MINUTES OF PUBLIC HEARING AND SPECIAL MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
MAY 29, 2019

CALL TO ORDER:

A Public Hearing and Meeting of the Board of Trustees of the Douglas County Lake Tahoe Sewer Authority (DCLTSA) was duly convened at 9:30 a.m. on Wednesday, May 29, 2019 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Present were Trustees Mike Bradford, Darya Vogt, Grant Thompson and Chuck Fagen. Trustee Wes Rice participated via telephone connection by which everyone at the meeting could hear him and he could hear everyone at the meeting.

RECOGNITION OF OTHERS IN ATTENDANCE:

In attendance were Authority Manager Rob Hopkins, Authority Controller Paula East-Janicki, Authority Engineer, Rob Anderson, the Authority's attorney, James Cavilia, Ying Johnson, accounting clerk and Bob Cook. Also, in attendance was Andrew Hickman of Round Hill General Improvement District (RHGID).

PUBLIC COMMENT:

There was no public comment.

APPROVAL OF AGENDA:

It was moved by Trustee Vogt, seconded by Trustee Thompson and carried unanimously that the agenda be approved and adopted as presented.

MINUTES OF PRIOR MEETING:

It was moved by Chairman Fagen, seconded by Chairman Bradford and carried 4-0-1, with Trustee Vogt abstaining, that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated May 8, 2019, be approved as presented.

PUBLIC HEARING: Discussion and adoption of the Final Budget for Fiscal Year 2019-2020.

Authority Controller, Paula East-Janicki, presented the Board with a proposed budget and recommended it be approved. Ms. East-Janicki pointed out that the budget includes one less employee than the previous years. Additionally, Ms. East-Janicki indicated that the budget

includes an increase of 14% in the cost for casualty insurance and a 5.5% increase in rates. Ms. East-Janicki explained that the increase in rates to the contributing districts varied based upon the actual flows. Ms. East-Janicki offered to answer any questions and requested that the proposed budget be approved. Following a brief discussion among the Trustees, **it was moved by Trustee Thompson and seconded by Trustee Fagen that the Budget as presented by approved.** Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment. **The motion passed unanimously.**

MANAGER'S REPORT:

A. General Status Report

Authority Manager, Rob Hopkins presented the Board with a written summary of various general matters related to the Authority and briefly summarized each item in the written report.

Mr. Hopkins reported that the Authority had recently received "Close-out Letters" from the Nevada Division of Environmental Protection (NDEP) regarding two export force main failures that occurred in 2017. NDEP expressed complete satisfaction with the Authority's response to the failures and no further action was required and no fines imposed.

Mr. Hopkins indicated that the overlay of the entry road to the plant was successfully completed.

With regard to the relocation of a sewer interceptor on Edgewood property, Mr. Hopkins stated that staff had met with Edgewood representatives about how best to proceed.

Mr. Hopkins reported that rehabilitation work on the Sludge Thickener #2 was completed by Authority staff.

Mr. Hopkins indicated that the skid-steer loader/forklift authorized for purchase by the Board has been purchased and the two additional sludge bins have been ordered.

Regarding the ongoing litigation related to the Emergency Underground Storage project, Mr. Hopkins indicated that the mediation that took place on May 17th was unsuccessful.

In response to a question from Trustee Thompson regarding the new sludge handling process and odor control, Mr. Hopkins indicated that steps would be taken to minimize odors.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

ENGINEER'S REPORT:

A. General Projects Status Report

In addition to his participation in the Manager's Report, Rob Anderson presented correspondence dated May 28, 2019 briefly summarizing various issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The May 28, 2019 correspondence is incorporated in these minutes by this reference.

Mr. Anderson congratulated the Authority staff on NDEP clearance with regard to the 2017 export force main failures. Mr. Anderson indicated that receiving no fine and no additional direction was a "big deal."

Regarding the meeting with Edgewood officials about the sewer interceptor relocation, Mr. Anderson stated that the meeting was very cooperative, and that Edgewood was currently looking into the cost of relocating the interceptor. Mr. Anderson anticipated receiving a revised plan in the near future. Chairman Bradford provided a brief summary of the ongoing process with Edgewood on this project and indicated that the Authority would likely participate in the cost of the relocation once a final figure was arrived at. Chairman Bradford complimented Edgewood for its historic and ongoing cooperation with the Authority.

