MINUTES OF REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
MARCH 18, 2020

CALL TO ORDER:

Due to the Governor's mandated steps to protect against the spread of the Coronavirus (Covid - 19), a Meeting of the Board of Trustees of the Douglas County Lake Tahoe Sewer Authority (DCLTSA) was duly convened via telephone conference call at 9:30 a.m. on Wednesday, March 18, 2020 originating at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Present and taking part via telephone connection were Trustees Mike Bradford, Darya Vogt, Grant Thompson, Chuck Fagen and Wes Rice. Each of them could hear all others taking part in the meeting.

RECOGNITION OF OTHERS IN ATTENDANCE:

Also in attendance were Authority Manager Rob Hopkins, Authority Controller Paula East-Janicki, Authority Accountant Ying Johnson, and telephonically Rob Anderson, Authority Engineer, the Authority's attorney, Ryan Russell, Dave Backman from K.G. Walters Construction Co., Jim Morris from HDR Engineering and Bob Cook.

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 Trustee Vogt, seconded by Trustee Rice and carried unanimously that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated February 19, 2020, be approved.

DISCUSSION AND POSSIBLE ACTION:

Discussion and possible execution of a Construction Management at Risk Guaranteed Maximum Price Contract with K.G. Walters Construction Co., Inc. for Phase I of the Treatment Plant Upgrades Project in the amount of $1,436,210 – for possible action.

It was moved by Chairman Bradford, seconded by Trustee Vogt to approve the construction Management at Risk Guaranteed Maximum Price Contract with K.G. Walters Construction Co., Inc. for Phase I of the Treatment Plant Upgrades Project in the amount of $1,436.210. Motion carried unanimously.

Discussion and possible approval to extend the biosolids trucking contract with Tahoe Basin Container Service, Inc., a sole source provider, for a one-year period, from April 1, 2020 to March 31, 2021, with a 2.14% rate increase, from $374 per trip to $382 – for possible action.

It was moved by Trustee Vogt, seconded by Trustee Rice to approve extending the biosolids trucking contract with Tahoe Basin Container Service, Inc., a sole source provider, for a one-year period, from April 1, 2020 to March 31, 2021, with a 2.14% rate increase, from $374 per trip to $382. Motion carried 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. The written report is incorporated in these minutes by this reference.

Mr. Hopkins reported that Phase 1 of the DCLTSA Treatment Plant improvements project is underway. DCLTSA, K.G. Walters and HDR Engineering staff participated in a round table evaluation of blower technology as part of the project. He further reported that operator training with the updated technology for the Treatment Plant is ongoing.

Mr. Hopkins reported that two more residential units within the Sierra Colina Project were inspected by DCLTSA staff in the last period. Additionally, DCLTSA and R.O. Anderson have coordinated review and comment on the sewer infrastructure plans for the South Tahoe Events Center. Mr. Hopkins reported that the 2020 Hazardous Materials Permit has been submitted to the Nevada State Fire Marshal with the associated fees.

Mr. Hopkins reported that, staff has been working with the contractors at Tahoe Beach Club to seal leaks on Manhole 310 and that the relocated sewer line would not be accepted by the Authority until that work is completed.

Finally, DCLTSA will be taking on minor dewatering flows from the Tahoe Beach Club in order to free up storage volume within their own-site storage ponds.

Following thoughtful discussion and questions from the Trustees, 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 March 17, 2020 briefly summarizing various issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The March 17, 2020 correspondence is incorporated in these minutes by this reference.

Mr. Anderson indicated that cleaning contract documents to secure a contractor to continue the cleaning of the collection system following the expiration of the current contract at the end of April, 2020 will be published for competitive bidding.

Mr. Anderson indicated that the ARV Maintenance NDOT Permit application has been completed and submitted. He further indicated the he and his staff have confirmed that the Basis Strategies request to Karen Kuentz with the US Forest Service for relocating the existing DCLTSA sewer main onto the adjacent USFS property is current.

Mr. Anderson indicated that the Tahoe South Events Center initial plan review has been completed and the comment letter was issued to Welsh-Hagen, the civil engineering firm representing the project.

Mr. Anderson and his staff have dug back in the archives on the Bently Reservoir levels and found 2003 LiDAR data from the Pine Nut Mountain hydrology FEMA re-study, and it appears that the survey captured the reservoir after construction but before it was filled. Mr. Anderson reported that the digital files used to analyze the annual flow data have been updated.

