperous future for ours and future generations. In fact, I'm considering buying property and relocating to the Ranchos so I can run for office again. That is how strongly I feel about RDA2, the event center and ensuring a vibrant and flourishing future for Douglas County.

Today is not about RDA2, it's not about the event center and it's not about the Lake vs the Valley. It's about the future of Douglas County as a whole. It's quite evident that the cost of doing nothing is very expensive and detrimental to our community. We all see our aging businesses and worn down infrastructure, the lack of workforce housing and lack of real jobs. Due to being a tourism driven economy our seasonal low paying jobs require our residents to have two to four jobs throughout the year, struggling to make ends meet. Quite simply, it is incredibly hard to both live and be employed in Douglas County. We have a plethora of issues in our County, and today each one of you Commissioners has the opportunity to make a choice that will help rectify some of our major challenges and truly make something great happen for our community. I am in complete support of the construction of a year round event center in Douglas County and for the RDA2 that will help us bring this to fruition. This facility will help our residents have stable, year round employment, a huge problem with all Lake employers and employees, provide additional Douglas County General Fund revenues that will improve our infrastructure and quality of life, and make the entire County sustainable through economic development. This will benefit all of Douglas County. Commissioners, today you're faced with a choice that will no doubt result in blow back from some in your community regardless of how you vote. I want to let you know ahead of time that I appreciate your courage in making the right decision and the best decision for the long term viability of our community. Thank you.

To review Ms. Kandel's full Public Comment email please see the Supplemental Meeting Materials.

Bill Cottrill speaks:

Good afternoon, I am the General Manager of the Lake Tahoe Resort Hotel, which sits right across the state line, next to Harrah's on the mountainside. Also, a Douglas County resident, I've lived down there for a while. I moved from California, lived up in Lake Tahoe for about 20 years, but this event center is going to be hugely successful in my opinion, and how do I know that? There's a lot of very, very talented sales and catering executives in this area, in the casino core, in the Heavenly Village area. There is lots of people that want to hold their conferences here. About a month ago, I was fortunate to play golf at the FBI, their annual tournament down in Sacramento, been participating in that tournament every year since they started doing it to benefit all the families of the fallen. And one of the gentlemen in my group, once we started talking about the potential of an event center up here, he wondered how many people could that hold. I let him know it would be about 6,000 people. He goes that's great because my program is only 4,000 people and I'd much rather have that program up in South Lake Tahoe then down in Southern California, which is where he holds it every year. 4,000 people, four nights, there's a lot of hotel revenue there, a lot of tax increment, a lot of food and beverage money. That's a great event and those are the things we need

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to do here. Not only for the large conferences that ago on, but the concerts and as someone said earlier, there's a lot of great concerts in the summertime, but what happens once Labor Day hits. They're all gone. We do a lot of concert venue business in our hotel. There's a lot of attendees that like to come and we can gauge, sometimes we don't know when the concerts are going to be but we can see what our occupancy is doing and just go to the website and say oh yeah, there's a concert that night and that's why we're doing so well. We can see that and having a concert venue or event center year round is gonna benefit this area dramatically. Before I close, I just want to mention also, our hotel was the brains of the South Lake Tahoe City Council and their redevelopment zone. We were the first hotel in the redevelopment project. In looking back, I'm sure all the City Council Members who approved that, for our hotel to be there, which opened as an Embassy Suites, I'm sure they've enjoyed the millions that they started receiving in January of 1992, and for every month it's been a huge success. This project will be a big success. So we ask you to keep it going. Please. Thank you.

Scott Kornfield speaks:

Gentleman, I saw you guys for the first time a month ago and at that time I was one month into my residency here in Douglas County and I'm excited to say I've double my tenure here. So still just as excited to be here and thrilled and I want to talk today representing Hard Rock Hotel Casino. This conversation is so much more than casinos. We at the Hard Rock booked over 50 conferences each year with 19,000 attendees and the common theme with all these bookings has always been Lake Tahoe first. It's not about the casino or they are looking for a convention center. They're coming to Lake Tahoe and then looking for a place to book their meeting. We've hit a ceiling. We just don't have the capacity. Since October we've turned away 19 events that are just too large for us and those are 500 plus attendees. So that's 10,000 potential visitors that we've said, "thanks, but no thanks; we just can't have you." That's 10,000 people that aren't here in the destination booking rooms, going to the restaurants, enjoying the destination. An event center is going to drive room nights, it's going to drive in market spend, and an increase tax revenues. I have heard between last time we had this conversation and today some comparison to the tribal casinos in Northern California. And understand this, those investments are coming from the tribes and they are governed by a government body much like yourselves and they are faced with a very tough decision on how do we use our people's money to invest and I've had the pleasure of working with tribal governments and government bodies and I admire what you guys have to face today. One of the things that I've learned from them was the value of the number seven and the idea is seven generations. Everything we do in this generation today, we look three generations before us for wisdom and guidance. We make decisions that are going to impact three generations to the future. So my plea to you today is forget today and think about the future. Look at the history, look at the industry, we know this is a travel based destination and that's how this economy thrives. Make a decision that's going to impact our future generations to come because I want to take my one year or my one month, into two months, into the 20 years like the gentlemen just before me. So look to the future. Thank you.

