

MINUTES

REGULAR MEETING OF JANUARY 29, 2020 Incline Village General Improvement District

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Chairman Tim Callicrate on Wednesday, January 29, 2020 at 6:00 p.m. at the Chateau located at 955 Fairway Boulevard, Incline Village, Nevada.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF THE IVGID BOARD OF TRUSTEES*

On roll call, present were Trustees Peter Morris, Tim Callicrate, Sara Schmitz, Matthew Dent and Kendra Wong.

Also present were District Staff Members Director of Public Works Joe Pomroy, Director of Human Resources Dee Carey, Diamond Peak Ski Resort General Manager Mike Bandelin, Director of Golf/Community Services Darren Howard, and Engineering Manager Nathan Chorey.

Members of the public present were Pete Todoroff, Michael Brothers, Margaret Martini, Marcus Faust, Bruce Simonian, Aaron Katz, Judith Miller, Wayne Ford, Linda Newman, Brad Johnson, Mark Alexander, Charley Miller, Mike Abel, Jack Dalton, Denise Davis, and others.

(33 individuals in attendance at the start of the meeting which includes Trustees, Staff, and members of the public.)

C. PUBLIC COMMENTS

Mike Abel read from a submitted written statement which is attached hereto.

Pete Todoroff said he wanted to make a couple of announcements; Citizen Advisory Board meeting is scheduled for Monday, February 3, on February 6, NVEnergy is holding a community meeting at the Donald W. Reynolds building (Parasol) and this Friday is his community forum meeting. If anyone wants to be sent an e-mail reminder, please let him know.

Aaron Katz said that he wanted to speak on the Tahoe Transportation District (TTD) presentation; he is urging the Board to end the partnership with TTD and he is going to review the facts on why. Back in May of 2012, the District started to collect two million dollars and HDR was the consultant that estimated a cost of twenty-three million dollars to replace all lines. February 2013, Phase II, that will begin in spring 2015 – in 2013, Staff begins speaking with TTD about co-location and told the public that the two million dollars was held in a separate account. October 2014 – the District enters into an agreement with TTD to pay three hundred thousand dollars, then in 2019/2020, Staff spent \$2.5 million dollars from reserves on pipeline repairs and the pond lining and then in January 2020 Staff tells us that the project has ballooned to \$38.4 million dollars and that doesn't include what was paid nor more expenses for hydrants, etc. Five hundred and sixty-seven linear feet were replaced in State Route 28 and the savings in colocation is really nothing because we spent that money in doing repairs. Staff claims there is the possibility of a ten-million-dollar savings for the co-location but TTD has no funding source for the pathway so they will be asking IVGID for more money for the design process and meanwhile there are more pipeline breaks that are taking place. Mr. Katz concluded by saying that he has a written statement to submit.

Judith Miller said that she agrees with the statement that time is of the essence with the effluent pipeline because in the last six months there has been three breaks in Segment 3 and testing has shown us the most critical parts thus she doesn't know how we can wait for TTD to land. She did ask the Interim District General Manager if he has any information on cost sharing if we do decide to be a part of it with the bike path and she didn't get an answer. She knows that the Interim District General Manager has been really good with his communication and that she didn't get an answer because there is no information yet Staff has been dangling out the cost savings for years. It is impossible to say how much the cost savings will be. Ms. Miller then referred to agenda packet page 73 and asked about the why of the seventy percent cost reduction. Seventy percent was for the pipe installation and the others items on this page wouldn't be part of our costs. It is fair to pay part of the costs such as traffic control, paving, etc. because we have to pave something in the road. Let's face it, a thirty percent savings is exaggerated. The fire hydrants that Staff has volunteered to pay for – without knowing our share, we have no idea whether or not there will be any savings. Ms. Miller concluded by stating that she does have confidence that this Board is looking at things and we will be able to pay for it.

Margaret Martini read from a submitted written statement which is attached hereto.

Linda Newman read from a submitted written statement which is attached hereto.

D. APPROVAL OF AGENDA (for possible action)

Chairman Callicrate asked for any changes to the agenda; none were made so the agenda was accepted as submitted.

Chairman Callicrate called for a break at 6:19 p.m. and the Board reconvened at 6:23 p.m.

E. REPORTS TO THE BOARD OF TRUSTEES*

E.1. Verbal Presentation by Laura Whitney, United States Army Corps of Engineers (USACE) Representative via telephone

Laura Whitney, USACE, gave a verbal report about the 595 program and the partnering that the Corps of Engineers has with IVGiD and these are the highlights from that verbal report:

- ✓ Recently reallocated some monies from within Washoe County to provide funds towards the effluent pond and they have received some money ahead of time and before we have the Project Partnering Agreement for the effluent pipeline project.
- ✓ Over the next several weeks, she will be working with IVGiD even closer on basically submitting a draft agreement that they can work on with IVGiD to get signed.
- ✓ Working with IVGiD on two partnering agreement – one for the pond and one for the effluent pipeline.

Chairman Callicrate thanked Ms. Whitney for her report and said that it sounds positive and even more favorable than that as we are looking at some very costly projects.

Trustee Wong thanked Ms. Whitney for all of the work she has done and acknowledged that she knows that Ms. Whitney has been working on this for several years. What is the potential timeline for funding and starting these projects? Ms. Whitney said that the process has been in place for quite some time and that Jim Baker was the former manager for the 595 program and that he has retired and she acquired that program about five years ago. She knew that IVGiD was going to need another round of money for the effluent pipeline. She represents what is going on with our partners and they have

announced what is needed in the future and here we are. We have received a little bit of money and now we try and figure out what is the capability. Phase I was around twenty-three million dollars. The anticipated cost of Phase II is twenty-five million dollars and that is what we are looking for in this agreement. We may not get all of that money in one fiscal year because the Federal government works in a three-year budget cycle. Everything is trying to get Federal money so we probably can't get all that money and we need to figure out the details. The 595 program is interesting and a great program that basically provides money in arrears; the District spends the money, submits its reimbursement, and then they pay. We are always trying to keep our eye on the ball of what is needed in what fiscal year. District Staff understands this program and works closely with her. They like working with great partners like IVGID and how much money – she has no idea but she has been a squeaky wheel for what has been going on up here.

Trustee Schmitz said that because the funds are paid in arrears, if the District decides to allocate funding and initiate this project, does it introduce any risk or decrease our ability to obtain these funds. Ms. Whitney said the money is paid in arrears and for design/build projects the money for the first year and even the second years depends because we might already have that in the coffers and then as the work is being done, reimbursements are submitted for various items and she looks at what has been spent and then they pay according to the agreement within a 25/75 split. Some of the seed money is already here but the money that is out in years is in the works. This program is not in the President's budget like other programs are as these are add ons or earmarks. On a national level, it is an environmental infrastructure program that is split among the entire nation. This goes back to our region and we have had really good luck with getting money because IVGID has been a great partner which is good. We like good projects because they get done as we don't like to see money just sitting there rather we like to see projects get executed, completed, and the money spent.

Trustee Schmitz asked if we begin our project, what amount of funds is potentially made available to us. Ms. Whitney said again, she can't give an amount with any certainty because it is all in the planning. Once the project gets going, completion is usually in place and it is highly unlikely there would be a disruption. The project is in place, it is moving along, risk is fairly low, and the District has a great reputation. For the pond, the money is already here and it has been moved and reallocated to this effort. There have been changes in the overall program which changed the program slightly so we have had to wait for some new guidelines from headquarters but we have

been meeting with IVGID and working with them and we will continue to do so and the good news is that we have a little bit of seed money.

Trustee Schmitz said so to repeat it, in her own words, there already are funds available that you are not able to disclose but there are funds available which is seed money and that you are saying that if we begin our project, we would have an opportunity to receive reimbursement. Ms. Whitney answered that the District needs quite a bit of money for the pipeline thus we need to make sure you are well represented because we can't get all the money all at once. You can't spend all that money in one fiscal year and that it is an ongoing process and we have to wait for the President to do his job and sign the budget. The money for the pond is here, in house, and that is just a matter of executing that agreement.

Interim District General Manager Winqwest said if we decide to proceed with the pond lining, prior to executing the Project Partnering Agreement, is there any risk to the District in not receiving any money. Ms. Whitney said that she needs to have the agreements in place and that she can't tell the District what to do or not to do. We are going to be entering into an agreement that will obligate the government and the District needs to come to the table as the certification has already been signed. As to the future, she doesn't know. There are huge levee projects and all of those monies didn't come in within one year but she has been the squeaky wheel who got into the cue to move those projects forward. Just like on Phase I, the District entered into an agreement with the Corps and the project was completed. She would imagine that the second phase would be in alignment with Phase I.

Trustee Morris thanked Ms. Whitney for all her work and asked if the District does execute an agreement and you commit those funds for that project then those funds are committed to us for that particular project that we have signed for. Ms. Whitney answered that she can't commit the Federal government to do anything but she can get an executed agreement which basically represents what the needs are and then it is just dependent on what happens and the agreement specifies that. You do the best you can in budgeting and hoping you get what you asked for. The District has a really good track record as you have completed Phase I and completed various landscaping/restoration projects.

Trustee Morris said thank you and just because we execute an agreement it doesn't mean we get the funding. If it is approved in a fiscal year, that remains approved in that fiscal year. Ms. Whitney said that is right. We got

the ball rolling, we have the money that is pretty much set aside for the pipeline and that is really good news. She is always answering questions on what the needs are and between the District's representation with Mr. Faust and the members of the Board that go to Washington D.C. and what is going on with the partnership with her agency, we are all saying the same thing. All those messages are good and Congress hears the same thing.

Trustee Morris said that he recalls from last year and it came before this Board, there was a request to submit a project application for 595 funds and that it was pointless to go after those funds as there aren't any. We did a good job on the work we did do. Now, there is funding within 595 and thus the pond lining money is probably there. You can't tell us what to do but that it sounds very encouraging and that we should continue to pursue 595 funding. Ms. Whitney said yes, she agrees with that statement.