With regard to the relocation of sewer lines serving a residence in Lake Village to accommodate a new home, Mr. Anderson indicated that a revised and acceptable plan has been submitted by the property owner.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

ATTORNEY'S REPORT:

A. General Status Report

Mr. Cavilia had nothing additional to report. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

B. Discussion and possible action regarding leak/warranty issue with the Underground Emergency Storage Tanks

Mr. Cavilia indicated that as a result of unsuccessful mediation, the matter was proceeding to litigation and that he had recommended that the Authority engage outside litigation counsel to vigorously press the litigation. Chairman Bradford added his support for engaging outside counsel in order to increase the chances of a successful result. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

AUTHORITY CONTROLLER'S REPORT:

A. General Status Report

Ms. East-Janicki provided the trustees with a spreadsheet showing current expenses and reported that operating expenses are 5% under budget through the end of March. Ms. East-Janicki reported that the Authority expenses at the end of the 3rd quarter this year are approximately $200,000 less than in the previous year.

With regard to billings, Ms. East-Janicki reported that the Hard Rock has recently indicated that payment will be made, and she also reported that two accounts justify the filing of a lien at this point.

Ms. East-Janicki indicated that with regard to the Authority's State Revolving Fund (SRF) application, a representative of the SRF recently reviewed the project site at the plant.

Ms. East-Janicki reported that Wayne Carlson of Pool/Pact will be providing the Board with ethics and open meeting law training at the October 16th Board Meeting.

Ms. East-Janicki stated that the Authority auditors would be at the plant in early July for pre-audit work.

Finally, Ms. East-Janicki indicated that Public Sector Personnel Consultants (PSPC) was completing its work and that a draft report would likely be available before the board's next meeting.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

B. Investment Report

Ms. East-Janicki had a written summary of the Authority's investments available, showing a total of approximately $9.8 million. Ms. East-Janicki indicated that she recently reinvested a matured CD at 2.45% for eighteen months.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

APPROVAL OF CLAIMS:

The claims along with the Authority's check register were provided to the Board Treasurer and were approved.

Reports/updates from Board Trustees concerning the areas or districts they represent

Trustee Fagen reported that RHGID had completed its flow review showing an average of 113,000 gallons per day. Mr. Anderson added that RHGID's review was consistent with the new metering results.

Chairman Bradford reiterated his appreciation for Edgewood's cooperation with the Authority on various matters.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

PUBLIC COMMENT:

There was no public comment.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:20 a.m.

Michael A. Bradford
6/19/19

APPROVED

6/19/19

4816-7584-1946, v. 1

Meeting Date: May 29th, 2019

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report – May 29th, 2019
A. General Status Report

Staff Recommendation:

None. This is an informational item only.

Discussion/Report:

This item is regularly agendized to afford the Authority General Manager the opportunity to update the DCLTSA Board of Trustees on select activities over the previous month.

1. The Sewer Authority received "Close Out Letters" from the Nevada Division of Environmental Protection for the Notices of Violation issued related to the Export Force Main failures at the East Fork of the Carson River in January 2017 and the Export Main failure that occurred above Terrace View Drive in September 2017. Both letters indicate that the NDEP is fully satisfied with the Sewer Authority's response and resolution of both events.

2. Colbre Grading and Paving has completed a full overlay of the ½ mile entrance road to the Treatment Plant. The work involved resurfacing nearly 80,000 square feet of road surface to about 2 inches in depth with type 3 hot mix asphalt. The resurfacing will extend the life of the entrance driveway for many years. Post-work inspections have been completed. The workmanship and materials are guaranteed under an industry standard one-year warranty.

3. Authority personnel met with representatives from Edgewood Companies to discuss possible cooperative opportunities to relocate portions of the 24-inch gravity sewer interceptor which cross the Edgewood Golf Course. Details may be provided by the Authority Engineer, R.O. Anderson.

4. Authority staff completed rehabilitation work on the Sludge Thickener #2 this month. The unit has been returned to service.

5. Purchase of the skid-steer loader / forklift authorized at the May 8th Authority Board meeting has been made and the unit has been received. The two additional sludge bins have been ordered and are expected to be delivered in the next few weeks.

6. Mediation related to the Emergency Underground Storage Tank failure expired May 17, 2019. Details may be provided by Authority legal counsel.

R|O|Anderson

May 28, 2019

Via E-mail

Board of Directors
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
P.O. Box 578
Zephyr Cove, NV 89448

Authority Engineer's Report – May Special Meeting 2019

Dear Members of the Board:

Given the short period since the Board's last meeting, the activities that we've undertaken since that meeting have been relatively limited. Specifically we have participated in the following efforts:

General Engineering Services: R.O. Anderson Engineering, Inc. (ROA) assisted and participated with Authority personnel on various engineering-related assignments including participation in project coordination meetings and phone calls with Authority staff, legal counsel, and Board members on an as-requested basis.

