MINUTES OF THE REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
March 21, 2018

CALL TO ORDER:

A Meeting of the Board of Trustees of the Douglas County Lake Tahoe Sewer Authority (DCLTSA) duly convened at 9:30 a.m. on Wednesday, March 21, 2018 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Present were Trustees Mike Bradford, Nancy McDermid, Wes Rice, Darya Vogt and Grant Thompson.

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, Ryan Russell on behalf of James Cavilia, and Bob Cook. A representative of Round Hill General Improvement District (RHGID) was in attendance and the meeting was open to the public.

PUBLIC COMMENT:

None.

APPROVAL OF AGENDA:

It was moved by Trustee McDermid, seconded by Trustee Thompson and carried, 5-0, that the agenda as noticed be approved and adopted.

MINUTES OF PRIOR MEETING:

It was moved by Trustee McDermid, seconded by Trustee Vogt and carried, 4-0, with Mr. Bradford abstaining, that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated February 21, 2018 be approved as presented.

Discussion regarding whether to continue Samuel McMullen and Strategic Research Associates' contract to obtain grant funding for District Development Plan projects.

Trustee Bradford indicated Mr. McMullen is under a contract currently with DCLTSA. Mr. McMullen is investigating the opportunities based on the current dynamics in Washington, D.C. which will take another month to conclude. Mr. Bradford did indicate that the Board would be better informed by a presentation from Mr. McMullen, who will likely attend in May.

Discussion included alternative individuals to possibly fill this role or continuing to work with Mr. McMullen. Discussion further indicated a desire to continue this matter for further discussion at the May 2018 meeting of the Board.

Trustee Bradford opened the floor to public comment. There was none.

It was moved by Trustee Thompson, seconded by Trustee McDermid and carried unanimously to continue this item to the May 2018 Board meeting.

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 Nevada State Fire Marshal Hazardous Materials Permit for the treatment plant has been updated and accepted for the calendar year 2018.

The Temporary Discharge Monitoring Report was renewed in January 2018 for the Muller Force Main Relocation Project and has been submitted to NDEP. Mr. Hopkins intends to discontinue that and go to Park Cattle as of April 1, 2018, as part of DCLTSA's regular discharge scheme.

Mr. Hopkins, representatives of R.O. Anderson and the Authority's legal counsel attended a show cause hearing with NDEP on February 28, 2018. Generally NDEP staff appeared satisfied with the actions of DCLTSA in response to the subject incident. DCLTSA will be able to react much sooner in response to any loss of power and Export Force Main failure. DCLTSA staff has opened a claim with its insurer related to the expenses incurred due to a failure of the Export Force Main failure, and has further submitted a request to NV Energy for direct costs incurred in relation thereto.

Mr. Hopkins reported that Summit Plumbing performed a closed-circuit television inspection of the Authority's 24 inch gravity interceptor segment between the 4H Camp and the Beach Pump Station. The pipe appears in good condition and the results have been forwarded to NDEP for

their records. Summit Pluming and DCLTSA staff also performed grease removal and inspections of the wet wells at the Beach and Main Pump Stations.

Mr. Hopkins reported that the Notice of Completion has been issued to HDR and K.G. Walters for the Plant Automation/Automatic Sampling Project. He further reported that the Tahoe Beach Club resumed sending dewatering flows to the Authority in early March.

DCLTSA has been working with Tesco Controls and personnel from the George T. Hall Company to verify flowmeter accuracy and to assure that proper scaling ranges exist for the Beach Pump Station, Treatment Plant influent and Treatment Plant effluent flow meters. Representatives of RHGID and KGID expressed appreciation and support for these efforts.

Trustee 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, the Authority Engineer, Rob Anderson presented correspondence dated March 20, 2018 summarizing three issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The three issues are 1) Authority General Engineering Services; 2) Main Pump Station Storage Capacity Improvements; and 3) Muller Lane Force Main Realignment. The March 20, 2018 correspondence is incorporated in these minutes by this reference.

