MINUTES OF THE REGULAR MEETING OF
BOARD OF DIRECTORS OF
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT NO. 1
July 19, 2017

CALL TO ORDER:

The Regular Meeting of the Board of Directors of the Douglas County Sewer Improvement District No. 1 duly convened at 9:30 a.m. on Wednesday, July 19, 2017 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Present were Director Mike Bradford and Director John Koster. Director Steve Johnson was present via telephone connection by which he could hear everyone at the meeting and everyone could hear him.

RECOGNITION OF OTHERS IN ATTENDANCE:

In attendance were District Manager Rob Hopkins, District Controller Paula East-Janicki, District Engineer, Rob Anderson, the District's attorney, James Cavilia and Bob Cook. Representatives of Kingsbury General Improvement District (KGID), Round Hill General Improvement District (RHGID) and Tahoe Douglas District (TDD) in addition to members of the public were also in attendance.

PUBLIC COMMENT:

None.

APPROVAL OF AGENDA:

It was moved by Director Koster, seconded by Chairman Bradford and carried unanimously that the agenda as noticed be approved and adopted.

MINUTES OF PRIOR MEETING:

It was moved by Chairman Bradford, seconded by Director Johnson and carried unanimously that the minutes of the Regular Meeting of June 21, 2017 be approved as presented.

Discussion and possible action regarding 2017 Nevada legislature and legislation related to governance of Douglas County Sewer Improvement District No. 1 and NRS Chapter 309, including next steps to ensure a smooth transition from Douglas County Sewer Improvement District No. 1 to new entity, Douglas County Lake Tahoe Sewer Authority by October 1, 2017.

The District's legal counsel, Jim Cavilia provided the Board with a summary of recent activities related to the transition to the Douglas County Lake Tahoe Sewer Authority (DCLTSA), indicating that the KGID Board of Trustees recently appointed one of its members, Darya Vogt, to be on the board of DCLTSA when it comes into existence on October 1, 2017. Mr. Cavilia added that the Douglas County Commission was scheduled to appoint its representative to the DCLTSA at its meeting on July 20, 2017. Mr. Cavilia also reported that he had worked with the District's Controller to notify the Internal Revenue Service of the new entity and the hope that the new entity could continue to operate and report under the District's existing tax identification number. Chairman Bradford thanked Mr. Cavilia and stated his opinion that it would be very important for the new board members to have a thorough orientation from Rob Hopkins, including a physical tour of the District's facilities.

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

DISTRICT MANAGER'S REPORT:

A. General Status Report

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

Mr. Hopkins reported that it was necessary as part of the STPUD Intertie Project to install a control and telemetry box and that with cooperation of Edgewood Companies it was determined that the best place for the box was within the easement and inside the Edgewood fence in order to provide better security. Mr. Hopkins expressed his appreciation to Edgewood for the cooperation.

Mr. Hopkins indicated that orientation was recently completed for Charles Banks as a Maintenance and Instrumentation Technician, explaining that the vacancy was created after a current member of the staff was transferred to plant operations. Mr. Hopkins also indicated that job descriptions for hourly wage positions for the District were recently re-written with the goal of creating greater flexibility among staff.

Mr. Hopkins also reported that on June 20, 2017 he attended with the District's legal counsel, Jim Cavilia, a meeting of the RHGID Board of Trustees where Wes Rice was appointed to the new Board of DCLTSA. Mr. Hopkins indicated that he and Mr. Cavilia also attended the TDD meeting where Grant Thompson was selected to serve on the DCLTSA Board.

Mr. Hopkins explained that the claims process related to the Emergency Underground Storage Tank Project was continuing with the District Engineer, Rob Anderson, completing his evaluation.

Mr. Hopkins indicated that he participated in the regular meeting of the managers of the local districts at KGID. Mr. Hopkins reported that the next meeting would take place at TDD on September 13, 2017.

Mr. Hopkins reported that inspections of grease interceptors of all major food service providers were completed in June and that overall compliance of the businesses has been very good.

Mr. Hopkins stated that the peak flow during the week of the Fourth of July was on July 2nd with a flow of 2.1 million gallons per day (MGD). Mr. Hopkins indicated that the peak in 2016 was 1.86 MGD.

With regard to the effluent export pipeline, Mr. Hopkins reported that the Nevada Division of Environmental Protection (NDEP) recently requested an update on the District's planned improvements. Mr. Hopkins explained that he informed NDEP that the District has included the installation of the initial isolation valve as part of the plans for the relocation of the force main away from the Brockliss Slough, planned for completion this fall. Mr. Hopkins added that NDEP appears to be pleased with the District's plans to date.

