MINUTES OF THE REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
April 11, 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, April 11, 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 Engineering, the Authority's attorney, James Cavilia, and Bob Cook. Cam McKay of Kingsbury General Improvement District (KGID) and John Fassmann of Round Hill General Improvement District (RHGID) were also 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 Rice and carried unanimously 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 unanimously that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated March 21, 2018 be approved as presented.

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 thickened sludge samples are being tested in order to determine the best method of dealing with the high levels of colloidal grease being found in the treatment process. Based upon the test results, a plan will be implemented.

The Authority's export flow information for 2017 has been submitted to the Nevada Division of Water Resources for inclusion in the 2017 Carson Valley Pumpage Inventory Report.

Mr. Hopkins indicated that work to verify and improve the flow meter data throughout the collection system was ongoing. In response to a question from Chairman Bradford, Mr. Hopkins indicated, and Mr. Anderson agreed, that a variance in flow data of 1-5% is generally acceptable.

Fixture counts have been completed for a new brew pub in the property where Bill's Casino was previously located.

Mr. Hopkins reported that recent rain spiked inflow at the Beach Pump Station and raised concerns that there may be substantial infiltration to the sewer collection system from the abandoned sewer laterals along Kahle Drive. Mr. Hopkins indicated that the Authority would televise the lines to evaluate the problem and put the Tahoe Beach Club on notice about addressing the problem.

Authority staff is working with R.O. Anderson to address an issue of inflow related to the new South Tahoe Public Utility District (STPUD) intertie. Mr. Hopkins indicated that staff was working on a solution and that the contractor has been very cooperative.

Mr. Hopkins provided the Board with an update regarding the failure of an underground NV Energy transformer that occurred on April 1st. Mr. Hopkins explained that the failure caused a power spike that contributed to the failure of one of the Authority's pump variable frequency drives (VFDs) at the Main Pump Station. The cost to replace the VFD will total between $12,000 and $14,000 and a claim is being submitted to NV Energy. In response to a question from the Board, Mr. Hopkins indicated that staff was looking into the cost of equipment that may protect pumps and other equipment from this sort of power spike in the future. In response to a question from Trustee McDermid, the Authority's legal counsel, Jim Cavilia indicated that the legal responsibility of NV Energy was likely governed by the utility's tariff and that he would look into it and keep Mr. Hopkins informed.

Mr. Hopkins reported that the Muller Lane force main realignment has been completed with only some testing to be done before the pipeline is put back into service.

Finally, Mr. Hopkins indicated that isolation valves in the export building at the plant have been replaced. Pressure transducers which will allow automatic shutoff of the export pumps in the event of a future failure of the export force main have been installed as well.

Trustee Bradford opened the floor to public comment regarding the matter. Janet Murphy of TDD indicated in relation to the NV Energy transformer failure, that the Nevada Public Utilities Commission was generally responsive to concerns from residents.

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 April 9, 2018 summarizing two issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The two issues are 1) General Engineering Services; and 2) Muller Lane Force Main Realignment. The April 9, 2018 correspondence is incorporated in these minutes by this reference.

Mr. Anderson reported that his staff is working with the Authority staff and the contractor to determine the cause of water infiltration in the newly-completed STPUD intertie. Once the cause is determined, a remedy will be implemented.

Mr. Anderson indicated that based upon ongoing meter issues, it was necessary to estimate the sewage flows from RHGID this year. In response to an inquiry from Chairman Bradford, Mr. Anderson made it clear that RHGID officials were included in the work done to accurately estimate the flow. Mr. Fassmann of RHGID acknowledged that RHGID had worked closely with the Authority on this issue and RHGID understands that it may be necessary to replace its metering equipment.

Mr. Anderson presented the Board with photographs of the Muller Lane Force Main Realignment. Mr. Anderson explained that the contractor was very cooperative and referring to a photograph of a portion of the pipeline that was removed, Mr. Anderson pointed out that the old pipe was generally in very good condition with very little corrosion.

