MINUTES OF THE REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
March 20, 2019

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 20, 2019 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

New Trustee, Chuck Fagen of Round Hill General Improvement District (RHGID) was sworn into office.

ROLL CALL:

Present were Trustees Mike Bradford, Darya Vogt and Wes Rice. Trustee Chuck Fagen participated via telephone connection by which everyone at the meeting could hear him and he could hear everyone at the meeting.

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, Ying Johnson, Accounting Clerk and Bob Cook. Also, in attendance was Andrew Hickman from RHGID.

PUBLIC COMMENT:

Trustee Rice indicated that he had received emails from residents of Marla Bay about planned sewer line realignment. Mr. Hopkins indicated that the sewer lines in Marla Bay are not owned or controlled by the Authority, but are rather owned and operated by Tahoe Douglas District.

APPROVAL OF AGENDA:

It was moved by Trustee Vogt, seconded by Trustee Rice and carried unanimously that the agenda be approved and adopted as presented.

MINUTES OF PRIOR MEETING:

It was moved by Trustee Bradford, seconded by Trustee Vogt and carried unanimously (3-0-1) that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated February 20, 2019, be approved as presented. Trustee Fagen abstained.

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 2018 Biosolids-Sewage Sludge Annual Report has been completed and submitted.

Mr. Hopkins added that the Authority's 2019 Hazardous Materials report has been successfully updated and submitted to the Nevada State Fire Marshall.

The Nevada Department of Transportation (NDOT) has recently issued an encroachment permit for the Authority to complete air-vacuum relief valve (ARV) maintenance along Muller Lane.

Mr. Hopkins reported that CPR/AED training for Authority staff has been scheduled by Bob Cook to take place on March 27, 2019.

Mr. Hopkins thanked Mr. Cook for his effort in coordinating recently completed Flagger Certification for Authority staff and the staff of other agencies and businesses.

Mr. Hopkins provided the Board with an update on his research about the possibility of the Authority doing its own bio-solids trucking in the future. Mr. Hopkins indicated that the analysis should be completed in time for consideration by the Board at its April meeting. At this point, Mr. Hopkins stated that the best course of action may be to optimize the Authority's handling of bio-solids in order to reduce or eliminate the need to haul single bins of bio-solids.

With regard to the ongoing development of the Tahoe Beach Club, Mr. Hopkins reported that a new will-serve letter was issued to update addresses and points of contact.

Mr. Hopkins reported that Authority staff recently replaced a variable frequency drive (VFD) motor at the main centrifuge. Mr. Hopkins indicated that based upon several VFDs having recently failed at the plant, Mr. Hopkins is recommending that the useful life of future VFDs be shortened for depreciation purposes. He also suggests making a similar adjustment with regard to the depreciation schedules for computers. In response to a question from Trustee Rice, Mr. Hopkins indicated that the earlier failure of the VFDs could be the result of electrical power surges, but that can't be determined for certain.

Finally, Mr. Hopkins stated that the Export Pump #4 VFD was currently in the process of being replaced with new "soft-start/soft stop" technology that will provide greater safety for staff and reduced costs in the long-term.

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

B. Discussion and possible action regarding the Authority's compensation plan crafted by Public Sector Personnel Consultants in 2014 and possible options for updating it to include but not be limited to the following:

- **Raising the salary scales, top and bottom, by 5% with a maximum financial impact in the next fiscal year of $19,000 and the following year of $15,000;**
- **Engaging Public Sector Personnel Consultants to perform another staffing and salary study to include review of job descriptions, interview of staff and comparison to like agencies, resulting in an independent recommendation for compensation changes. The cost for this study would not exceed $7,500;**
- **Make no changes to the compensation plan.**

Mr. Hopkins informed the Board that the Authority's predecessor in interest, Douglas County Sewer Improvement District (DCSID) contracted with Public Sector Personnel Consultants (PSPC) in 2014 to complete a compensation study and that as a result of that study DCSID adopted a compensation matrix that set employee salaries by position and experience. Mr. Hopkins added that based upon the lapse of time since the PSPC study and the fact that many Authority employees are topped out based upon length of employment, it may be time to revisit the compensation matrix. Mr. Hopkins explained that the compensation study could be updated internally by Authority staff, the Authority could contract with PSPC to update the study or the Authority could take no action and continue under the existing matrix. Mr. Hopkins recommended that the Authority contract with PSPC to update the 2014 study.

