MINUTES OF THE REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
November 15, 2017

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, November 15, 2017 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

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

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, James Cavilia, and Bob Cook. Representatives of 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 Trustee McDermid, seconded by Trustee Thompson and carried unanimously that the agenda as noticed be approved and adopted.

MINUTES OF PRIOR MEETING:

It was moved by Trustee McDermid, seconded by Chairman Bradford and carried unanimously that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated October 11, 2017 be approved as presented.

Discussion and possible action regarding revising compensation of Trustees to a monthly fee rather than a meeting attendance fee.

Chairman Bradford explained that since the Board's last meeting it was determined that if the Trustees are paid a per meeting fee the Trustees will not be eligible for the Public Employees Retirement System (PERS). Authority Controller Paula East-Janicki confirmed that if the Trustees are paid on a monthly basis rather than on a per-meeting basis, the Trustees will be eligible for PERS. Ms. East-Janicki also provided the Board with a basic explanation of PERS and the eligibility requirements. Ms. East-Janicki also suggested that if the Board was inclined to change to payment on a monthly basis, the change should be retroactive to October. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment. Following a discussion among the Trustees, **it was moved by Chairman Bradford, seconded by Trustee McDermid and carried unanimously that the Trustees be paid on a monthly basis from October 11, 2017 forward.**

Discussion and possible action regarding the contract of Sam McMullen, Strategic Analysis Research & Decisions LLC relative to attempts to obtain grant funding for future capital projects.

Mike Bradford provided the Board with a short summary of Sam McMullen's history with the Douglas County Sewer Improvement District No. 1 (DCSID), including his time as a member of the Board of Directors. Ms. East-Janicki provided the Board with a summary of the federal grant funding that Mr. McMullen had helped DCSID obtain in the past. Trustee McDermid described her experiences in lobbying Nevada's congressional delegation and working with federal officials to obtain funding for Douglas County. Following a general discussion, Chairman Bradford suggested that the Board either terminate the existing agreement at this time or wait until Mr. McMullen can attend a meeting of the Board to provide his opinion on the grant possibilities in the near future. A consensus was reached to table the matter until such time as Mr. McMullen could attend a meeting of the Board. Chairman Bradford 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 each item in the written report.

Mr. Hopkins reported that the bids were received for the effluent force-main realignment in the Carson Valley and the low bids were from White Rock Construction, with whom the Authority has had a good history. Mr. Hopkins indicated that the details would be covered in the Authority Engineer's report.

Mr. Hopkins indicated that the retrofit of the Main Pump Station man-lift has been completed. Completion of the grading work for the Plant Automatic Sampling Project was recently completed by K.G. Walters. Mr. Hopkins reported that Authority staff is working on updating the Authority's Emergency Action Plan and Contact List.

Authority staff is working with R.O. Anderson Engineering on some modifications to the plant fuel island based upon a review related to the Nevada Division of Environmental Protection Stormwater Program. The modifications will ensure that any fuel spillage is captured and retained. Mr. Hopkins anticipates that work will be completed by November 18, 2017.

Mr. Hopkins reported that training with regard to the automatic valve system related to the STPUD intertie has been completed with flow testing to occur next. The temporary Discharge Monitoring Report for the Muller Lane Force Main Relocation Project was submitted to NDEP.

The bulk of the work on the recoating of the first Export Effluent Tank has been completed and as soon as the tank is restored to service, the warranty testing will begin on the second tank. Finally, Mr. Hopkins reported that staff was continuing to work with staff of Bently Ranch on the installation of cellular modems to create reliable communications regarding flow volumes and the level gauge to be installed in the Bently reservoir.

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

ENGINEER'S REPORT:

A. General Projects Status Report

In addition to his participation in the Manager's Report, Authority Engineer, Rob Anderson presented correspondence dated November 14, 2017 summarizing four issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The four issues are 1) Authority Engineering Services; 2) Main Pump Station Storage Capacity Improvement Project; 3) DCSID/STPUD Intertie; and 4) Muller Lane Force Main Realignment. The November 14, 2017 correspondence is incorporated in these minutes by this reference.

Mr. Anderson confirmed that the first Effluent Export Tank recoating was nearly complete and that inspections on the second tank would be completed by a third party on behalf of the District. Mr. Anderson also confirmed that he was working with staff on the NDEP Industrial Stormwater Permit issue described by Mr. Hopkins.