Trustee Schmitz said to clarify what you said is that within the next two weeks, you will be working on these agreements and is that the correct timetable. Ms. Whitney said yes and that she has been engaged on the project description, scope of work, pre-design costs, etc. and we are moving that forward; that will take time as we want to get it right.

Trustee Callicrate said thank you for your continued work with the District as we have had great projects within the District. It does mean quite a bit to all of us and we really, really appreciate it as a community; we look forward to the next update and good progress. Ms. Whitney said you are very welcome and thank you for allowing her to give a status update and that next time she hopes to here in person.

E.2. Verbal Presentation by Marcus Faust, IVGID's Legislative Advocate to the U.S. Federal Government

Marcus Faust thanked Ms. Whitney for participating and noted that she is in the eastern United States. We very much appreciate her help and we are very fortunate to have Ms. Whitney as our partner with the Corps as she has been with us for many, many years. Mr. Faust then gave his summary – the following are the highlights:

- There are two programs – the old programs lived on Congressional earmarks and that is how we did Phase I.

- When Congress banned earmarks, they gave the money to the United States Army Corps of Engineers and asked them to develop a work plan and then report on where the money will be spent.
- There are advocates all across the country and Ms. Whitney has been advocating for the District every year.
- There are two draft agreements that will be presented to the District - \$2.7 million for the pond rehabilitation project and then another that needs its agreement negotiated and the funds transferred to the Sacramento District of the Corp.
- The only way to be assured of reimbursement at the 75% Federal cost share amount is to do so pursuant to a project agreement. Anything done prior, Corps is not obligated to provide that match.
- When the project partnership agreement is executed, that does obligate the Corps to provide that funding however what is at risk is if Congress doesn't have a budget.

Chairman Callicrate thanked Mr. Faust for the presentation and clarity and said that both of you are doing a tremendous amount of work and that he will be glad to hear, in a couple of weeks, that we have a project partnership agreement to work on.

Trustee Schmitz thanked Mr. Faust for being here and helping us with our challenges and asked for the \$2.7-million-dollar pond program what was seventy five percent of that. Mr. Faust said roughly two million dollars.

Trustee Wong said thank you to Mr. Faust and his team for all the work you are putting in on this and thank you to our Congressional delegation of Mr. Amodei, Ms. Cortez-Masto and Ms. Rosen.

Trustee Morris also thanked Mr. Faust for what he continues to do as it has been outstanding and said so your advice to us is not to start a big project until we have gotten the project partnership agreement. Mr. Faust said the District won't be eligible for the seventy five percent reimbursement prior to an agreement however that doesn't mean that the Corps wouldn't honor after the agreement.

Mr. Faust continued that the expansion of the Fallon Air Force Base is considered a must pass because it is part of the Federal Defense Bill. Mr. Amodei developed a strategy to add some provisions and one of which is to convey the two parcels near the high school to the District. A meeting was held today and we are hopeful and optimistic there will be a bi-partisan piece

of legislation around this in a bill that has high priority; the bill is drafted and he has seen it.

Chairman Callicrate said that is great news, thank you.

E.3. Verbal Presentation by Tahoe Transportation District – Co-Location Project, Bicycle Path

Carl Hasty of (TTD) went over the materials included in the Board packet.

Trustee Morris said that there is an ongoing issue with the parking along State Route 28 and we have seen the impact with the parking on this as well as seen the problems when traveling on State Route 28. Are parking spaces being added and would you comment on the parking on State Route 28. Mr. Hasty said because of budget, TTD couldn't build all that we could have and that they haven't given up. They are working with the Nevada Department of Transportation (NDOT) on the opportunities to add trail head parking. TTD is also working as quickly as they can to provide off highway parking with lot expansion as well as having more parking at Spooner. Finally, we are looking at Spooner Park and hooking up with seasonal transportation as we are trying to give people more choices and eventually get to regional transportation to help the movement around the basin.

Trustee Wong said thank you as that helps us understand where we can participate. There is no promise that timing will always line up but it does give us an option and perhaps help to provide savings. The pipeline is going to need to be replaced when it needs it; thanks for the options. Mr. Hasty said that they understand it and TTD is more than happy to work with IVGID.

Trustee Schmitz said thank you and that it was her understand that TTD was turned down last year so what will be different this time and what is the timetable? With the mapping that was done, specifically, how many linear feet can be co-located. Mr. Hasty said regarding the grant application, it is not uncommon, as TTD went after it as a long shot. In building the grant application, they were a little premature. It is good to have an environmental document and to put that in there and learn from that experience. The environmental analysis is pretty important and increases ones' odds. One item is how ready to are you and that affects competitiveness. They are gearing up now for making new applications and they are always looking at all grant opportunities and there is a good track record of delivery. On the Tahoe City project, they bundled three projects together with success and it

is under construction. They have gotten good at putting together a partnership for this leverage as it is a compelling argument for any grant and granters like to see that for leverage. As to linear feet, that is a better question for your Staff.

Trustee Schmitz asked about a time table for a new grant; Mr. Hasty said one is due next month and then the United States of Department of Agriculture is due in March.

Chairman Callicrate called a break at 7:20 p.m. break and the Board reconvened at 7:29 p.m.

F. GENERAL BUSINESS (for possible action)

F.1. Review, discuss and provide direction on the Effluent Export Project – Phase II – Fund: Utility; Division: Sewer; Project 2524SS1010 (Requesting Staff Member: Director of Public Works Joe Pomroy and Engineering Manager Nathan Chorey)

Interim District General Manager Indra Winquest said that it has been about six months since he became Interim District General Manager and that he has worked diligently on getting up to speed on this project. He is no expert but he does know enough to be dangerous. There has been a lot of discussion, varying opinions and concerns related to this project. All much needed conversation and reflection. It's his opinion that many of these concerns expressed by the Board, Staff, and members of the community are valid. He thinks he made that clear in his discussions with folks. It's also his opinion that a lot has occurred over the past several years and there has not been enough discussion between the Board and Staff regarding aspects of this project and decisions that have been made. Our previous General Manager had his approach which is very different than what his will be moving forward. We have a unique opportunity to improve upon many aspects of communication and management as they relate to this project. The purpose of this meeting tonight is to:

- Provide a recap of the details and history of this project;
- Evaluate and establish where we are at this point in time;
- Evaluate and determine a successful path for the future of this project;
- This is not about taking a deep dive into financials although he realizes there will be discussions and questions this evening related to past decisions by management and Boards; and

- This is also not about diving into a deep discussion about the Utility Rate Study or Utility Reserve Fund – the time will be upcoming for these discussions.

All of this being said, he wants to be clear on the record that we are arguable in the middle of the largest transition the District has even been through, at least in the past twenty five years. We do not have a General Manager, we have a new incoming Director of Finance, we have lost members of the senior and middle management teams, and a high turnover among the Board including several mid-term appointments. This coupled with the changing community. This is a perfect time to evaluate where we are right now and hit the reset button moving forward. He is recommending that based on all of these factors, we hire a project management team as soon as possible to manage the effluent pipeline project. Additionally, he feels strongly that we need to hire a firm to perform a utility reserve and rate study so that we can ensure that we are on clear path to success. The District does not have the bandwidth to manage this project along with all of the upcoming initiatives including several large legacy projects in Community Services. Additionally, we believe that we have several Board policies that need to be updated, in particular, those that relate to utility fund balance. Finally, his hope is that beginning tonight, we can all move forward working together to make sure we are making decisions in the best interest of the greater community.

Chairman Callicrate said bringing in independent folks to look at utility rates and fund balance and, this is not meant to impugn anyone, but it makes better sense to bring in additional folks so our Director of Public Works can look at other things. The effluent pipeline is our biggest project and he is in favor of bringing in external folks and addressing them. We have gone through a gnarly transition over the past years with seven Boards in the past six years. He is in strong agreement with that and hopefully Staff will give us a brief and insightful presentation as he agrees with Interim District General Manager Winquest in not rehashing the past and moving forward.

Director of Public Works Joe Pomroy gave an overview of the submitted materials.

Chairman Callicrate said it is always good to review.

Trustee Schmitz said her understanding, and referencing agenda packet page 88, work on 5,000 linear feet and the pond lining and that they are not

dependent on each other – is that the correct understanding. Director of Public Works Pomroy said Staff would absolutely love to have the pond lined first and unfortunately we have lost that opportunity as there is no way the pond can start this summer.

Trustee Schmitz asked how many feet can we get done in one construction season. Director of Public Works Pomroy said he would estimate a mile to a mile and a half with a construction schedule of eight to nine weeks and then they kick us off with no work occurring in July and August. We could come back on in September but that would be for thirteen days which is almost useless.

Trustee Morris thanked Staff for compiling all of this as it was a tremendous overall presentation. Given that it is a mile; can you get that done in a construction season. Director of Public Works Pomroy said yes, that is correct. Trustee Morris followed up by asking if we don't co-locate and do it in the existing roadway, how many construction seasons would that take. Director of Public Works Pomroy said four to six years if we replace every inch. Trustee Morris said that we have a physical constraint from when we start; Director of Public Works Pomroy answered yes, four to six construction seasons.

Trustee Dent asked about the pond lining and are there alternative that we are looking at such as a tank in order to expedite this project. Director of Public Works Pomroy said Staff looked at six different options – the concrete option is design, construct and build with a cost of one dollar per gallon; hard tankage is three to four dollars per gallon. The cost differences eliminated other options and the goal is to get as much storage with an open reservoir for simple maintenance.

Trustee Morris asked Staff to refresh his memory – what is the carrying capacity of the storage pond. Director of Public Works Pomroy said 2.5 million gallons which is an amount equal to three days except the fourth of July which is an amount equal to two days. With tanks, it would be 1.5 million gallons.

Trustee Wong said thank you for this presentation as she does enjoy because she always learns something new. Starting with five thousand linear feet, it gives us the ability to plan for the future and opens up the possibility for co-location if that lines up with TTD as we have to replace the pipe when we need to. If co-location works out, great. At the end of the day,

we need to protect this pipe as it is not something that can fail. We should plan for both directions so we are prepared for whatever can happen.

