

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors

FROM: Thomas M. Miller, County Executive Officer
Submitted by: Jennifer Merchant, Principal Management Analyst

DATE: May 18, 2010

SUBJECT: Contract Amendment—North Lake Tahoe Resort Association

Action Requested

Approve the First Amendment to the FY 2009-2010 North Lake Tahoe Resort Association contract to accommodate allocation of \$680,890 in FY 2008-2009 Transient Occupancy Tax Fund balance.

Background

The NLTRA was created in 1995 to help promote tourism and to recommend and fund infrastructure projects to enhance the built environment in North Lake Tahoe communities. The primary task of the NLTRA is to implement the North Lake Tahoe Tourism and Community Investment Master Plan (TCIMP), through marketing, transportation and infrastructure development efforts. Each year the County negotiates an agreement with the NLTRA for disbursement and expenditure of Transient Occupancy Tax (TOT) dollars for these purposes.

Issues

The Resort Association's annual TOT budget is produced utilizing County revenue estimates based on prior year's collections, analysis of various economic indicators, assessment of future year growth potential, and input from the Resort Association. North Lake Tahoe area collections in excess of the projected budget, plus unspent County services and interest accrued to the account, called fund balance carryover, are available to supplement services provided by the NLTRA. The FY 2009-2010 contract budget approved by your Board in October 2009 was \$3,600,000. The fund balance carryover from 2008-2009 is \$680,890. The purpose of this amendment is to direct the allocation of the prior year fund balance carryover available to allow NLTRA to provide additional Marketing, Visitor Support and Transportation and Infrastructure Development services. Specifically, this amendment includes the following adjustments to the FY 2009-2010 contract:

- In the final FY 2009-2010 contract both parties agreed that up to \$102,000 of the available fund balance would be allocated to maintain base TART bus service at existing levels. As only \$77,000 in funding was necessary to maintain baseline transit service, the remaining \$25,000 balance will be allocated to the Infrastructure Account.
- As agreed to in the original contract, \$50,000 of the Marketing Account fund balance allocation will be redirected to the Infrastructure Account to satisfy a prior Flexible Funding loan to the Marketing Account.
- A \$30,000 true-up adjustment to reflect actual and planned expenses for Transportation Programs.

Based on the amendment details provided above, fund balance allocations will be made to the NLTRA accounts according to the prescribed percentages as follows:

- 42 percent- Marketing Account- \$193,134
- 11 percent- Visitor Support & Transportation Account- \$109,304
- 47 percent- Infrastructure Account- \$378,452

The Marketing Account share of \$193,134, along with the \$30,000 budget adjustment for transit services identified above, will be allocated in a single \$223,134 lump sum payment to the Resort Association. This payment will be added to the regular monthly payment due for June of \$215,293, for a total June 2010 payment of \$438,427.

The remaining fund balance allocation of \$487,756, less the \$30,000 for transit services, will be added to the regular June payment of \$84,706 for County Infrastructure and Operations. A total payment of \$542,462 will accrue to the Placer County Treasury for future payments to TART transit services and approved Infrastructure projects. All allocations will be spent by the Resort Association consistent with the amended Scope of Work outlined in Attachment A – Amendment #1.

Fiscal Impact

The FY 2008-2009 fund balance carryover of \$680,890 is revenue in excess of that budgeted to fund implementation of the FY 2009-2010 North Lake Tahoe Resort Association contract and will be allocated from North Lake Tahoe area TOT funds currently being held by the County.