With regard to the ongoing meter reconciliation work, Mr. Anderson reported that he and his staff have collected/downloaded data from two meters for comparative purposes in the hopes of demonstrating a strong correlation of total measured flow between the two independent meters.

Following thoughtful discussion and questions, Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

ATTORNEY'S REPORT:

A. General Status Report

Mr. Russell 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. Russell had nothing new to report. There was no public comment.

AUTHORITY CONTROLLER'S REPORT:

A. General Status Report

Ms. East-Janicki indicated that her report was provided and that she was happy to answer any questions. There were none.

B. Discussion and possible acceptance of the Tentative Budget for Fiscal Year 2020-2021 for submission to the Nevada Department of Taxation – for possible action.

Ms. East-Janicki presented the tentative budget. Following thoughtful discussion and questions, Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

It was moved by Trustee Rice, seconded by Trustee Fagen to approve the tentative budget as presented. Motion carried unanimously.

C. Discussion and possible designation of Beth Farley, from Eide Bailey as Auditor for the upcoming annual audit of Fiscal Year 2019-2020 – for possible action.

Ms. East-Janicki presented the item.

Following thoughtful discussion and questions, Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

It was moved by Trustee Vogt, seconded by Trustee Rice to designate Beth Farley, from Eide Bailey as Auditor for the upcoming annual audit of Fiscal Year 2019-2020. Motion carried unanimously.

D. Investment Report

Ms. East-Janicki had a written summary of the Authority's investments available, showing a total of approximately $10 million. Ms. East-Janicki reported that this amount does not include loan proceeds from the SRFL or the reserve account for the loan.

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.

Following thoughtful discussion and questions, Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

It was moved by Trustee Vogt, seconded by Trustee Fagan to approve the claims as presented. Motion carried unanimously.

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

Chairman Bradford indicated that the Lakeside Inn is shutdown for the time being in an effort to meet the issues surrounding the coronavirus.

Trustee Rice indicated that the Douglas County Board of County Commissioners has cancelled several meetings.

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 10:45 a.m.

Michael H. Bradford

APPROVED

4834-4135-9543, v. 1

4/21/20

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report – March 2020
A. General Status Report

Staff Recommendation:

None. This is an informational item only.

Discussion/Report:

This item serves to afford the Authority General Manager the opportunity to update the DCLTSA Board of Trustees on select activities over the previous month(s).

1. Phase 1 of the DCLTSA Treatment Plant Improvements project is well underway. This first phase involves preparing and recoating Aeration Basins 1 through 4. Preliminary demolition of old pipe and railings is nearly complete. Pending execution of the contract with KG Walters, which is on this month's agenda, coating work is anticipated to begin in the final week of March 2020. (photo attached)

2. Two more residential units within the Sierra Colina Project were inspected by DCLTSA staff in the last period.

3. DCLTSA, K.G. Walters, and HDR Engineering staff participated in a round-table evaluation of current state-of-the-art blower technology as part of the Treatment Plant Improvements project. The key considerations for DCLTSA are energy efficiency, reliability, maintenance and up-front capital costs. Work toward selecting the best possible technology and appropriate vendors is ongoing.

4. The 2020 Hazardous Materials Permit has been submitted to the Nevada State Fire Marshal with the associated fees. There have been no material changes to the type and nature of chemicals and fuels stored at the Treatment Plant to report for the upcoming period.

5. DCLTSA Operator training on how the Treatment Plant will function when it is fully converted to Biological Nutrient Removal (BNR) process is underway and ongoing. DCLTSA wishes to thank Mike Falk and Randall Gray of HDR for their excellent presentations and hands-on training with staff these last several weeks.

6. DCLTSA and R.O. Anderson staff have coordinated review and comment on the sewer infrastructure plans associated with the proposed Tahoe South Events

Center. Further details of the suggested design revisions may be covered under the DCLTSA Engineers report.

7. Work to seal leaks on Manhole 310 at the Tahoe Beach Club continues. DCLTSA staff assisted Sierra Nevada Construction with two attempts to seal leaks in the last period.