Trustee Schmitz said that she appreciates the presentation; what do the other jurisdictions use and what have they learned. Director of Public Works Pomroy said two others store – Douglas County Sanitary and South Tahoe and both have ponds. Douglas County Sanitary Improvement District is under an administrative order because of a leak. South Tahoe Public Utility District has an earthen constructed pond with thick plastic liners and covers. They operate their system with water in. Our pond would be empty in case of an emergency. A poly liner would degrade or blow away. We wouldn't use it on a daily basis as we already have a half million gallon tank so this would be on an emergency basis.

Chairman Callicrate asked if there was no opportunity to do slip lining. Director of Public Works Pomroy said it is one of the options and it is best to say re-lining which is always considered. It was rejected in Phase I because of the guardrail. Staff would consider it as we love it and it is one of the tools we use but we have to look at longevity. When you get up to 400psi, you need to look at the liner ratings. Sometimes they are a blend so we have to back to the engineers and their best practices; we rely on those experts.

Trustee Morris said that he agrees with having to plan for both scenarios and begin with what we have to do. There is potential to get Federal funds as could we put in two applications, would those amounts differs, and are there any problems with putting in two applications. Director of Public Works Pomroy said Staff is working with the Corp staff and we have submitted one project that would cover all options as a complete project and a resulting complete agreement; we went with the most reasonable best guess.

Chairman Callicrate said he would like to invite our Interim District General Manager to share his thoughts again.

Interim District General Manager Winquest said that we have talked about the management of these projects and it is very similar to Phase I when we had a project management team on site; we intend to do this on this project. Staff oversees the project and there are meetings that happen and District Staff is present so he is all in favor of hiring a project management team and it sounds like that is the direction this is going. To summarize, we want to take care of five thousand linear feet, do the pond lining, and we have a timing issue regarding the partnering agreements. The District should be

very encouraged about what we heard tonight. There are moving projects that require continuing discussion on this very critical project. On the reserve study, we have an upcoming rate study and we don't have the time to go out and perform that outside rate study so let's move forward with the existing one. Staff is projecting a fair level of increase and we need to know on February 12 because Staff is preparing it so we need to have that discussion on that date. Interim District General Manager Winqest said he has spoken to our incoming Director of Finance and he thinks it is a best practice to go ahead and perform that to understand where we are at. We need to update our current policies as it pertains to our Utility Fund and we need to move on that quickly. He is in support of doing the Utility Rate Study on February 12. We have to make some decisions on co-location and noted that we lose nothing by waiting. If we move forward without funding, he is very encouraged that we will get it. Maybe we get the pond lining money – we need to prepare for the worst case scenario. There has been a lot of discussion about the fifteen million dollars that we should have the monies spent; it is imperative that the Board give Staff clear direction on the funds tonight. Staff wants to have a clear understanding on what is acceptable and we need to have a discussion about what is included so we can work together on moving forward while understanding what the expectation is of what the Board wants.

Chairman Callicrate said, going back to our agenda and what is being asked of us, it is important we look at that so he is reaching out to our legal counsel and asking if the Board has the flexibility to modify things and pick and choose on what we want in the motion. District General Counsel Geno Menchetti said that the action is related to the Export Line Phase II and that there is nothing in the agenda that would prohibit you from doing that; the movement of funds is a whole different kettle of fish. Chairman Callicrate said that he wanted to get clarity on it as it is now called the Effluent Export System and we want to be specific. District General Counsel Menchetti said it doesn't matter what you call it.

Chairman Callicrate asked if the Board wanted more discussion.

Trustee Wong said that the Board is directing Staff to establish the project and then when we establish the CIP project, we can authorize them to establish the funds.

Chairman Callicrate said he needs a little bit of clarity so we don't misconstrue the amounts; he then asked Staff what it is they are requesting.

Director of Public Works Pomroy said Staff is asking for \$2.71 million dollars for the pond lining and to allocate the remaining funds to the pipeline project with the first thing to be worked on is the 5,067 linear feet for Segment 3 and then the rest will go into pipeline specific projects. We have two million dollars this year and establish that in the Effluent Export System and then costing out the project. Staff will work quickly to bring back design contracts and then move into the permitting followed by the bidding.

Chairman Callicrate said what he thinks is very important is that we are collecting two million dollars a year for the Effluent Pipe, replacement of the pipe, and to delineate that the monies are for the specific pipeline and that the project is now being called the Effluent Export System and that we have a restriction on the monies to date and be clear on the 5,067 linear feet and no monies set aside for the pond. Chairman Callicrate continued that he wants Staff to go forward with the 5,067 linear feet and then by February 12 have information on the pond lining and then \$4.6 million dollars is restricted to the pipeline knowing that we will be doing a reserve study. We need to let the community know that the scope has broadened because of many different things and that we are going forward with 5,067 linear feet, then the pond lining, and then restricting \$4.6 million dollars for the future and that this is important to delineate as we have a couple of weeks for the pond lining.

Trustee Wong said that if the Board restricts the nine million dollars, does Staff have enough money for the projects in the Utility Fund or will that money come from rates increases for what you want to do in this coming year. Director of Public Works Pomroy said yes, there are funds available to pay for what is in progress and that Staff will be asking for an additional rate increase for that project that we rejected and that ask will impact your reserve policy. Proceed or not proceed on getting the pond lined and bring that back to the Board with some type of funding to allow Staff to proceed as there was a lot of confusion a few years ago with this project. It was identified which caused a lot of difficulties in the community so when is there a desire to do – before or after the Corp.

Trustee Morris said we all suffered in the past because of a difference in nomenclature. He likes Effluent Export System as it encompasses all the components and he wants to move in that direction so we know where it fits in the hierarchy. Regarding the pond lining, if we don't do that today then you can't move forward on doing anything until Staff hears from the Corp.

Director of Public Works Pomroy said that Staff always needs direction from the Board to allocate those funds so we can proceed with that project and then bring it back to the Corp. The money we would spend that we may not get back would be ten to twenty thousand dollars which would be at risk.

Chairman Callicrate asked how much would it cost for design work. Director of Public Works Pomroy said up to ten percent of the project costs so \$250,000 would be the design phase budget. Chairman Callicrate asked if the District had that in an outside fund. Director of Public Works Pomroy said that there is \$840,000 that is not committed so it could come out of that. Chairman Callicrate said he would feel more comfortable with that and then later on looking at restricting the money. We are asking questions over and over to try and get clarity tonight as these are two separate projects that are all part of the Effluent Export Project.

Trustee Dent said he would like to push off the rate study as really we are just setting a date – what is the farthest out we can go. Director of Public Works Pomroy said that the rate increase is to fund next year so having it approved in April, we would need thirty days to prepare the bills. Trustee Dent asked if within that six weeks could a consultant come in and do the analysis; complete in April. Interim District General Manager Winqest said that would be tight and really pushing it. He would rather move forward with the rate study and get clear direction from the Board as well as looking at hiring as the timing would be difficult. There are enough funds for all of the other capital projects and that he is not comfortable with using \$9.6 million dollars for anything other than the Export pipeline. He wouldn't do so without Board direction and that he would remind the Board that the Corp money comes in arrears for the pond lining and at some point we need to have those monies available so just keep that in mind.

Trustee Wong asked if Staff defines the pond lining as part of the effluent export system. Interim District General Manager said it is the only option because we don't have any other funding.

Trustee Schmitz said we don't know if that would be necessary depending on the Corp so we can get those wheels in motion if we have significant funding so we need to keep that in mind. As to the nomenclature, let's just keep the language easy and clean. On setting the money aside for the Effluent Pipeline, Phase II, is simple and clear as it is Phase II of the pipeline and the pond liner.

Trustee Dent said that the rate study is really just about setting a date so we do have a lot of time there and that he agrees with Trustee Schmitz. There is scope creep associated with the Effluent pipeline and that calling things what they are is important and that he doesn't want to go down a path like we have. We are calling it a pipeline and pond lining so he doesn't see the need to change the name and let's not make one big project even bigger.

Chairman Callicrate said there is merit in that as it has been called so many things and let's keep it simple.

Trustee Wong said she likes clear and simple and take the carryforward for Phase II and split that for the pond lining and then the 5,067 linear feet and take the \$9 million and split it with \$2.71 million for the pond lining and the remainder for the pipeline as that makes it clear.

Trustee Schmitz said that she understands what Trustee Wong's point is but her comment is when we receive reimbursement, it should go back into Phase II. Trustee Wong said that is correct and then it can go into whatever project. Trustee Schmitz said we have to allocate the \$2.7 million. Trustee Wong said no but it is the best way for Staff to move forward so we are ready to move forward with the contract with the Corp. We now the dollar amount so let's do it now. Trustee Dent said he doesn't fully agree and that he would like to allocate the ten percent for the design as we don't need to move \$2.71 million now because all we need is \$270,000 for the design and leave the money where we collected it. We can borrow \$270,000 and then we can allocate those funds later. Trustee Morris said he understands all the discussions and that one of the intents has been to add clarify. His fear is that if we don't separate these projects as he thinks that would give clarity to the community and then we have this much left over. The pond lining is going to cost us \$2.71 million so let's allocate it as such.

Chairman Callicrate called for a break at 8:55 p.m. – the Board reconvened at 9:01 p.m.

Chairman Callicrate opened up this item for public comment.

Alexandra Profant said that she has lived in Washoe County since 1970 and that she appreciates the due diligence. She knows that things have gotten difficult with the changes in earmarks and that her suggestion would be to get the draft agreement, provided by the Corp, and then align the language

with that and put that draft forward to the public. Having a motion that is subject to that agreement would present a conflict in the future.