Trustee Vogt indicated that she liked the idea of third-party survey of salaries. Ms. East-Janicki added that salaries have been set based upon the PSPC study since it was conducted and adopted by the DCSID Board. Ms. East-Janicki also explained that the current matrix provides for employee evaluations and potential merit-based increases in pay. Chairman Bradford asked whether or not the PSPC proposal took benefits into account when conducting its survey. Ms. East-Janicki indicated that the proposal before the Board did not include benefits, but that she would ask that benefits be included in the PSPC study should the Board choose to proceed with it.

Following additional discussion among the Board about the value of an outside salary review, **it was moved by Trustee Rice and seconded by Chairman Bradford that the Authority engage PSPC to conduct a staffing and salary survey for a total amount not to exceed $7,500.** Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment. **The motion passed unanimously (4-0).** Chairman Bradford asked to be apprised of any additional costs related to the inclusion of benefits in the study.

C. Discussion and possible action to extend the contract with Tahoe Basin Container for trucking biosolids from April 1, 2019 to March 31, 2020, at an increased cost of $364 per trip, whether hauling as single bin or two bins. The fiscal impact will be an increase of approximately $20,000 over the contract year.

As he had explained earlier, Mr. Hopkins stated that the additional cost related to biosolids trucking could be minimized by optimizing solids handling at the plant to avoid the need for single bin trips. Mr. Hopkins indicated that with optimization the estimated cost increase of $20,000 could be reduced. Based upon the lack of any other options for biosolids trucking at this time, Mr. Hopkins recommended approval of the proposed agreement with Tahoe Basin Container. A discussion ensued in which Mr. Hopkins indicated that the cost of purchasing a biosolids bin was $5,000 to $6,000 each and that only hauling the biosolids when two bins are full may result in some odor issues at the plant. At the suggestion of Mr. Anderson, Mr. Hopkins indicated that he would look into the existence of covers that might reduce the odors from the bins.

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

A motion was made by Chairman Bradford, seconded by Trustee Vogt and approved unanimously (4-0) to extend the Authority contract with Tahoe Basin Container as presented.

ENGINEER'S REPORT:

A. General Projects Status Report

In addition to his participation in the Manager's Report, Rob Anderson presented correspondence dated March 19, 2019 briefly summarizing various issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The February 19, 2019 correspondence is incorporated in these minutes by this reference.

Mr. Anderson provided a summary of the written correspondence and indicated that he was waiting on flow data to complete the annual flow report. He anticipates that the work will be completed in approximately 45 days.

Mr. Anderson confirmed that a NDOT permit for the bi-annual maintenance of the ARVs adjacent to Kingsbury Grade and Muller Lane has been issued.

With regard to the RHGID flow meter data, Mr. Anderson reported that additional data had been obtained and that thus far the data appears to be valid.

Mr. Anderson indicated that Tahoe Beach Club's (TBC) design of the sewer interceptor relocation is underway and is being reviewed on behalf of the Authority. In response to a question from Chairman Bradford, Mr. Anderson confirmed that dewatering would be necessary

as part of this interceptor relocation. Ms. East-Janicki reported that the current budget does not include any revenue from dewatering.

Mr. Anderson also reported that his office is working with RHGID to install control meters in order to compare the data with that obtained from existing meters. Mr. Anderson indicated that the installation of similar control meters in KGID's collection system is being planned. Trustee Rice thanked Mr. Anderson for his work with RHGID and indicated that RHGID was likely going to be required to adjust its sewer rates as the result of the new flow data.

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

ATTORNEY'S REPORT:

A. General Status Report

Mr. 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 mediation of this matter has been set to take place on April 22, 2019. 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 provided the trustees with a spreadsheet showing current expenses and she reported that operating expenses are more than 4% under budget through the January. Ms. East-Janicki also pointed out that the Authority Construction Fund is up from the beginning of the year from approximately $92,000 to approximately $826,000. Ms. East-Janicki also mentioned that the Plant Emergency Repair Fund balance is approximately $3.9 million.

Ms. East-Janicki explained that it was recently discovered that the Authority has not been calculating overtime pay correctly for some time. Reviewing the records for three years back, Ms. East-Janicki reported that the total amount of this miscalculation amounted to approximately $2,800. Ms. East-Janicki indicated that the employees have been paid these back wages.