Mr. Anderson reported that his office assisted in the review of a Boundary Line Adjustment on Quaking Aspen Lane to ensure that the Authority has no improvements in the area that would be affected. Mr. Anderson provided the Board with a brief history of the Main Pump Station

Rehabilitation Project that currently involves the implementation of the terms of settlement agreement with the manufacturer and supplier. Mr. Anderson explained that the next step is to arrange for the installation of the two additional pumps and motors in order to complete the project. Mr. Anderson indicated that his staff and the Authority staff will work to have the pumps and motors in place in early 2018. Chairman Bradford provided some additional background regarding the initial problems with the project and how a resolution was reached.

Mr. Anderson indicated his staff was continuing to work with STPUD in order to complete the testing of the STPUD intertie. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

B. Presentation of bid results for two phases of the Muller Lane Effluent Line Relocation Project and possible award of contracts to White Rock Construction in amounts of $269,160 for the Boring Phase and $274,600 for the Pipe Laying Phase.

With regard to the Muller Lane force main realignment, Mr. Anderson provided the board with a history of the project, explaining that the force main needs to be relocated in order to accommodate the Nevada Department of Transportation's (NDOT) reconstruction of a bridge crossing the Carson River. Mr. Anderson emphasized that NDOT has been very cooperative throughout and that the Authority bid the project in two parts with the hope of getting more interest and lower bids. Mr. Anderson reported that only a single bidder responded for both portions of the project. The bids were from White Rock Construction, with whom the Authority has had a very good working relationship. Mr. Anderson reported that the bids do represent a savings of $250,000 from the original bid on the project, with a total project cost likely not to exceed $750.000.

Following Mr. Anderson's response to questions from the Directors regarding the bid process and the amount of work currently available to contractors in the area, Chairman Bradford emphasized the importance and value of the effluent line isolation valve that is part of this project. Finally, Mr. Hopkins explained that during completion of the project, the District has obtained permission from NDEP to store effluent in the plant reservoir and Mr. Hopkins stressed that he remains in regular communication with NDEP officials. Based upon the discussion, Mr. Anderson recommended that the two contracts as described be awarded to White Rock Construction. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

Following a discussion among the Trustees, **it was moved by Trustee Thompson, seconded by Trustee McDermid and carried unanimously that the two contracts be awarded to White Rock Construction as described.**

ATTORNEY'S REPORT:

A. General Status Report

Beyond that which he had contributed earlier in the meeting, the Authority'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.

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

Mr. Cavilia indicated that the Authority's legal counsel was continuing efforts to schedule mediation with the other parties in accordance with the contract documents. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

AUTHORITY CONTROLLER'S REPORT:

A. Presentation of the audited financial reports for fiscal year 2016-2017.

Authority Controller Paula East-Janicki presented the Board with copies of the audited financial reports for 2016-2017 and indicated that there are no negative findings. Ms. East-Janicki indicated that total expenses were approximately 5% over the original budget, but less than the augmented budget amount. Ms. East-Janicki explained that the Authority completed approximately $2.3 million in capital projects, using $1.3 million in Authority reserves.

Ms. East-Janicki explained that the 2016 actual flow amounts showed increases in the participating districts' flow percentages and a reduction in flows in-district (authority). Those adjustments resulted in additional assessments to the contributing districts as follows:

1.	RHGID	$21,000+/-
2.	TDD	$56,000+/-
3.	KGID	$80,500+/-

Ms. East-Janicki indicated that, as in the past, the Authority will work with the contributing districts in the payment of theses amounts. Stressing that there were no findings or recommendations in the audit, Ms. East-Janicki requested that the Board accept the audited financial reports as presented.

Following a couple of questions from Trustees regarding the allocation of costs among the Authority's customers and the calculation of flows, Chairman Bradford indicated that the vast majority of the Authority's additional expenses in recent years were related to legal fees in dealing with the actions of Douglas County, to the total amount in the past two years of more

than $250,000. Trustee Thompson expressed his understanding of Chairman's Bradford's frustration, but stressed the fact the treatment facility remains in control of the residents and businesses at Lake Tahoe.