Mark Alexander said, for clarity, his background is heavy construction, plant engineering, has done maintenance, headed up a team in Kuwait and during his entire career he has been with Bechtel, he has worked globally as a pipeline project manager, on power plants, airports, you name it and that is his background. He is very disappointed in this presentation as Staff took away the consideration of lining the pipe which is bs. You need to get someone who know how to line a pipe as it is very expeditious to go through and line. As to it won't hold the pressure, you get a different thickness of polymer based pipe and that this has been done since 1940. There are a few years of expertise out there so find out what the life cycle is on it before you throw it away; think it through. As to the pond, take a hard look at your pond lining as there are various solutions. He is very concerned about the maintenance and how Staff is going to maintain it so be sure to look at different options.

Frank Wright said that he has done some research when we had the pond liner and where our effluent waste goes to and it does down Highway 50 to Clear Creek. They get our water, we are selling it, and doing so at a very, very low cost. They are benefiting from our pipeline yet he hasn't heard anything about them paying for the pipeline or maintenance. We just had a guy up here who is upset but he is a genius with this stuff. Listen to our Staff, it makes him gag as he doesn't believe anything Staff says. He just watches the water rates go up and the District is not supposed to make money but rather bill for what it costs and that is not happening here because there is no oversight. We can't get into the financials. The biggest problem is bidding – what is it going to cost to dig up, the lining, and the co-locating. We need bids and there are people in the business who are experts at bidding who can give you an analysis and then you can make a decision. He doesn't see any of that happening here. Clear Creek should be paying; cut them off.

Judith Miller said one of the things that seems to continue is trying to keep the TTD co-location as an option. When we heard from the gentleman tonight, the next thing they will be looking for is design funds so set aside money for our design as TTD is coming forth. The decision has to be made to not to proceed with TTD because you don't want to duplicate work. It is unfortunate that it came to that but we have reached that point to make that decision before they come forward for more funds.

Linda Newman said thank you to the Interim General Manager for his comments and suggestions and thank you to Chairman Callicrate for a well conducted meeting as we all feel very welcome at this public meeting. She doesn't know whether there are statutory requirements for a presentation and the flexibility to hire a consultant to conduct a utility rate and reserve study. She needs to make a correction – the District has to pay four percent if we want to municipal bond and if we have a triple A rating then the issue will be under one percent. Since we have no reserves for the pond liner, is it possible for the Board to commit \$9.6 million to Phase II and add the pond liner to that project and if any money for design or anything else that has to be brought to the Board for approval, Staff would have to come back to the Board for approval. The other thing is that there is a disagreement that the District is in compliance with Policy 19.1.0 and Practice 19.2.0 for the Utility Fund; we do not have adequate reserves for multi-year projects.

Aaron Katz said that one of his complaints, for the last ten years, is the lack of confidence in Staff and that is playing out again. Stop what we are doing and get a true professional in and then make decisions. The budget flow with co-location – do the 5,000 linear feet in 2020 at \$6.2 million and 2021/2022 at \$8.9 million which includes the pond liner. He is having great difficulty in understanding what Staff put in the Board packet as Staff wasn't speaking English so let's get a professional. There is nothing on the rates so let's get a professional. We don't have to change our rates as there is no statute and we can go an extra three or four months or a year so it doesn't make a difference. He is asking the Board to keep the funds restricted and we have to kill the partnership with TTD. There is no luxury to straddle the fence and TTD doesn't have any money for design so they are going to ask IVGID. The only reason to co-locate is to save money and he has demonstrated that it hasn't saved a penny. If we get 595 funding, it doesn't matter about saving money.

Wayne Ford said it has been a few years since he has been in best management practice design and Mr. Hasty has identified a few things and he doesn't know his real role in terms of the bike path but he does know about the bus system. The use of the elementary school was contrary to the design of the school use but the buses and cars are there. As a token, they put a few core logs in for the oil coming off the buses. In addition, he was supposed to get a special use permit to operate that facility there which would have required the neighborhood to weigh in so his track record is not one you can really trust either way. Mr. Ford continued that while he does understand how Mr. Hast got the use, and that is because of the relationship,

he didn't get a special use permit and there is no permit record for that use or any permit issued for that site. If you are going to co-partner with the bike path, he would suggest you look into other people to get a clear picture of what is going on as Mr. Hasty's record doesn't play by the rules that others have to play by.

Jack Dalton said that he is amazed that we would have this meeting that Staff said one year ago that they had all the facts and that it took one year to get this information. He knew in New York sooner than that as well as in Nebraska. You need to have a project manager that is outside of the IVGID family, that has the expertise, and has the ability to decide what the bids are going to be. They will have to say that everything is right and they can't play voodoo economics. So how are we going to get the money, we are going to borrow, and how are we going to borrow, we need to get the analysis of all the accounting. We should have a financial account of all the venues within Incline Village so we can be sure we afford the ten million dollars. If we want to get a AAA rating, we have to be a AAA organization and then we can probably get one percent. Rates are historical low, they are lower in Europe and Japan where they are close to zero. The financial accounting of all our venues means everything and not just this project. Tonight, we are having the pipeline, consider that as a pipeline with no combined name. Everybody can have trust and we can get a good rating.

Margaret Martini said that she is confused with all this information and all of the conversation. What she got out of it, in listening to the Corp, is that the District will probably get the money as they have the money for the lining of the pond and then maybe they will have the other twenty-three million dollars but they can't commit or even think about it. What if you did a bond for a certain amount of money and then prepare your paperwork hoping you are going to get but if you don't, you have the bond money. Just because you have the bond money doesn't mean you have to use and you could just pay it off and do so early. The possibility is there for bonding at a very, very good rate and using it as a cushion. If you don't use it, you haven't jeopardized the money from the Corp at least that was her takeaway so please correct her if she is wrong. It is nice to have a buffer, at a very reasonable rate, that you don't have use and simply pay it back. If we need it, do the whole pipeline. If we need to have those funds, it needs to be done in the correct way. You need to talk to Mr. Alexander as he has done this and has more and better knowledge which is a better use of our community assets. We have a community full of unbelievable smart people that are available to you.

Hearing no further public comments, Chairman Callicrate closed public comments and brought the matter back to the Board.

Chairman Callicrate said thank you for the information shared and stated that the Board will look into these items and try to get an answer to each of you. Chairman Callicrate then asked what was the pleasure of the Board.

Trustee Wong asked if the Board was allocating money to the projects or not and if we are allocating to the projects, how much is the pond lining with the rest going to the project.

Chairman Callicrate said it was brought up in public comments that if we look at what is here, to establish the pond lining project, we need two hundred fifty thousand dollars for scoping, then meet with the Corp, then carryover the \$9.6 million and continue to have that for the Effluent Pipeline. He knows that there is 5,067 linear feet that is the most critical need to be addressed.

District General Counsel Menchetti said, in an abundance of caution, because of the way the agenda is itemized, you can go forward with the projects and then ask Staff to come back to the Board in two weeks with the specifics of the economics. He would like to do it that way so that the world knows what this Board is going to do as it is a cleaner way to go.

Chairman Callicrate agreed that he wants to do this the correct way.

Trustee Schmitz made a motion to direct Staff to hire a construction management firm to formulate recommendations and a cost estimate of Segment 3, 5,067 linear feet, and the pond liner.

Trustee Dent said he likes the direction but that the key is committing funds.

Trustee Callicrate said that there is no second so Trustee Schmitz' motion dies.

Trustee Dent made a motion to direction Staff to commit \$9,656,890 to Phase II of the Effluent Pipeline and commit \$250,000 for design purposes to the pond lining project.

Trustee Callicrate said that there is no second so Trustee Dent's motion dies.

Trustee Wong said she is not going there because Staff got direction not to allocate funds so let's stick to two, three and four.

Chairman Callicrate said that would make the most sense and then in two weeks, Staff could come back with dollar amounts; we need a dollar amount tonight or we can get that in two weeks. He wants to do it the right way so at the next meeting, let's have the dollars assigned.

Interim District General Manager Winquest said that the motion needs to restrict \$9.6 million to the pipeline and the Director of Public Works will commit about \$270,000 to the design. The allocation for the design services, on the pond lining project, will come out of the \$9.6 million or the Utility Fund Balance. He agrees with what Ms. Newman said in public comment about including the pipeline but Staff has no heartburn if you don't as Staff can bring back that dollar amount.

Trustee Schmitz said that she heard clearly from the Interim District General Manager and the community that we need to seek outside guidance on the design and this Board needs to provide direction on that.

Chairman Callicrate said that we have four bullet points under our current recommendation and that he would like to stick within the perimeters of what is stated here.

District General Counsel Menchetti said that your bullet points are not an agenda item and then proceeded to read the agenda item and said that is what you are limited to. It is your decision to make and that this group has had an unreasonable amount of criticism on how they conduct their items so make a motion on two, three, and four and avoid the dollars at this point because unless it hinders you from going forward, we want the public to know and that it will be clear to them before the Board takes action. Chairman Callicrate thanked District General Counsel Menchetti for that explanation.

Director of Public Works Pomroy said if the Board makes a motion on two, three and four, then Staff will go solicit design proposals from consultants that would have costs and scope of works' at that time. It won't be in two weeks rather it will be at a future Board meeting would be the answer. Chairman Callicrate said thank you.

Trustee Wong said if we are not going to be restricting any of the carry forward then Staff should bring back a recommendation on restricting those funds. Chairman Callicrate said that is fine and that two, three and four makes more sense.

Trustee Wong made a motion to:

- Establish Effluent Export System Pond Lining Project
- Establish Effluent Export System Pipeline Project - Replace 5,067 linear feet of Segment 3 in SR-28
- Provide regular Effluent Export System Project Update in the General Manager Report

Trustee Morris seconded the motion. Chairman Callicrate asked if there was any further Board discussion.