With regard to billings, Ms. East-Janicki reported that only about $12,000 remains outstanding and that the Authority is now set up to receive automated payments from customers.

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

B. Presentation of and discussion regarding the Authority's Capital Development Plan for fiscal year 2019-2020 to include potential State Revolving Fund financing

Ms. East-Janicki presented the Board with three possible Capital Development Plans for the upcoming fiscal year explaining that last year the Board approved an additional $250,000 annually for capital projects with a plan to borrow $4 million from the State Revolving Fund (SRF) in the upcoming year.

Ms. East-Janicki indicated that officials with the SRF have recently expressed an ability and willingness to loan as much $8 million to the Authority in the upcoming year which would allow the Authority to complete additional projects sooner. Ms. East-Janicki explained the SRF officials were encouraging the Authority to borrow additional funds because it is very difficult to borrow funds in the event of an emergency and the interest rate on SRF funding is currently 2.97% per year. Specifically, Ms. East-Janicki stated that the additional funding would allow the Authority to complete the Aeration Basin Improvements, the Headworks Screening Improvements and the Grit Removal Improvements in the next three years.

Based upon this availability of additional SRF money, Ms. East-Janicki explained the three proposals. The first provides for $4 million in SRF funding and completion of the Aeration Basin Improvements over the next two years. The second proposed plan provides for $6 million in SRF funding, completion of the Aeration Basin Improvements over the next two years and a balance of $3.7 million in the Construction Fund at the end of two years. The Third option presented by Ms. East-Janicki provides for $8 million in SRF funding, completion of the Aeration Basin Improvements, the Headworks Screening and Grit Removal Improvement over the next three years and a balance of $5.4 million in the Construction Fund at the end of three years, making it possible to begin the effluent line replacement shortly thereafter.

Ms. East-Janicki went on to explain that the Authority has historically avoided debt, choosing to do improvements from its annual capital assessment. Ms. East-Janicki also pointed out that other similar sized entities have successfully taken on additional debt and that there are mechanisms in place to make sure that the Authority's debt is adequately supported by its projected revenue.

In response to an inquiry from Chairman Bradford about the ongoing availability of storage capacity in the Bently reservoir, Mr. Anderson assured the Board that based upon current and anticipated growth rates in the Carson Valley that it would be many years before the Authority would have a need for additional or alternative effluent storage.

Ms. East-Janicki stated that she did not need a decision on the alternative Development Plans at this time, but that a Plan would need to be adopted before the final budget is approved at the end of May. Chairman Bradford expressed his preference for the options that borrowed additional funds ($6 million or $8 million) because those plans provide a path for replacing the effluent line

within a reasonable time. Trustee Rice expressed his support for the plan that includes $8 million in SRF funding because it provides a definitive plan to replace the effluent pipeline. Trustees Vogt and Fagen also expressed their support for the third option.

Chairman Bradford opened the floor to public comment regarding the matter. Mr. Cook indicated that he was in agreement with the opinions and directions expressed by the trustees. Mr. Hopkins also expressed his support of the direction the trustees expressed. There was no further public comment.

C. Discussion and possible action to retain Marty Johnson of JNA Consulting Group, LLC to analyze the Authority's options for funding capital improvements and assist in obtaining funding, including but not limited to State Revolving Fund financing, at a fiscal impact of between $17,500 and $27,500 depending on Board direction

Ms. East-Janicki explained to the Board that if the Authority chooses to seek financing from the SRF in the upcoming fiscal year it is necessary to engage a financial consultant at this time. Ms. East-Janicki stated that DCSID previously contracted with Marty Johnson of JNA Consulting Group, LLC (JNA) with regard to previous SRF loans and that Mr. Johnson has consistently worked on the Authority's Debt Management Plan. Ms. East-Janicki added that JNA is well respected by the SRF officials and that Mr. Johnson is available to attend the Authority's Board Meeting in April. Finally, Ms. East-Janicki indicated the cost of JNA's services would be between $17,500 and $27,500 with the funds to come from the Authority's 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 Trustee Vogt, seconded by Trustee Rice and carried unanimously (4-0) that the Authority contract with Marty Johnson and JNA Consulting Group, LLC as presented.**