In response to a question from Chairman Bradford regarding snowmelt in the plant reservoir, Mr. Hopkins indicated that after consultation with NDEP and testing the water in the reservoir, Mr. Hopkins plans to export the water to Carson Valley via the District's effluent export pipeline. Mr. Hopkins added that NDEP agreed with this course of action. Mr. Hopkins in response to another question from Chairman Bradford, indicated that the previous treatment issue with grease in the inflow to the plant has generally been mitigated and is not an issue at this time.

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

ENGINEER'S REPORT:

A. General Projects Status Report

In addition to his participation in the District Manager's Report, District Engineer, Rob Anderson presented correspondence dated July 17, 2017 summarizing five issues that R.O. Anderson Engineering has been involved with on behalf of the District. The five issues are 1) District Engineering Services; 2) MPS Storage Capacity Improvement Project; 3) DCSID/STPUD Intertie; 4) Tahoe Beach Club; and 5) Muller Lane Force Main Realignment. The July 17, 2017 correspondence is incorporated in these minutes by this reference.

With regard to the Sierra Colina project, Mr. Anderson indicated that the project developer was redesigning the proposed sewer improvements to comply with conventional standards. Mr. Anderson reported that his office would review the revised plans and would ensure that the project is designed appropriately before the District agrees to accept any improvements.

With regard to the snowmelt in the plant reservoir, Mr. Anderson commended Mr. Hopkins for developing a practical and cost-effective solution to this issue.

Mr. Anderson reported that the STPUD Intertie Project was nearly complete and that the contractor did a great job. Installation of some controls is all that remains to be completed. Director Johnson confirmed on behalf of Edgewood Companies that the contractor was very good to work with. Chairman Bradford added that this project was a good example of how the District has worked to create redundancy and operate safely while cooperating with the local business community. Director Koster concurred with Chairman Bradford and emphasized the importance of redundancy.

With regard to the Tahoe Beach Club, Mr. Anderson indicated that he had nothing new to report. Mr. Hopkins offered that the Tahoe Beach Club has paid for the dewatering to date and that the District has an ongoing contract with the project owner for additional dewatering. Mr. Hopkins reported that the current amount of dewatering from Tahoe Beach Club to the plant is approximately 200 gallons per minute. Mr. Hopkins indicated that he remains in regular contact with the project owner. In response to a question from Director Johnson, Mr. Hopkins indicated that it was necessary to drain the plant reservoir soon in order to accommodate the Muller Lane force main relocation.

Regarding the Muller Lane force main relocation, Mr. Anderson indicated that bid documents have been completed and circulated. Mr. Anderson anticipates that the project will be bid in early September.

Chairman Bradford opened the floor to public comment regarding the District Engineer's general report. Cam McKay of KGID reported that KGID was still waiting for a Site Improvement Permit with regard to the Tahoe Beach Club project which he did not anticipate receiving until September. There was no further public comment.

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

Mr. Anderson reported that the claim was proceeding with the contractor being provided with substantiation of the claim in June. The contractor's insurance carrier has contacted the District and sought to inspect the project. A response from the contractor is expected prior to the Board's meeting in August. Mr. Hopkins added that District staff has inspected the site and that despite some subsidence, there is no danger to the public.

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

ATTORNEY'S REPORT:

A. General Status Report

Other that what he had contributed earlier in the meeting, the District's Attorney, Jim Cavilia had nothing additional to report. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

DISTRICT CONTROLLER'S REPORT:

A. General Status Report

District Controller Paula East-Janicki presented the board with a spreadsheet showing that the District's operating costs are approximately 2.6% over budget at the end of May.

Chairman Bradford thanked Ms. East-Janicki for the information and opened the floor to public comment. There was no public comment.

B. Discussion, report of funds transferred and possible action to transfer additional money from the General Fund to the Construction Fund for payments toward the South Tahoe Public Utility District Intertie project.

Ms. East-Janicki provided the Board with a written report of inflow and expenditures with regard to the District's Construction Fund. Ms. East-Janicki explained that to date $300,000 has been transferred from the General Fund to the Construction Fund and that based on anticipated expenses between now and the receipt of income from the participating districts, it was not necessary to transfer additional funds from the General Fund. Ms. East-Janicki indicated that she would continue to keep the Board informed on a monthly basis.