Trustee Schmitz said that this motion doesn't address hiring a project firm to formulate recommendations and cost estimation. Trustee Wong said that is not happening here and now. Chairman Callicrate asked if we vote on this motion, can we do an additional motion. District General Counsel Menchetti said certainly you can do that but your Staff has already told you that they will be coming back to and what he is going to do. Interim District General Manager Winquest asked if he needed authority to move forward with an agenda item; District General Counsel Menchetti said no, if the Board wants you to have it, then the Board can make that clear. Interim District General Manager Winquest said that he will be coming back with that item. Trustee Schmitz asked that it be made clear.

Hearing no further comments, Chairman Callicrate called the question and the motion was passed unanimously.

F.2. Reconsider action taken on January 22, 2020 relative to receiving, discussion and direction to Staff to file the June 30, 2019 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor, as required by NRS 354.624, and in accordance with IVGID Board Policy 3.1.0., 0.9 Reconsideration. (Requesting Trustee: Chairman Tim Callicrate)

Chairman Callicrate went over the submitted materials.

Trustee Dent made a motion to reconsider the action taken on January 22, 2020 relative to receiving, discussion and direction to Staff to file the June 30, 2019 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor, as required by NRS 354.624, and in accordance with IVGID Board Policy 3.1.0., 0.9 Reconsideration. Trustee Schmitz seconded the motion. Chairman Callicrate asked if there were any Board comments.

Trustee Morris said that he understands that the Board Chairman spoke to the State and got an understanding; he accepts that the Board Chairman has changed his mind – would like to hear from the other two Trustees.

Chairman Callicrate said that this is receiving and filing it and that this action is just so we can reconsider it.

Trustee Dent said that he thinks his concerns will be heard and that they will be addressed in the Audit Committee.

Trustee Schmitz said that she has concerns and that it was clarified that this is not submitting in agreement and that there is a distinction and she has submitted comments and concerns.

Trustee Morris said that he didn't think there was any difference between this week and last week and that it is the same thing however he will accept your comments and appreciates being heard as this is nothing different from last week.

Hearing no further comments, Chairman Callicrate called the question and the motion was passed unanimously.

F.3. Receive and direct Staff to file the June 30, 2019 Comprehensive Annual Financial Report including an Unmodified Report by the District's Auditor, as required by NRS 354.624 (Requesting Trustee: Chairman Tim Callicrate)

Chairman Callicrate said he would like to open up this item for discussion.

Trustee Schmitz said that she submitted to the Chair what her comments are.

Trustee Dent made a motion to receive the audit report and approve filing it with the State of Nevada by January 31, 2020 as required by NRS 354.624. Trustee Schmitz seconded the motion. Chairman Callicrate asked if there were any Board comments; hearing none, he called the question – the motion was passed unanimously.

F.4. Review, discuss and possible make a motion to approve a letter with attachments, a draft of which will be available at the meeting on January 29, 2020, addressed to the State of Nevada, Department of Taxation with the subject being receipt of the Incline Village General Improvement District Comprehensive Annual Financial Report; Trustee(s) Comments (Requesting Trustee: Chairman Tim Callicrate)

Chairman Callicrate said he would like to apologize to our District Clerk as he was the one that put down 5 p.m. on Monday and he realized that he had a number of additional things he needed and that he, Trustee Schmitz and Trustee Dent didn't submit as this is the opportunity to also include what are our actual concerns are.

Chairman Callicrate then acknowledged having received from Trustee Schmitz her concerns and that he has his. Trustee Dent said that he has misplaced his but that he will send it when the meeting is over.

Trustee Morris said that he is concerned that we have not had the opportunity to consider the other Trustees concerns and no time to review them and that he doesn't want to just accept them so he is worried about moving forward on this action item.

Chairman Callicrate said that this is not from the Board in its entirety rather it is individual comments as that is what the State of Nevada's Ms. Kelly Langley is requesting; any comments or criticisms that we have, as individuals, are allowed to be submitted. We have the letter from the Board which the District Clerk put together as individual Trustees since we voted not to approve therefore we are not speaking as the entirety of the Board.

District General Counsel Menchetti said that he concurs with the interpretation and noted that the Audit Committee hasn't been able to meet yet and that they will be addressing the concerns. These comments are only for the individuals who disagree, how you feel, or how Trustee Wong feels.

Trustee Wong said that she appreciates Counsel's comments and stated that each individual Trustee has to say what they think and that the e-mail was very clear on deadline for submittal and that she finds it extremely disrespectful that our colleagues didn't mind that deadline and then that went towards our Staff; it just is a bad taste in her mouth.

Chairman Callicrate said it was not a malicious act towards anyone on Staff and that the situation was he made a mistake and didn't realize that we had until this evening and that it won't happen again as he will reach out and get us on all the same page with deadlines. He guarantees that this will not happen again and that it is his mistake. He hopes that we can move forward and that he knows we will have differences as we have differences on this item but he wanted to make sure his information was as accurate as possible. We can now complete this letter, file it with the State, and he apologizes to the District Clerk for the extra work as he appreciates the hard work. Trustee Wong said that she would suggest that the Trustees e-mail their comments; Chairman Callicrate said he would send his electronically.

Trustee Dent made a motion to approve a letter with attachments, a draft of which will be available at the meeting on January 29, 2020, to the State of Nevada, Department of Taxation with the subject being receipt of the Incline Village General Improvement District Comprehensive Annual Financial Report; Trustee(s) Comments. Trustee Schmitz seconded the motion. Chairman Callicrate asked if there were any Board comments.

Trustee Morris said that he is not going to be supporting this motion as we need a new way of doing business and so far what we are doing is terrible. The Chairman said that he set the deadline and he is one of the people who disrespected the others so he will not be supporting this motion.

Hearing no further comments, Chairman Callicrate called the question – Trustee Morris voted opposed and Trustees Dent, Schmitz, Wong and Callicrate voted in favor of the motion – the motion passed.

F.5. Review, discuss and possible make a motion to approve not to exceed thirty thousand dollars (\$30,000.00), from the General Fund, so that the Interim District General Manager can issue a contract to an unspecified legal firm to conduct a very limited scope of work (Requesting Trustee: Chairman Tim Callicrate)

Chairman Callicrate gave an overview of the submitted materials.

Trustee Wong said that she wholly agrees with the scope of work but that she would like more clarity on item b. as the amount seems really high when the Board could barely approve \$7,500 so she doesn't understand why we are authorizing this amount for another outside counsel to do this review thus she would like more clarity on item b. and is that thirty thousand dollars' worth of work.

Chairman Callicrate said that he didn't know the appropriate level and that it seemed on the high side and could we ask for a lesser amount. District General Counsel Menchetti said it is not to exceed thirty thousand dollars so yes, you can make it for less than.

Trustee Wong asked how much is that dollar wise. Chairman Callicrate said that his intent was to give the flexibility to our Interim District General Manager to look into these two items and then come back with a more specified dollar amount. Interim District General Manager Winqest said that he probably won't need thirty thousand dollars for this scope of work but with other items, we have hamstrung Staff so this was a safeguard and that this is the authorization to hire legal counsel without having to bring back a contract for approval by the Board.

Trustee Morris said that he had no problem with the Interim District General Manager getting external counsel given our discussion last week. He has heard the opinions from our Counsel that having external Counsel review could be an inherent amount of work and that he doesn't see why we are having an external Counsel review the Smith litigation matter.

Trustee Dent said that they aren't reviewing the litigation rather it is getting Counsel to help because our Counsel is a part of it; we don't have anyone that can advise us. Trustee Morris said thank you for that refreshment.

Interim District General Manager Winqest said that it is his recollection that we will not be going outside this scope of work which is to get Legal Counsel up to speed on this case and allow Legal Counsel to provide advice to the Board. Trustee Dent added close to up to speed to set a legal non-meeting.

Trustee Wong said that she would like it to be between \$7,500 and \$10,000 and no higher.

Chairman Callicrate asked if Interim District General Manager Winqest was comfortable at \$10,000; Interim District General Manager Winqest responded no.

Trustee Schmitz said that she appreciates this being an agenda item because in the past there was action taken without Board discussion so she appreciates this being agenda item.

Interim District General Manager Winqest said, to clarify, he doesn't want to put in the position where we are now exceeding funding and then having to come back to the Board for a decision that the Board is making and that you could put a cap of \$15,000 but he just doesn't now as attorneys are expensive.

District General Counsel Geno Menchetti said that the more specifically and the more you can focus on what you want done, the better. Right now, you are using a POOL/PACT lawyer at a very good rate.

Interim District General Manager said that part of the scope is to provide advice on the settlement as we are working in that direction and while the plaintiff may say no, we have been negotiating. He will promise that he will try and limit the money spent and that he will be in direct contact as will the Board Chair.

Trustee Morris said that he has a lot of confidence in the Interim District General Manager and as long as he keeps us apprised of what he has done; he is less concerned about the number.

Chairman Callicrate said that he agrees and that there will be reassurance with the motion as stated. The settlement could grow to larger amounts and he doesn't want the Interim District General Manager to keep coming back to the Board.

Trustee Wong asked why is the Board Chairman okay with this situation but not okay with Litigation Counsel as we are limiting that Counsel. Chairman Callicrate said that is carte blanche and we are not giving that. We don't have Counsel on this case and this is an opportunity to take care of this situation and that he is fine with how this is stated.

Chairman Callicrate then opened this matter for public comment.

Linda Newman said that your Interim District General Manager needs additional legal resources and that she has no serious concern that he is going to spend the money unwisely. She does have concerns with Mr. Beko's engagement and with Mr. Guinasso who engages an attorney without approval and expends in excess of fifty thousand dollars and then asks for more money so that is her concern and not that the Interim District General Manager is coming openly to the Board.

Frank Wright said that it is almost ironic that Trustee Wong would have an attitude about legal fees when she signed a contract without the Board knowing about it for over eight months and then they found out about it. He thinks that should be withdrawn. The Interim District General Manager is using the Board to help solve a problem that Trustee Wong got us into without Board approval. Now you have Board members who are listening to this request to solve a problem. Mr. Wright continued that his Recreation Fee shouldn't be used this way and asked if we were going to cover the Pepsi guy next week. Think about what you are saying as we want to put an end to this mess that has been created. Think that it is time that Trustee Wong admit she was wrong and that it was not Board approved. The money that was spent belong to this community and the settlement that we are probably going to end up with is to pay his legal fees which are now coming close to two hundred thousand dollars and all without Board approval. You signed it, kept it quiet and he finds that ludicrous and you should be ashamed; put an end to it.