D. Discussion and possible action to select an accounting firm for annual independent audit services pursuant to the Request for Proposals issued by the Authority

Ms. East-Janicki reported that the Authority had received three proposals in response to its request for proposals regarding auditing services and that based upon her review of the proposals and investigation regarding each of the firms, it was her recommendation that the Authority retain Eide Bailly as the Authority's auditor at a cost not to exceed $38,000 the first year with 5% annual increases thereafter. Ms. East-Janicki stated that the cost of last year's audit was $47,500. Mr. Hopkins also expressed his support of the direction the trustees expressed. There was no further public comment. Following a brief discussion among the trustees, **it was moved by Trustee Rice, seconded by Trustee Vogt and carried unanimously (4-0) that the Authority engage Eide Bailly for auditing services as proposed.**

At 11:00 a.m. Trustee Rice excused himself from the meeting.

E. Discussion and possible action regarding FY 2019-2020 increase to employee contributions to the Public Employees' Retirement System from 28% to 29.25%. The fiscal impact of paying the entire increase (employer's portion and employees') in lieu of giving COLA raises is estimated to be $7,630 in the next fiscal year

Ms. East-Janicki explained that the Public Employees' Retirement System (PERS) required contribution is increasing as of July 1, 2019 and that historically the Authority has paid for these increases. Ms. East-Janicki also stated that based upon no Cost of Living Allowance (COLA) increase having been provided since 2012, she was recommending the Authority agree to pay this increase. Finally, Ms. East-Janicki stated that the increase amounts to a pay increase of approximately 0.6%. Following a brief discussion among the trustees, **it was moved by Chairman Bradford and seconded by Trustee Vogt that the Authority increase its PERS contribution to 29.25% in lieu of a COLA raise.** Chairman Bradford opened the floor to public comment regarding the matter. Andrew Hickman commended the Board for this action and the way it has historically treated Authority employees. Mr. Cook agreed, indicating his belief that this was the right thing to do for the employees. There was no further public comment. **The motion passed unanimously (3-0).**

F. Discussion and possible action to accept the Tentative Budget for FY 2019-2020 for submission to the Department of Taxation

Ms. East-Janicki presented the Board with a tentative budget pointing out that the proposed budget provides for $100 less in operating expenses than the current year, and a $250,000 increase in the capital assessment, resulting in an overall rate increase of approximately 5.5% which amounts to approximately $25 per year for each residential customer. Ms. East-Janicki recommended approval of the tentative budget and welcomed any questions. In response to a question from Chairman Bradford, Mr. Hopkins indicated that he anticipated that within the next few weeks 24-hour staffing at the plant would no longer be necessary and that he believed that overall staffing can be reduced through attrition over the next couple of years. In response to another inquiry from Chairman Bradford regarding polymer use in the treatment process, Mr. Hopkins stated that more polymer is needed in colder weather and that staff is seeking different vendors in order to reduce polymer costs.

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 Vogt and carried unanimously (3-0) to accept the tentative budget as presented for submission to the Department of Taxation.**

G. Discussion and possible action to set upcoming Board meeting dates, outside of the regular Third Wednesday of each month to consider April 10, May 8 and the budget hearing on May 22 or May 29

Ms. East-Janicki stated that she would like to hold the April Board meeting on April 10th and that two meetings would be needed in May. The first May meeting would be to finalize budget directions and to adopt a Capital Development Plan. The second meeting would be the formal hearing to adopt the budget. Ms. East-Janicki suggested May 8th for the first May meeting and May 29th for the public hearing and adoption of the budget. Finally, Ms. East-Janicki suggested that the June meeting be held on June 19th and that no meeting be scheduled in July.

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 Vogt and carried unanimously (3-0) to schedule upcoming Board meetings as suggested by Ms. East-Janicki.**

H. Investment Report

Ms. East-Janicki had a written summary of the Authority's investments available, showing a total of a little over $9 million. Also, a copy of the general ledger was available for review.

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

Reports/updated from Board Trustees concerning the areas or districts they represent

Trustee Vogt indicated that KGID was working with the owners of the Tahoe Beach Club (TBC) to remove encumbrances from KGID property near that project. Trustee Vogt stated that she understands that residents may be moving in at the TBC as early as this summer. Trustee Vogt also reported that KGID has been informed that its employees are considered "first responders" according to the Local Emergency Planning Committee.