8. DCLTSA will be taking on minor dewatering flows from Tahoe Beach Club in order to free up some storage volume within their on-site storage ponds. This is being done as a precautionary measure in advance of a series of storms predicted in the next week or so. Billing will continue at the current Fiscal Year 2019-20 rates.



Crane set up next to Aeration Basin No. 1 for removal of old metal pipes and railings

R|O|Anderson

March 17, 2020

Via E-mail

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

Authority Engineer's Monthly Report – March 2020

Dear Members of the Board:

The following report presents a summary of activities undertaken on behalf of the Authority since our last meeting together on February 19, 2020. During this period, we provided services in the following areas:

1) General Engineering Services
2) Meter Reconciliation; RHGID-TDD

The following paragraphs provide a brief description of these efforts and progress related to each of these 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. In addition to these activities, we have participated in the following specific tasks:

- Collection System Cleaning Contract: The cleaning contract documents will be completed this week and will then be published for competitive bidding.
- ARV Maintenance NDOT Permit: This permit application has been completed and submitted.
- NDSL easement application: The formal Nevada Division of State Lands (NDSL) easement application with the requisite legal descriptions and exhibits were submitted to NDSL for processing. The application combines the five crossings for which NDSL requires easements (East and West Fork Carson River, Home Slough, East and West Brockliss Slough).
- Werbin Residence, 119 and 120 Snowbird Court, 1010 Holly Lane; all within Lake Village: We have confirmed that the Basin Strategies request to Karen Kuentz with the US Forest Service (USFS) for relocating the existing DCLTSA sewer main onto the adjacent USFS property is current. USFS is still reviewing the request.
- Tahoe South Events Center: The plan review has been completed and the letter was issued to Welsh-Hagen, the civil engineering firm representing this project.

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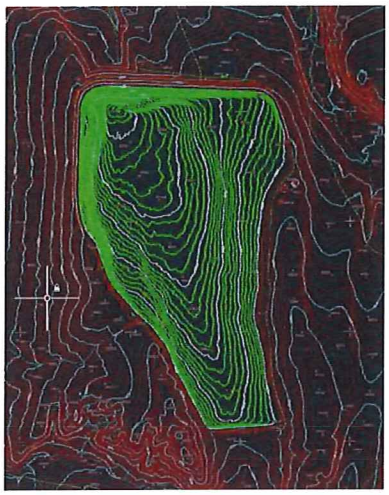
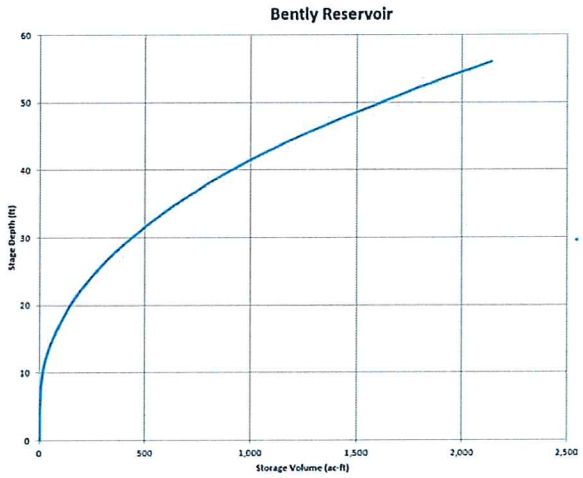
OFFICES
Minden, Nevada
Reno, Nevada

Welsh Hagen have revised their plans and a re-submittal was received Monday March 16, 2020.

- Bently Reservoir Levels: Having exhausted virtually every other data source, agency and owner we could conceive, we dug back in the archives and found a 2003 LiDAR data from the Pine Nut Mountain hydrology FEMA re-study that includes the area of the reservoir. A plot of that topographic data is presented below. From our quick review, it appears that the LiDAR survey captured the reservoir after construction was complete, but before it was filled. This allowed us to produce a representative stage-storage curve, which is also presented below. We will need to determine the relationship of this curve to staff-provided depth readings in order to calculate stored volumes before we can proceed to plot water depth data over time.