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Bob Hassett speaks:

Good afternoon, my wife and I operate Round Hill Pines Beach Resort. Over the past few years we've invested over \$4 million in the property there. We believe the visitors and locals have got to enjoy that new facility. I presently have over 300 employees right now. They live between the Valley and up here at the Lake. We value the investment and believe in investing in the local community. We hope you do and we hope you'll support RDA2. Thank you.

Bill Chernock speaks:

Mr. Chairman, Members of the Commission, with Carson Valley Chamber of Commerce, nothing really scripted, just a few scribbled notes. I was a bit surprised to hear one of your earlier commenters say "oh, now the Carson Valley Chambers is in favor." We have been for quite a long time. Many of us understand and believe deeply that one of the keys to success in the Carson Valley area is a thriving Stateline area. Some of us have been around long enough to remember when indeed the Stateline area was thriving and we've seen it slip over the years. We believe that this project is remarkably well positioned to return the Lake Tahoe destination to a leading one in the West Coast. Not one who's ADR is less than that of Bishop, California or Bakersfield but in our true competitive subset which is Monterey and similar types of destinations. We don't have to look far to see that RDAs can be successful. Look what it's done on the California side of South Shore, which was remarkably contentious, which required more than a few dozen properties to be acquired by eminent domain. And now if you go and look, it's a wonderful place to be. It's a wonderful place to stay and spend time and its property values have gone up in excess of 40 percent. We'll have to look at our own RDA1 and while it would've been nicer to have a better partner at Riverwood and certainly would've been nicer to have a better partner than Max Baer in those elements of RDA1, the Grand Jury report, which came out last year, very succinctly stated that RDA1 essentially fulfilled its goals and was successful and good for the people of Douglas County. That particular redevelopment of investment returned in terms of jobs and sales tax. RDA2 will return in terms of jobs and sales tax and that wonderful pipeline of transient occupancy tax, where the County receives money every time that room is sold directly. We can look at other projects that we've done in Douglas County, the Community Center, the Swim Center, the Skate Park; all were going to be the end of the world. All are now part and parcel of what makes our community great. Gentleman, this is a process. The redevelopment has steps and we are between step two and step three. I urge you to let the process play. That last step will be looking at accurate bonding numbers, accurate bonding opportunities and we can make informed decisions then. Please do not abrogate the process. Thank you.

Jan Vandermade speaks:

Good afternoon, before my formal comments, I drove up here this afternoon from the Carson Valley and could not find a line that I crossed from the Carson Valley to the Lake Tahoe area. There was no line, we're in one County and I think it's important for us to remember that. I'm the Executive Director for the Carson Valley Visitors Authority and I've been in that role for the past 2.5 years. I'm also a 33 year resident of Douglas County. Prior to this position, I spent over 25 years

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working in and around the South Shore of the Lake in senior leadership roles within the destination tourism, ten years for the two Marriott projects at Stateline, working for Marriott and with the Heavenly Mountain Resort. I've had extensive exposure to the redevelopment initiatives at the Lake and the subsequent learnings.

I'd just like to offer a few brief comments here. The negative economic trends at the Lake are well documented and were further supported today. The lodging industry in the casino core area has developed a sound plan for funding the events center. This solution, in its current fashion, didn't exist even a year ago, yet at that time everyone saw the benefit of a commitment to the RDA in the Casino Core and immediate surrounding areas. The RDA efforts in process for 2.5 years are designed to specifically address the sound and well documented blight study findings which identified a high priority need. Increased sales tax, improved TOT and the positive restoration of property values at the casino core were result and extend well beyond the likely life of RDA2. Both thru the event center portion of the project and otherwise, new job growth is created and has been stated. The end results from a successful RDA will benefit business and economic health county wide, and I want to emphasis and underline that, and contributes to the CVVA encouraging you to support the continuation of RDA2. Our local CV lodging properties and the accompanying tourism partners see direct impacts from the activity at the Lake. Especially at peak times at the Lake. We gain traffic with visitors wishing to base themselves outside the Lake. A rising tide floats all boats. The Lakes' economic health impacts the Valley all within one County. The more recent new projects and those that have spoken today, Edgewood and Tahoe Beach Club, surely don't see their guests remaining on property all of their stay. Not only the surrounding experiences of Tahoe South but the general landscape, and destination atmosphere needs to parallel and complement their five star quality resort stays. A balanced approach to Douglas County tourism/visitation can be further developed by filling in slower periods with activity vs. peak period only. In short, our community benefits county wide from this project and so will the broader Northern NV region. It is an investment into the future. On behalf of the Visitors Authority, we strongly support the direction supported here and encourage the successful continuation of RDA2. Thank you.

To review Mr. Vandermade's full Public Comment Statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:
Thank you, sir.

Natasha Schue speaks:

Good afternoon, I'm here on behalf of Barton Health, which is a healthcare system that serves patients and has facilities on both sides of the state line. We are in support of the construction of a year round event center in Douglas County and for the RDA2 that will help us realize it. This facility will help our residents have stable year round employment, provide additional Douglas County General Fund revenues that will improve our infrastructure and quality of life, and make the

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entire County sustainable through economic development. This will benefit all of Douglas County and the South Shore community. Thank you.