Trustee Fagen indicated that he did not have a update from RHGID, but that he appreciated the Authority allowing him to participate by phone as he is currently out of the area assisting his wife, who is dealing with medical issues. Trustee Fagen stated that he hoped to be present at the next board meeting.

Chairman Bradford suggested that staff and the Authority's legal counsel continue their work on updating the Authority's operating ordinance. Chairman Bradford also asked Ms. East-Janicki about scheduling Ethics and Open Meeting Law training for the trustees.

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 Treasurer and were approved.

PUBLIC COMMENT:

Bob Cook reported that the Nevada Conservation District and the United States Forest Service were working with the owners of TBC on stormwater remediation in the area of Kahle Drive. There was no further public comment.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 11:35 a.m.

APPROVED

4847-3977-1537, v. 1

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report – March 20th, 2019
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 2018 Biosolids-Sewage Sludge Annual Report has been submitted.

2. The 2019 Authority Hazardous Materials report has been successfully updated and submitted to the Nevada State Fire Marshal. Our 2019 permit has been received and shall cover the Authority through February 2020.

3. The 2019 Encroachment Permit for Air-Vacuum Relief Valve maintenance work along Muller Lane has been issued to the Authority by the Nevada Department of Transportation.

4. CPR / AED refresher training has been scheduled by Bob Cook for Authority staff on March 27th, 2019.

5. The Authority wishes to thank Bob Cook for his work in coordinating ATSSA Certified Flagger Training for our staff as well as for other neighboring agencies. 18 personnel received certification, to include: 7 staff from DCLTSA, 6 staff from KGID, 2 personnel from RHGID and 3 personnel from Summit Plumbing.

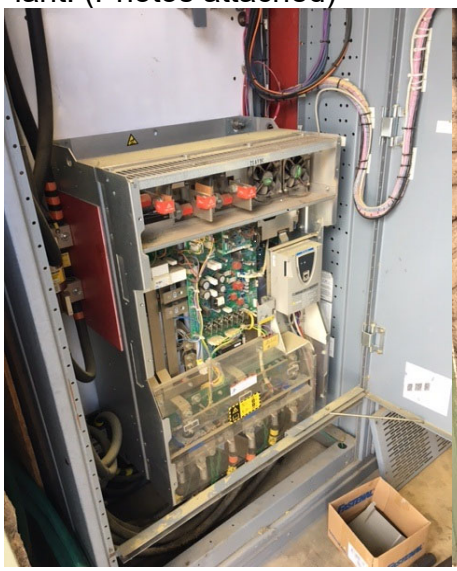
6. Staff research is well underway regarding obtaining costs and benefits related to bringing biosolids trucking operations in-house. We are awaiting vehicle pricing data from a few vendors at this time. Staff expects to have the project completed and cost / benefit analysis available for Board review at the April Board meeting. Three options are being pursued:
    1) Optimize solids processing operations at the Treatment Plant in order to minimize / eliminate costly "single-bin" hauls by our existing service provider.

2) Research potential to haul solids using a dedicated dump-trailer and medium-duty truck, and
3) Investigate costs and operational issues surrounding the purchase of purpose-built heavy-duty bin truck, like the existing “semi” Kenworth trucks used by South Tahoe Refuse.

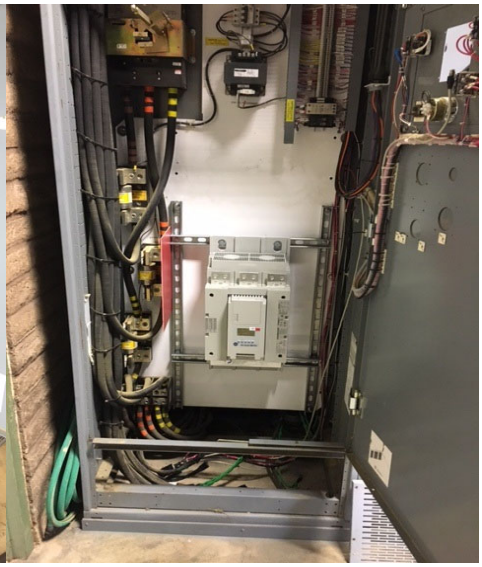
7. An updated “will-serve” letter has been issued to the Tahoe Beach Club LLC. The update was requested of TBC by the Nevada Division of Environmental Protection. The updated letter reflects only changes in addresses and points-of-contact. No changes in fees, connections, or sewer flow contribution estimates were made.