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

B. Discussion regarding results of the George T. Hall Company's verification of In-District and participating district flow meters

Mr. Anderson explained that third-party verification of flow meter accuracy is being worked on with the Authority's sister districts. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

ATTORNEY'S REPORT:

A. General Status Report

Jim 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 settlement discussions continued on March 30, 2018 and did not result in a resolution of the matter. 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 presented the board with a General Status Report dated April 11, 2018 and stated that operating expenses are 1.8% over budget through the end of February. She is hopeful operating expenses will be within budget by the end of the fiscal year. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

B. & C. Presentation and discussion of the Fiscal Year 2018-2019 District Development Plan with several options for funding future projects and discussion of the Fiscal Year 2018-2019 Tentative Budget and the possibility of raising sewer rates

Ms. East-Janicki presented the five-year plan of ongoing capital projects and funding. Ms. East-Janicki outlined several scenarios for funding capital projects, as set forth in her report. Ms. East-Janicki explained that based upon the Board's discussion in March, the District Development Plan includes a rate increase of $250,000 (approximately 5.6%) per year for five years beginning in the upcoming budget year, 2018/2019, or in the next budget year, 2019/2020. This rate increase, if approved, would be designated for capital improvements only and would not be used for operations and maintenance expenses. Following Ms. East-Janicki's description of the various capital improvement projects being proposed over the next several years, the

Board engaged in discussion about the development plan generally and specifically about the possibility of raising rates.

Ms. East-Janicki explained that, as proposed, the plan includes the use of State Revolving Loan Funds. Additionally, Ms. East-Janicki informed that Board that under the Authority's enabling legislation, the Authority will now be directly billing customers within the Authority; in the past, the sewer district fees were billed as part of the Douglas County tax assessment. Ms. East-Janicki suggested to the Board that as part of correspondence to in-Authority customers regarding the new direct billing that the rate increase and the need for the rate increase also be explained. In discussing the Authority's current financial position, Ms. East-Janicki described the capital projects completed in recent years and the fact that operations and maintenance expenses have declined over the last eleven years. Following inquiry from some trustees, Ms. Eas-Janicki reiterated that the increase in rates would be utilized only to fund the district development plan and not for operations and maintenance. Finally, Ms. East-Janicki stated that the proposed increase of $250,000 (approximately 5.6%) annually would amount to an annual increase of approximately $24 per year for In-District residential customers.

Following a discussion among the trustees about the obvious need to fund the capital improvement projects and an acknowledgment that the commercial users of the Stateline casino core have historically subsidized the Authority's expenses, a consensus was reached that the increase should be implemented beginning in the upcoming budget year, 2018/2019. Following additional discussion among the trustees and Ms. East-Janicki regarding the Authority's ability to be flexible with regard to the timing of various projects during the life of the plan, **it was moved by Trustee McDermid, seconded by Trustee Vogt that the 2018-2019 Authority Development Plan as presented with the described increase in rates be approved.** Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment. **The motion was unanimously approved.**

D. 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 and reported that she expects to soon be receiving invoices related to the Muller Lane project. Based upon the Board's previous authorization to transfer of 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.

Chairman 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 and reported that two Certificates of Deposit had recently matured and been reinvested.

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. 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 Vogt and carried unanimously, that the claims be approved as presented.**

PUBLIC COMMENT:

Bob Cook mentioned that some years ago the former Chairman of Douglas County Sewer Improvement District No. 1 identified a list of forty-three capital improvement priorities and many of them have been completed.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:55a.m.

APPROVED

4816-6059-0180, v. 1

Meeting Date: April 11th, 2018

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

District Manager's Monthly Report – APRIL 11th, 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. DCLTSA staff has sent thickened sludge samples to DryLet LLC to have the grease content analyzed and to obtain their recommendation on the best type of dewatering polymer and / or other treatment process that may be used to facilitate the removal of the high levels of colloidal grease from the treatment plant process stream.