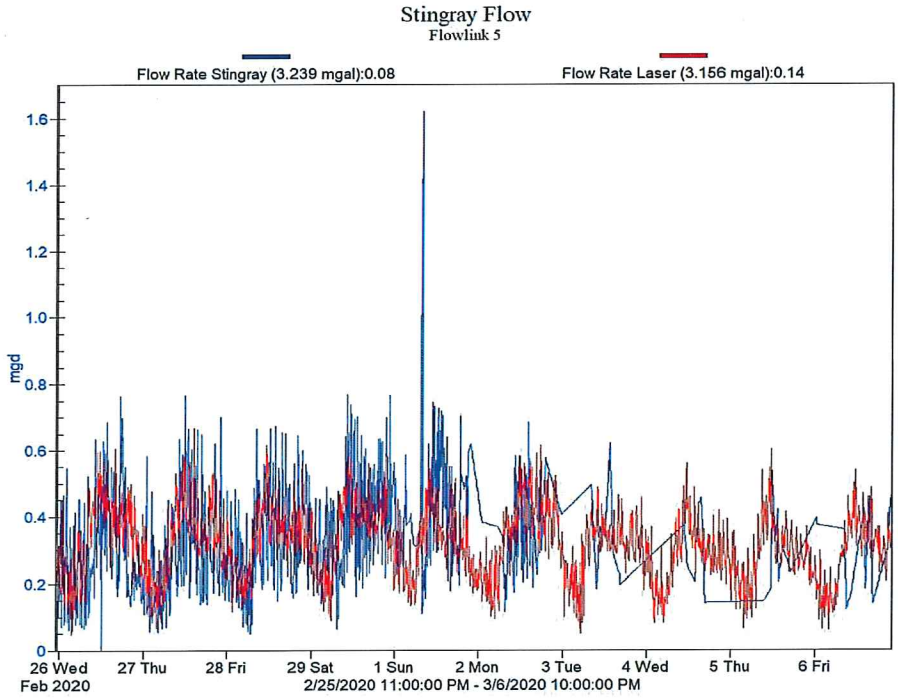


- Annual Flow Report: The digital files used to analyze the annual flow data have been updated. The water data has been collected from areas with unmetered sewer flows and it has been input into the spreadsheets. As described below, we remain optimistic that the RHGID-TDD meter reconciliation efforts will afford us a more precise methodology for estimating flows generated within RHGID than what has been used historically.

Meter Reconciliation RHGID-TDD:

As I discussed at the last Board meeting, earlier that day (February 19th) we modified the settings of the LaserFlow meter in an attempt to correlate the meter readings obtained through the LaserFlow meter to the temporary meter installed in the manhole located within the Wyndam Resort. Since that Board meeting, we have collected/downloaded data from these two meters for comparative purposes, again, in the hopes of demonstrating a strong correlation of total measured flow

between these two independent meters. Below is an X-Y plot of the meter readings derived from these meters between February 26th and March 6th. A quick review of this data demonstrates that there are instantaneous variations between the readings as well as some daily variations, which is expected. However, for this 10-day period, the total flow between the temporary meter (Stingray), 3.239 million gallons (mgal), and the LaserFlow meter, 3.156 mgal, is actually very close – within 3%. From this, we conclude that the LaserFlow meter is now accurately reporting the combined sewer flows from RHGID and TDD.



It is our intention to now apply the meter adjustments to the flow data collected at the LaserFlow meter during 2019 to derive a corrected total flow volume for use in the upcoming 2019 Flow Report. Having just received the above analysis from the representative of the meter manufacturer, I have not attempted to perform the required calculations and estimate the prospective impacts to the flow values.

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 and the opportunity to provide these services.

Yours faithfully,

R.O. ANDERSON ENGINEERING, INC.

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

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

AUTHORITY CONTROLLER'S

BOARD REPORT – March 18, 2020

General Status Report

At the end of January, our operating expenses were still almost 9% under budget. That still doesn't include the Eide Bailly bill of $38,000, but even with it we will still be more than $136,000 under budget.

Status of Billing

As of March 13th, we only have $10,124 of invoices past due. The Hard Rock paid their bill including multiple late fees. Of the 2 pre-lien notices I sent out last month, one of them paid their account current. I filed a lien for the other one, bringing the total to 5 liens totaling $5,523. One of those properties is in foreclosure and it appears we might get paid $1,100 for one of the liens in the next 30 days.

Underground Storage Costs To Date

During the month of February, 145,800 gallons of groundwater were pumped out of the Underground Storage Tank at a treatment cost of almost $1,445. The dry weather has significantly reduced the amount of ground water flowing into the tanks.