8. The Variable Frequency Drive (VFD) which controls the power fed to the Treatment Plant’s Main Centrifuge failed and was replaced by Authority Maintenance staff this month. Several VFD’s, aged between 7 and 10 years, have failed over the past several months. This fact has led us to revise the “useful life” estimates on future purchases of heavy-duty electronic equipment down from 10 years to 7 and on computers from 5 years to 3 years. Please feel free to ask Authority Controller East-Janicki for further details regarding the revisions to depreciation schedules.

9. Replacement of the #4 Export Pump VFD is underway. The existing VFD is beyond its useful life and will be replaced with a “Soft-start / Soft-stop” pump controller. The Soft-start / Soft-stop system upgrade will provide greater electrical safety for personnel, allow more reliable operation of the pump, at a lower equipment cost than replacing the old VFD with a new VFD. We intend to replace the remaining aged-out VFDs in the Export Building over the next several weeks. This project should reduce summer overtime call-out costs, as the existing VFDs and electrical line-conditioning system they require often trips out under high loads during periods of high ambient air temperature at the Plant. (Photos attached)



“Old” VFD unit



New “Soft-start / Soft-stop” pump controller

Meeting Date: March 20th, 2019

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report – MARCH 20TH, 2019

B. Discussion and possible action regarding the Authority's compensation plan crafted by Public Sector Personnel Consultants in 2014 and possible options for updating it to include, but not limited to the following: – for possible action.

Staff Recommendation:

Authorize Authority Manager to enter in to a contract with Public Sector Personnel Consultants to update the 2014 DCLTSA Classification and Compensation Study for an amount not to exceed $7,500.00.

Discussion/Report:

In 2014, Public Sector Personnel Consultants performed a comprehensive Classification and Compensation Study (Study) for DCLTSA. The Study involved reviewing job descriptions, interviewing employees about job tasks performed, and surveying other public agencies regarding compensation levels for equivalent jobs.

The 2014 Study led to the Authority ceasing to issue Cost of Living Allowances (COLAs) to staff and adopting a Pay-For-Performance method and adopting a salary matrix tied to annual performance reviews. Several employees were already near the top of the new salary matrix when it was created and adopted in 2014. As a result of this, combined with the passage of five years of annual Performance Reviews, most of the rank-and-file staff have been "topped-out" in the salary range for several years and have received no pay-for-performance based salary increases in several years.

Therefore, Authority Management is requesting that the Board consider options to address this issue. Among several options available are the following:

1. Adjust the existing salary scales internally, utilizing a metric such as the Consumer Price Index Western States – Unchained to create a ratchet to adjust the top and bottom of the Authority salary scale.

2. Engage Public Sector Personnel Consultants to perform another staffing and salary study to update the 2014 Study. This would allow the Authority to have an independent and objective analysis performed. The cost, as recently quoted by Public Sector Personnel Consultants is not to exceed $7,500.00.

3. Do nothing.

Meeting Date: March 20th, 2019

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report – MARCH 20TH, 2019

C: Discussion and possible action to extend the contract with Tahoe Basin Container for trucking biosolids from April 1, 2019 to March 31, 2020, at an increased cost of $364.00 per trip, whether hauling a single bin or two bins. The fiscal impact will be an increase of approximately $20,000.00 over the contract year. – for possible action

Staff Recommendation:

Authorize Authority Manager to enter in to a contract with Tahoe Basin Container for trucking biosolids from April 1, 2019 to March 31, 2020.

Discussion/Report:

DCLTSA staff is currently investigating options for biosolids hauling in order to increase operational flexibility and contain costs. The possible options include:

1. Bringing the solids hauling operations in-house, which would involve the Authority making a significant investment in new equipment and staff training, shouldering new operations and maintenance costs. This research is well underway, but incomplete at the time of this writing.

2. Optimizing internal solids-processing operations at the Treatment Plant in order to minimize the "single-bin haul" events, for which the Authority will now be charged the full two-bin hauling price. The bulk of the estimated $20,000.00 increase in costs as stated in the header of this report are based upon applying the new "two-bin rule" to last year's operations at the plant. (I.e. taking last year's trucking numbers for one-bin hauls at the Plant and charging the two-bin rate to see what that number looks like.) If those one-bin hauls are eliminated from the cost estimate, the price increase requested by Tahoe Basin Container is limited to 2.75% over 2018. The 2.75% increase reflects increased personnel costs at Tahoe Basin Container.