2. DCLTSA has submitted export flow information for the 2017 water year, (October 1, 2016 to September 30, 2017) to the Nevada Division of Water Resources for inclusion in the 2017 Carson Valley Pumpage Inventory Report.

3. Authority and Member Agency staff, with technical assistance from George T. Hall Company and Tesco Controls, has been working to verify flowmeter flows and telemetry at the DCLTSA facilities and at the Member Agencies export pump stations. Final reports are pending at the time of this writing.

4. DCLTSA staff completed fixture counts for the proposed AleWorX Brewpub, which is being installed in what was once the Bill's Casino property.

5. The heavy rain-on-snow event on March 22nd highlighted the amount of Inflow and Infiltration DCLTSA sees from both within its own boundaries and from the Member Agency systems. DCLTSA will be televising the lines in the Kahle Drive area over the next few months to identify and mitigate some of the "In-District" I & I flows.

6. The rain event previously mentioned also generated some inflow to the STPUD Intertie pipeline. Authority staff, working with Authority Engineer R.O. Anderson personnel, will be investigating this issue in the next several weeks.

7. On April 1, 2018, NV Energy suffered a major failure of an underground power transformer located in Highway 50 in the Casino Corridor. This failure generated a power spike that the Authority staff believes either caused or helped to cause the failure of a 400 horsepower variable frequency drive (VFD) at the Main Pump Station as well as melting several hundred feet of the Frontier Telephone line that feeds the Treatment Plant. The cost to replace the failed VFD will total between $12,000.00 and $14,000.00. The VFD has been replaced and the Main Pump Station has been returned to 100% capacity. Frontier is still working to fix the telephone line issues at this time. DCLTSA staff will account for all costs it feels appropriate and submit a request for a claim to NV Energy and Pool Pact. Staff is investigating options that might help reduce the impact of future power problems in our facilities. (Photo attached)

8. The Muller Lane Force Main Relocation project is underway and nearing completion. Details covered in the Engineers Report.

9. Replacement of the high pressure pump isolation valves in the Export Building is complete. Part of this work included installing pressure transducers to detect high and low pressure events on the Export Force Main. The installation of the transducers will allow both the automatic shutdown of the Export Pumps and sending of an alarm to staff in the event of a future failure in the integrity of the Export Force Main. Tuning in the transducers and integrating them to the Authority SCADA system is underway. (Photos attached)



View of the failed VFD. Note smoke trails on vents.



K.G. Walters removes the old valves.



K.G. Walters installs new valves.

R O Anderson

April 9, 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 – April 2018

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 March 21, 2018. During this period, we participated with Authority personnel in the following areas:

1) General Engineering Services
2) Muller Lane Force Main Realignment

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

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 activities:

- Unexplained Water in Intertie Pipe: We discussed with staff members of the Authority the presence of water ponding within the intertie pipe. Having observed the successful pressure and mandrel tests of the new sewer lines, as well as the vacuum tests of the new manholes, we do not believe the water to be the result of inflow and infiltration (I&I). It is possible that excess water from precipitation events has ponded over the manhole lids and infiltrated from the top, although this does not explain the observed volume or the reported flowing water at the furthest upstream manhole, which is located about 60-feet from the intertie structure. At this point, we recommend that the line be inspected by camera and the source of water identified. Once the source is identified, a plan to mitigate this unexpected condition can be developed.
- Annual Flow Report: The results from the meter readings performed by third parties (Tesco and George T Hall) under Authority direction were received last week. We are still in the process of reviewing the reported results of those tests. Given the incomplete set of flow data from the RHGID meter, it is necessary to

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estimate the flows from RHGID for the 2017 Flow Report. We have been working with Ms. East-Janicki to establish an appropriate method of estimating flows from Round Hill while accounting for data collected from other meters within the system. We anticipate that the estimation and subsequent report detailing the methodology can be completed before the end of this month.