Mr. Anderson reported that his staff was continuing its work with Authority staff to correlate RHGID flow meter data. Mr. Anderson reported that recoating of the plant effluent tanks has been completed. Mr. Anderson also stated that the annual NDEP discharge monitoring report was recently completed and that his staff worked with Authority staff on the annual bio-solids report.

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

ATTORNEY'S REPORT:

A. General Status Report

Ryan Russell had nothing additional to report. Trustee 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 indicated that the parties are scheduled to continue discussions on March 30, 2018. Trustee Bradford opened the floor to public comment regarding the matter. There was no public comment.

Trustee Rice left the meeting at 11:05 a.m. A quorum of the Board remained.

AUTHORITY CONTROLLER'S REPORT:

Ms. East-Janicki presented the board with a General Status Report dated March 21, 2018, inclusive of the following:

A. Presentation and discussion of the Fiscal Year 2018-2019 District Development Plan with several options for funding future projects

Ms. East-Janicki presented the five-year plan of ongoing capital projects and funding. spreadsheet showing actual expenses compared to budget for the current fiscal year. Ms. East-Janicki outlined several scenarios for funding capital projects, as set forth in her report.

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

B and C. Presentation and discussion of the Fiscal Year 2018-2019 Tentative Budget/ Presentation and discussion of the Fiscal Year 2018-2019 Tentative Budget/Discussion regarding setting the date of the May Board of Trustees' meeting to comply with Department of Taxation requirements that the Final Budget be adopted between May 21 and May 31, 2018

Ms. East-Janicki provided the Board with a copy of the tentative budget, which includes current overall expenses compared to the prior year. Ms. East-Janicki responded to questions from the Trustees and requested that the Board accept the tentative budget as presented. Ms. East-Janicki further outlined the process for reviewing and adopting the Final Budget, with a request that this Board set special meetings on April 11, 2018, and May 9, 2018, both to review and evaluate the proposed Final Budget and a possible increase in rates, which may be adopted at the regular meeting of the Board to be held on May 30, 2018, all if the Board approves the alternate date for the regular meeting and the dates for the proposed special meetings.

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

It was moved by Trustee McDermid, seconded by Trustee Thompson and carried unanimously to set special meetings to consider the budget on April 11, 2018, and May 9, 2018, and to further move the regular meeting in May to May 30, 2018, to include discussion and possible action to approve the Final Budget.

D. **Discussion regarding continuing the contract for biosolids hauling with Tahoe Basin Container for a one-year period**

Ms. East-Janicki and Mr. Hopkins explained the need and desirability of continuing the contract for biosolids hauling with Tahoe Basin Container for a one-year period. Board questions included whether the service was acceptable and whether there are any alternatives.

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

It was moved by Trustee Thompson, seconded by Trustee McDermid and carried unanimously to continue the contract for biosolids hauling with Tahoe Basin Container for a one-year period.

E. Report of funds transferred from the General Fund to the Construction Fund for payments toward ongoing District Development Plan projects

Ms. East-Janicki presented the report of funds transferred from the General Fund to the Construction Fund for payments toward ongoing District Development Plan projects. Since the last Board meeting, DCLTSA has only paid $20,881.25 in construction fund expenses. Based upon the Board's previous authorization to transfer up to $475,000 as needed from the General Fund, Ms. East-Janicki indicated that it was not necessary to authorize any additional transfer at this time.

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

F. Investment Report

Ms. East-Janicki presented the Board with a summary of the District's investments, totaling approximately $9 million.

Trustee 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. Trustee Bradford opened the floor to public comment regarding the matter. There was no public comment. **It was moved by Trustee Vogt, seconded by Trustee Thompson and carried 4-0, that the claims be approved as presented.**

PUBLIC COMMENT:

None

ADJOURNMENT:

There being no further business, the meeting was adjourned at 11:15a.m.

APPROVED

Michael H. Bradford
4/11/18

4811-4569-9168, v. 1

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

District Manager's Monthly Report – MARCH, 2018
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 Nevada State Fire Marshal Hazardous Materials Permit for the Treatment Plant has been updated and accepted by the Nevada Department of Public Safety for calendar year 2018.