- Export Force Main Breach: We were pleased to review copies of the Closeout letters from NDEP for the January 2017 breach at East Fork Carson River and the September 2017 breach in the Lake Tahoe basin (NOV030317W1 and NOV011218W1 respectively. The letters are dated May 3, 2019, and copies are attached for your review and information. For those members new to the Board, in 2017 and 2018 we assisted Authority staff to prepare documentation outlining the steps taken by DCLTSA staff respond to the two referenced leaks and efforts that had been taken to reduce the likelihood of a future breach. NDEP reviewed this information and was required to present the findings to the State Environmental Commission. The closeout letters indicate that no further action is required.
- Edgewood Proposed Interceptor Relocation Project: As discussed during the last Board meeting, we attended a meeting with representatives of Edgewood, NCE, and DCLTSA. Representing Edgewood was John McLaughlin and Steve Habaradas, with Jack Norberg, P.E., of NCE serving as Edgewood's engineering representative. Mike Bradford and Rob Hopkins attended on behalf of the Authority, with Jonathan Lesperance of ROA attending as the Authority's engineering representative. It was discussed and understood that the proposed alignment for the Edgewood interceptor would detrimentally impact the existing infrastructure that was originally constructed with a sub-par slope. At the conclusion of the meeting, it was agreed and understood that NCE will prepare revised drawings for the Edgewood Interceptor Relocation that shows the additional length of pipe proposed for replacement that we had identified at the prior board

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Reno, Nevada

meeting. NCE will then coordinate with White Rock Construction, a qualified and responsible contractor, to provide project pricing. The pricing will be used to evaluate the feasibility of completing the additional pipe replacement. Depending on the outcome of the project pricing, and subject to the review and approval of the Authority's Board the work will most likely be accomplished via a cost sharing agreement between the Authority and Edgewood Companies. During final design, NCE will establish the elevation, location and condition of the existing raw and potable water lines owned and operated by the Edgewood Water Company to confirm that the proposed relocation will not be in conflict with those existing utilities. We will provide engineering review of the revised NCE drawings on behalf of the Authority once they are available.

- Werbin Residence, 119 and 120 Snowbird Court; 1010 Holly Lane all within Lake Village: Mr. Lenny Werbin, by and through his representative Basin Strategies, submitted a revised concept for the development that provides the recommended 10' offset to existing DCLTSA infrastructure. In coordination with the Authority Manager the concept was approved, and a formal application for review and approval of the final construction plans has been requested.

I will be present at the Board meeting and available then to review this information in greater detail, as well as address any specific questions or concerns Board members might have relative to these subjects. Thank you for your continued confidence.

Yours faithfully,

R.O. ANDERSON ENGINEERING, INC.

Robert O. Anderson, PE, WRS, CFM
Principal Engineer

Attachments

cc: Jim Cavilia, Esq.
Paula East-Janicki
Rob Hopkins

0643.002

NEVADA DIVISION OF
ENVIRONMENTAL PROTECTION

STATE OF NEVADA
Department of Conservation & Natural Resources
Steve Sisolak, Governor
Bradley Crowell, Director
Greg Lovato, Administrator

RECEIVED
MAY 0 8 2019
By

May 3, 2019

Robert Hopkins
District Manager, DCLTSA
P.O. Box 578
Zephyr Cove, NV 89448

Re: CLOSE OUT LETTER – Notice of Violation # NOV01128W1
PERMIT NUMBER: NS0080033 - Case Closure

Dear Mr. Padilla,

The Nevada Division of Environmental Protection (Division) has reviewed all submitted information for this Notice of Violation (NOV) NOV030317W1 and agrees the conditions of the NOV, issued on January 12, 2018, have been fully satisfied. Therefore, **NOV011218W1** between Douglas County Lake Tahoe Sewer Authority and the Division is hereby closed.

If you have any further questions, please contact me through phone (775) 687-9435, or through email at kpascual@ndep.nv.gov with questions or comments regarding this matter.

Sincerely,

Katrina A. Pascual, PE,
Supervisor, Technical, Compliance, and Enforcement Branch
Bureau of Water Pollution Control

cc:
Robert O. Anderson, P.E., P.O. Box 2229, Minden Nevada 89423

0643-002

NEVADA DIVISION OF
ENVIRONMENTAL PROTECTION

STATE OF NEVADA
Department of Conservation & Natural Resources
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RECEIVED
MAY 06 2019
By

May 3, 2019

Robert Hopkins
District Manager, DCLTSA
P.O. Box 578
Zephyr Cove, NV 89448

Re: CLOSE OUT LETTER – Notice of Violation # NOV030317W1
PERMIT NUMBER: NS0080033 - Case Closure

Dear Mr. Padilla,

The Nevada Division of Environmental Protection (Division) has reviewed all submitted information for this Notice of Violation (NOV) NOV030317W1 and agrees the conditions of the NOV, issued on March 03, 2017, have been fully satisfied. Therefore, **NOV030317W1** between Douglas County Lake Tahoe Sewer Authority and the Division is hereby closed.

If you have any further questions, please contact me through phone (775) 687-9435, or through email at kpascual@ndep.nv.gov with questions or comments regarding this matter.