Should the Authority choose either option, it is the opinion of staff that the Authority should enter in to a contract with Tahoe Basin Container for 2019-2020. If Option 1 proceeds, the Authority may still need to have solids hauled by Tahoe Basin Container on a "will-call" or emergency basis as a backup to the Authority's equipment. If Option 2 succeeds, and the Authority can streamline internal operations to reduce or eliminate the "one-bin haul" events, then the initial capital outlay and ongoing operation and maintenance costs involved with "in-house" solids trucking operations can be avoided. Therefore, a contract with Tahoe Basin Container will be necessary in either event.

R|O|Anderson

March 19, 2019

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 2019

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 February 20, 2019. During this period, our efforts were limited to general engineering-related support services. The following paragraphs provide a brief description of these efforts and progress related to each of these efforts.

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.

- Annual Flow Report: In support of Ms. East-Janicki's efforts to reconcile the annual flow data, we summarized the flow meter readings for both the Beach Pump Station and Tahoe Douglas District's pump station as collected during our on-going flow meter reconciliation effort. Data from the control meter installed at these two metering sites were compared to readings collected through and available from the Authority's SCADA system. We provided recommendations for an adjustment factor of each meter as requested.
- Annual NDOT permit for ARV maintenance: The annual NDOT permit for bi-annual ARV maintenance adjacent to Kingsbury Grade and Muller Lane was applied for and obtained.
- RHGID (Laser) Flow Meter Data Review: We captured another 60 days of the flow data from the meter and have reviewed it to verify internal consistencies and confirm no gaps data.
- Tahoe Beach Club: We are aware that the design of the sewer interceptor relocation project is underway. Representatives of the Beach Club have received a 60% design submittal and are now pushing the project ahead so that permits can be timely received, and the work commenced as soon as is practical given the administrative and environmental constraints. During this period, we assisted the Authority's Manager evaluate and ultimately issue a will-serve letter as requested by the project's owner.

Physical
1603 Esmeralda Avenue
Minden, Nevada 89423
P 775.782.2322

Mailing
P.O. Box 2229
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P 775.782.2322

OFFICES
Minden, Nevada
Reno, Nevada

- Meter Reconciliation Project: During the period, we have been coordinating with Mr. Hickman, RHGID's Manager, to schedule a date for the installation of the control meters at a couple locations within their collection system. Due to scheduling conflicts the meters have not yet been set, but we expect to set them within the coming week. Once the control meters are set, they will be left in place to collect flow data using the control meter and those volumes compare to flow volumes collected at existing meters, specifically Tahoe Douglas District's and RHGIDs Laser flow meter. During this 30-day period we are also expecting to deploy control meter(s) within KGID's collection system at more hydraulically appropriate location to improve the data to be collected.

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, PE, WRS, CFM
Principal Engineer

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

AUTHORITY CONTROLLER'S

BOARD REPORT – March 20, 2019

General Status Report

I've given you a spreadsheet that shows at the end of January our operating expenses were more than 4% under budget. The savings are spread among most of the budget line items, with the exception of chemicals and fuel.

Thanks to the increased capital assessment this year, and very limited capital expenditures, the Construction Fund balance has increased from $92,000 at the beginning of the fiscal year to $826,000. That is the current amount we have set aside for projects on the Capital Development Plan.

The Plant Emergency Repair Fund balance, which is the Authority's "set-aside" account for emergencies is $3,900,000.

Status of Billing

Of the $1,723, 942 billed during the first three quarters, only $12,000 is outstanding. The Hard Rock finally paid their bill but not the late fee of $1,220. Wells Fargo has set us up to accept ACH payments and we have begun to get applications. Especially the past late-payors are extremely receptive to automating it.

Agenda Item 10.B. – Capital Development Plan

I will be presenting you several options for the upcoming five-year period, regarding which projects to do and how to fund them. The State Revolving Fund has expressed a willingness to loan us up to $8,000,000 and allow us to lump the Aeration Basin Rehab in with the Headworks Improvements and Grit Building Upgrade. In last year's Capital Plan, we discussed taking a $4,000,000 loan to do the $6,000,000 Aeration Basin project, and paying the other $2,000,000 from the Construction Fund.