2. The Temporary Discharge Monitoring Report for January 2018 for the Muller Force Main Relocation Project has been submitted to the NDEP.

3. Authority and R.O. Anderson staff attended a Show Cause meeting with the Nevada Division of Environmental Protection on February 28th, 2018. This fact-finding meeting was related to the Export Force Main failure that occurred after repeated power failures in September, 2018. Overall, the NDEP staff appears satisfied with the actions that the Authority has taken or proposes to take to insure that future power failures at the Treatment Plant will not recreate another problem similar to the September 6th event. Further, the Authority will be installing pressure transducers at the Treatment Plant and on the export main in the Carson Valley in order to detect catastrophic pressure loss, which will allow staff to react faster to any future export breach event.

4. Authority staff has opened a claim with the Authority Insurer; POOL/PACT, related to the expenses incurred due to the September 2017 Export Force Main failure.

5. Authority staff has submitted a request for reimbursement to the NV Energy Claims Department for direct costs incurred related to the September 2017 Export Force Main failure.

6. Summit Plumbing performed a closed-circuit television inspection of the Authority's 24 inch gravity interceptor segment between the 4H Camp and the Beach Pump Station. This work was done at the request of the Nevada Division of Environmental Protection. The pipe appears to be in good condition, with no leaks in pipe joints and no cracks along the pipe run. No evidence of inflow and infiltration, or potential for exfiltration was found. The results have been forwarded to the NDEP for their records.

7. Summit Plumbing and Authority staff performed grease removal and completed inspections of the wet wells at the Beach and Main Pump Stations. Wet well integrity was good at both sites.

8. Notice of Completion has been issued to HDR and K.G. Walters for the Plant Automation / Automatic Sampling Project.

9. The Tahoe Beach Club resumed sending dewatering flows to the Authority in early March. The dewatering flow is limited to 250 gallons per minute at this time in order to assure that the influent flow does not become thin on suspended nutrients and to maintain good influent temperature. The Authority has been accepting dewatering flow periodically for the past year in order to help facilitate Tahoe Bach Club construction activities.

10. Authority staff has been working with Tesco Controls and personnel from the George T. Hall Company to verify flowmeter accuracy and assure proper scaling ranges exist for the Beach Pump Station, Treatment Plant Influent and Treatment Plant Effluent flowmeters. Work in ongoing at the time of this writing.

11. It is anticipated that the Authority Treatment Plant will be taking the Export system off-line in support of the Muller Lane Force Main Relocation Project on Sunday, April 1st, 2018. Tie-in of the new export line at the Brockliss Slough Bridge is expected to be completed the first week of April, 2018. Details can be provided by District Engineer, R.O. Anderson.



Sedimentation tank for clarifying dewatering flows at the Tahoe Beach Club construction site.

R O Anderson

March 20, 2018

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 2018

Dear Members of the Board:

In anticipation of the Board's meeting tomorrow, the following report presents a summary of activities undertaken on behalf of the Authority since our last meeting together on February 21, 2018. During this period, we participated with Authority personnel in the following areas:

1) Authority General Engineering Services
2) Main Pump Station Storage Capacity Improvement Project
3) Muller Lane Force Main Realignment

The following paragraphs provide a brief description of these efforts and progress related to each of these specific assignments.

Authority 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 actively participated in the following specific tasks:

- Export Force Main (EFM) Corrosion Assessment review: We have completed our preliminary draft of the force main assessment memo that summarizes and compares the data from the EFM Corrosion Assessment Report to the pipe failure experienced on September 6, 2017. The summary memo is presently under internal review. Once the final review is complete we will submit the memo to Authority staff for review and discussion of our proposed recommendations for the repair and rehabilitation of the EFM.
- Export Force Main Breach: On March 7 we attended the Show Cause meeting with DCLTSA staff, legal counsel, and NDEP to present the Authority's formal responses to the Finding of Alleged Violation and Order for the September 6, 2017 effluent spill. The meeting was productive and NDEP was appreciative of the Authority's detailed report and efforts to mitigate future spill potential. NDEP will be presenting the findings from the January spill at the East Fork Carson

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River and the September spill to the State Environmental Commission sometime in the coming months.