Tom Starrett speaks:

I watched and listened at the last Lake meeting and I've read the Record Courier and by large, I think those that are in favor of RDA2 are also those who directly or indirectly in some fashion, will feed at this incredible multimillion dollar slush fund of free taxpayer money and why not, after all, it's free money gentlemen and most people would invest a few letters, a few ads, a few appearances at Commissioner meetings to get free money. What do the opponents of RDA stand to gain you might ask, a big goose egg, nothing, except perhaps a more responsible government? Who finances them? Only themselves. We're just citizens, taxpayers and voters, who by the way, based upon the letters that have been left out there written to some of you and to Mr. Cates are against RDA2 by about a 3 to 1 margin. Those advocates of RDA2 and it boils down to, have nothing but rosy, speculative predictions, but they are just that, mere predictions without any reliable factual support. If they're wrong, the taxpayer is left holding the bag and paying the increased taxes sure to come. On the other hand gentlemen, Commissioner Nelson has provided hard, irrefutable evidence of the folly of RDA2. The Taxpayer Strikeforce report reflecting hundreds of hours of research, consisting of some 20 pages, plus 80 pages of meticulously researched, factual backup exposing this scam. It is in Commissioner Nelson's agenda packet and a public record. There is your benchmark. There is your authoritative report. Understandably, RDA2 reporters do not contest it because its facts are irrefutable. Just how and where this over \$100 million plus of RDA2 will it be spent. Not to mention the multiples, which we haven't gone into, after the casinos start building their own condos. No one knows. So while the County as a whole starves and struggles and pays, the Casino Corridor will be awash in free cash. Plenty of money for overpriced everything. Who cares if it makes any sense? It's free taxpayer money. Simply stated, RDA2 is nothing but a corrupt pig of a slush fund on which its proponents are feverishly trying to put lipstick. The legacy of those who support it will be so defined to their shame and discredit.

Lois Bock speaks:

Good afternoon, I am a taxpayer and a person who lives in Douglas County. My thoughts to you gentlemen today is if this is such a wonderful idea for everyone, then everyone needs an opportunity to vote on this proposal and I throw that out to you. Thank you.

Phil Weidinger speaks:

Good afternoon, Mr. Chairman, Douglas County Commissioners, I want to thank you for the opportunity today. I am the owner and operator of Weidinger Public Relations and I've been in Douglas County operating for 34 years. During that time I've experienced the various economic swings that come through this town. Now comes an opportunity to solidify and create more quality year round jobs and economic vitality for the area, vitality which will benefit all of Douglas County both the Tahoe Township and Carson Valley. With an event center it would provide a consistent level of activity, income, employment and enjoyment for residents and

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visitors. This also allows for tradeshows, special events, mid-week concerts in spring and fall when there's ample opportunity to increase room occupancy, ADR and taxes to benefit the entire community. The South Lake Tahoe Event Center will significantly impact our competitive advantage among similar destinations. Thus driving and diversifying new business opportunities while increasing overnight visitation. I've heard a few things here today that kind of surprised me. We keep hearing about Reno and its struggles and we understand that and we have a lot of friends down there, guys we're not Reno. We're Lake Tahoe and there's beautiful lake out there and there's a lot of different attractions that bring people here. I've heard concerns about winter. Here at Lake Tahoe winter is an attractive season. It brings people into town; skiers, borders, people that come here that want to be here in wintertime to enjoy that time a year as well. Heard a little bit about the casinos. You know, I look at this and I go, the folks that are involved with this plan, the Lake Tahoe Visitors Authority, the TDVA, Edgewood Tahoe, the casino resorts, they're the folks that are behind this and quite frankly they're also the folks that are behind the American Century Championship which will be celebrating its 30th year out here in two weeks, down at Edgewood. The most successful event up here, they know what they're doing. I think we ought to trust them a little bit because they've earned it. Anyway, I would like to move forward in a progressive and intelligent manner to benefit the entire community. Thank you for your time.

To review Mr. Weidinger's full Public Comment statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:
Thank you, sir.

Michael Malley speaks:

Hello ladies and gentleman, I am a Douglas County taxpayer and I believe this is an overdevelopment. That's what this is. I think most, a lot of us that came here, we came from Southern California, we left Southern California because it was being overdeveloped and what was happening. Instead of buying more cars, fix the ones that you have, fix up what we have, not try to make more. This is the most beautiful county that we've got in the state, and it really needs to be protected. And nobody said anything about impact or maybe people have but I haven't heard it tonight, the impact to the Lake. The impact, I lived on the edge of ranchland in the San Fernando Valley, I left there when I went to go serve the military and I don't want to go back there. What's happened to that area? This area is beautiful because of what we have and if we don't protect it we're really gonna be messed up. I was cleaning pools and doing landscape, cleaning up trash and everything after I saw development of the things that happened. Swimming pool, have to clean it twice as often, that's just little stuff. It's your quality of life. Where you gonna go after this? People are going, let's go to Idaho, let's go to Montana, let's go to somewhere. I think the vote should go back to the people.

