



State of the District Message
July 1, 2007 through June 30, 2008

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What is a State of the District message? It is a summary report, in brief, of what accomplishments the District has made during the reporting Fiscal Year (2007/2008 in this report). It is also a report to again, in brief, talk about what our future holds, it is an opportunity to provide a snapshot of the District's financial health and lastly, it is a report on how District Staff predicted they were going to do. Thus, welcome to the State of the District message for the Incline Village General Improvement District for Fiscal Year 2007/2008.

District Business Happenings (An Overview)

Fiscal Year 2007/2008 brought to the District the first Business Plans prepared by the Leadership Team. Individual plans for each business area (Public Works which includes Waste Not, Diamond Peak Ski Resort, Golf Courses at Incline Village, Facilities (Chateau and Aspen Grove) and Catering, Tennis Center, and Parks and Recreation (which includes the Recreation Center, Parks and Youth and Senior Programs). The District's Strategic Management Plan was first outlined during the January 2006 Board of Trustees Retreat, updated during the 2007 and 2008 Retreats, and now is strengthened by these Business Plans. For years, venue managers prepared financial operating budgets and capital budgets without the specific written foundations provided by these Business Plans.

The Leadership Team experienced a mixture of results while working with various groups (Focus Groups, Advisory Groups and most recently with District Venue Advisory Teams (DVAT)) to expand the involvement by resident stakeholders in the future planning for Community Service venues. While these groups are nothing new for the District, in the past, there were groups formed to address the design of the new Chateau, discuss the options of the renovation of the Championship Golf Course and work on various resolutions and initiatives of the District. In the Spring of 2007, while Staff was negotiating a new trash contract with Waste Management, a group of residents came forward with some very valuable questions regarding recycling. As a result, one of the most successful and single topic focused DVAT type groups was formed to develop a Blue Bag Recycling Program. Working with residents, Staff, Trustees and the contractor (Waste Management), a 1,000 customer eight-week pilot Blue Bag Program was successfully conducted. From this solid foundation of success, the Community-Wide Blue Bag Recycling Program was created, pricing negotiated, contracts adjusted and kicked off to with a flourishing beginning on June 30, 2008. Almost simultaneously, the City of Reno copied our test program. The significance of this is where impactful recycling can go for our community when Reno, Sparks and Washoe County develop a recycling program. Waste Management may be strongly encouraged to construct a recycling plant thereby offering the potential to possibly lowering the current cost of the District's Blue Bag Program to the residents of Incline Village and Crystal Bay. As Paul Harvey would say "the rest of the story is" that now our community would very much like to have the Blue Bag Program expanded to a weekly recycling pick up. Another DVAT type group that was formed was to determine whether Crystal Bay



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and Lakeshore parcel owners could gain access to the beaches as suggested by two Incline Village residents. The group worked diligently and in a bipartisan way for eight weeks and they reached consensus on a solution that would work within the District's Ordinance 7. Other than the outcome, the Board of Trustees voted to reject the offered solution, it was a very successful example of how effective these types of groups can work to accumulate community input to resolve a challenge or implement a new service or idea.

A DVAT-Recreation Center Expansion was created to provide Staff with insight into visioning the future requirements of a broad based demographic of community members who use the Recreation Center. From this group, a very wide scoped drawing of what expansion would look like at the Recreation Center was developed. The next action item was how does the District finance this potentially \$10,000,000 Recreation Center expansion without raising user fees or the Recreation Fee? This led Staff to investigate various grant funding sources which, in turn, led the group to the Oglebay Foundation in Wheeling, West Virginia. Preliminarily, all the requirements of the broad demographic group have been included in the widely scoped drawings. During Fiscal Year 2008/2009, the DVAT will investigate the viability of forming a foundation structured on the successful model of the Oglebay Foundation. This Foundation has been funding all Parks and Recreation capital projects of Wheeling, West Virginia for eighty years; since 1928. Their endowment balance is \$50 million and their goal is \$100 million at which time the Foundation will be able to sustain the future of Wheeling's Parks and Recreation needs.

The DVAT-Tennis struggled considerably during Fiscal Year 2007/2008 however, under new leadership, this DVAT was reformed and the group agreed to take on fewer objectives/goals and as result, will have considerable input into the future of the Tennis Center and the Tennis Center Business Plan. This new leadership reenergized the Tennis Staff and utilization across the board increased for youth and adult play.

The DVAT-Employees Focus spent hundreds of hours studying the opportunities of the Public Employees Retirement System (PERS) and a final culmination of this effort ended when the Social Security Administration opined that the District could not disengage from Social Security System thereby eliminating the choice to join PERS. Whether an opportunity to join PERS is an option under the new unincorporated Town of Incline Village awaits, as its first step, the voters' decision regarding a ballot question asking the voters whether they would like the Washoe County Commission to create the Town of Incline Village. One of the most successful programs created by this DVAT is the PERKS (Positive Employee Recognition-Kool) Program. PERKS offers benefits to part time seasonal employees who show a commitment to District by returning for employment year after year. As this DVAT looks to the future, they have identified a project to help reduce the carbon footprint in the Tahoe Basin by offering a Regional Transportation Commission van pool, which will also alleviate the economic impact the high price of fuel is having on the District's employees.