- RHGID Flow Meter data review: We downloaded the current data for the months of January and February from the meter. The data continues to appear accurate and of high quality, meaning there are no gaps in flow data and the data seems to reflect expected diurnal flow characteristics.
- Annual Flow Report: The metered data for the four contributing districts (DCLTSA, KGID, RHGID, and TDD) is still being reviewed, verified, and analyzed. Generally, 2017 flows were higher than the previous year's flows. This is expected to be due, at least in part, to increased infiltration and inflow resulting from the heavy winter of 2016/2017. From our review of the flow data collected to date, when compared to historic flow estimates the measured flow data for RHGID is considerably higher. Both Ms. East-Janicki and I have met with Mr. John Fassmann, General Manager of RHGID, to discuss this finding and reviewed the raw data together. Additionally, when reviewing the metering data collected from all five of the meters there are some discrepancies that are deserving of additional research and analysis. To that end, representatives of DCLTSA have contracted with George T. Hall Company for the purposing of confirming that the flow values from the Beach and Plant meters are being recorded accurately. We recommend that the Board of Directors authorize us to hire a third party, who can inspect and test the existing meters now in use, to confirm that flow data is being reported and recorded accurately at each metered location.

Muller Lane Effluent Force Main Relocation: We provided ongoing contractor coordination and RFI responses during this time including assessing the buoyancy potential for the new valve vault. We also observed the successful pressure test of the line and vault up to the points of connection. We are pleased to report that the project is ready for the final connections stage, which is now planned for April 1st. We worked with the contractor and DCLTSA staff to attempt to find a good weather window to complete this work at the end of February and in March, but to no avail. Ultimately, we were able to coordinate with NDOT and their contractor to schedule the connection work when the standard irrigation season starts on April 1st. The work is now planned to be finished in advance of April 13th when the NDOT work is scheduled to begin.

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, P.E., W.R.S., CFM
Principal Engineer

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

GENERAL STATUS REPORT – March 21, 2018

Proposed District Development Plans for Consideration

At this time every year, the Department of Taxation requires that we adopt a five-year plan of ongoing capital projects and funding. While once it is submitted to the State, we do not have to stick to it, and there are no penalties for going over it, it is necessary that the budget for the next fiscal year reflects the same numbers as the District Development Plan. In the current year we have wrapped up or will wrap up a number of projects on previous plans: the STPUD Intertie, the Automated Sampling, the Muller Effluent Line Relocation. It is possible that the Main Pump Station Rehabilitation and the Underground Emergency Storage Tank projects will also be completed. The next big project to be undertaken from the General Manager's perspective and staff's is the Aeration Basin Improvements. HDR recently completed an Engineer's Estimate of Probable Cost in the amount of approximately $6.5 million. Given that this year we have supplemented the Construction Fund with $450,000 from the General Fund, all of the proposed DDP's recommend taking a one-year hiatus from any construction projects to allow up to build up the Construction Fund somewhat. Regarding funding the Aeration Basin Improvements, I have provided you with three alternatives, two of which involve funding the project entirely through the Capital Assessment which is part of rates. That Assessment is currently set at $1,000,000 per year, divided among the districts according to a five-year average flow percentage.

One of the provided scenarios for self-funding would require that we raise the capital assessment in the next budget year to $2,000,000 which would mean a 23% rate increase. With this funding we could begin the project in the Spring of 2020. In another of the scenarios, we would raise the Capital Assessment next year to $1.5 million, and not begin the project until early 2021. Doing that would raise rates next year by approximately 11.5%. The State Revolving Loan Fund option would entail doing what needs to be done to get the loan in early 2020 and beginning the project thereafter. A $4 million loan would raise the debt service by approximately $60,000 in 2019-2020 and $406,705 thereafter. This method would include increasing the capital assessment not in the coming year but in the 2019-2020 year to $1.3 million, approximately a 6.7% overall rate increase attributable just to that one piece of the budget.

In the tentative budget I have submitted to you, I made the assumption the Board would likely go with the State Revolving Fund Loan option, and that we would not do any capital projects in 2018-2019. However, should the Board decide to adopt another plan or go back to the drawing board, changes can be made to the final budget submitted in May.