Chairman Bradford opened the floor to public comment regarding the matter. Janet Murphy of TDD asked a question about the telemetry readings from TDD and Ms. East-Janicki indicated that she would continue to work with TDD staff to ensure the most accurate readings possible. There was no further public comment.

It was moved by Trustee McDermid, seconded by Trustee Thompson and carried unanimously that the audited financial reports as presented be accepted.

B. General Status Report

Ms. East-Janicki presented the board with a spreadsheet showing actual expenses compared to budget for the current fiscal year. Ms. East-Janicki stated that operating expenses are currently 11% over budget mainly as the result of emergency repairs to the effluent force main and costs associated with dewatering the plant reservoir. Chairman Bradford described how unusual it is for operating costs to be higher than budgeted. In response to questions from Trustees, Ms. East-Janicki discussed the idea of budgeting contingency funds, which is something the Authority has not done historically.

Ms. East-Janicki added that three auditors from the Nevada Public Employees Retirement System also reviewed the Authority's PERS reports and found no exceptions. Ms. East-Janicki indicated that the Authority's check registers had been provided to the Board for review. Trustee McDermid stated that the financials of the Authority are watched closely, being subject to the review of many individuals. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

C. Discussion, report of funds transferred and possible action to transfer additional money from the General Fund to the Construction Fund for payments toward the ongoing District Development Plan construction projects.

Ms. East-Janicki explained that based upon current and upcoming construction expenses, she is recommending the transfer of up to $150,000 from the Authority General Fund to the Construction Fund. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment. Following a brief discussion among the Trustees, **it was moved by Chairman Bradford, seconded by Trustee McDermid and carried unanimously that up to $150,000, as needed, be transferred from the Authority General Fund to the Construction Fund.**

Investment Report

Ms. East-Janicki presented the Board with a summary of the District's investments, totaling more than $9 million with approximately $4.9 million in laddered Certificates of Deposit.

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 Trustee McDermid on behalf of the Board.

PUBLIC COMMENT:

None

ADJOURNMENT:

There being no further business, the meeting was adjourned at 11:30 a.m.

APPROVED

4814-9544-2264, v. 1

Meeting Date: November 15th, 2017

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

District Manager's Monthly Report – NOVEMBER, 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 DCLTSA Board of Trustees on select activities over the previous month.

1. DCLTSA Engineer R.O. Anderson staff conducted bid opening for the relocation of the Authority's Effluent Export Force Main where it crosses Brockliss Slough along Muller Lane. Details are covered in the Engineers report.

2. The retrofit of the Main Pump Station man-lift has been completed.

3. K.G. Walters has completed all grading work for the Plant Automation / Automatic Sampling Project ahead of schedule. The project continues to be on track for substantial completion by the end of February, 2018.

4. Authority staff is in the process of updating the Authority Emergency Action Plan and Contact List in order to assure the information accurately reflects current personnel and conditions.

5. Authority staff and personnel from R.O. Anderson Engineering are working diligently to comply with a request to perform small-scale modifications to the Authority Fuel Island. This work is being done at the request of the Nevada Division of Environmental Protection Stormwater Program, which identified a need to have secondary spill containment around any vehicle parked next to the Fuel Island in order to capture any spillage that may occur at the point of connection between the fuel nozzle and the vehicle. Work is anticipated to have been completed on or before November 13, 2017, as requested.

6. Training on the operating procedures for the automatic valve system for the Emergency Intertie System between DCLTSA and STPUD has been conducted.

7. The Temporary Discharge Monitoring Report for September for the Muller Lane Force Main Relocation Project has been submitted to the NDEP.

8. With the exception of a few minor areas of touch up paint work, the recoating of Export Effluent Tank #1 has been completed. The tank must cure for 21 days before being put back into service. As soon as Tank #1 is returned to service, Authority staff will be draining and cleaning Export Effluent Tank #2 for the 11 month warranty inspection of the recoat applied last year. (photos attached)

9. Authority staff continues to work with TESCO personnel and staff from the Bently Ranch to install cellular modems at the Bently Outfall and at the Bently Reservoir Level Gauge in order to bring that information back to the Treatment Plant reliably. We have been having many communications problems with the “hard wired” copper two-pair communications lines over the years, and this has been a continuing source of overtime for our staff. The goal is to have the modems installed and communicating in December, 2017.