Chairman Penzel speaks:
Thank you.

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Jan Muzzy speaks:

Good afternoon, gentlemen. I want to let you know I'm not against an event center. I am against public funds being used to build an event center. Since when is it government's responsibility to decide which businesses receives an injection of public money? What about the businesses that are suffering in other areas of the County? Aren't they just as deserving as businesses in the casino corridor? If the projects that stand to be funded by RDA2 are projected to be so successful, take it to a vote of the people or take it to the private market. Thank you. Oh, I just also wanted to say thank you Mr. Cates for your study. I just want to point out that the debts on your debt service calculator of \$100,085,000, it's a big amount. At five percent over 30 years the interest only payment would be \$95,235,186. That's another really big money that is being paid in interest and service. Thank you.

Steve Teshara speaks:

Hello. Good afternoon, Mr. Chairman and Commissioners. First of all, I want to speak as a 25 year Douglas County resident. It's kind of interesting that there's a lot of talk about taking something to a vote of the people. When we have a situation in this County, it is not necessarily the County's fault; State Legislation that doesn't even allow everybody in the County to vote for certain Commissioners because you're not of the so called correct party. That's an issue that and we talk about votes, I think you all are in the position to vote on this issue. You've heard hours and hours of testimony, you've seen emails, you've seen letters, you've seen ads, you've seen flyers that come in the mail that are not attributed to anybody but we know where they come from. So I think you're in the best position to make a decision, not "the people." I've been a resident of this County for 25 years and I've seen a lot of good change. And this, actually, this discussion reminds me a lot of Mr. Chernock mentioned this in his comments that there was a big debate about bonding for the Senior Center. It was a huge flap, it was controversy, put it to a vote of the people, we can't have this, we can't spend the money. Now it's one of the proud legacy buildings and attractions in our community. We all go to meetings there. We all enjoy it. This is another opportunity of similar situation. I want to talk to the comments that were made by the representative of Hard Rock, Scott, I haven't met him yet, but this business of seven generations, three from wisdom of the past, current generation, three in the future. I grew up in the Bay Area and somebody built the ridges and somebody built a lot of the great infrastructure, thank goodness they did, because we all enjoy that. We all appreciate it. It's time for Douglas County to start thinking about the future. When a lot of us are not here anymore, there will be other people here and they will look back on the things that we did or didn't do, and they will say, "boy, that was good or not so good." So do the right thing. Keep RDA2 in place and let's continue to build for the future because we know that the cost of providing services will continue to increase, and unless there's a plan for that this County will go belly up. So, let's plan for the future, let's be excited about the opportunity and thank you for voting in support of RDA2.

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Terry Faff speaks:

Gardnerville resident. Good afternoon again, Commissioners. First of all, I'd just like to say I'm very, very impressed by the civility of the people who have come forward today. Really, they've been very polite and they brought excellent points to you all. I'm taking a little different approach. I believe in compromise and I think we can come to a compromise to make this work. First of all, I think this event center needs to get a chance to work and I think there might be a way to do that and satisfy economic needs of most the people here and that's by limiting the exposure of Douglas County. If we could take the RDA2 money and finance say the first five years of this project, two years to build it and three years of operation until it's up and running and actually producing dollars, that would very, very much limit the exposure of Douglas County and you dissolve RDA2 in that five year period. And you turn that responsibility over to, as many people have said, the casinos or the Visitors Authority, the people that are telling you and all of us, that this is going to be a magnificent success. They claim it's going to generate \$60 million a year in new revenue, let's just cut that in half, let's say it's only \$30 million a year in new revenue, I think they could easily afford to take over a debt of \$1.6 million a year out of the \$30 million. So why not take the process forward. Limit your exposure. Turn it over to the Casino Corridor once it's successful and then you start collecting that revenue, that tax revenue, into Douglas's pocket for all those other things that Douglas needs. Anyway, it's a compromise and it might work. Thank you.

Virginia Starrett speaks:

I don't believe this County has ever contemplated spending as much money on anything as it has on the proposed event center. Yet no true vetting of the idea that an event center is the best approach to what ails the Stateline Casino Corridor has been properly done. It is an easy answer of the "surely if we throw money at it the problem it will go away" variety. Someone said, convention or event center 20 years ago, and it's been a stuck needle on the record ever since. But times have changed and the corridor has become more and more outdated and irretrievable. Something should be done, by whom I am unsure, but what has been proposed so far, an RDA wrapped around an event center, besides being wrong for County taxpayers to foot any part of the bill, is also wrong because it is unimaginative and not unique enough to do the daunting trick it is being touted it can do. The redevelopment area diverts a huge chunk of money from the regular course of how the County receives revenue to be spent through the budget process and according to the priorities set for the entire County. RDA2 has been deliberately drawn to wall off from the County coffers all of the increase in taxes from the two projects in the County that held the most promise of providing a substantial bump in the amount of property taxes collected. You would think that cutting off \$116 million, as this is projected to do at a minimum, from use for countywide needs would be treated as if it were a monumental decision. That extraordinary scrutiny would be called for, that public meetings would be in order, but none of that actually happened. No. What happened is a Board of Commissioners set RDA2 in place on the very thinnest of premises. There was not then, nor is there even now, sufficient information regarding what RDA2 is about. So as it stands, RDA2 could rightly be described as a mechanism to provide \$116