Hearing no further public comments, Chairman Callicrate brought the matter back to the Board.

Trustee Schmitz made a motion to approve not to exceed thirty thousand dollars (\$30,000.00), from the General Fund, so that the Interim District General Manager can issue a contract to an unspecified legal firm to conduct a very limited scope of work. Trustee Dent seconded the motion. Chairman Callicrate asked for any further comments, hearing none, he called the question – Trustees Callicrate, Dent and Schmitz voted in favor of the motion and Trustees Morris and Wong voted opposed; the motion passed.

- G. **PUBLIC COMMENTS*** - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration; see Public Comment Advisory Statement above.

Alexandra Profant said after hearing the discussion and missing Carl Hasty's comments, this is something that she has brought up in a previous meeting, is that her expertise is in property ownership and how to capitalize on existing codes and Federal funding. The entire corridor could be deemed a heritage corridor. TRPA received a lot of money for Pathway 2020 and that while doing a citizen planning effort, TRPA didn't do a historical resources survey. They skipped over something that they were required to do. Ms. Profant then said that she has been asked to submit her name for the Washoe County Planning Commission District 1 seat and she is considering doing that and part of the reason is to create a competitive advantage such that it would not allow any Federal agency or to allow California to encroach on the State of Nevada.

Mark Alexander said he wanted to draw the Board's attention to the semantics of the agenda and that for the pipeline the Board approved to replace it not repair it. Staff's instructions are to replace and to give no consideration to any other alternative.

Frank Wright said that he doesn't want Mr. Katz to go after him but that he disagrees with Mr. Katz and that food is essential at these meeting. His suggestion would be that if we get a legal team that doesn't litigate, we would save lots of money and we could then serve lobster and steak and draw people to these meetings as that wouldn't cost nearly as much as litigation. He knows that you are all agreeing with him as you are smiling. Mr. Wright continued by saying that he takes offense with Mr. Morris' comments. If the Board would have passed the CAFR sooner there would have been serious issues not addressed. The Trustees have the right to send down comments that will be addressed. Trustee Morris wanted a chance to read the other Trustees' comments, they will let you. We have some problems here that are starting to come to the surface – pond liner, no justification on rate increases, etc. He knew this change could come about. He is asking all the Board members to work together as it is the people behind him that are the ones that put you there so do the right thing and behave in the proper manner. Stop listening to Jim Clark who promises to get you elected as he cheated the election.

Aaron Katz said he wanted to go back to a comment that Mr. Wright made and that is about selling our wastewater to several clients on the way down to the Carson Valley. They aren't paying anywhere near their fair share and now we are going to get hit with large utility rate increase from the same line that feeds this client. Mr. Katz said that he did a written statement and that

Staff negotiated and entered into contracts with these two clients. To create rates, they have to be have been established during rate setting. This has been going on with them for twelve years and it was never mentioned so he wants this Board to take on that issue. The utility rates are very much connected to the capital expenses and he has been saying that for years. People that are putting the greatest demand on our utilities – the number one is the recreational facilities. We need a real rate hearing this year and that's why you need an outside consultant. Most municipalities hire an outside consultant. Can we delay the hearing, yes, and we should do it as it can be delayed another couple of months. Mr. Katz concluded by thanking the Board for opening up public comments.

Michaela Tonking thanked the Board for reconsidering the filing of the CAFR and that she does agree that the footnotes may need different policy decisions and that she would urge the Audit Committee to review. It is very concerning to think about incurring fines so thank you for your consideration.

Margaret Martini said thank you to this new Board for the opportunity to speak on agenda items as it is very refreshing, so much less frustrating and that she feels like we have a level of participation that we haven't had for the past several years. The load has been taken off and giving us the opportunity to provide input is very refreshing and she is very thankful. Thank you to the Interim District General Manager for all of his comments as they too were very refreshing, honest and engaged.

Chairman Callicrate thanked the public for sticking out a lengthy meeting and that he enjoyed having engagement with those folks that came tonight as he appreciates their involvement.

H. **REVIEW WITH BOARD OF TRUSTEES, BY THE INTERIM DISTRICT GENERAL MANAGER, THE LONG RANGE CALENDAR (for possible action)**

Interim District General Manager Winquest went over the long range calendar with the following highlights:

- 2/12 – guest access ticket will move to 2/26
- 2/26 – cost recovery pyramid will be removed but it can be included in the Board packet if requested.

- Staff will take a look at the conflicts.
- Trustees Wong and Morris said they both have conflicts on 4/29.

Trustee Schmitz said that she had an informative training that was very helpful and that she was wondering if we could identify the periodic review of policies on this calendar.

Trustee Wong said that this Board has the IVGID code that is hanging out there which encompasses all of our policies.

Interim District General Manager Winquest said that there is a need to get on some schedule for our policies that need to be reviewed and that he can certainly work on that with Trustee Schmitz as the fund balance policies need to be done. Further, he would like to hold off until after the budget process as Staff is getting close to pencils being down on the operating budgets.

Trustee Schmitz then said that the Trustee handbook states that public correspondence is to be included so is it possible to put that back onto the agenda. Chairman Callicrate said there also used to be a Treasurer's report. Interim District General Manager Winquest said he would like to have a conversation, offline, with the Chairman.

Interim District General Manager Winquest said that there has been no feedback received on the Trustee handbook so that will be on the February 26 agenda and that he will get that added to the long range calendar.

Chairman Callicrate then thanked District Legal Counsel Menchetti for being here and trying to keep us on the straight and narrow.

I. ADJOURNMENT

The meeting was adjourned at 10:40 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.

Submitted by Michael Abel (1 page): More of the Same – or Time for a Change

Submitted by Aaron Katz (33 pages): Written statement requested to be included in the written minutes of this January 29, 2020 regular IVGID Board meeting – Agenda Item E(3) – Tahoe Transportation District’s (“TTD’s”) presentation re: continued partnership with IVGID re: proposed shared-use path

Submitted by Aaron Katz (1 page): Written statement requested to be included in the written minutes of this January 29, 2020 regular IVGID Board meeting – Agenda Item F(1) – Joe Pomroy’s discussion of Phase II of the effluent export pipeline project – Placeholder pending submittal of completed statement

Submitted by Margaret Martini (1 page): Public Comment at Board of Trustees Meeting on January 29, 2020 – To be included with the Minutes

Submitted by Linda Newman (1 page): January 29, 2020 IVGID BOT Meeting Public Comments By Linda Newman – to be included with the Meeting Minutes

Submitted by Trustee Schmitz (4 pages): Time Line and Activities – Effluent Pipeline

More of the Same – or Time for a Change

I was quite unhappy to pull up the “packet” for this meeting which was supposed to be a community workshop on the Effluent Export System (EES). I am quite unhappy with the way that the board packet has been made up for **what was supposed to be a “workshop”** on the effluent pipeline (now the effluent export project). This meeting appears to be another Pinkerton style, “mother knows best” presentation with little community involvement. It looks like another boring Powerpoint presentation by Mr. Pomeroy of what we have already seen in the packet and more, “trust us, we can bring this project across the finish line.”

For five years Pinkerton and Wong have shut the community out of the feedback loop of giving our community what it desires and taking care of our infrastructure especially with regard to the EES project. As a result, the taxpayer and ratepayers have gotten the short straw.

1. From the outright lie that IVGID had lined the effluent pond,
2. to the redirecting of millions of the dedicated pipeline funds to other projects
3. to the promised \$7,000,000 savings from the TTD partnership (now *maybe only \$1 mil*)
4. to the unauthorized illegal payment to PICA of \$190,000,

IVGID has failed us. What is our confidence level in **ANYTHING** that Joe Pomeroy or IVGID tells us about these projects?

It is time for a change. We live in a community of intelligent people with outstanding talents and many stand ready to help IVGID. I suggest that, this evening, the trustees appoint two Trustees to form a citizen’s advisory committee (who) along with Mr. Pomeroy will see that effective consultant/s are hired, and that the EES is funded and executed properly. The committee will then provide updates to the board on the most effective options and execution. Naturally, all proceedings would conform to NRS open meeting laws.

Insanity has been defined as doing the same thing over and over but expecting different results. Are we again going to “trust” IVGID to make the correct decisions?

Is our Board going to look at innovative options like slip lining the effluent pipeline which might save us many millions of dollars? Are we going to look at options like a low maintenance monolithic steel effluent tank to replace the effluent pond, an option that might cost more money now, but may save our community millions in the long run? Are we going to persist partnering with the illusory TTD’s bikeway plan while we wait for segment 3 to heal itself?

This project has been a total screw up since 2012 and even more so since the major pipeline failure of 2014. These projects need to be put on a fast track for completion now in 2020.

Finally, we need to get honest and tell the taxpayers/ratepayers through an insert in the Public Works bills, **prepared by the committee or Trustees, not IVGID staff**, That the money that has been collected for just the pipeline has been and is now being used for the *Effluent Export System.*”

WRITTEN STATEMENT REQUESTED TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JANUARY 29, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM E(3) – TAHOE TRANSPORTATION DISTRICT’S (“TTD’s”) PRESENTATION RE: CONTINUED PARTNERSHIP WITH IVGID RE: PROPOSED SHARED-USE PATH

Introduction: More than seven (7) years ago, beginning in 2013, our “professional” staff got the bright idea to partner with the TTD insofar as the latter’s development of a proposed shared-use pathway leading from Sand Harbor to Spooner Summit. The idea was that rather than IVGID replacing six (6) miles of the District’s disintegrating effluent pipeline under the current Highway 28 (“SR-28”) right-of-way, it would relocate replacement under the TTD’s proposed shared-use pathway. And this “plan” would allegedly save IVGID rate payers some \$7 million⁹. In October of 2014, pursuant to this idea, IVGID entered into an amendment to an existing interlocal agreement with TTD¹ (“the Interlocal Agreement Amendment”²) whereby the District agreed to contribute up to \$300,000 towards completion of a Draft Environmental Assessment (“DEA”). Although the draft DEA was completed in July of last year, and the final DEA was completed in December of last year³, staff failed to inform the IVGID Board and public of either fact. Moreover, staff failed to produce either assessment so the Board and the public could evaluate the feasibility, if any, of relocation. Now instead, staff have agendized another “dog and pony” show so the TTD can make the case co-location is a prudent thing for IVGID to do. As the Board and the public will see, we should be terminating any further efforts to relocate the balance of the effluent pipeline requiring replacement under TTD’s proposed pathway, and that’s the purpose of this written statement.