Welding the manway and equipment hatch shut on Tank #1

R O Anderson

November 14, 2017

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 – November 2017

Dear Members of the Board:

The following report presents a summary of activities undertaken on behalf of the Authority since our last meeting on October 11, 2017. During this period, we participated with Authority personnel in the following areas:

1) Authority Engineering Services
2) Main Pump Station Storage Capacity Improvement Project
3) DCSID/STPUD Intertie
4) 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 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:

- Effluent Tank Re-coating: The Contractor (Farr dba RDC) has completed the coating of Tank 1 including welding of the door sheet back into place and coating of the full interior and around the door sheet on the exterior. We observed the profile testing of the surface preparation, the wet film thickness and dry film thickness of the coating, and the holiday testing of the completed coating. In our opinion the work was completed in a professional, expedient, and thorough manner. The tank is currently in the curing period for the material. When Tank 1 is put back into service, Tank 2 will be drained and cleaned for the one-year warranty inspection.

  We have reviewed and recommended payment of Progress Payment 4, which will make the project's financial status:

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Original Contract Price	$	287,000.00
Net Change by Change Orders	$	0.00 (0%)
Current Contract Price	$	287,000.00
Work Completed and Stored to Date	$	283,000.00 (99%)
Remaining Work to be Completed	$	4,000.00

Reinstallation of the cathodic protection system remains to be satisfactorily completed. As allowed by the contract, the Authority has retained 5% of the completed work, $14,150, from the payments to the Contractor.

- NDEP Industrial Stormwater Permit: Chris Gravenstein, an NDEP enforcement inspector, visited the plant on September 21, 2017, and noted some items that were not in compliance with good stormwater practices. Authority staff immediately began efforts to correct the noted items. We have been working with Mr. Gravestein and the Manager to get NDEP approval for a permit waiver with conditions, and working through those conditions.

- NDEP Discharge Monitoring Permit: Sharada Maligireddy from NDEP is working on the Plant's Discharge Monitoring Permit renewal application. She has requested some additional information and clarification that we will be working through with her over the next couple of months.

- Quaking Aspen Lane Boundary Line Adjustment (BLA): During this period we assisted the Authority with review of proposed easement changes accompanying a BLA application. From our review of the documents, the Authority does not have any improvements within the vicinity of the requested boundary line adjustment. As a result, we recommended that the Manager sign the provided application form confirming that the Authority had no facilities in the area and didn't object to the proposed adjustment to the location of the public utility easement.

- Main Pump Station Rehabilitation Project: After a considerable lapse of time, we have recently received correspondence from David Giersch, President of Muniquip, the pump and motor supplier for this project, that defines their schedule for completion of the manufacturing and testing of the two remaining pumps, and repair, re-testing and certification of the two remaining motors. A copy of his e-mail is attached for your information.

  Essentially, from Mr. Giersch's e-mail summary we now expect the following schedule for receipt of the new equipment:

- Supplier to pick-up pump stand and motor from Authority: Prior to November 30th
- Pumps manufacturing complete: December 15th
- Manufacture's Pump Testing of New Pumps: December 15th – December 31st (projected)
- Delivery of new pumps and re-manufactured/re-tested/re-certified motor: On or about January 15, 2018
- Authority personnel remove existing motor on Pump #3 and install new motor and test: Week of January 22nd
- Supplier takes old motor from Pump #3 and delivers to Cornell/Baldor for repair, re-testing and re-certification of two remaining motors. The time required for the motor manufacturer to repair, re-test and re-certify the motors is not now known.
- Upon completion of motor repairs, re-testing and re-certification, the Supplier will deliver the two motors to the Authority for installation and testing. For the Authority to test the remaining motors, the two new 4-series pumps will need to be installed with the requisite piping improvements. It is expected that the pumps will be installed and tested sequentially rather than together. That is, only one pump will be taken out of service at a time, and the work to install the third pump won't be initiated until the second pump and motor are installed and satisfactorily tested. The time to complete the installation and testing of the second pump is also unknown.

I will be prepared to discuss this subject at length during the upcoming Board meeting and answer any questions then.

Pump Station Storage Capacity: During this period, we have reviewed the limited correspondence received from the Contractor through its legal counsel. In addition, we have met with legal counsel for the Authority to discuss the upcoming mediation in general.

