MINUTES OF REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
June 21, 2023

## CALL TO ORDER:

A 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, June 21, 2023, at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

## ROLL CALL:

Present were Trustees John McLaughlin, Andy Huckbody, Jodie Nelson and Keith Fertala.

## RECOGNITION OF OTHERS IN ATTENDANCE:

Also present were Authority Manager Rob Hopkins, Authority Controller Paula East-Janicki, Authority Accountant Ying Johnson, Authority Engineer, Rob Anderson and the Authority's legal counsel, Jim Cavilia. Also present via audio internet connection by which they could hear everyone at the meeting, and everyone could hear them, were Marty Bibb of Elk Point Sanitation District (EPSD) and Chris Rusby, counsel for ESPD.

## PUBLIC COMMENT:

There was no public comment.

## APPROVAL OF AGENDA:

**It was moved by Trustee Nelson, seconded by Trustee Huckbody and carried unanimously (4-0) that Item 10.A. be moved to the top of the agenda and that with this revision the agenda be approved and adopted as presented.**

## MINUTES OF PRIOR MEETING:

**It was moved by Trustee Fertala, seconded by Trustee Huckbody and carried unanimously that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated May 17, 2023, be approved as presented.**

**Discussion regarding the Amended and Restated Agreement between the Authority and Elk Point Sanitation District.**

Authority legal counsel, Jim Cavilia, indicated that, based on his consultation with Authority staff, he had prepared an Amended and Restated Agreement between the Authority and EPSD to replace

the current agreement that was from the 1970s. Mr. Cavilia also stated that he had just recently received some proposed revisions to the draft agreement from legal counsel for EPSD, Chris Rusby. Mr. Cavilia proceeded to introduce Mr. Rusby who was participating in the meeting via audio connection.

Mr. Rusby apologized for the delay in providing comments and proposed revisions to the agreement indicating that he had added some recitals in order to more completely describe the history of the Auhority's relationship with EPSD. Additionally, Mr. Rusby stated that he made some other suggested revisions to make the financial provisions in the agreement clearer. Finally, Mr. Rusby indicated that the term of the agreement is a big concern for EPSD and EPSD would like a longer term than being proposed by the Authority.

Marty Bibb, board member of EPSD, thanked the Authority for its work on behalf of EPSD and its ongoing cooperation. Mr. Bibb stressed that the EPSD board was seeking to increase transparency with its district and the board greatly appreciates the Authority's willingness to fund the necessary improvements to EPSD's facilities.

Mr. Cavilia thanked both Mr. Rusby and Mr. Bibb, stating that he would review EPSD's suggested revisions to the agreement with Authority staff and get back with any questions or concerns. Once we have an acceptable agreement at the staff level, the agreement will be brought back to the Authority Board for consideration.

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

## 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 some items in the written report. The written report is incorporated in these minutes by this reference.

Mr. Hopkins reported that Authority staff recently participated in a meeting with KGID engineering staff to discuss possible upgrades to KGID's Market St. pump station. Mr. Hopkins explained that three options were being considered and that the Authority Engineer would be involved as necessary.

With regard to the Beach Pump Station and plans to improve Burke Creek, Mr. Hopkins indicated that he has participated in meetings with the United States Forest Service (USFS) and the Nevada Tahoe Conservation District (NTCD) and has continued to emphasize the importance of maintaining the Authority's access to the pump station from the south.

Mr. Hopkins stated that work was continuing to identify manholes and other Authority infrastructure that will need to raised as part of the Nevada Department of Transportation's repaving project from the state line to Spooner Summit. Mr. Hopkins believes that 14 or 15

manholes will need to be raised and the Authority Controller, Paula East-Janicki, added that these capital costs would be paid by in-Authority users.

Regarding the Tahoe Beach Club, Mr. Hopkins indicated that plan review of Phase 2 was continuing.

Mr. Hopkins reported that review of Edgewood's cart barn project has been completed with minimal comments.

Mr. Hopkins stated that Authority staff was continuing to work with NV Energy, VM West and Wasatch Electric to have damage to the plant access road caused by logging activities repaired.

Mr. Hopkins stated that the Mechanical Building Re-Roofing project is substantially complete with only minor clean-up to be completed.

With regard to the Kahle Drive Complete Street Project, Mr. Hopkins reported that the 95% plan drawings have been submitted and are being reviewed by R.O. Anderson Engineering.

Finally, Mr. Hopkins was happy to report that the manufacturer of the Authority's new blowers in the treatment plan has, with the assistance of the Authority's IT specialist, Eric Heffernon, completed work to have the blowers automatically reset and restart in the event of a power outage at the plant. Mr. Hopkins explained how this will no longer require the manual restarting of the blowers and will likely result in overtime cost savings and reduce the risk of upsetting the treatment process.

