

PARKS AND RECREATION COMMITTEE MEETING

APPROVED MINUTES

February 18, 2009

DIRECTORS PRESENT: Ron Treabess & Judy Friedman

STAFF PRESENT: Bob Bolton, Cindy Gustafson, Layne Van Noy, & Amy Norman

OTHERS PRESENT: Karen Ellis with North Tahoe Art (NTA)

The February 18, 2009 meeting was called to order at 3:04 p.m.

2. NORTH TAHOE ARTS LEASE AND PROPOSED OFFSETS

Karen Ellis was present to discuss finalizing the lease. Bob began by highlighting the bulleted points in his memo.

- **Two year and ten month contract starting 3/1/09 through 12/31/12.**
- **NTA to be allowed "right of first refusal" to extend the contract beyond 2012.**
- **The proposed rent shall be \$1,554.52 per month based on \$1.35 per square foot.**
- **If building operating costs exceed building operating costs of the base year (2008), NTA shall pay an amount equal to NTA's proportional share of the excess costs.**
- **NTA is eligible for making "in-kind" payments in lieu of a portion of the rent. The contract includes a 10% increase in the current monthly rent to a cost of \$810.00/month. The remaining \$744.52 will be eligible for approved "in-kind" offsets.**

Karen provided a list of volunteer hours to review as possible offset hours. Cindy commented that the issue for the Committee is to review the 10% increase and recommend options for the in-kind offsets. She would like to see a joint meeting between the NTA Board and the TCPUD Board to avoid further miscommunication.

Bob would like to recommend to the Board that the new lease be approved with the understanding that they will continue to negotiate which offsets would apply. The Board needs to decide if the 10% cash increase is appropriate and what criteria would be used for offsets. Bob would like to get an idea from the Committee on what offsets they think we could use to qualify.

Cindy felt the offsets should directly benefit the recreational offerings and have public support. It is up to the Board to tell us what offsets would qualify. There is the possibility that NTA could look to other groups and areas like TCDA, TOT, TTCF, and sales tax to help fund the Art Center. Offset programs that directly benefit recreation would definitely qualify. Other programs that indirectly benefit recreation could be a partial offset. Karen didn't understand why it has to be a recreation offset. Judy pointed out that has to do with the fact that more than ever the PUD is being scrutinized. We have a responsibility to the public and that includes the handling of our facilities.

Cindy continued by saying she did not mean that recreation is the only benefit to qualify but they would qualify as being a direct offset. This same concept of offsetting rent with “in-kind” payments was in the original lease but it was abstract and not upheld. Bob stated we need to be more specific in this lease so programs agreed upon qualify as in-kind and they take place. It is clear on the programs that directly benefit recreation but we need Board policy on the ones in the gray area.

Ron asked what dollar amount we will be using to put as a value on volunteer hours. Karen said she had presented a range between \$12 and \$40 depending on the position.

Karen then made some opening comments she had prepared. To summarize, the economy has had many negative effects over the past two years. Because of these effects we have lost organizations such as TAMA, TAG and North Lake Tahoe ARTs Council. NTA is still here due to the support of the PUD and people in the community. The ARTs make economic sense. They draw people to this region. Karen respectfully asked the Committee to reconsider the lease terms. She pointed out that rental rates continue to fall locally and NTA is a non-profit entity. She also had questions about the responsibility of the organization to pay for operating costs even over a base year. That was never done in the last lease. Her point is that the direct recreational benefit of NTA is less important to the community than the ability to have the community exposed to the ARTs.

Judy commented that she has been very involved in the ARTs in this community and she agreed that art keeps the community vibrant. But at the same time we are now faced with economic challenges and we have to keep in mind this is a business deal.

Cindy thought we could look into opening up the building to other non-profit groups for possible office space, thus promoting other non-profits. More discussion followed on this idea.

Judy steered conversation back to the lease. We need to get a lease finalized now to show the public good faith but we should continue to discuss the offsets. The Committee needs to reach a confirmation on the lease so it can be presented to the Board on Friday.

Discussion went back to the offsets. Ron pointed out the programs on the list that he feels would qualify. They include Kids ART Camp, ART for Seniors, and ART for Middle School Kids. If you took all these hours, about 500, divided them by 12 months, times an average \$25/hr pay rate you would get over \$1,000/month, higher than the \$744.52 offset goal. Cindy looked at it from another viewpoint. If you’re trying to reach \$744.52/month, then using a \$25/hr average pay rate you would need roughly 30 hrs/month of volunteer work approved as “in-kind”. Ron would like to recommend to the Board that the lease start March 1 at \$810/month and we continue to negotiate with NTA over the next three months on the offsets.

Judy and Cindy brought up the notion that the volunteer hours needed to prepare a program are more abstract. We should look at how many participants there are in each offering and use that as a base for offset dollars. This is a better way to present more concrete numbers as offsets to the public and to show if the program was successful. Take the number of participants times the hours the program ran to use as offset hours instead of trying to prove the hours that were spent in preparation. Cindy discussed adding an overhead percentage of 25% to each activity to cover volunteer planning hours. Could we come up with a model of four programs a year including seniors and middle school children that would offset the rent? These would have to be looked at on a yearly basis as many programs are seasonal.

Karen said NTA has been promoting local school kids art in the gallery and wondered why we were pushing more for programs at Rideout. Judy asked if showing local school kids art at the gallery solved the mission of what the public is expecting from the PUD. They want to see more programs and the PUD wants to incorporate the programs already in place at Rideout with art.

It was decided that the Committee would recommend to the Board that the new lease start March 1 with NTA paying \$810/month and that we would continue to negotiate until May 1 to define the programs and hours needed to offset the rent. These should be based on total yearly hours and should be kept flexible so new programs can replace programs that weren't successful. Because most programs are seasonal they should be reviewed on an annual basis so the hours can be spread out over the entire year. NTA would submit annually a financial report, total hours open, and an attendance report. They can use the Nordic Center's financial report as a model.

Ron asked that Bob revise a part of the lease to clarify and recommend to the Board that we accept the new lease with the understanding that a time period of until May 1 will be needed to determine the actual method of offsets. Bob and Karen would negotiate between the two of them to define the offsets by May 1 and present them to the Committee.

Discussion then opened on the excess building operating costs. The electric is on three meters and separate bills are sent to the PUD, the Chamber, and NTA. The PUD pays all the gas, sewer, fire alarm and the costs for the outside common lights area. It is stated in the original lease that NTA is responsible for a portion of the utilities including gas but it was never enforced. Gas accounts for most of the \$7,640 utilities line item for 2008 and it should be considered that NTA start to pay a portion of this. Judy suggested that we establish a three year average of direct expenses as a base and if there is significant variance over the three year average, then the PUD would seek reimbursement from NTA.

1. REVIEW PARKS AND RECREATION BOARD REPORTS/STAFF UPDATES

The reports by Bob Bolton and Layne Van Noy were reviewed and discussed.

3. PUBLIC FOURM

No one present for this item.

4. ADJOURNMENT

The meeting adjourned at 6:15 p.m.

Amy Norman, Administrative Assistant

Prepared by Amy Norman