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million Casino Corridor slush fund to be spent on who knows what. The Taxpayer Strikeforce report explains more on this and there's some copies out in the lobby. It is no wonder the idea of having \$116 million thrown its way excites and delights those in the Stateline corridor. I would be thrilled too, at the possibility that the government would take taxpayer money and pay for all the home repairs on my wish list and maybe buy me a new car. What is not so thrilling is the prospect of my County wasting \$116 million precious tax dollars on trying to make a silk purse out of a sow's ear. Nothing on the drawing board at present rises to the level that would be required to lower the risk of failure to an acceptable range. Optimism doesn't count when \$116 million is at play. There is no right way to do a wrong thing. RDA2 is a wrong thing and it needs to go. Thank you.

To review Ms. Starrett's full Public Comment please see the Supplemental Meeting Materials.

Chairman Penzel speaks:
Thank you.

Bev Anderson speaks:

Hi, I agree with Dave Nelson's reasoning's on RDA2. You may be getting a \$5.00 room tax fee for every room rented, but I'd like to see some 2018 room rental and maybe even the first quarter of 2019, so we would be more up to date. If those rooms do not rent out, you're not getting that tax, that \$5.00 room tax. That's really simple math. So, I believe this needs to go to the voters of Douglas County to decide. This is a very important issue and I don't think that just five people should decide it for all of us. Now, I know we still have a big hole up here in the ground from the last time that the casinos and Serpa decided that they were going to build an event center, makes you wonder why that event venter was never built. Thank you.

To review Ms. Anderson's full Public Comment please see the Supplemental Meeting Materials.

Brandy Thomson speaks:

Good afternoon, I am with Vail Resorts/Heavenly Valley Resort, I'm here to say that we need this event center here. We have employees right now that work part-time, they're seasonal, they have months off that they don't work because we're not open. This would give them something to do in those months so that they can set their families up here and make their ground here, raise their families here and give them a good place to live and raise families. Thank you.

Paul McKenzie speaks:

Good afternoon Mr. Chairman, Members of the Board. I represent the Northern Nevada Building Construction Trades Council, represent a little or 5,000 workers in Northern Nevada. A good number of those workers live in Douglas County. One thing that redevelopment was signed for by the Legislature was to do improvements to blighted areas and that was the intent of this redevelopment area when it was put together a number years ago. Improvements to blighted areas

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create jobs, construction jobs and a good number of those people that live in Douglas County wouldn't have to travel to work if there was a job here in Douglas County for them. So we appreciate the thought that is going into this, how you're going to figure out how you are going to spend your money. Redevelopment districts were designed by the Legislature to be separate from the General Fund so that you don't burden the General Fund with the decisions you make about redevelopment and spend that money. So it doesn't put a burden on your General Fund. It doesn't increase anybody's taxes. The money that you get out of redevelopment is based upon new growth, new taxes that are generated in that redevelopment district, and those were all five things that were thought about at the Legislature. They develop redevelopment district just for the type of a project that you're looking at here and improvements to your quarter. I appreciate your time. Thank you.

Gary Casteel, Jr. speaks:

Good afternoon. I am a resident/taxpayer in Gardnerville for over 43 years. I am Vice President and General Manager of Trans-Sierra Investments, Inc. Our company is the developer, owner and operator of The Shops at Heavenly Village. I have worked on the Nevada and California side of Stateline for over 30 years. In the early 1990's we partnered with Heavenly, Marriott, John and Camilla Jovicich, and the City of South Lake Tahoe to redevelop 34 acres comprising a \$500 million redevelopment project that transformed downtown South Lake Tahoe from a blighted strip development to a tremendously successful mixed-use destination today, enjoying the highest retail sales and lodging occupancy in the city. Our retail spaces have been fully leased for several years and we have 47 tenants on a waiting list. The success of the project is just two blocks away from the proposed Stateline RDA2 project. You just need to look across the Stateline to see the success of the redevelopment that has transformed the City of South Lake Tahoe's economic downturn into a successful growing thriving economy.

Many years ago, I was an executive in the casino industry for over 22 years and I fully understand the impact of the proliferation of gaming throughout the Country and the impacts it has had on the Tahoe gaming market. Employment down 43 percent impacting Douglas County residents who had these jobs, hotel and casino revenues down 37 percent, annualized room occupancy down 15 percent, as just a few examples. This economic downturn has been a steady decline affecting everyone in all of Douglas County for many years. It is essential and good leadership for Douglas County and its residents to support and invest in its County for its future growth and prosperity. RDA2 is that catalyst with a public private partnership that will transform Stateline back into an upscale thriving successful economy for years to come benefiting all of Douglas County and its taxpayers. I respectfully urge you to stay the course and continue your multi-year commitment to RDA 2 to benefit both the Lake and Valley for years to come. Thank you.

To review Mr. Casteel's full Public Comment please see the Supplemental Meeting Materials.