Attachments:	A-3	FY 2009-2010 Scope of Work – Amendment #1
	A-4	FY 2009-2010 Approved Transportation Programs and Services – Amendment #1
	B	FY 2009-2010 Payment Schedule – Amendment #1
	C	FY 2009-2010 Tahoe TOT Budget – Amendment #1

FIRST AMENDMENT

AGREEMENT BETWEEN THE COUNTY OF PLACER AND THE NORTH LAKE TAHOE RESORT ASSOCIATION

The **FIRST AMENDMENT** to the original agreement entered October 6, 2009 (Contract No. 12818) is made at Auburn, California as of **MAY 18, 2010** by and between the County of Placer, hereinafter referred to as "COUNTY" and the North Lake Tahoe Resort Association, Inc., a California Nonprofit Public Benefit Corporation, hereinafter referred to as "RESORT ASSOCIATION", who agree as follows:

WHEREAS, the 1995 *North Lake Tahoe Tourism Development Master Plan* recommended the consolidation of the Tahoe North Visitors and Convention Bureau and the North Lake Tahoe Chamber of Commerce into a Resort Association; and,

WHEREAS, the *North Lake Tahoe Tourism Development Master Plan* recommended a Resort Association to oversee a full spectrum of tourism management functions, including marketing and visitor services, and the development, planning, and implementation of transportation and infrastructure projects; and,

WHEREAS, the COUNTY is desirous of obtaining certain services as recommended by the *North Lake Tahoe Tourism Development Master Plan*, and its successor plan, the *North Lake Tahoe Tourism and Community Investment Master Plan*, approved by the Placer County Board of Supervisors on October 6, 2009; and,

WHEREAS, the NORTH LAKE TAHOE RESORT ASSOCIATION, Inc., a California Nonprofit Public Benefit Corporation, has been organized under the Nonprofit Public Benefit Corporation Law for public purposes, to promote, enhance, reinvigorate, coordinate, and direct tourism for the economic betterment of the North Lake Tahoe, California region, and is willing to perform certain services for the COUNTY to implement the *North Lake Tahoe Tourism and Community Investment Master Plan*.

NOW, THEREFORE, for and in consideration of the mutual promises and agreements herein contained, it is agreed by and between the parties hereto amends the original agreement as follows:

1. SCOPE OF WORK

RESORT ASSOCIATION shall perform the Scope of Work as **amended and set forth in Attachment A-3, Amendment #1**, as attached to this agreement. All other provisions and/or agreements in this section shall continue as set forth and established in the original contract dated October 6, 2009.

2. CONDUCT OF BUSINESS OF THE ASSOCIATION

All board meetings of the RESORT ASSOCIATION shall be conducted in such a manner as set forth and established in the original contract dated October 6, 2009.

3. TERM AND TIME OF COMPLETION

The term of this amended agreement is from May 18, 2010 through June 30, 2010. RESORT ASSOCIATION agrees to complete all tasks and submit all reports and other duties as outlined in the original contract dated October 6, 2009.

4. PROGRESS REPORTS

RESORT ASSOCIATION shall submit such progress reports and information as may be requested by COUNTY, including, but not limited to, the requirements as outlined in the original contract dated October 6, 2009.

5. COMPENSATION

A. MAXIMUM LIMIT

The RESORT ASSOCIATION'S total compensation is **amended and set forth in Attachment C, Amendment #1**, as attached to this agreement. All other provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

B. INFRASTRUCTURE ACCOUNT

All additional funds allocated to the Infrastructure Account **as amended and set forth in Attachment C, Amendment #1** shall be allocated as set forth and established in the original contract date October 6, 2009. All funds held in reserve as set forth and established in the original contract date October 6, 2009 are hereby released and available for allocation as set forth and established in the original contract date October 6, 2009. All other provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

C. MARKETING ACCOUNT

All additional funds allocated to the Marketing Account **as amended and set forth in Attachment C, Amendment #1** shall be allocated as prescribed **as amended and set forth in Attachment A-3, Amendment #1**. As set forth and established in the original contract date October 6, 2009, \$50,000 of the share allocation to the Marketing Account will be paid back to the Infrastructure Account. This action is reflected in **Attachment B, Amendment #1** and **Attachment C, Amendment #1**. All other provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

D. VISITOR SUPPORT SERVICES ACCOUNT

All additional funds allocated to the Visitor Support Services Account **as amended and set forth in Attachment C, Amendment #1** shall be allocated as prescribed **as amended and set forth in Attachment A-4, Amendment #1**. All other provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