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

**B. Consideration of the character, conduct, and/or professional competence of the Authority Manager (Annual Performance Review).**

Ms. East-Janicki indicated that this was the time for the annual performance review of the Authority Manager and that each of the Trustees had completed a written evaluation of the Authority Manager. Ms. East-Janicki explained that any salary increase was wholly within the Board's discretion and that the Authority's salary plan was in place as guidance for the Board. Ms. East-Janicki indicated that the Manager's current annual salary is $204,574 and that a raise of 3.5% would be approximately $7,000 per year and a raise of 5% would be approximately $10,000 per year.

In response to a question about the ongoing salary survey being conducted for the Authority, Ms. East-Janicki stated that the report would like be completed prior to the Board's meeting in August and she anticipates that the top of the salary range for the Manager position will be $235,479. Finally, Ms. East-Janicki indicated that the written evaluations all scored the Manager as exceeding the job standard or as outstanding.

In response to a question from a Trustee, Mr. Hopkins indicated that he is the only contract employee of the Authority and therefore any salary increase was at the discretion of the Board.

A discussion ensued among the Trustees regarding Mr. Hopkins' history of performance at the Authority and the difficulty in filling these sorts of management positions.

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

Following the discussion among the Trustees, **it was moved by Trustee Nelson, seconded by Trustee Huckbody and carried unanimously (4-0) that the Authority Manager's annual salary be increased by 4.5%.**

**ENGINEER'S REPORT:**

**A. General Projects Status Report**

In addition to his participation in the Manager's Report, Authority Engineer, Rob Anderson, presented correspondence dated June 20, 2023, briefly summarizing various issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The June 20, 2023 correspondence is incorporated in these minutes by this reference.

Mr. Anderson reported that the re-roofing of the mechanical building was nearly complete.

Mr. Anderson presented the Board with a report of sewer flows for the period from January 1, 2023 to May 31, 2023 and indicated that the year-to-date daily average flow has been 1.25 million gallons per day (MGD) with a peak flow of 2.051 MGD on March 10th, which is the day that Burke Creek flooded the Beach Pump Station. Mr. Anderson stated that this year's flows are higher than the previous year probably as the result of inflow and infiltration.

With regard to NDOT's plans for repaving U.S. Highway 50, Mr. Anderson reported that his office has provided information to NDOT about the Authority's existing sewer facilities within the right of way.

Regarding the Beach Pump Station access and the plans of USFS and NTCD to improve Burke Creek, Mr. Anderson stated that positive discussions have continued about the possible re-alignment of the Authority's access from the south. In explaining the various options, Mr. Anderson indicated that he would continue to work with USFS and NTCD officials to find the most cost-effective solution that maintains the Authority's historic access. Mr. Anderson also indicated that the work would not be completed until sometime next year at the earliest. Finally, Mr. Anderson stated that the USFS has indicated that there may be federal grant funding available to the Authority to participate financially in the project. Following brief discussion among the Trustees, a consensus was reached to seek grant funding of up to $150,000.00 for the Authority's participation in this project. Mr. Anderson stated that he would continue to keep the Board informed about this matter.

Mr. Anderson also reported that his office had recently reviewed updated site improvement plans for a cart barn at Edgewood and that following that review it has been recommended that Mr. Hopkins approve the plans.

Chairman McLaughlin 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 reported that the Authority's operating expenses are approximately 5.15% under budget through April.

With regard to the salary survey being conducted by Public Sector Personnel Consultants, Ms. East-Janicki indicated that a preliminary comparison with like agencies has been completed and it is anticipated that the survey will be ready for review by the Board in August.

Ms. East-Janicki indicated that the required Government Accounting Standards Board (GASB) 75 actuarial report has been completed in order to determine the Authority's Other Post-Employment Benefits liability for financial reporting purposes.

Ms. East-Janicki stated that the Authority has received its insurance quote for next year, showing a premium increase of 10.08% with a total premium of $104,441.

The sewer line camera assessment being conducted by Summit Plumbing is scheduled to be completed by the end of June.

With regard to the Authority's annual audit, Ms. East-Janicki reported that two auditors are scheduled to be at the Authority's office on June 28, 2023 for a planning session.

With regard to the Tahoe South Events Center (TSEC), Ms. East-Janicki indicated that documentation of the fixture count has been submitted and that an onsite inspection will be scheduled in the near future.

Ms. East-Janicki stated that the Authority's accounts receivable balance for in-Authority users is less the $5,500 and that the Authority has liens in place for a total amount of $13,652.