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Chairman Penzel speaks:

Further Public Comment? Everybody's gone from the center up there? Okay. So no further Public Comment. Alright, we'll close Public Comment at this point and bring it back to the Board. Discussion, comments? No discussion, no comments. Commissioner Nelson.

Commissioner Nelson speaks:

I still believe this is tremendous risk for the County but however I do think that this should be put to a vote of the people and so I'd like to move that this be put on the ballot in 2020 for the citizens to take a vote on Redevelopment Number Two and it can be an advisory question that the Board should then act on that results.

Chairman Penzel speaks:

I see the DA looking...

Zach Wadle, Deputy District Attorney, speaks:

Thank you Mr. Chair, I just want to clarify it to the Board you're not agendized to put a question on the ballot today. It is a possibility further down the line. The Board can put advisory questions on the ballot for anything within its jurisdiction. The most that you can do today would be to direct staff to bring you back a resolution to discuss with respect to a ballot question.

Commissioner Nelson speaks:

Okay. I would like to change that to direct staff to bring back such an item in a future date.

Vice Chairman Walsh speaks:

Mr. Chair, is that a formal recommended motion?

Commissioner Nelson speaks:

It is. It is a direction I guess. How do we do a direction instead of a motion?

Mr. Wadle speaks:

I think there needs to be some additional discussion amongst the Board as to whether or not that's the will of the Board as a whole, to direct staff to do that. The process after that is, for advisory questions, is for a resolution setting forth the language of the question to be brought before the Board for further consideration. But in order to direct staff, I think there has to be some more discussion at this point to make that direction.

Commissioner Nelson speaks:

I would like to here from the rest of the Board on that idea.

Chairman Penzel speaks:

Commissioner Engels.

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Commissioner Engels speaks:

I understand why folks want the event center and I'm not opposed to it and I never have been. However, it's not my decision. I represent my constituents and I think it's only fair to those who are deeply involved in the County to go out and offer them a vote. Six months ago nobody knew what was going on with RDA2. Now they have a pretty good idea of what it's all about. So I am of the persuasion that we take it to a vote to the people of the County.

Chairman Penzel speaks:

Okay. Commissioner Rice.

Commissioner Rice speaks:

It is my opinion that the Commissioners were elected by the people of Douglas County to represent them fairly, honestly, and to make decisions that affect this County. When this debate first started as to whether or not to close down this, I told my wife, the next thing they're gonna do is want to bring it to a vote of the people because they know in Douglas County nothing passes. The center in the Valley didn't pass; the skateboard center didn't pass and now that it has been built, too much gnashing of teeth, everybody loves it. Well, most people love it. The people that hated it probably will never love it. I don't think that I got elected so that I can pass the buck. I think that as an elected representative of the people of Douglas County it's my responsibility to do what I feel is best for the County and I am opposed to taking it to a vote of the people.

Chairman Penzel speaks:

Thank you, sir. Vice Chairman Walsh.

Vice Chairman Walsh speaks:

Thank you, Mr. Chair. You all know I'm a person of few words. I too have a Constituency, it's all of Douglas County. It's every voter, every resident of Douglas County and I have to follow my heart as to how I vote. I still want to see numbers, reports, etc. and I think Bill Chernock put it best; he said, "let the process play out." That's what I want to do, let it play out.

Chairman Penzel speaks:

I agree with you, Vice Chairman Walsh. So, I think what we need is a motion to let it play out. Commissioner Nelson.

Commissioner Nelson speaks:

At that point then, I'd like to move that we take a vote to set the staff in motion to dissolve RDA2.

Chairman Penzel speaks:

There is a motion. Do we have a second?

Commissioner Engels speaks:

Second.

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Chairman Penzel speaks:

So we have a motion from Commissioner Nelson, second by Commissioner Engels. All those in favor signify by saying aye. Those against say nay. So the motion doesn't pass, it's 3-2. Do you need a hand count? Okay.

Mr. Wadle speaks:

Mr. Chair, so in light of the result of that motion, unless anyone wants to make some sort of modified or different motion, there would be no action taken on this item and the status quo would continue.

Chairman Penzel speaks:

Any further motions?

Commissioner Rice speaks:

I move that we move on to item five.

Chairman Penzel speaks:

Then we have resolved this issue. Thank you.

MOTION to direct staff to dissolve Redevelopment Area 2; denied.

RESULT:	DENIED [2 TO 3]
MOVER:	Dave Nelson, Commissioner
SECONDER:	John Engels, Commissioner
AYES:	Engels, Nelson
NAYS:	Rice, Penzel, Walsh

Chairman Penzel speaks:

I think we will take a five minute break.

A break was held.

Chairman Penzel speaks:

Order. Let the record reflect, are you okay? Okay. Let the record reflect all five Commissioners are back and we will now proceed to item five.

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5. For possible action. Discussion to approve Ordinance 2019-1553, a text amendment to Douglas County Code (DCC), Chapter 2.22 Public Guardians Office, to clarify supervision by the County Manager and compensation consistent with Douglas County's Classification Plan specifically for a Public Guardian which is appointed by the Board of County Commissioners; and other properly related matters. Second Reading (Jenifer Davidson)

Chairman Penzel speaks:

I will proceed to read it into the record. For possible action. Discussion to approve Ordinance 2019-1553, a text amendment to Douglas County Code (DCC), Chapter 2.22 Public Guardians Office, to clarify supervision by the County Manager and compensation consistent with the Douglas County's Classification Plan specifically for a Public Guardian which is appointed by the Board of County Commissioners; and other properly related matters. Second Reading. Ms. Davidson.