To date the following costs have been incurred in regards to that project:

Original Project Costs:	$1,702,334.29
RO Anderson Engineering Subsequent	$ 33,367.50

Allison Maczenzie Legal Svcs.	$ 97,331.92
Lewis Roca, et al. Legal Svcs	$ 57,769.00
John Shaw Consulting	$ 14,262.50
Summit Plumbing re Fence Sinking Area	$ 856.29
HDR Engineering re Analysis of Failure/Fix	$ 33,500.00
Water Pumped from UES - 21,130,200 gallons	
treated @ $9.45 per 1,000 gallons	$ 199,680.39
Water Pumped from UES - 3,099,600 gallons	
treated @ $9.91 per 1,000 gallons	$ 30,717.04
Total	**$2,169,818.93**

Tentative Budget

I provided a copy of the Tentative Budget in the Board packet for your review. To summarize the high points:

- On Page 3, the top table enumerates the number of employees. The Actual Prior Year there were 12.75 (Ying hired in October was the .75). In the current year, we have been operating with only 12 employees, as we did not replace one operator who left. In the coming budget year, we have added back one employee, an operator, because we have 4 Grade II or III operators retiring within 2 years. It is necessary for us to bring someone on soon to begin learning our very unique treatment process.
- On Page 3, the bottom table lists the approximate population of our In-District area. It is figured at 3.3 people (roughly) per

residence. The 2350 current year figure was prior to the Tahoe Beach Club and Sierra Colina additions. The 100 person increase per year assumes 30 residences come onto our rate payer rolls per year from either TBC or Sierra Colina.

- On Page 5, The Schedule of Revenues, Expenses and Net Position, under Operating Revenues, you can see that Sewer Fees for In-District and the contracted (Participating District) users increased by slightly more than $266,000. Of that, $250,000 is the increased annual capital assessment approved by the Board two years ago.
    - Operating Expense increased by approximately $83,000, but $21,400 of that was depreciation. The Salaries and Benefits line item increased by $160,200 due to one added position, a 7% increase in health care costs and workers comp. The other line items were decreased to offset the salaries and benefits, resulting in only $16,000 of increased fees due to Operations and Maintenance expenses.
    - I did not project dewatering income from TBC, though we may well have it.
    - The Interest Revenue category I kept flat from the current year, as while we have more money invested, interest rates are falling.
    - The Interest on Bonds, in other words the debt service interest on our loans, was increased by $84,000 to accommodate the new project loan.

- On Page 6, the Statement of Cash Flows, under Acquisition and Construction of Capital Assets, it shows that $3 million is estimated for the Aeration Basin and Plant Upgrades project next year, but we could also spend an estimated $600,000 for legal fees on the Underground Storage Tank lawsuit as it comes to trial. The $3 million Aeration Basin costs will be reimbursed by the State Revolving Fund loan.
    - The bottom line shows that we will net almost $450,000 less than last year, due to extra legal fees and the increased debt service. However, our Cash and Cash Equivalents number is still growing – by almost $1.2 million in the budget year.

This budget if accepted by the Board will be filed with the Department of Taxation and the County Clerk within the next week.

Designation of Auditor

At this time of year, the Department of Taxation requires that the Board designate the auditing firm for the coming year.

As you likely recall, last year we sent out a Request for Proposals for a new auditing firm and selected Eide Bailly. We are happy with the way the first year went, and they proposed a 5 year agreement with rate increases of $1,500 per year. That would bring the cost of this year's audit to $39,500. Previously, with Grant Thornton, we were paying $45,000 per year.

It would be my recommendation that we designate Eide Bailly for the coming audit.

Investment Report

We have a little more than $10 million dollars invested in liquid Wells Fargo and Local Government Investment Pool (LGIP) accounts and longer- term laddered CD's. Those amounts do not include the loan proceed or reserve accounts. Since the last Board meeting, one more CD matured and one was called. Because CD rates are at .66% for 3 years, $490,000 was moved to the Local Government Investment Pool. In February they continued to pay over 1.7%.

Claims and Check Register

I sent you copies of the wires and check register from February 19 through March 18, 2020. If there are no questions, I would ask that the Treasurer sign them and return them to me for our records.