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The Board of Trustees provided courageous leadership in 2007 when they provided the direction to Staff to look into the expansion of the Diamond Peak Ski Resort by leveraging the opportunities to increase the revenue yield by increasing the capacity to serve more skiers faster and more efficiently food and beverage and increasing the size of the Ski Equipment Rental shop. After years of delaying the construction of a Parks Storage Building, in an effort to minimize past increases in the Recreation Fee, the Board of Trustees approved the construction, even though they were faced with a significant difference between design estimates and actual bid costs.

IVGID Staff worked with Independent Incline to negotiate a memorandum of understanding with Washoe County Staff and its Board of Commissioners and to develop a ballot question addressing whether the voters of Incline Village and Crystal Bay want to create the unincorporated Town of Incline Village on July 1, 2009 and dissolve IVGID on June 30, 2009. Three services are being considered by the new unincorporated Town of Incline Village, the most important is planning and the other two are animal control services and nuisance enforcement. The voters cast their position on General Election Day, November 4, 2008.

The Golf Courses at Incline Village were awarded, in February 2008, with the coveted Nevada Golf Courses of the Year by the Nevada Golf Course Owners Association. Diamond Peak Ski Resort established a revenue record of \$6,064,845 with 127,668 skier visits. The Parks and Recreation Department, working with Washoe County School District Staff and the Washoe County School Board, won approval to build a public park with a synthetic surface via an agreement reached on July 29, 2008 to sell 3.53 acres of land for the price of one dollar to the District. The costs for the building of this public park will be funded through private donations and the use of Question 4B funds; a no cost solution to the general public but with all the benefits.

Public Works completed the third year of construction of five years on the Effluent Export Pipeline Project. This year's work completed the replacement of 2 miles of pipeline at the Junction of Highway 50 and State Route 28 and eliminated the pipeline that ran through the environmentally sensitive Spooner Meadow. This phase was completed on time and on budget with minimal change orders.

Through the efforts of many, all employees (year round and seasonal) were introduced to a new District Customer Service initiative, which stressed that excellent customer service resides with the individual employee. This translates into the District Staff being empowered to make customer service decisions. The next round of significant training will take place in early December with the Diamond Peak Ski Resort team.

The 'One District ~ One Team' charge continued during the year with the continued growth of the Health and Wellness Initiative. With the implementation of this program, the District's health insurance premiums are starting to match general inflation as opposed to the double digit increases



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that the District experienced from 2001 through 2005. The forecast is that at the culmination of year three of this program, District Staff will be prepared to take the District 'Wellness Initiative' to the community because a healthy community is an anxiously engaged community.

IVGID experienced another successful financial operating year, highlighted by the District's credit rating increasing again for the third time in seven years. The table below summarizes the operating profit financial results for various venues.

Operating Venue	Op. Profit 6/30/2008	Bud. Op. Profit 6/30/2008	Op. Profit 6/30/2007
Public Works			
Utility			
Water	696,804	396,388	431,187
Sewer	(154,317)	(295,179)	38,613
Other Utility	(208,833)	(53,150)	(86,684)
Trash	82,986	54,351	130,930
<i>Total Utility</i>	416,640	102,410	514,046
Internal Services			
Fleet	(97,606)	(68,561)	(42,919)
Engineering	121	2,826	(3,734)
Buildings	(48,280)	(3,809)	(15,664)
<i>Total Internal Services</i>	(145,765)	(69,544)	(62,317)
Community Services			
Golf			
Championship Golf	(70,375)	71,524	(134,170)
Mountain Golf	(174,105)	(307,780)	(212,039)
<i>Total Golf</i>	(244,480)	(236,256)	(346,209)
Facilities			
Chateau	(110,683)	(2,494)	(72,329)
Catering	142,994	44,992	75,034
Aspen Grove	(24,659)	(33,217)	(26,021)
Marketing	(93,494)	(97,546)	(85,233)
<i>Total Facilities</i>	(85,842)	(88,265)	(108,549)
Ski	735,651	47,667	(696,433)
Parks and Recreation			
Parks	(710,851)	(694,935)	(566,486)
Tennis	(149,955)	(87,645)	(121,037)
Programs	(59,571)	(64,503)	(69,478)
Senior Programs	(13,808)	(2,276)	30,616
Sports	(55,243)	(53,485)	(46,888)
Recreation Center	(740,184)	(787,204)	(741,366)
Administration	(308,323)	(369,596)	(301,606)
<i>Total Parks and Recreation</i>	(2,037,935)	(2,059,644)	(1,816,245)
Other Recreation	5,309,845	5,027,507	4,995,705
Beach Fund	(410,023)	(799,425)	(352,227)
Workers Compensation	148,418	(1,085)	(424,690)
General Fund	(503,244)	(535,291)	(212,079)
All Funds	3,183,265	1,388,074	1,491,002