E. PAYMENT SCHEDULE

Payments shall be made to the RESORT ASSOCIATION as **amended and set forth in Attachment B, Amendment #1**, as attached to this agreement. All other provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

F. POLITICAL CONTRIBUTIONS

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

G. RIGHT TO WITHHOLD PROGRESS PAYMENTS

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

6. RECORDS

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

7. EMPLOYEES OF RESORT ASSOCIATION

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

8. PERFORMANCE

The RESORT ASSOCIATION agrees that the performance of work and services pursuant to the requirements of Amendment #1 of the original agreement dated October 6, 2009 shall conform to high professional standards. Accordingly, RESORT ASSOCIATION, its agents and employees, shall not cause, through any oral or written statements, discredit to COUNTY, its officers, agents or employees.

9. HOLD HARMLESS AND INDEMNIFICATION AGREEMENT

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

10. INSURANCE

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

11. CANCELLATION

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

12. AMENDMENTS - YEAR-TO-YEAR EXTENSIONS

All provisions and/or agreements in this section shall continue as set forth and established in the original contract date October 6, 2009.

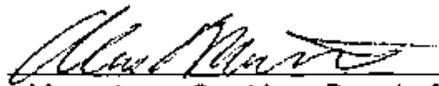
IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

COUNTY OF PLACER, "COUNTY"

By: _____
Kirk Uhler
Chair, Board of Supervisors

Date: _____

**NORTH LAKE TAHOE RESORT ASSOCIATION,
"RESORT ASSOCIATION"**

By: 
Alex Mourelatos, President, Board of Directors
North Lake Tahoe Resort Association

Date: May 10, 2010

Approved as to Form:

By: 
County Counsel

Date: _____

List of Attachments:

- Attachment A-3, Amendment #1-FY 2009-2010 Amended Scope of Work
- Attachment A-4, Amendment #1-FY 2009-2010 Amended Approved Transportation Programs and Services
- Attachment B, Amendment #1-FY 2009-2010 Amended Payment Schedule
- Attachment C, Amendment #1-FY 2009-2010 Amended Budget

Attachment A-3



North Lake Tahoe Resort Association FY 2009-2010 Scope of Work – Amendment #1

Background

The purpose of the Amended Scope of Work – FY 2009-2010 is to summarize investment expenditures that are proposed for the use of FY 2008-2009 Placer County Transient Occupancy Tax fund balance allocated to the North Lake Tahoe Resort Association.

Marketing

Additional funds allocated to the Marketing Account by this Contract Amendment will be used to defend North Lake Tahoe's traditional Northern California target market. This includes various off-peak summer media promotions as well as funding set aside to assist in implementation of the Placer County Tourism Study and the production and distribution of the in-market neighborhood map. Map distribution will include both the north and south shore areas of Lake Tahoe as well as specific California Welcome Centers. As agreed to in the original contract document, \$50,000 of the Marketing Account allocation will be redirected to the Infrastructure Account.

Visitor Support/Transportation

The FY 2009-2010 Contract Amendment does not propose material changes to transit services as originally outlined in Transportation Programs and Services, Scope of Work Attachment A-4. Amendments to Attachment A-4 are inclusive of minor budget adjustments that reflect actual and expected expenses allocated to transit and transportation-related services provided during the contract period. Funds allocated to the Visitor Support/Transportation Account based on the agreed-to formula, but not expended for transit and transportation services, are reallocated to the Infrastructure Account as defined in Attachment C, Contract Budget.

Infrastructure Development

All fund balance allocated to the Infrastructure Account by the attached FY 2009-2010 Contract Amendment will be held in the County Treasury until carried forward by recommendation from the Infrastructure Committee and Resort Association Board of Directors and allocated only following approval by the Placer County Board of Supervisors.