DCSID/STPUD Intertie: With this project being an inter-state and inter-agency endeavor it has been very difficult to schedule and stick to a start-up and testing date with the multiple entities and representatives that must be present. The start-up is now scheduled for this Thursday, November 16, 2017. Given the repeated delays, we are cautiously optimistic that all parties will be present and ready. This project has had no further developments this period.

Muller Lane Effluent Force Main Relocation: The bids for this project were due on October 11, 2017. Surprisingly, only one responsive bid was received for each of the two contracts, both from the same contractor, White Rock Construction (WRC, the

contractor on the STPUD Intertie project). Our letter summarizing our review of the bid proposal and results of the bid solicitation efforts is attached for your consideration. Based on that review, subject to the Board's approval, we recommend that the two contracts be awarded to WRC in the listed amounts.

On Thursday, November 9, 2017, we received the State Lands permit documentation for review. On Tuesday, November 11, 2017, we were notified by email that the NDOT permit for this work was ready to be issued. We now expect to have all permits in hand within the coming 10 days. Upon award of the project by the Board, we will begin preliminary contractual matters with the Contractor in anticipation of completing construction before the end of the year, weather permitting.

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

Robert O. Anderson

From: Dave Giersch <DGiersch@muniquipllc.com>
Sent: Thursday, November 09, 2017 4:43 PM
To: Robert O. Anderson
Subject: Cornell Pump Schedule Update for DCSID Project

Rob,

Here is a quick update on where we are at schedule wise for the DCSID project.

We are currently 4-5 weeks out for fabrication of the two new pumps to be completed. We are currently targeting the 1st or 2nd week of December for this to be complete. I will begin scheduling the two motor bases that are currently located at the DCSID WWTP to be shipped back up to Cornell's facility to be adapted to the two new pumps here in the next two weeks. As we get closer to completion of the new pumps I'll notify you in case someone from the district wants to go up to Cornell's facility to witness the testing of the new pumps. The one motor that has been repaired is currently at Cornell's facility which we have been holding onto there to use for the testing of the two new pumps. Once the testing is completed and everyone is happy with the results we will ship the two new pumps & motor bases along with the repaired motor that can be swapped with the motor that is currently being used on pump 1 at the Main Pump Station. Once the repaired motor is switched we will ship the motor that is currently being used along with the third motor that is being stored at DCSID's plant back to Knoxville for repair and then returned to be installed with the two new pumps. This should complete everything and get DCSID up and running with all three Cornell pumps. Please let me know if there are any questions or concerns with this schedule or the time frame and we can discuss any modifications that might need to be made. Thanks Rob!

Best Regards,

MUNIQUIP, LLC
Your Source For Water & Wastewater Equipment

DAVID F. GIERSCH
President

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R|O|Anderson

November 9, 2017

Via E-mail

Rob Hopkins, Manager
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
1 Sewer Plant Road
Zephyr Cove, NV 89448

Muller Lane East Brockliss Slough Sewer Force Main Relocation
Review of Bid Solicitation Efforts and Bid Results; Recommendation for Award

Dear Rob,

As you know, we recently completed the bid solicitation process for the Muller Lane project that culminated in the bid opening on Wednesday, October 11, 2017. Despite our concerted efforts to attract multiple bidders we were disappointed to only receive a single bid proposal for this work.

As a recap of the design and bid solicitation efforts on this project, the original project was bid as a single contract consisting of 208 lineal feet (LF) of directional bore to install 12-inch ductile iron pipe (DIP), complete with line stops and connections to the existing 12-inch DIP effluent force main that is located south of and parallel to Muller Lane. The eastern connection was relatively deep at approximately 12-feet below ground surface. A single bid proposal in the amount of $695,596 was received from Rapid Construction. During post-bid discussions with their representative, we learned that the unexpectedly high bid price was the result of exposure to perceived risk considerations including:

- Deep (12+ ft) connection to the existing line on the east side of the project;
- 12-hour maximum allowable force main shutdown (to avoid use of the unlined Plant reservoir);
- Line stop components that could only be certified to 300 PSI (Specifications required 350 PSI to match the pressure class of the DIP); and
- Uncertainty regarding the integrity of the polyethylene encasement for DIP installed via directional bore.