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

C. Investment Report

Ms. East-Janicki presented the Board with a summary of the District's investments, totaling approximately $9,259,000 in Certificates of Deposit and savings. Ms. East-Janicki also had available a ledger with a summary of the District's investments.

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

APPROVAL OF CLAIMS:

The claims presented were reviewed and approved by Director Koster on behalf of the Board.

PUBLIC COMMENT:

None

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:30 a.m.

John Koster, Member

APPROVED

Mike Bradford, Chairman

4810-7801-4540, v. 1

Meeting Date: July 19th, 2017

DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT #1
Staff Report

Subject / Title:

District Manager's Monthly Report – July, 2017
A. General Status Report

Staff Recommendation:

None. This is an informational item only.

Discussion/Report:

This item is regularly agendized to afford the District Manager the opportunity to update the DCSID Board of Directors on select activities over the previous month.

1. District staff and personnel from District Engineer R.O. Anderson met with staff from South Tahoe Public Utility District and from Edgewood Companies to investigate the possibility of relocating the control and telemetry box for the main isolation / control valve for the DCSID / STPUD Intertie project. As designed, the control box would have been located outside the fence line of the Edgewood parcel. DCSID staff felt that this location could leave the control box vulnerable to damage from snow removal and vandalism. STPUD concurred that the proposed relocation of the box inside the Edgewood fence would provide better security. Edgewood graciously agreed to allow the proposed change in location.

2. New Employee Orientation for DCSID Maintenance and Instrumentation Technician Charles Banks was conducted by staff. Mr. Banks is filling a vacancy in the Maintenance Department created when one of the DCSID Maintenance staff internally transferred to Operations to backfill the Plant Operator position created by the retirement of long-time DCSID Operator John Phillips.

3. Job Descriptions for all DCSID hourly personnel have been updated this past month in order to more accurately reflect current work tasks, clarify expectations, and to better reflect the future needs of the District. Training and education with staff on the new job descriptions is underway currently.

4. District Manager Hopkins and District Counsel Cavilia attended the Round Hill General Improvement District meeting held on 6/20/2017 to discuss the next steps in converting DCSID in to the Douglas County Lake Tahoe Sewer Authority and to meet the RHGID Trustee assigned to the new DCLT Sewer Authority Board. The RHGID representative to DCLTSA will be RHGID Trustee Wesley Rice.

5. District Manager Hopkins and District Counsel Cavilia attended the Tahoe-Douglas District meeting of 7/11/2017 in order to welcome the TDD Trustee assigned to the

new Sewer Authority. The TDD representative to DCLTSA will be TDD Trustee Grant Thompson.

6. The Evaluation of the Claim of Defective Work for the DCSID Emergency Underground Storage Tank Project has been completed by District Engineer R.O. Anderson and submitted to Aspen Developers and Contech Engineered Solutions for review. Details will be covered in the District Engineers Report.

7. District Manager Hopkins participated in the semi-monthly Area Managers Meeting, hosted by Kingsbury General Improvement District on 7/11/2017. The next meeting is scheduled to be held on Wednesday, September 13th at the Tahoe-Douglas District offices.

8. Staff conducted grease interceptor inspections on all major food service establishments in June, 2017. This was done in anticipation of the typically heavy tourist traffic in the area that occurs every July. Overall compliance within the business community has been very good to date.

9. The peak-day influent flow to the DCSID Treatment Plant (so far) this July was 2.10 MGD, on 7/2/2017. For comparative purposes, the peak-day for July in 2016 was 1.86 MGD on 7/3/2016 and 2.17 MGD on 7/31/2015. DCSID may yet see higher flows as it appears that the crowds attending the American Century Golf Tournament may surpass the crowds attracted for the 4th of July celebration this year. I will update the Board on flows again in the August report.

10. The Nevada Division of Environmental Protection requested an update on the District's progress on proposed installation of isolation valves at periodic intervals along the Effluent Export Force Main. These valves were proposed by the District as mitigation efforts to reduce the amount of spilled treated effluent should another force main failure occur as happened on January 3rd, 2017. The District has included installation of one isolation valve as part of the work to relocate the force main away from the Brockliss Slough Bridge this fall. Overall, the NDEP appears to be pleased with the proposed work to date.