Jenifer Davidson, Assistant County Manager, speaks:

Thank you, Mr. Chairman. This item appears on the agenda at the direction of the County Commission from a meeting in which we discussed the position of the Public Guardian back in April. The intent of this ordinance is to clarify the supervision reporting structure for the Public Guardian. Now it will be identified that that individual reports or that position, excuse me, reports directly to the County Manager's office. Also the code addresses how that position is compensated. I am happy to answer any questions the Commission may have.

Chairman Penzel speaks:

Any questions from Commissioners? Commissioner Rice.

Commissioner Rice speaks:

I believe it is the second reading, and I believe the last one we pretty well went over why the changes and why they're necessary. So I have no questions.

Chairman Penzel speaks:

Okay, fair enough. We'll open this for Public Comment at this point. Seeing none. We'll close Public Comment. I'll bring it back to the Board. Any, what's the pleasure of the Board?

PUBLIC COMMENT- none

Vice Chairman Walsh speaks:

Mr. Chair, I move approval of ordinance 2019-1553 as presented.

Commissioner Nelson speaks:

Second.

Chairman Penzel speaks:

So we have a motion from Vice Chairman Walsh, a second by Commissioner Nelson. All those in favor signify by saying aye. Any nays? No nays. The motion carries 5-0.

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MOTION to approve Ordinance 2019-1553, a text amendment to Douglas County Code (DCC), Chapter 2.22 Public Guardians Office, to clarify supervision by the County Manager and compensation consistent with Douglas County's Classification Plan specifically for a Public Guardian which is appointed by the Board of County Commissioners; and other properly related matters; carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Larry Walsh, Vice Chairman
SECONDER:	Dave Nelson, Commissioner
AYES:	Rice, Engels, Penzel, Walsh, Nelson

6. For possible action. Discussion to reclassify the Public Guardian from the current classification of P3 to M1, effective retroactively to October 12, 2018. This change would amend the annual salary from \$31.89 per hour (\$66,331.20 annually) to the bottom of the range of the new pay grade starting at \$32.93 per hour (\$68,494.00 annually). (Jenifer Davidson)

Chairman Penzel speaks:

We'll move on to item six. For possible action. Discussion to reclassify the Public Guardian from the current classification of P3 to M1, effective retroactively to October 12, 2018. This change would amend the annual salary from \$31.89 per hour (\$66,331.20 annually) to the bottom of the range of the new pay grade starting at \$32.93 per hour (\$68,494.00 annually). Ms. Davidson.

Jenifer Davidson, Assistant County Manager, speaks:

Thank you, Mr. Chairman and Members of the Commission. Now that we have clarified the reporting structure for this position and how this position would be compensated we did need to take a look at the job description to make sure that it was still accurate and did make some changes which are reflected in your pocket. With those changes, since the position has evolved since the incumbent came into the position, with the additions of some essential functions for the position, we are recommending that the position be re-classified to the M1 series, which is a manager one, from the professional series. The major change in responsibilities for this individual is now they have a team that reports to them, that they directly supervise. Whereas the previous job description did not have supervision of a team underneath it. With that, the complete analysis is in the packet and I'm happy to answer any questions the Commission may have.

Chairman Penzel speaks:

Any questions? Seeing none. Any other comments? I'll open this for Public Comment. Any Public Comment? Seeing none. I'll close Public Comment. I'll bring it back to the Board. Pleasure of the Board?

PUBLIC COMMENT- none

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Commissioner Nelson speaks:

If there's no further discussion, I would like to move that the Board reclassify the Public Guardian from the current classification of P3 to M1, effective retroactively to October 12, 2018 as presented for a total fiscal impact of \$3,816.

Vice Chairman Walsh speaks:
Second.

Chairman Penzel speaks:

So we have a motion from Commissioner Nelson, a second by Vice Chairman Walsh. All is in favor signify by saying aye. Any nays? No nays. The motion carries 5-0.

MOTION to reclassify the Public Guardian from the current classification of P3 to M1, effective retroactively to October 12, 2018. This change would amend the annual salary from \$31.89 per hour (\$66,331.20 annually) to the bottom of the range of the new pay grade starting at \$32.93 per hour (\$68,494.00 annually); carried.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dave Nelson, Commissioner
SECONDER:	Larry Walsh, Vice Chairman
AYES:	Rice, Engels, Penzel, Walsh, Nelson

7. For presentation only. Reports/updates from County Commission members concerning the various boards and/or commissions that they may be a member of or a liaison to or meetings/functions they have attended. (Barry Penzel)

Chairman Penzel speaks:

We'll move on to item number seven. For presentation only. Reports/updates from County Commission Members concerning the various boards and/or commissions that they may be a member of or a liaison to or meetings/functions they have attended. We'll start with the Commissioner Engels.