Finally, Ms. East-Janick reported that overall sewage influent flows are up approximately 13.4% from the previous year, likely as the result of inflow and infiltration from snowmelt.

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

**B. Discussion and possible action to augment Fiscal Year 2022-2023 budget, shifting expenses between line items, and increasing total operating expenses by $100,000.**

Ms. East-Janicki reported that, in order to comply with the state's budgeting requirements, it is necessary to augment the Authority's 2022-2023 fiscal year budget. Ms. East-Janicki presented the Board with a revised budget showing the augmentation that moved certain expenses between line items. Ms. East-Janicki explained that the augmentation of the budget also includes the addition of $100,000 to expenses in order to account for potential costs associated with the sewer line camera assessment work. Ms. East-Janicki recommended that the Board adopt the proposed budget augmentation.

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

Following the discussion among the Trustees, **it was moved by Trustee Nelson, seconded by Trustee Fertala and carried unanimously (4-0) that the 2022-20223 fiscal year budget be augmented as proposed.**

**C. Investment Report**

Ms. East-Janicki had a written summary of the Authority's investments available, stating that the Authority has more $14.9 million invested. Ms. East-Janicki indicated that the only change since her last Investment Report was the addition of earned interest.

Chairman McLaughlin 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.

The claims were signed off on by Chairman McLaughlin.

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

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

Trustee Huckbody stated that Tahoe Douglas District (TDD) recently approved an increase in its residential sewer rate from $55 per month to $65. Trustee Huckbody also reported that Douglas County is in the process of reviewing tax rates for Douglas County General Improvement Districts.

Trustee Nelson reported that the KGID Board recently approved a bid for renovation to KGID's building on Pine Ridge Drive. Trustee Nelson indicated that only one bid was received, and it was 17% higher than the architect's estimate.

Trustee Fertala reported that RHGID recently approved an increase in sewer rates from $82 per month to $90. Trustee Fertala also indicated that RHGID has also completed an internal review of employees. Finally, Trustee Fertala invited everyone to RHGID's ninth annual barbecue to take place at the RHGID office on July 15, 2023.

Trustee McLaughlin reported that the switchgear for the TSEC has finally arrived and the center is scheduled to open in September, 2023. Trustee McLaughlin indicated that demand for the TSEC is very high and that it is possible that a minor league hockey team may be based at the TSEC. Trustee McLaughlin also reported that the Nevada Legislature allocated $1.2 million to microtransit at Lake Tahoe and the funds will be targeted for a connection to the Carson Valley. Finally, Trustee McLaughlin stated that Edgewood was looking forward to the fireworks show on the Fourth of July and the upcoming celebrity golf tournament in July.

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

**PUBLIC COMMENT:**

None.

**ADJOURNMENT:**

There being no further business, the meeting was adjourned at 11:10 a.m.

APPROVED

4863-1933-0929, v. 1

**Meeting Date: June 21st, 2023**

**DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY**
Staff Report

***Subject / Title:***

Authority Manager's Monthly Report – June 2023
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. DCLTSA staff participated in a meeting with representatives of KGID's Engineering staff to discuss options related to upgrading their Market Street Pump Station. This station discharges directly to the Treatment Plant. KGID is investigating three potential projects: 1) Rehabilitating the existing pump station in its present location, 2) Relocating the pump station to a new site south of Kingsbury Grade, or 3) Abandoning the pump station entirely and flowing direct via gravity line to the DCLTSA Beach Pump Station. The work is all very preliminary at this point, but we let KGID staff know that if option 3 is desired, DCLTSA would have to have the collection and pump station capacity analyzed and approved by our Engineer, R.O. Anderson, prior to any approval.
2. Two meetings have been held between the U.S. Forest Service, the Nevada Tahoe Conservation District and DCLTSA. Discussions involved upgrading or relocating the south access road to the Beach Pump Station via the Tahoe Beach Club. The meetings have been productive and collaborative. The group is close to an agreement on the preferred location, subject to approval of the Tahoe Beach Club to grant easement access to a new entry point on TBC property. The USFS and NTCD would like some cost sharing participation from DCLTSA, likely covering the cost of asphalt and road base. NTCD and USFS have provided our engineer R.O. Anderson with points-of-contact with various government agencies that may have grant money available to cover the requested DCLTSA participatory costs. Further detail may be provided by Mr. Anderson is desired.
3. Work is continuing to identify Authority manholes and other infrastructure that will need to be raised to grade when the NDOT project to resurface Highway 50 occurs. The cost to do the work will be borne by the Sewer Authority as our facilities exist in the NDOT right-of-way.