- Third-party Meter Verification: As noted above, we have received and reviewed the data provided by the two companies that were hired to perform the meter verification and testing. Unfortunately, the data as presented by the vendors is inconsistent, at least in some respects, with our knowledge and understanding of some parts of the system. As a result, it has raised several questions that as of this date are unresolved. Next week we will meet with staff members to review the data together and discuss the discrepancies we have identified. At the conclusion of that meeting, I expect we'll need to undertake some further investigation of the systems and then should be ready to provide specific recommendations for the Board's consideration.

Muller Lane Effluent Force Main Relocation:
The Muller Lane project is now virtually complete, with the line having been returned to service on Monday, April 9, 2018. Testing of the automatic pressure relief valve has been scheduled for next week, which will be the final test item for the project. We will prepare a punch list and coordinate with the Contractor for finishing out the final items. Attached to this report are a few pictures taken during construction that provide additional context and perspective of these improvements.

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

Attachments

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




CAT
311C




RAGS




CATERPILLAR
CAT





GENERAL STATUS REPORT – April 11, 2018

General Status Report

I provided in your packet a Budget to Actual spreadsheet which shows at the end of February, operating expenses were 1.8% over budget. It has been coming down every month and we're working hard to get to even budget by fiscal year end.

Proposed District Development Plans for Consideration

At the last meeting, the Board indicated we should consider raising rates to fund future District Development Plan projects. I provided you a spreadsheet in your packet showing what the plan would look like if we raise rates approximately 5.5% per year, beginning in the next budget year. That would not increase the operations and maintenance portion of the budget but only the capital assessment which has been at $1,000,000 since before I got here in 2006. An overall 5.5% increase would add $250,000 to the capital assessment, and increase it by that amount for five years. With the staging of projects the way the plan details, doing none in the next fiscal year, and taking a $4,000,000 State Revolving Fund Loan in 2019/2020, it would enable us to have a little more than $4 million in the construction fund at the end of 2022/2023 which is five years. That is a start toward being able to replace or make significant repairs to the effluent line over the hill in case grant funding is not available.

That being said, this is the first year the Authority will be billing customers directly, which will be a hurdle by itself. Perhaps, since we have not given them notice of an increase, it would be better to wait a year, until 2019/2020 to begin the increases. In the meantime, we can do community education on why the increases are necessary. To that end. This morning I prepared another DDP which indicates what the construction fund would look like in that event. In 5 years, we would have $2.8 million toward the effluent line replacement, so we'd have to put it off another 2 years beyond the plan.

I buried you in spreadsheets that show In-District users and primarily the casino core funds more than half of all rates. Over the past nine years, the Authority has funded almost $5.75 million in capital projects from reserves. Those reserves were accumulated because rather than returning money to In-District users over the years, as we do with the participating districts when we come in under budget, there is no mechanism for returning it and it has funded the reserves. There have been approximately 8% in In-District rate increases over the past 10 years. However, because the participating districts pay only on the actual O & M expenses each year, rather than the estimated ones like In-District users do, in the past 11 years, O & M expenses have actually decreased overall by more than 9%. During that same period of time, the cost of living rose 22%.

If the Board chooses, it can adopt one of the proposed District Development plans I've provided you, and those will be the numbers I use for the final budget. Or we can wait until the next Board meeting, which is May 9.

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 $31,503.98 in construction fund expenses. As the Muller Lane project is essentially finished I expect their bills to come in at any time. The Board has previously authorized me to transfer $475,000 from the general fund to cover those expenses, however I expect to need only $225,000 unless there are cost overruns that I don't know about. 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. At the end of March, we had 2 CD's mature at 1.4% and 1.5%, and because rates are going up, I reinvested them for one for a year and one for 18 months at 2.05% and 2.3%. That brings the average CD interest rate to 1.64%.

Claims:

I sent you copies of the check register and wires sheet for the period of March 21, 2018 to April 11. As you can see, there were no wires in that timeframe. If there are no questions about those, I would ask that the Treasurer sign them and return them to me for my records.