IVGID’s Effluent Export Pipeline: IVGID constructed its Wastewater Reclamation Facility (i.e., Treatment Plant) on Sweetwater Road in 1962. In the early 1970s an “effluent export (pipe)line (was constructed which) transports treated wastewater...through a twenty-mile...pipeline...from IVGID’s...wastewater treatment plant to the disposal point at the wetlands southeast of Carson City⁴...as part of a regional effort to eliminate all wastewater effluent discharges in the Lake Tahoe basin.”⁵

¹ See page 22 of the packet of materials prepared by staff in anticipation of the Board’s January 23, 2019 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_1-23-19.pdf (“the 1/23/2019 Board packet”)]. A copy of this page along with an asterisk next to the referenced matter is attached as Exhibit “A” to this written statement.

² The subject amendment is attached as Exhibit “C,” at pages 375-380, of the packet of materials prepared by staff in anticipation of the Board’s November 13, 2019 meeting [“the 11/13/2019 Board packet” (https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_11-13-19.pdf)].

³ Go to https://www.fs.usda.gov/nfs/11558/www/nepa/108175_FSPLT3_5228037.pdf.

⁴ The 2017 Project Summary for this project with an asterisk next to the quoted project description is attached as Exhibit “A,” at pages 263-264, of the 11/13/2019 Board packet.

⁵ Go to <https://www.yourtahoepace.com/public-works/sewer/about-our-sewer-system>.

Phase II of IVGID's Effluent Export Pipeline Project: As a result of an investigation of an August 2009 break in Segment 3 of the pipeline⁶, Phase II of the Effluent Export Pipeline Project was approved by the Board as a capital improvement project ("CIP"). This project called for "replacement of the remaining [approximate 6 miles (aka 30,000 linear feet of) pipeline...within the Tahoe Basin;"⁴ i.e., that portion leading from Sand Harbor to Spooner Summit.

The \$23,053,763 Estimate to Complete Phase II of IVGID's Effluent Export Pipeline Project: On May 23, 2012 staff received a \$23,053,763 estimate from HDR Engineering for a "preliminary design (and)...estimate of *probable* construction costs" for phase II of the effluent export pipeline project⁷.

The Idea of Re-Locating the Phase II Portion of IVGID's Effluent Export Pipeline Project Under TTD's Proposed Pathway: As recited above, beginning in 2013 the District began "work(ing) with the... TTD on the feasibility of co-locating the new (approximately 6 mile) section of effluent export pipeline with(in) the (proposed) Tahoe Bike Path...Depending on the total length of pipeline eventually (relocated⁸)...District Staff estimate(d)...the District could (possibly) save upwards of \$7 (million) via co-location⁹ and cost sharing with TTD."

Partnering With the TTD Insofar as Re-Locating the Phase II Portion of the Effluent Export Pipeline Project: At the IVGID Board's November 19, 2014 meeting¹⁰ the Board approved entering into the Interlocal Agreement Amendment² which would allow completion of the next steps of the (proposed shared-use path) project;" i.e., completion of a "preliminary engineering...design...plans... and the preparation of a joint environmental document that w(ould) satisfy NEPA and TRPA

⁶ See page 3 of IVGID staff's August 11, 2017 Memorandum which sought Board authorization for \$1,322,600 in repairs to the effluent export pipeline. This page with an asterisk next to the quoted language is attached as Exhibit "B," at pages 265-266, of the 11/13/2019 Board packet.

⁷ The estimate is attached as Exhibit "M," at pages 292-293, of the 11/13/2019 Board packet. A copy of that page is attached as Exhibit "K" to this written statement.

⁸ It appears the \$7 million of cost savings was premised upon essentially all 30,000 linear-feet of the District's remaining 16-inch pipe requiring replacement within the Tahoe Basin being relocated (see footnote 9 below).

⁹ Although it is unclear exactly how IVGID staff were able to come up with a projected \$7 million cost savings, it appears this number came from an undated cost estimate prepared by HDR Engineering [this estimate is attached is Exhibit "A," at page 371, of the packet of materials prepared by staff in anticipation of the Board's December 11, 2019 meeting {https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_12-11-19.pdf ("the 12/11/2019 Board packet")}]. Note the asterisk on this exhibit which presumes inclusion of a full six (6) miles or "30,270 (linear feet of replacement) 16-inch DIP pipe."

¹⁰ The portion of the minutes of the Board's November 19, 2014 meeting where it "authorize(d) an amendment to the interlocal agreement with...TTD for co-location of the IVGID export pipeline with(in) the SR-28 bikeway" is attached as Exhibit "B," at page 373, of the 12/11/2019 Board packet).

environmental requirements...for the co-alignment project.”¹¹ IVGID’s cost for the portion of the analysis to be completed⁹ (\$300,000) allegedly offset an equivalent amount of IVGID staff’s estimated \$7 million in alleged co-location savings¹¹.

The Subject Environmental Analysis Was Completed On/Before December of 2019³:

IVGID Staff Have Been Sitting on the Draft DEA For Six (6) or More Months: Given Article I, ¶5 of the Interlocal Agreement Amendment² states “IVGID shall review all aspects of the environmental analysis, including the...joint environmental document,” the TTD and staff were compelled to share the draft DEA with the Board upon its completion. But they didn’t!

The Interlocal Agreement Amendment Requires Presentation of the Final DEA to the IVGID Board: Moreover, Article II, ¶1 of the Interlocal Agreement Amendment² states “the environmental analysis will be presented to the IVGID Board of Trustees...for consideration along with recommendations from staff and officers regarding the next phase of the co-alignment project.”

Why Then Have the Board and the Public Been Presented With the TTD’s “Dog and Pony” Show Call to Arms Presentation¹² Instead? Just listen to the TTD: “the timing is now for all partners.” *Why haven’t staff presented it to the Board and the public for consideration and recommendations regarding the next phase of the co-alignment project?*

If IVGID Staff and the TTD Had Shared the Contents of the DEA, the Public and the Board Would Learn That Proposed Co-Location of the Phase II Portion of the Effluent Export Pipeline Project is DEAD ON ARRIVAL Because Co-Location Can Only Occur Under “Approximately 1.2 miles of State Park lands and 3.7 miles of” Lake Tahoe Bureau Management Unit (“LTBMU”) Lands¹³! This means that rather than a full “30,270 (linear feet of replacement) 16-inch DIP pipe,”⁹ relocation can *only* accommodate roughly 83% or 25,200 linear feet of replacement. *The remaining nearly 17% of replacement must take place under SR-28!* Thus ***at best, only 83% of the estimated \$7 million in alleged cost savings or \$5.8 million is capable of being realized because of co-location.*** It also means that cost savings as a result of not having to tear up SR-28 are illusory.

Moreover, Proposed Co-Location of the Phase II Portion of the Effluent Export Pipeline Project is DEAD ON ARRIVAL Because Essentially All of the Alleged Cost Savings Have Already Been Lost! At pages 257-261 and 286 of the 11/13/2019 Board packet, I documented in great detail where

¹¹ Note where I have placed an asterisk on the first page of that exhibit which describes the “environmental analysis,” as well as IVGID’s obligation to “pay for...costs up to \$300,000.”

¹² See pages 1-8 of the packet of materials prepared by staff in anticipation of this meeting [“the 1/29/2020 Board packet” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_1-29-2020.pdf)].

¹³ See page 25 of the Final DEA³.

at least \$4,811,782 of possible co-location savings *have already been lost*¹⁴ because this sum has been spent by staff on bandaid pipeline repairs/other matters which should have been paid from the District's other alleged "committed reserve fund"¹⁵ rather than pipeline replacement for which these funds have been collected.

Actually based upon updated information contained in the 1/29/2020 Board packet, that number is really \$5,221,438. I have prepared a spreadsheet which documents those updated numbers as well as updated numbers to complete the project, and it is attached as Exhibit "B" to this written statement. Given we see that the alleged savings realized from co-location of 25,200 versus 30,270 linear feet of replaced pipeline is \$5.8 million (see discussion above), contrary to TTD's representations at page 7 of the 1/29/2020 Board packet, "**undergrounding (IVGID's)...utilities under the trail (does not) save (IVGID any) money.**"

Moreover, Proposed Co-Location of the Phase II Portion of the Effluent Export Pipeline Project is DEAD ON ARRIVAL Because the TTD Has No Financial Means of Paying the Nearly \$21 Million or More Necessary For its Construction! At pages 256-257 of the 11/13/2019 Board packet, I documented where the TTD has no financial means of constructing the proposed pathway because it is reliant on grants and donations. Given on July 19, 2018 the TTD admitted in its unsuccessful application to the U.S. Department of Transportation ("USDOT") for a Better Utilizing Investments to Leverage ("BUILD") grant to fund construction of the proposed extension to a shared use pathway that \$20,950,000 was necessary¹⁶, without one or more funding sources it is going to be many, many years, if not many, many tens of years, before the TTD has the financial wherewithal to actually begin construction of the subject proposed pathway.