4. Plan review work related to Tahoe Beach Club Phase 2 is ongoing.

5. Plan review for the Edgewood Cart Barn Project has been completed by our Engineer and has been submitted back to Edgewood. Comments are minimal in scope. Details may be provided by Mr. Anderson.

6. DCLTSA staff has been working with NV Energy, VM West and Wasatch Electric to negotiate for pavement repair work necessitated by damage to our driveway during the heavy logging operations that occurred in 2022. Discussions have been productive, and solicitations for cost quotes from several contractors have been sent to representatives of NV Energy. We will keep you all appraised of the progress of the negotiations.

7. The Mechanical Building Re-roofing Project is substantially complete. Minor clean up of the worksite is underway currently.

8. 95% design drawings for the Kahle Drive Complete Street Project have been submitted to our engineer for review. Comments on the plans are due no later than June 23, 2023.

9. Aerzen Co., manufacturers of our new hybrid blowers in the Treatment Plant have completed work, with the help of DCLTSA IT / SCADA specialist Eric Heffernon, to get the blowers to reset and restart automatically on loss of utility power events. The work was a success and was completed just ahead of the major thunderstorm events that caused power outages 3 times over the weekend at the plant. The Authority will no longer have to scramble staff to restart the blowers manually, saving overtime callouts and risks of plant process upsets due to low dissolved oxygen levels in the future.

R O Anderson

June 20, 2023

***Via Email***

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

**Authority Engineer's Monthly Report – June 2023**

Dear Members of the Board:

The following report presents a summary of activities undertaken on behalf of the Sewer Authority since our last meeting together on May 17, 2023. During this period, we provided general engineering support and project review services on various projects as assigned. The following paragraphs provide a brief description of these efforts and progress related to each specific task.

General Engineering Services: R.O. Anderson Engineering, Inc. (ROA) assisted and participated with Authority personnel on engineering-related assignments on an as-requested basis. A summary of project-specific services provided this past month include:

2023 Mechanical Building Re-roof Project:
The contractor has made good progress on the work and I expect they would have completed the project but for the successive rainfall events over the past couple of weeks.

We have reviewed, processed, and recommended approval of the contractor's Partial Payment #2 in the amount of $88,160. As of the date of that invoice, June 2, financially the project was estimated to be about 80% complete. However, even as of that date, I expect the work is further along and more complete than what the contractor has invoiced for.

Report of Sewer Flows for the Period:
We have received and evaluated the year-to-date (January 1 – May 31) flow records. Year to date, the average daily flow has been 1.25 MGD, and the observed peak flow of 2.051 MG occurred on March 10th, which was the date that Burke Creek flooded effecting the Beach Pump Station.

Year-to-date the variance of influent flows measured at the plant versus the combined meter readings of flows from the contributing districts is 4.37%. The comparative flow charts are attached for your review and consideration.



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Minden, Nevada
Reno, Nevada

NDOT Repaving of US. Highway 50:

During the period, we received and have responded to NDOT's request (by and through their consultant, Atkins) for information about the Authority's existing sewer facilities that are located within the right-of-way of US Highway 50. This involved comparing the design development level plans for this road improvement project and confirming that the Authority's existing facilities were identified and reflected on their design drawings.

Beach Pump Station – Alternative Site Circulation Drawing and Access from Beach Club Drive

As we have discussed, the current plans for the Burke Creek Restoration Project contemplate removing DCLTSA's existing access road from Beach Club Drive to the Beach Pump Station. The USFS proposal was that the Authority would then access the Beach Pump Station through Nevada Beach Campground. Pursuant to the Board's direction, USFS was advised that DCLTSA believes access to this important facility is not feasible through the campground and the existing access road from Beach Club Drive must be maintained. Since confirming this directive to representatives of the USFS, we have participated in two additional meetings – one field meeting to review a suggested alternate access route and one in the offices of USFS to review estimated costs and discuss opportunities for partnership to meet the mutual objectives of the Sewer Authority and USFS. The latter meeting occurred on Wednesday, June 14th.

During that meeting we received several updates on this project. The first was that the schedule for the project has been delayed until Spring 2024.

Next, to meet their objectives, the USFS is planning on constructing a series of box culverts beneath the existing road to allow flood flows in Burke Creek to pass without overtopping the road. They are also planning to reconstruct and repave the access road in the locations damaged during construction. Their consultant has prepared a preliminary estimate of probable construction costs for this alternative ("Alternate A") of $348,000.

USFS identified an alternate location ("Alternative B") for the Authority's personnel to access the Beach Pump Station. The location of the new point of access is easterly of the current driveway at a point where the natural topography constrains the limits of the flood plain. In addition to similarly sized box culverts, this alternative requires a new road to be constructed from Beach Club Drive over the creek and to the pump station. This alternative is predicated on the Tahoe Beach Club granting the Sewer Authority a permanent access and maintenance easement at the new location. If Tahoe Beach Club refuses to grant the requested easement, this alternative is effectively moot. USFS estimates the cost of this alternative to be $322,000.