ATTACHMENT A-4

PROPOSED 2009-2010 TRANSPORTATION BUDGET

ATTACHMENT A-4- Amendment #1 05-18-10

FY 2009-2010 Approved Transportation Programs and Services

Traffic Management		
B-1	Winter Traffic Management (Existing)	\$ 22,000
B-2	Summer Traffic Management (Existing)	<u>15,000</u>
	Sub-Total Traffic Management Programs	\$ 37,000
 Transportation/Transit Programs		
Summer Trolley Transit Service, Squaw Valley, Kings Beach, Tahoe City,		
B-3	Nighttime (Existing)	\$ 184,304 *
Enhanced Winter Skier & Employee Transit Service, TART, Highway 89,		
B-4	(Existing)	45,000 *
B-5	Enhanced Winter Transit Service TART, Highway 267	80,000 *
B-6	Enhanced Winter Skier Shuttle Truckee/Sugar Bowl	20,000
B-7	Reno/North Lake Tahoe Airport Shuttle Service (Existing)	98,000
B-8	Winter Nighttime Transit Service (Existing)	175,000
B-9	Year Round Highway 267 Hourly Service (Non Winter)	58,000
B-10	Year Round Highway 89 Hourly Service (Fall & Spring)	125,000 *
B-11	Year Round TART Baseline Service (New Summer and Winter)	137,000 *
	Sub-Total Transit Programs	\$ 922,304
	 NLTRA FY 2008-2009 Fund Balance	 \$ (37,665)
	 2009-2010 Transit Total	 \$ 884,639
	 2009-2010 Transportation/Transit Total	 <u>\$ 921,639</u>
	 *Transit services provided by Placer County	 \$ 571,304

Bold type in Column D denotes services for which allocations are amended.

149

AMENDED ATTACHMENT B

FY 2009-2010 Payment Schedule

PAYMENT #	PAYMENT DUE DATE	PAYMENT TO NLTRA	PAYMENT TO COUNTY INFRASTRUCTURE/ OPERATIONS
1.	Oct. 15, 2009	430,594	169,416
2.	Nov. 1, 2009	215,293	84,706
3.	Dec. 1, 2009	215,293	84,706
4.	Jan. 1, 2010	215,293	84,706
5.	Feb. 1, 2010	215,293	84,706
6.	March 1, 2010	215,293	84,706
7.	April 1, 2010	215,293	84,706
8.	May 1, 2010	215,293	84,706
9.	June 1, 2010	438,427*	542,462*
10.	July 1, 2010	215,293	84,706
11.	Aug. 1, 2010	215,293	84,706
Totals		\$2,806,658	\$1,474,232
(1) (2)			(3) (4) (5)

- (1) FY 2009-2010 Amended Final Budget includes a total of \$4,280,890 for the NLTRA contract.
- (2) Payment Schedule is predicated upon receipt of Transient Occupancy Tax funds at the budgeted level.
- (3) Apportionment to Infrastructure Account held by Placer County until such time as the Placer County Board of Supervisors approves of NLTRA recommended infrastructure projects.
- (4) Distribution of funds for Infrastructure projects shall occur once per quarter based on anticipated project expenditures, and only after receipt and acceptance of a statement inclusive of previous project invoices, expenditures and balances in a format agreed to the County Executive Office. Distribution shall be consistent with project progress as mutually agreed upon. Payments for new infrastructure projects shall first be funded with any existing TOT funds held by the RESORT ASSOCIATION prior to additional payments from the infrastructure fund.
- (5) Transit services provided by Placer County and funded with NLTRA TOT funds will be allocated to and paid from the County Treasury through a journal transfer process.

*Reflects regular monthly payment, FY 2008-2009 fund balance plus \$30,000 budget adjustment to reconcile underpayment to NLTRA for budgeted transit services.