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A Peek Into Fiscal Year 2008/2009

Fiscal Year 2008/2009 has awaiting it some very exciting opportunities and challenges for the Board of Trustees, community, and District Staff. Completion of Phase I at Diamond Peak Ski Resort will open up exciting new revenue opportunities at the Food and Beverage and Rental Shop departments. Finally, the extremely successful Parks Team (American in Bloom and Tree City USA award recognitions) will be moving into their new Parks Maintenance/Storage Building. The November 4, 2008 General Election (Vote) may advance the movement towards a new form of governance for IVGID; at which time the District's Senior Management Team will start the journey toward becoming the unincorporated Town of Incline Village. The Nevada State Legislature will convene in February 2009 for their strenuous 120 day legislative session. With the Nevada economy struggling, the District awaits how the state and local leadership will resolve our economic challenges. Areas which the community and IVGID should be concerned about are the shifting of the various tax burdens through a 'Suburban Tax' on unincorporated communities (similar to Crystal Bay and Incline Village), and the redistribution of the 'Consolidated Tax'. Expansion (semi-monthly to weekly) of the extremely successful Blue Bag Recycling Program awaits a commitment from Waste Management which will be driven by the decision of Reno, Sparks and Washoe County to implement their own recycling programs. Waste Not continues to provide Tahoe Basin wide leadership with its environmental initiatives. The Effluent Export Pipeline project will continue with its fourth phase, in 2009, under the leadership of Public Works. Leaders and managers of all venues are committed to maintaining user fees and the operational Recreation Fee cost equal to inflation. However, there are unplanned expenses looming on the horizon such as controlling the invasive Quagga/Zebra Mussel and possibly becoming the unincorporated Town of Incline Village. The District's chief concern regarding the Quagga/Zebra Mussel issue is gaining 100% cooperation from all parties (including private parties) who have the ability to launch watercraft which has been outside of the Tahoe Basin. IVGID has been providing inspections during its' hours of operation since early July once it was brought to our attention that TRPA did not have enough inspectors to staff all public and private launch facilities. All community members and parcel owners must always keep in mind that Lake Tahoe is our sole source of water and protecting that water source is one of the District's number one responsibilities and one that its Staff takes very seriously. The Board of Trustees supports the District's Staff conservative and cautionary approach when it comes to the protection of our drinking water source.

Before the District team brings this message to a close, it is our feeling that it is always worthwhile to take a look at how Staff did against its forecast (or our look into the future via a crystal ball) for last year. In the District's message for the Fiscal Year of July 1, 2006 through June 30, 2007, here is what we presented and here is a very short update, as of today, on our accomplishments:



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How Clear Was Our Crystal Ball – A Report

It is still true that, as of this message, the District has three Board of Trustees seats up for election this November. There are six candidates for these three seats and in addition to voting for Trustees, the voters will be casting their discussions about the District becoming an unincorporated town. The District began and has almost completed two of the three capital projects that were mentioned; the Parks Maintenance/Storage Building and the renovation of the Diamond Peak Ski Resort. At the Board of Trustees meeting held on September 24, 2008, Staff recommended and the Board of Trustees agreed to delay the Child Ski Center until the construction season of 2010. What this delay will allow is for the District Staff to get a full season's usage of the renovated lodge under their belts and to really put together a tight specification package for the construction of the Child Ski Center. It is important to take this time to do this project in this manner because the District Staff wants to make sure that both of the projects mesh together so as to provide the best possible services to our community and our guests. The Board of Trustees have elected to do their annual Board Advance in November of 2008 and to expand this important planning session into two days; one day will focus on the Board's Goals and big picture issues and the second day will focus on District business and items that require more than a Board meeting to discuss. As always, the public is invited to attend and District Staff will play an important roll in both days. The Strategic Management Plan is just one of the items on the proposed agenda. The community saw the successful implementation of a community wide Blue Bag recycling program, adoption of GFOA Best Practices, an Employee Health and Wellness program successfully implemented and a decision, by the Nevada Attorney General and the Social Security Administration, regarding the District's ability to join the Public Employees Retirement System during last fiscal year. About the only item that wasn't mentioned in the peek was the drive to become an unincorporated town. Staff and members of the Board of Trustees did a significant amount of work during Fiscal Year 2007/2008 on this effort and it will begin it final drive in November of 2008 – an exciting election for the country and our community.

In Closing

The key to the District's recent successes is based on a collaborative foundation where Board members, Staff and community members actively work together to identify needs and solutions to challenges that Crystal Bay and Incline Village encounter each day. Our accomplishments this year are the direct result of numerous community members, Board members and a very dedicated 'One District ~ One Team'.