Sincerely,

Katrina A. Pascual, PE,
Supervisor, Technical, Compliance, and Enforcement Branch
Bureau of Water Pollution Control

cc:

Robert O. Anderson, P.E., P.O. Box 2229, Minden Nevada 89423

AUTHORITY CONTROLLER'S

BOARD REPORT – May 29, 2019

Budget Hearing Presentation Fiscal Year 2019-2020

I sent you all copies of the budget I'm recommending for adoption for the next fiscal year and there are extra copies on the table. There are a number of changes from the Tentative Budget approved on March 20, 2019. Most notably, since that time

- One employee resigned and because we are no longer on 24 hour a day staffing, we will not be replacing him, therefore the employee numbers on Page 3 of the budget and the Salaries and Benefits line item on Page 5 have been reduced accordingly.
- The Legal, Engineering and Accounting line items have been reduced to reflect our current situations, including reduced audit expenses. Just as an aside, the legal expenses regarding litigation are not operating expenses, so are not reflected here.
- The Repairs and Maintenance line item was also increased to reflect the current trend.
- Our casualty insurance with Pool Pact is estimated to be increasing by 14%, I am told as a result of nationwide flood and fire claims throughout the insurance industry. The Insurance and Other line item was increased accordingly.
- Page 6 of the budget related to cash flows was changed to reflect potentially doing $3.5 million of work on the combined Aeration

Basin/Grit/Headworks projects and taking $3 mil in SRF loans during the year. As an aside here, we will be reimbursed for all the work. The disparity between those two numbers is to spread the $9 million loan evenly over 3 years. We have the option of accelerating that if we choose.

At the time the Tentative Budget was adopted, it appeared that all of the participating districts and the In-District users would incur a rate increase of approximately 5.5% in keeping with the Capital Assessment increase. These figures are always variable depending on the outcome of the flows report. The actual rate increases overall are:

- 5.3% to Round Hill
- 4% to Tahoe Douglas District
- 2.5% to Kingsbury because their flows were significantly down
- And 7% to In-District users, based on its increased flow percentage. This resulted in a 5.5% increase to residences and a 4.9% increase in the commercial rate.

I think it's noteworthy that this is the first time there has been a positive bottom line figure on Page 5 of the budget in many years. That is a result of us working to keep operating expenses level over the years, and the capital assessment increase approved by the Board last year. Thank you for doing that.

If there are no questions, I would ask that the Board adopt this budget as final so that I may submit it to the Department of Taxation.

General Status Report

1. I've given you a Statement of Earnings through March 31, 2019 that reflects, as I told you earlier this month that our operating expenses at that point in time were 5% under budget. On this statement the gray highlighted area is last year's expenses at the end of the 3rd quarter. The yellow highlighted figure shows that this year's expenses are actually almost $200,000 less than last year at the same point in time. Yay, us!

2. Regarding the sewer billings, I contacted the Hard Rock and they've indicated the check would be in the mail on Friday, the day I'm writing this. Assuming that is the case, our outstanding invoices will be down to approximately $15,000 or less than .7% of the amount billed. Only 2 accounts are delinquent enough that liens will be placed, and one of those is in foreclosure. Crystal, the Office Manager at Lake Village has been most helpful in giving us contact information for their residents. Often that is the key piece, and once a personal phone call is made, people pay their bills. The number of people wishing to automate with the ACH process is increasing too, so we're looking forward to an easier second year beginning July 1. I really never understood how much work the process would be and I would not have made it without Ying. She is a dynamo and keeps the billing information both physically organized and in her head, which amazes me.

3. This coming week, Michelle Stamates, a representative of the State Revolving Fund, will be coming out to view our project site and make sure that all the requirements are met. We've been busy consulting with the design engineer, Rob Natoli at HDR, and a construction manager who will guide us through the CMAR

process. I anticipate have the Request for Proposals ready for publication next week.

4. Wayne Carlson from Pool Pact will be attending the October 16 Board meeting to give us Ethics and Open Meeting Law training.
5. The auditors from Eide Bailley will be spending three days here at the beginning of July performing pre-audit and planning work. I will be meeting Beth Farley down in the valley next week just to get acquainted and they have scheduled the last entire week in September to come do the field work.
6. I left a message for Kay Tilzer, the consultant from Public Sector Personnel Consultants and anticipate talking to her before the meeting regarding whether she could attend or even be available by phone to answer questions at the next board meeting. Her data and recommendations will be available well in advance of that, so you have time to review them. I have only seen partial results at this time.

Investment Report

The only change in our investments since the last meeting is that we had the final CD for this fiscal year mature at 1.1% and I was able to reinvest it for 18 months at 2.45%. I put a list of current CD's in the packet.

Claims and Check Register

I sent copies of the wires and check register from May 8 through May 29 in your board packet. If there are no questions, I would ask that the Treasurer sign them and return them to me for our records.