I will project it at various levels of funding, and will not be asking you to adopt a plan at this time. A plan will need to be decided on before I can submit the final budget, because the numbers will need to match. For the tentative budget, I included a $4,000,000 loan as previously planned.

Agenda Item 10.C. – Marty Johnson of JNA Consulting regarding project financing

As noted above, I have been in conversations with the State Revolving Fund (SRF). Our Aeration Basin Project has been newly designated "Green" because it will result in energy savings and better effluent quality. The Green designation moves us even closer to the top of the list and we were up there pretty high before. They indicated, however, that if we want to take a loan and start the project in September, we have to start the process now with the financial consultants.

The District worked with Marty Johnson for the two earlier loans before I got here, and his office has done our annual Debt Management Plan since then. He is held in high regard by the SRF, and has worked with

many of the other districts. He has submitted an engagement letter to begin working on financing options for the project. Depending on the route we choose and how much the Board decides to fund, his maximum charge will be between $17,500 and $27,500. He will come to the April meeting to answer Board questions and present options.

It is my recommendation that we retain Marty Johnson and JNA Consultants to assist with financing our projects.

Agenda Item 10.D. – Selection of Auditing Firm

As you know, we solicited proposals from accounting firms for the upcoming years' audited financials. We received three responses, from Piercy Bowler Taylor & Kern, from Casey Neilon, Inc. and from Eide Bailly. After discussions with each of them, reviewing the work product from other entities, and speaking with other entities they audit, *it is my recommendation that we retain Eide Bailly as the Authority's auditors*. The cost for that will not exceed $38,000 for the first year, $39,500 for the 2020 year, $41,000 for the 2021 year, $42,500 for 2021 and $44,000 for 2022. Last year, with Grant Thornton, we paid $47,500.

Agenda Item 10.E. – PERS Increase

As stated in Rob's report, no COLA raises have been given since 2012. Employer contributions to the PERS system are increasing effective July 1, 2019 from the current 28% to 29.25%. In the past, the Authority has always assumed the increase. In the eyes of PERS, that is tantamount to doing so in lieu of a COLA raise. In effect, the benefit to the employee would be equal to a raise of .6%. The fiscal impact to the Authority would be approximately $7,630.

I would recommend paying the increase on behalf of the employees.

Agenda Item 10.F. – Tentative Budget

I have included the Tentative Budget in your packet. It is very preliminary, but I believe we have most of the expenses nailed down. It includes $20,000 extra for biosolids hauling, the PERS increase, a potential 12% increase for casualty insurance. Even with those increases, operating expenses are $100 less than the final budget last year.

I included the increased capital assessment, from $1,250,000 to $1,500,000 as agreed to by the Board last year. Generally speaking, that will result in an approximate 5.5% rate increase overall. Depending on the final flow percentages, some districts will see more and some less. The residential rate will increase from $486 per year to $493.

I have also included in the budget potential debt service on a $4,000,00 SRF loan. The bottom line on Form 19 is a negative $121,544. That is due to depreciation being more than our capital assessment.

I would recommend accepting the Tentative Budget for submission to the Department of Taxation.

Agenda Item 10.G. – Upcoming Board Meeting Dates

Several Board members have indicated they would not be able to attend the regularly scheduled April meeting. As there are budget issues to discuss and items regarding the State Revolving Fund loan, I*would recommend changing the April meeting to Wednesday, April 10, 2019.*

Additionally, I believe we will need an additional meeting in May to clarify budget direction. The formal Budget Hearing must by law take place between May 20 and May 31, 2019. Therefore, *I would suggest that we schedule a meeting for May 1 or May 8, with the formal budget hearing on May 29, 2019.* To make up for having two meetings in one month, *I would suggest skipping the July regular meeting.*

Investment Report:

We have a little more than $9,048,000 spread out between liquid investment accounts with Wells Fargo and the State Revolving Fund and longer term laddered CD's with Wells Fargo. In the past month, we had a CD mature at 1.20% and we were able to reinvest it for twenty months at 2.55%. I put a list of current CD's in your packet.

Claims:

I sent you all copies of the check register and wires sheet for the period from February 20 to March 20, 2019.