Next, we learned that USFS regulations require, in either of the above listed alternatives, that the Sewer Authority accept responsibility for maintaining the constructed improvements perpetually over their life. This policy further anticipates and requires the Sewer Authority to be responsible for reconstructing the improvements should they be damaged or washed out over time.

During the discussion about the Sewer Authority sharing or participating in the cost of construction, representatives of the agency suggested and asked that DCLTSA be responsible at a minimum for the cost of constructing the surface paving in either alternative that their consultant has estimated would be a $50,000 - $60,000 contribution.

Finally, representatives of USFS made us aware of potential of two separate grant funding sources – one being ARRA monies dedicated to Douglas County but not yet committed to other projects, and the other being grants available through Nevada Division of Environmental Protection (NDEP). Since this latter meeting, we have been advised that grant monies would not be available through NDEP. We are, however, inquiring with Douglas County to see if a modest portion of the remaining ARRA monies would be earmarked for and dedicated to the construction of this project.

Mr. Walker, District Ranger, specifically asked the Board to consider their request for financial participation at whatever level might be available to help make the project a success. Subject to the Board's direction, we recommend that this matter be formally added to the Board's agenda for its August meeting, which will give us some time to pursue ARRA grant funds and vet and assess Tahoe Beach Club's willingness to grant the needed easement to make Alternative #2 a reality.

Mr. Hopkins and Mr. Nikolov were both present during the meeting and may have additional input for the Board's consideration.

<u>Edgewood: New Cart Barn:</u>
We received and reviewed updated site improvement plans for construction of a cart barn on property owned by Edgewood. Upon completing that review, we recommended that Mr. Hopkins approve the subject plans.

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,

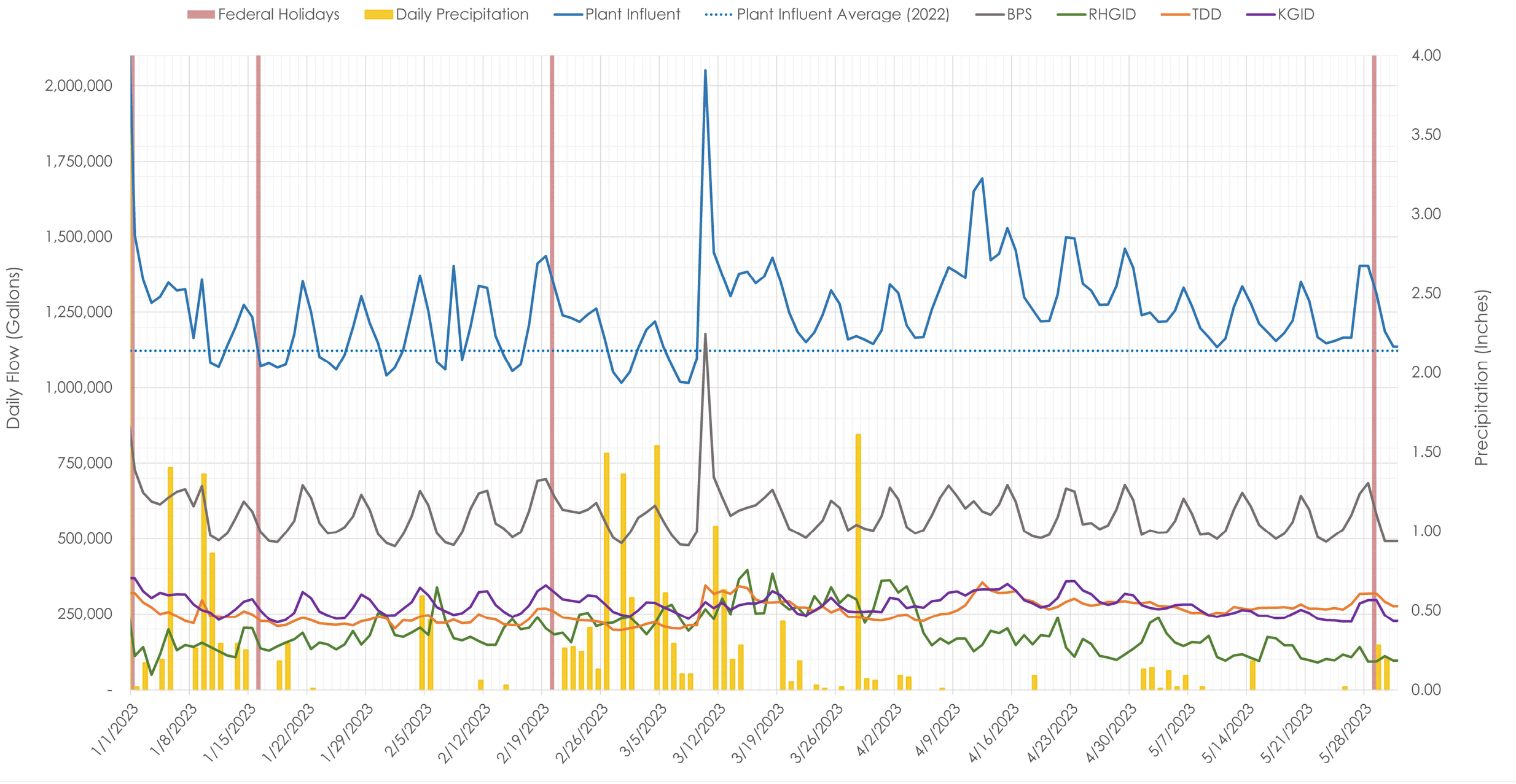
R.O. ANDERSON ENGINEERING, INC.