Commissioner Engels speaks:

There was another presentation by NNDA the other day and they're moving forward with the film production project and they're looking for support from the community for locations to put into the database, including photos because there's a lot of interest from the Film Bureau in Las Vegas. And also, Hallmark is doing a lot of work, they're doing a production a week and they may be coming down into this area or down into the Valley area. That's it.

Chairman Penzel speaks:
Commissioner Rice.

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Commissioner Rice speaks:

I have the privilege of the being on the, I can't say that, the Regional Planning Agency and one of the things that they're grappling with is vacation rentals. At the last meeting, I suggested that it was best left up to the individual jurisdictions and there was agreement on that. Unfortunately, I've received email that we're going to revisit that again at our next meeting as Placer County apparently hasn't come through with any regulations at all and people are very upset. So they want regulation again through a deed restriction, which I'm definitely not in favor of. So we will see how that plays out at our next meeting which is coming up soon.

Chairman Penzel speaks:

Thank you, Commissioner Nelson.

Commissioner Nelson speaks:

Yes, the Nevada Tahoe Conservation District meeting, some good news, they got a grant from EPA for \$150,000 for watershed work. As you know, there's a couple, three counties that are represented on the Nevada side, on the Lake and Douglas County is going to get \$100,000 of that money for work in Douglas County. Washoe just getting \$50,000; because we pay our bills a lot quicker than Washoe does.

Chairman Penzel speaks:

That's important in CPD. So that's good. Alright, Vice Chairman Walsh.

Vice Chairman Walsh speaks:

Thank you. First of all, I want to thank whoever left me snacks today. I don't know who that was but they're very tasty. I'm on the Carson Water Subconservancy District Board and yesterday was my first meeting. Fascinating, absolutely fascinating to learn about and I just learned about that much about the Carson River watershed, and we took a tour of the Lahontan hydroelectric plants. I had no idea that they generate seven megawatts of power. Very cool. We had a board meeting last night in Fallon. It was nice to meet fellow board members, and I certainly look forward to representing Douglas County in the future on this board.

Chairman Penzel speaks:

When you were meeting them they didn't confuse you and I, did they?

Vice Chairman Walsh speaks:

No.

Laughter was heard.

Chairman Penzel speaks:

Okay. Alright, I have no reports and if there's no further comment on those...

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RESULT: FOR PRESENTATION ONLY.

CLOSING PUBLIC COMMENT

Chairman Penzel speaks:
I'll open this for final Public Comment.

Kirk Walder speaks:

Mr. Chairman, Members of the Board, I'm a resident of Zephyr Cove. While I am a Planning Commission Member, I'm not speaking on behalf of that group. These are my own personal views. Some people have suggested we have a public referendum on the issue of Redevelopment Area Two. While I respect the goal of providing public input on this matter, a County Referendum would present many problems. Douglas County has a representative democracy, we elect five Commissioners who, while elected countywide, must live in the area they represent. One example I think we can learn from is the recent referendum held by Great Britain on their membership in the Economic Union. According to an article in Atlantic Monthly, then Prime Minister David Cameron promised to hold the public referendum not because he believed in it, but because he wanted to appease right wing euro skeptics in his party ahead of the 2015 election. The article goes on to point out that British politicians cynically manipulated the referendum process. The leave campaign, for instance, repeatedly pledged to divert millions of pounds that Britain sends to the EU to the National Health Service. But a prominent Brexit advocate reneged on the promise hours after the vote. Margaret Thatcher, when she was a Member of Parliament in 1975 in debating the proposed referendum on British membership in EU, expressed the sentiment of a letter in the Evening Standard, which said, "How tired one gets of the well-worn cliché the full-hearted consent of the people." What is exactly meant by this? Referenda for every important piece of legislation? If this was the case, we meaning Britain, would have no Race Relations Act, immigration would have been stopped, abortions would still be illegal and hanging still in force. Thatcher concluded that those seeking referendum only want to choose the cases on which the people are consulted. Moving back to Douglas County, I would ask those that support a referendum, have they considered the consequences for the future? What if there's a project being proposed in the Topaz Lake area that happened to involve funding that another area of the County wanted to bury for other uses? How would those living in Topaz feel about a countywide referendum? We should not use the referendum process to divide Douglas County. Or what if the State of Nevada proposed to let the State Engineer divert water from Douglas County to other areas of the State? Would Douglas County want this question to be put to a statewide referendum? If the Board thinks a referendum would be helpful, I would recommend you set a high bar for qualification. Perhaps a requirement of petition signatures from at least 10,000 registered voters, with at least 2,000 coming from each of the five commission districts. In that way public sentiment would be expressed and would come from all geographic areas. Thank you.

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To review Mr. Walder's full Public Comment statement please see the Supplemental Meeting Materials.

Chairman Penzel speaks:

Thank you, sir. Any further Public Comment? Seeing none, I'll close Public Comment.

ADJOURNMENT

Chairman Penzel speaks:

We stand adjourned.

There being no further business to come before the Board, the meeting adjourned at 5:15 PM.

Respectfully submitted:

Barry Penzel, Chairman
Douglas County Board of Commissioners

ATTEST:

Kathy Lewis, Clerk-Treasurer

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