At this time, I'm simply asking that you consider the options and formulate any questions you might have. I will put the plan on the Agenda again next month for either adoption or instructions on taking another avenue.

Presentation of the Tentative Budget for Fiscal Year 2018-2019

I have provided you with a copy of the tentative budget which I plan on filing with the State. The high points of the budget are that

- Overall expenses before depreciation are just .26% over last year's.
- Salaries and benefits are down approximately 3.25% as we are anticipating cutting out the graveyard shift, which will eliminate Night-Time Differential, approximately $18,000 per year.
- I have increased the Power and Utilities category by almost 18%, as NV Energy has increased rates by 15% and KGID's and South Tahoe Refuse are increasing as well.
- Repairs and Maintenance have been increased by 20%. Aging equipment requires more constant preventative maintenance and frequent repairs. We've gone over budget in this line item for the past two years.
- Engineering and Consulting has been increased by $37,000. I used a figure equal to the 7-year average spent in the past.
- I reduced the Legal and Accounting line item by 35%, as hopefully the legal challenges are behind us.
- In the Other Expenses line item, I increased Office Expense to assume doing our own billing.
- The anticipated Change in Net Position for the coming year is a loss of $404,077. The only way to avoid that is to raise

rates, specifically the Capital Assessment, in an amount equal to our depreciation – this year almost $1.7 mil.

- I feel fairly certain that the anticipated expenses have been captured by the revenue split between the Authority and the participating districts is still up in the air pending verification of meters. I will tune that up to actual prior to submitting the final budget.
- If you have no unanswered questions, I would request that you adopt the tentative budget as presented.

Setting a date for the May Budget Hearing and Regular Meeting

As I informed you last month, the Department of Taxation has changed the required dates in which to hold the budget hearing. It is now between May 21 and May 31. Ordinarily our regular meeting would have been held on May 16, but we need to schedule it between the 21st and 31st. I understand that our Treasurer has a conflict on May 23, so I'd ask you to find a date that meets all your calendars. The 21st to 31st encompasses 10 days so we have some leeway to schedule it at your convenience.

Discussion and Possible Action to extend the contract with Tahoe Basin Container for biosolids hauling for a period of one year, from April 1, 2018 to March 31, 2019.

I included a letter from Jeff Tillman, President of Tahoe Basin Container seeing to extend the existing contract for biosolids hauling for one year. This extension includes a 3.1% price increase per load. At this time, Tahoe Basin Container is a sole-source provider, but we will be exploring other options for the next renewal period because they will begin charging us the same for a one-bin load as for two. Nevertheless,

I would recommend extending the contract this year to allow us time to look for a replacement.

General Status Report

I see I forgot to put my general status report on the agenda. But I have given you a Budget to Actual spreadsheet which shows that we finished January almost 3% over budget or $58,700. Of that almost $55,000 of it was for emergency repairs for the effluent line breaks.

Transfer of Funds from the General Fund to the Construction Fund

I have given you a Construction Fund Inflows and Expenses spreadsheet. Since the last Board meeting, we have only paid $20,881.25 in construction fund expenses. Since the weather put the Muller Line Relocation on hold, the bills I expected from White Rock Construction have not yet been received. The timing of this is good in that, by carrying over into the next quarter, beginning March 1st, we will receive the 4th Quarter assessment from rates to balance the cash flow. The Board has previously authorized me to transfer up to $475,000 as needed from the General Fund. However, because of the timing, I don't anticipate having to transfer more than about $250,000 to meet all the listed construction fund expenses. With the exception of ongoing Emergency Storage project expenses, the list I've given you should cover most of what will come due for the rest of this fiscal year.

Investment Report:

Just like last month, we have a little more than $8,900,000 in investments, spread between liquid cash accounts with Wells Fargo and LGIP and laddered CD's brokered by Wells Fargo.

Claims:

I sent you copies of the check register and wires sheet for the period of February 21 to March 21, 2018. If there are no questions about those, I would ask that the Treasurer sign them and return them to me for my records.