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

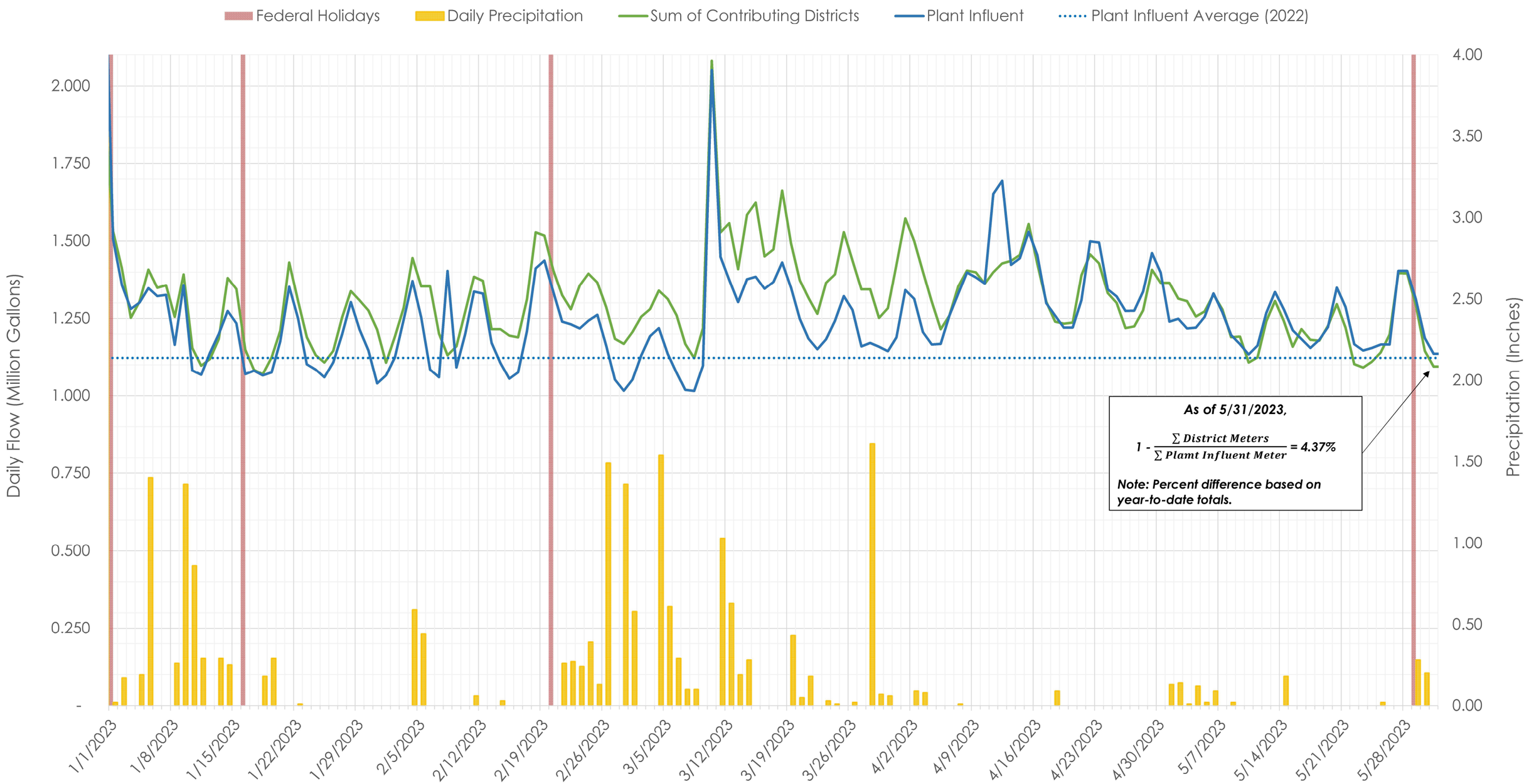
Attachment

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

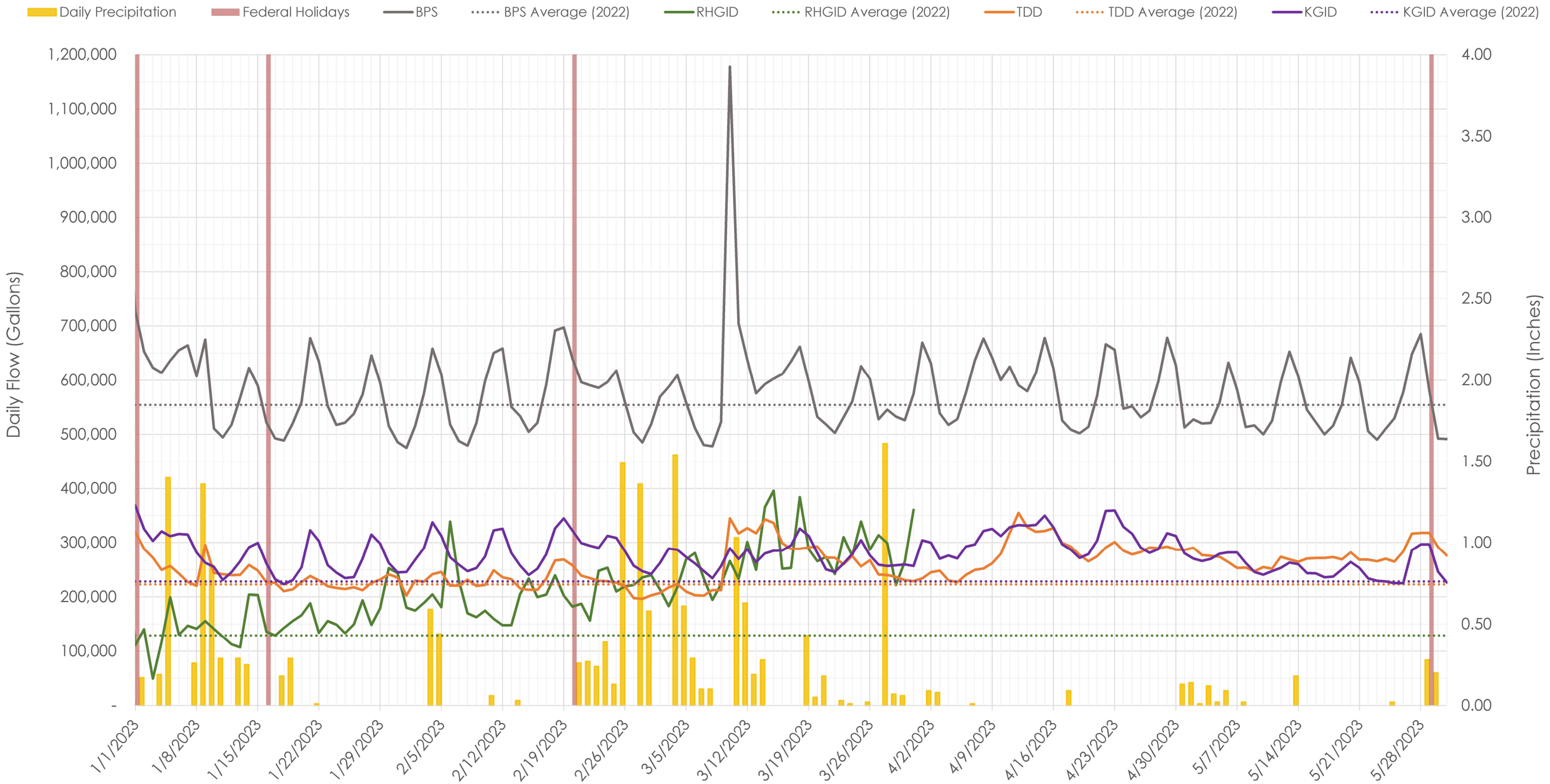
## DCLTSA Flow Comparison with Daily Precipitation
## 1/1/2023 - 5/31/2023



## Plant Influent Meter VS. Sum of Contributing District Meters with Daily Precipitation
## 1/1/2023 - 5/31/2023



## Contributing Districts Comparison with Daily Precipitation
## 1/1/2023 - 5/31/2023



# CONTROLLER'S GENERAL STATUS REPORT

## June 21, 2023

- There is a Budget to Actual spreadsheet in the Board packet that shows operating expenses through April were 5.15% under budget. As before, most of that underage comes from the Salaries and Benefits category.