R|O|Anderson

July 17, 2017

Via E-mail

Board of Directors
DOUGLAS COUNTY SEWER IMPROVEMENT DISTRICT NO. 1
P.O. Box 578
Zephyr Cove, NV 89448

District Engineer's Monthly Report – July 2017

Dear Members of the Board:

The following report presents a summary of activities undertaken on behalf of the District since our last meeting on June 21, 2017. During this period, we participated with District personnel in the following areas:

1) District Engineering Services
2) MPS Storage Capacity Improvement Project
3) DCSID/STPUD Intertie
4) Tahoe Beach Club
5) Muller Lane Force Main Realignment

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

District Engineering Services: R.O. Anderson Engineering, Inc. (ROA) assisted and participated with District personnel on various engineering-related assignments including: participation in project coordination meetings and phone calls with District 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:

- Sierra Colina Plan Review: Upon receipt of the Board's determination to require the proposed sub-standard sewer lines to be privately maintained, the Owner/Design Engineer decided to redesign their sewer collection system to a more standard design. Since the Board's meeting, the District has received and we have reviewed and commented on two additional plan submittals from the Design Engineer. Presuming the Design Engineer (ultimately) complies with District's comments, and the pipelines are constructed in accordance with the design drawings, we expect that the District will be able to accept the expanded collection system for maintenance.

- Plant Reservoir Accumulated Run-off: We have been assisting the District Manager with NDEP communications in response to DCSID's request to discharge (empty) the accumulated run-off into the downstream channel to reclaim capacity for emergency effluent storage. Based on these efforts, it is probably infeasible to meet NDEP's requirements for proceeding in that manner; however, we are still pursuing one last line

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of questioning. In the meantime, DCSID has begun to bring this water to the plant for processing to free up storage capacity for this purpose. I expect Mr. Hopkins will update the Board on their progress in these efforts.

MPS Storage Capacity: The District issued its claim substantiation letter on June 26, 2017. The contractor has been notified that they have 30 days to respond (on or before July 26, 2017).

Last week we received a telephone call from the Contractor's insurance company, Travelers, indicating that the claim has been submitted to them and that they wish to conduct their own engineering investigation. Late last week I received an e-mail from their adjuster who has requested a conference call at a mutually convenient time next week for the purpose of establishing a date for the requested inspection by their engineer. Mr. Hopkins and I have coordinated our respective schedules and we are now awaiting them to select the preferred date and time of this proposed call.

DCSID/STPUD Intertie: We are very pleased with the work and cooperation of the Contractor, White Rock Construction (WRC). Thus far they have been diligent, cooperative, and fair throughout the course of construction, with respect to both the work in the original contract and with resolving field conflicts as they arose. The contract is now about 95% complete. All underground work has been successfully completed and the contractor has demobilized. There is still an electrical component to the project that must be completed; however, the Contractor cannot proceed until the Tesco communication work is complete, which is being performed directly for DCSID (not in WRC's contract). We expect Tesco will be finished in mid to late August at which time the Contractor will complete the remaining items.

One additional change order (#2) has been formally processed in an amount of $83,697 for impacts to the Contractor resulting from field conflicts and most significantly, additional dewatering costs ($73,200). The additional dewatering cost was calculated in accordance with the lineal foot unit cost as agreed to in the contract.

The second Application for Payment has been received and processed. The project's current financial status is:

Original Contract Price	$ 915,600.00	
Net Change by Change Orders	$ 89,082.00	(9.7%)
Current Contract Price	$ 1,004,682.00	
Work Completed and Stored to Date	$ 949,782.00	(95%)
Remaining Work to be Completed	$ 54,900.00	

This project was approximately 95% complete as of the date of the last application for payment. As allowed by the contract, the District has retained 5% or $47,489.10 from the payments to the Contractor.

In addition to administering this contract, we have also expended efforts coordinating with both NV and CA power companies regarding overhead pole protection, the geotechnical engineer for field testing, and Tesco, the controls integrator. We also continue to perform as necessary, coordination with STPUD, site visits and certified payroll review in both NV and CA

Tahoe Beach Club: Since the Board's formal decision regarding this matter, we have not heard any additional feedback from the representatives of the Tahoe Beach Club. I suspect Mr. Hopkins will update the Board about the progress and status of their dewatering efforts.

Muller Lane Effluent Force Main Relocation: We are just about finished with revising the contract documents to accompany the revised drawings for the two contracts: boring and general construction. We will be following up with Mrs. Gail Teig regarding approval of the easement, as well as initiating work on the construction permit applications. Following discussion with NDEP regarding emptying as much effluent as possible from the pipeline onto the Park Ranch fields to facilitate construction, we completed a temporary discharge application. We are hopeful that representatives of NDEP will approve a one-time land application of effluent outside of the standard irrigation season to allow a more advantageous timeframe for the construction in late fall.

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