The Board of Directors decided not to award the project due to its cost and with the hopes that Nevada Department of Transportation (NDOT) would accept responsibility for relocating the pipe, or that having additional time to address these concerns would result in a more favorable bid.

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After concluding discussions with representatives of NDOT, we critically reviewed the design and modified it some, primarily to reduce the Contractor-identified high-risk items in the original design. These design adjustments included:

- After additional potholing to locate the existing force main the project was redesigned to connect the directionally bored DIP at much shallower depths of about three (3) feet. However, this depth adjustment extended the length of the directional bore from 208 feet to 356 feet, over a 70% increase in length.
- Similarly, the line stops were eliminated from the design so that all the new pipe fittings and appurtenances would be rated to the 350 PSI design pressure class. The result of this design change, the entire force main must be drained before the new pipe can be connected to the existing force main. This will result in the need to drain and dispose of about 150,000 gallons of additional effluent from the force main to the Park Ranch lands. In addition to removal of the line stops, the updated contract documents allowed the export pipeline to be shut down extended from 12 hours to five (5) days. This allowance required the approval of NDEP for the temporary use and discharge to the unlined Plant Reservoir as the existing effluent storage tanks do not have sufficient volume to accommodate a five-day shutdown of the force main.
- To make the project more attractive to both general contractors and drilling contractors, we split the contract into two distinct scopes and contracts: Contract A – Directional Bore, and Contract B – Line Connections. We expected that drilling contractors would bid Contract A directly and in doing so DCLTSA would realize a better bid price for that portion of the work. This approach was also expected to encourage more participation from general contractors to bid Contract B and promote competitive pricing.

Due to the January 2017 force main failure at the East Fork Carson River, the scope of Contract B was expanded substantially from the scope of work included in the original design. During that incident, the lack of an effective means of isolating any portion of the force main within Carson Valley resulted in the entire length of the force main being drained up to hydraulic grade line at the point of failure. In that instance, more than 700,000 gallons of treated effluent was spilled due to the inability to isolate sections of this pipeline. During NDEP's review of that incident, they required that DCLTSA take affirmative actions to reduce spill volumes during future incidents. The Muller Lane Pipeline Relocation project afforded the Authority a good opportunity to begin implementing a solution to isolating the force main via

an inline isolation valve. Because of the possibility of generating extreme pipe pressures if a valve was closed inadvertently, it is prudent to include an automatic bypass line around the isolation valve in the design. This has been accomplished with a 6-inch bypass line and pressure relief valve (PRV), all of which will be housed in a new precast concrete vault and traffic rated lid. This bid solicitation for this project includes one new isolation valve vault, which was not included in the former design.

The bid solicitation process resulted in up to __ general engineering contractors obtaining copies of the contract documents. As you are aware, DCLTSA only received a one bid for each of the two contracts – one per contract, and by the same general contractor, White Rock Construction. The bid amounts for Contract A and B were $269,160 and $274,600 respectively, for a total project value of $543,760. The Engineer's Estimate of Probable Cost for the project was $430,300 total, or about 26% less than the cumulative contract bid amount. The Engineer's Estimate was broken down for each construction: Contract A - $169,200; and, Contract B - $261,100.

Upon further inspection of Contract A, the unit price for the directional bore was bid at $610/lineal foot compared to an estimated value of $325/lineal foot. This unit price represents the largest divergence between the estimated cost and actual bid value. In fact, it was for this very reason that the project was split into two separate contracts and bid separately to attract multiple directional drilling contractors to bid directly instead of bidding as subcontractors. Unfortunately, only one directional drilling contractor participated in the bid process and elected to bid as sub-contractor rather than a general contractor, which resulted in the inflation of the directional drilling cost component. Despite having several contractors download the bid documents, in addition to our direct solicitation of the interested contractors from the 2016 bid process, ultimately only White Rock Construction bid the project. The feedback that we have received from prospective bidders who acquired the plans, but didn't bid the project, is that these contractors are too busy to bid the project, and fully occupied with existing contractual commitments.