- Public Sector Personnel Consultants has done a preliminary comparison with like agencies but had not included two new job positions that had been created since the last study, or figured in the combination Wastewater Operator/Maintenance Mechanic job description. The survey will be ready for Board review in August, as we don't normally have a July meeting.

- The GASB 75 actuarial report has been completed by Macleod Watts. This determines the OPEB (Other Post-Employment Benefits) liability listed on our financials. This year, because the bond discount rate went up, our liability decreased by more than $191,000. Our OPEB expense also decreased from $22,000 last year to a negative $66,000 this year. Like the PERS expense determined in preparation for year - end financials, the OPEB expense is not tied to actual expenses or cash flows but is instead determined by a yearly actuarial study.

- Alan Reed, our Pool/Pact insurance agent, delivered our insurance package for the next year. I have copies of that for Board review on the table. The premium increased by 10.08% to $104, 441, partly from increased property covered (the new Plant Upgrades Project equipment), but also because carriers are experiencing much higher costs to rebuild damaged structures. This insurance package includes

comprehensive property damage and liability coverage, cybersecurity risk and pollution liability.

- Summit Plumbing is scheduled to finish the In-Authority sewer line camera assessment at the end of this month. This was delayed by the early snow and late snow-melt but it's almost finished so we can send the data off to HDR to do a risk and priority assessment for repairing and replacing lines.

- Two auditors from Eide Bailly will be here for their planning session on Wednesday, June 28. The formal audit will begin sometime in early September.

- The Event Center has submitted paperwork detailing their final fixture counts and we will be scheduling an inspection walk-through in the next week or so.

- The Authority's Accounts Receivable balance for In-Authority accounts is under $5,500. Many of our customers pay their accounts ahead of time, as evidenced by the fact the Authority has 5 liens in place for $13,652. Ying and I will be sending out the first quarter billings for the next fiscal year on June 30.

- Through May this year, overall influent flows are up 13.4% from the same period in 2022. As discussed before this is likely from snow-melt infiltration, as In-Authority commercial flows are still down 20% from 2022.

**Budget Augmentation**

- Last month I told the Board I would be augmenting the current fiscal year's budget to move money between line items but not to increase the total operating expenses. However, given the July through April Budget to Actual figure of just 5% over budget, and the fact that

there are some large bills outstanding, including the one from Summit Plumbing which could be $90,000 or more for the line camera assessment, in an abundance of caution, I have added $100,000 to the bottom line expenses. This does not in any way affect the Authority's spending, as it relates to the expenses incurred for the year ending in less than 2 weeks. It is an administrative procedure only to make sure we comply with Nevada Administrative Code 354.481 which states:

*Expenses charged to an enterprise or internal service fund in excess of the original budget appropriation therefor are allowable … and are not a violation if:*

1. *The expenses do not cause a deficit in the equity balance of the fund; and*

2. *The budget is adjusted in a manner provided by law.*

The Department of Taxation doesn't get concerned with line items or bottom-line operating expenses that are less than 10% over the original budget but it's important to stay on the right side of the statute in case the auditors decide to focus on that this year.

Therefore, as shown on the Budget Augmentation worksheet in your packet, I moved money from Salaries and Benefits, Legal and Accounting, and Chemicals and Supplies to supplement particularly the Utilities (Gas and Electricity), Repairs and Maintenance (for the camera assessment), and Fuels and Lubricants category. In doing so, I added an overall $100,000 as a contingency. As I noted before, this does not affect any real money spent.

The Budget Schedules 19 and 20 which I will send to the Department of Taxation are also included in your packet with the amounts that were changed highlighted in yellow. Schedule 19 shows that we will still have an operating gain, but Schedule 20 shows that our cash flow balance will decrease from last year, because we have invested $2,205,000 this year in CD's which are not cash equivalents.

I would ask the Board to adopt the Augmentation of the Fiscal Year 2022-2023 as presented.

## Investment Report

The Authority's investments total more than $14.94 million. The only change since the last Board meeting is the addition of interest. LGIP paid 4.25% last month on $11,159,000 invested. The CD balance is still at $2,940,000 with an average interest rate of 4.29%. The LGIP money is entirely liquid.

## Claims and Check Register

The check register and wires since the last meeting are in the Board packet. If there are no questions, in the Treasurer's absence I will ask the Board Chairman to sign them and return them to me for our records.