FY 2008-2010 TAHOE TOT PROPOSED BUDGET
 ATTACHMENT C - Amended 051810

MARKETING	PROPOSED BUDGET		VISITOR SUPPORT SERVICES	PROPOSED BUDGET		TAHOE CAPITAL IMPROVEMENTS	PROPOSED BUDGET		PROPOSED TOTALS
RESORT ASSOCIATION CONTRACT:			RESORT ASSOCIATION CONTRACT:			RESORT ASSOCIATION CONTRACT:			
Personnel/Overhead - Direct Costs	851,034		Personnel/Overhead - Direct Costs	98,700		Personnel/Overhead - Direct Costs	157,600		1,197,234
			Research and Planning	35,000		Research & Planning	45,000		50,000
			Membership	5,000		Membership	5,000		10,000
Direct Marketing/Programs	912,275		Transportation/Transit Programs	805,335		Capital Improvements	511,478		2,229,088
Placer Co Film	51,680		Traffic Management Program	37,000					50,680
Community Marketing Fund	85,000								85,000
FY 08-09 Fund Balance- Drive Market Focus	193,134		Fund Balance- Transportation Programs (Designated in Attachment A-4)	109,304		Fund Balance- Capital Improvements (County retains until BOS Approval)	378,462		560,890
									4,280,890
SUBTOTAL - RESORT ASSOC CONTRACT	2,093,123	49%	SUBTOTAL - RESORT ASSOC CONTRACT	1,090,339	25%	SUBTOTAL - RESORT ASSOC CONTRACT	1,097,428	26%	4,280,890
			Sheriff Patrol	64,005		NTPUD- Beach Maint.	77,874		
			Animal Control	44,943		TCPUD- Beach Maint.	67,575		
% Share Misc. Administration	27,640		% Share Misc. Administration	7,239		Facilities Dept.- Beach/Park Maint.	60,338		
SUBTOTAL - BASE COUNTY SERVICES	27,640		SUBTOTAL - BASE COUNTY SERVICES	116,188		% Share Misc. Administration	10,930		
						SUBTOTAL - BASE COUNTY SERVICES	228,717		1,570,648
			Supplemental TART Funding	175,000		Supplemental Dental Clinic	225,000		
TOTAL COUNTY SERVICES	27,640		SUBTOTAL - SUPP. COUNTY SERVICES	175,000		Supplemental Sheriff Dept.	100,000		
						SUBTOTAL - SUPP. COUNTY SERVICES	325,000		
TOTAL FUNDING USES	2,120,763	41%	TOTAL COUNTY SERVICES	291,189		TOTAL COUNTY SERVICES	551,717		1,570,648
						TOTAL FUNDING USES	1,648,145	32%	3,151,438
HOTEL/MOTEL TAX REVENUE:			HOTEL/MOTEL TAX REVENUE:			HOTEL/MOTEL TAX REVENUE:			
SUBTOTAL - HOTEL/MOTEL TAX	1,877,629	42%	SUBTOTAL - HOTEL/MOTEL TAX	491,760	11%	SUBTOTAL - HOTEL/MOTEL TAX	2,101,157	47%	4,478,548
Flex funding from Infrastructure (100% for community marketing)	50,000		Flex funding from Infrastructure (county-approved transit services)	797,464		FLEX TO VSS ACCT (county-approved transit services)	(797,464)		
Return flex funding to Infrastructure	(50,000)		FY 2008-2009 Fund Balance Allocated to TART	102,000		FLEX TO MARKETING ACCT (community marketing)	(50,000)		
FY 2008-2009 Fund Balance	243,134	42%	Unused FY 2008-2009 Fund Balance Reallocated to I:	(25,000)		RETURN FLEX FROM MARKETING	50,000		
			FY 2008-2009 Fund Balance	83,678	11%	FY 2008-2009 Fund Balance	272,078	47%	579,800
			FY 2008-2009 Fund Balance Reallocated to Infra.	(48,374)		FY 2008-2009 Fund Balance Reallocated to Infra.	73,374		
TOTAL FUNDING SOURCES	2,120,763	47%	TOTAL FUNDING SOURCES	1,381,528	27%	TOTAL FUNDING SOURCES	1,648,145	32%	3,151,438
NET COUNTY COST			NET COUNTY COST			NET COUNTY COST			0

114