Ultimately, redesigning the project produced a direct cost savings to DCLTSA of around $150,000 over the former design. The value to DCLTSA is greater than that amount when one considers that the bid price includes the new isolation Valve Vault and bypass line. This element of the project was offered at a bid price of $110,000. When considered together,

R O Anderson

exclusive of the re-design fees, the effort to re-design and re-bid the project resulted in a savings of about $260,000 over the previous bid for this project.

With respect to White Rock Construction's bid, we have critically reviewed the general requirements of the contract against the submitted materials and find that White Rock is the lowest, responsive, and responsible bidder. Given their good performance on the DCLTSA Sewer Intertie project, we recommend that DCLTSA award the both contracts to White Rock Construction.

During your review of this summary should you have any questions, please do not hesitate to contact myself or Rob Anderson directly.

Yours sincerely,

R. O. ANDERSON ENGINEERING, INC.

Digitally signed by Jonathan E. Lesperance, P.E.
DN: cn=Jonathan E. Lesperance, P.E., o=R.O. Anderson Engineering, Inc., ou=Project Engineer, email=jlesperance@roanderson.com, c=US
Date: 2017.11.09 12:49:02 -08'00'

Jonathan Lesperance, P.E.,
Project Engineer

GENERAL STATUS REPORT – November 15, 2017

General Status Report

I have given you a Budget to Actual spreadsheet which shows that we finished September almost 11% over budget. While there are overages in every category except Legal and Accounting, the primary expenses over budget are electrical power here at the plant and almost $55,000 of emergency repairs for the effluent line breaks. The electricity overage is likely due to dewatering the reservoir from the winter snow and groundwater collection. We will be working hard to reduce expenses in the coming months to bring the budget back into line.

PERS sent three auditors out for a day this past month and when all was said and done, they found no exceptions. There were two employees who did not have survivor beneficiary designation forms. I have submitted one of the two, and the other employee's still "thinking on it."

There are bank account signature cards on the table in front of you. If you were designated at the last meeting as a check signer (Darya, Nancy, Mike & Rob Hopkins), please don't leave today without signing them.

Claims:

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

Audited Financial Statements

As you're aware, Grant Thornton performed a comprehensive audit for the last fiscal year and the statements have been issued. We finished the year approximately 5% over the original budgeted amount, but under the augmented budget. Of the amount we were over budget, more than $111,000 was for legal and lobbying fees incurred as a result of Douglas County's actions against the District. Emergency repairs for the Muller Line break last January cost an additional $51,000. We spent approximately $2.3 million for capital projects, which included expansion of the SCADA system, the installation of mechanized brushes to clean the secondary clarifiers, a complete overhaul of the primary centrifuge, replacement of the carbon media in the odor scrubbers, as well as the District Development Plan projects: the Underground Emergency Storage Tank, the STPUD Inter-tie and beginning the Muller Export Line Relocation. Of that $2.3 million, only $1 million was reimbursed through the capital assessment portion of rates.

As part of the audit process, there is an adjustment of the rates from each participating district, based on actual expenses and the actual flows from 2016. Because we lost 137 mobile homes on Kahle Drive in 2016, In-District flows were significantly down from what was estimated, and consequently the flow percentages from all three participating districts went up. KGID's and TDD's flow volumes went up as well. Therefore, even though the expense totals applied to the participating districts were the same as estimated, the higher flow percentages resulted in amounts being owed to the Authority for the past fiscal year. Round Hill's

additional assessment is almost $21,000, Tahoe Douglas District's is more than $56,000, and KGID's is more than $80,500. If it is a hardship for any District to pay that amount in the coming months, please let me know and we can put it on a future agenda for the Board to consider a payment plan.

Finally, regarding the audited financials, there are no exceptions and no findings. If there are no questions, I'd ask that you accept the financials as submitted so that I can file them with the State and other entities.

Transfer of Funds from the General Fund to the Construction Fund

As you can see, at the current time, there is a little more than $400,000 in the Construction Fund available to pay the expenses for the ongoing projects. I anticipate approximately $522,000 in bills to be submitted for payment prior to the end of December. Therefore, I am requesting authorization to supplement the construction fund from the General Fund as necessary up to $150,000. There is currently a little more than $1 million in the general fund operating account.

Investment Report

At the current time, we have more than $9,030,000 in investments. Of that, $4.9 million is invested in laddered CD's and the rest is invested in interest checking, money market accounts and the Local Government Investment Pool.