At page 5 of the 1/29/2020 Board packet the TTD deceitfully¹⁷ identifies the following nine (9) "funding sources (it) *anticipate(s) receiving for its*...SR-28 corridor"¹⁸ project: 1) Federal Lands Access Program ("FLAP") *grants*; 2) statewide ballot measure [State Question 1 ("SQ-1")] *grants*; 3) Transportation Alternative Program ("TAP") *grants*; 4) Surface Transportation Block Set-Aside ("STBG") *grants*; 5) Lake Tahoe Environmental Improvement Program ("EIP") funds; 6) IVGID Utility (Effluent Pipeline) Co-Location Matches; 7) NV Energy Utility (Power Line) Co-Location Matches; 8) §5311 Rural Area Program ("FTA 5311") *grants*; and, 9) USDA Community Facilities [fiber-optic

¹⁴ Also see Exhibit "C" attached hereto.

¹⁵ According to staff, the uncommitted reserve fund is maintained "separate from the accumulated savings for the (Phase II of the) Export project" [see page 268 of the packet of materials prepared by staff in anticipation of the Board's February 27, 2013 meeting. A copy of this page with an asterisk placed next to the quoted language is attached as Exhibit "L" to this written statement].

¹⁶ See page 256 of the 11/13/2019 Board packet.

¹⁷ I say "deceitfully" because TTD's propaganda piece doesn't explain what these programs are, whether it has even applied for funding, and how exactly it plans on securing funding from each.

¹⁸ See page 5 of the 1/29/2020 Board packet.

("USDA"). On January 29, 2020 I spoke to Carl Hasty, TTD manager, to learn of the particulars of each and whether the TTD had formally applied to any for funding? Simply stated the answer was no; no applications to any of these funding sources has been made. So with that said, I have prepared an explanation of each:

FLAP¹⁹: This program was established to improve transportation facilities that provide access to, are adjacent to, or are located within Federal lands²⁰. Funds are allocated among the States using a statutory formula based on road mileage, number of bridges, land area, and visitation. Projects are selected by a Programming Decision Committee (PDC) established in each State. The program is funded by contract authority from the Highway Trust Fund, it supplements State and local resources²¹, and it is subject to obligation limitation.

SQ-1²²: This program is part of the Conservation Bond Program which appeared as Question 1 on the State of Nevada voter's ballot; a Proposal to Issue Bonds for Conservation and Resource Protection under Assembly Bill No. 9 of the 17 the Special Session of the Legislature. Given Nevada voters passed Question 1, they authorized the State of Nevada to issue up to \$200 million of general obligation bonds "to preserve water quality; protect open space, lakes, rivers, wetlands, and wildlife habitat; and, restore and improve parks, recreational areas, and historic and cultural resources." Of the total bond issue \$7,250,000 in grants are available to state agencies, counties, municipalities or private nonprofit organizations for construction of recreational trails²³. And similar to other grants, the Administrator of the Division of State Lands may require whether and to what degree applicants for such grants must match any money awarded²¹.

TAP²⁴: This program provides federal funds for community-based projects that expand travel choices and enhance the transportation experience by integrating modes and improving the cultural, historic, and environmental aspects of transportation infrastructure. TAP projects are selected via a competitive scoring process, and funding is available up to a maximum of 95 percent of a project's costs²⁵ with a maximum available of \$750,000 per project²⁶. And like other grant programs²¹, the sponsor is required to provide a minimum of 5 percent of project costs as matching funds²⁵.

¹⁹ Go to <https://flh.fhwa.dot.gov/programs/flap/>.

²⁰ Remember, a good portion (3.7 miles) of the proposed pathway will be located within upon LTBMU lands¹³.

²¹ In other words, in this instance the TTD may be required to provide matching funds.

²² Go to <http://lands.nv.gov/resource-programs/question-1>.

²³ See §2(7) of AB9 (go to http://lands.nv.gov/uploads/documents/Q1_AB9Text.pdf).

²⁴ Go to <https://www.nevadadot.com/projects-programs/transportation-alternatives-program>.

²⁵ See ¶V of the Program at <http://www.nevadadot.com/home/showdocument?id=3291>.

²⁶ See ¶VII of the Program at <http://www.nevadadot.com/home/showdocument?id=3291>.

STBG²⁴: This program is really nothing more than a TRPA administered TAP grant program (see above) which provides federal funds for community-based projects. STBG funding is authorized by the Fixing America's Surface Transportation (FAST) Act signed into law on December 4, 2015²⁷. The FAST Act converts a longstanding Surface Transportation program into the STBG program under 23 U.S.C. §133²⁸. Like BUILD grants there is a project scoring process based upon evaluation criteria which is enhanced by matching funds²¹.

EIP²⁹: This program is really no program at all. Rather, it is a partnership working to achieve environmental goals of a region. Apparently local, state, and federal government agencies, private entities, scientists, the Washoe Tribe of Nevada and California have collaborated for more than 20 years with the Nevada Department of Transportation ("NDOT") to assist in the protection and restoration of the environmental health of Lake Tahoe³⁰. However, there is no evidence any of these sources is committed to providing funding for projects such as the subject proposed pathway.

FTA 5311³¹: This program (see 49 U.S.C. §5311) makes federal funding assistance available for the development, implementation and promotion of public transportation systems in small urban and rural areas. NDOT acts as a pass-through agency providing §5311 federal funding to providers of general-public transportation services. And like other grant programs²¹, the sponsor is required to provide a minimum of 5 percent of project costs as matching funds³¹.

USDA³²: This appears to be another grant or affordable loan funding program offered by the U.S. Department of Agriculture to develop essential community facilities in rural areas. Like BUILD and STBG grants, there is a project scoring process based upon evaluation criteria which is enhanced by the leveraging (or matching) of funds²¹.

NV Energy Utility Match: Whatever NV Energy may elect to spend to co-locate its power lines, there is no requirement it contribute anything to construction of the subject proposed pathway *per se*.

IVGID Utility Match: Whatever IVGID may elect to spend to co-locate part of its effluent pipeline, there is no requirement it contribute anything to construction of the subject proposed pathway *per se*.

²⁷ Go to <https://www.fhwa.dot.gov/fastact/>.

²⁸ Go to http://tahoempo.org/STBG_Program/STBG_Funding_Guidelines.052416.pdf.

²⁹ Go to <https://www.nevadadot.com/doing-business/about-ndot/ndot-divisions/stormwater/lake-tahoe-environmental-improvement>.

³⁰ Go to <https://eip.laketahoeinfo.org/About/EipOverview>.

³¹ Go to <https://www.nevadadot.com/mobility/transit/transit-programs>.

³² Go to <https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program/nv>.

Conclusion: As the reader can see, essentially all of these potential funding sources are based upon the award of competitive grants which require matching funds the TTD does not have. In other words, wishful thinking rather than actual anticipated receipt. Moreover, I suspect that the TTD has not actually applied for funds under *any* of these potential funding programs. Meaning that even if it were successful, actual construction of the TTD's proposed pathway is many, many years away.

Finally, Proposed Co-Location of the Phase II Portion of the Effluent Export Pipeline Project is DEAD ON ARRIVAL Because IVGID Doesn't Have the Luxury of Delaying Replacement by the Many Decades Necessary For the TTD to Secure Approvals, Funding and Commencing Construction: Based upon the amount of funding required, the uncertainty of grant application approvals, the requirement of matching funds TTD doesn't have, and the region's short construction season, it is likely decades will elapse before the TTD can move forward with its proposed pathway project. Meanwhile IVGID's cost to replace all of the pipeline necessary under the Phase II portion of the effluent export pipeline project, and the odds or more catastrophic pipeline failures, keep increasing. IVGID simply doesn't have the luxury of waiting any longer.

Thus Unless the Board is Prepared to Bank Roll All \$21 million TTD Requires For its Pathway, it's Time to Put This Pipedream to Rest: by exercising Article II, ¶2 of the Interlocal Agreement Amendment²; **TERMINATE!**

Conclusion: The history I have outlined above demonstrates that for years, IVGID staff have lacked the competence to replace any portion of the remaining six (6) miles of effluent pipeline requiring replacement notwithstanding we were told replacement would begin in the spring of 2015³³. Moreover, so far staff have spent in excess of \$5.2 million accumulated from rate payers for the Phase II of the Effluent Export Pipeline project on *other endeavors* (see Exhibit "B") with who knows how much more will be required on bandaid repairs. And what we were told was a \$23 million project cost (see Exhibit "K") has now mushroomed to nearly \$39 million (see Exhibit "B"). In other words, assuming we were to commence construction in the spring of this year³⁴, we would be at least \$27,221,438 short³⁵! So **where is the money going to come from?**

Meanwhile, for some time I and others have been warning that the question isn't whether there will be another failure of the portion of the pipeline requiring replacement, but rather, *when*. Or stated differently, staff have been playing "Russian Roulette" at the public's expense. And now that "when" has arrived, where exactly are we?

³³ According to Exhibit "L" the "construction project start date" was supposed to have been "in spring 2015." I have placed an asterisk next to the quoted language.

³⁴ Which could not possibly include co-location for all the reasons stated.

³⁵ Exhibit "B" documents that as of 2019-20, \$11,552,900 will be available to pay for pipeline replacement. Given the revised \$38,774,338 project cost, there is a \$27,221,438 deficiency.

TTD has been using IVGID as the source of what eventually will be its matching fund obligations. We saw this as part of TTD's unsuccessful BUILD grant application³⁶. We also saw this in the Interlocal Agreement Amendment² with IVGID providing \$300,000 of the TTD's estimated \$1 million DEA cost¹¹. The Board needs to take charge of this project to ensure construction commences at the earliest possible time (spring of 2020). It needs to stop wasting time and money pursuing possible relocation under the TTD's proposed shared use pathway. It needs to restrict staff's use of any portion of the remaining \$11,552,900 or \$9,600,000 million (see Exhibit "B") staff have collected from rate payers expressly for Phase II of the effluent export pipeline project³⁷ because if it doesn't, staff has demonstrated it will most assuredly waste it away. The Board needs to figure out where the money is going to come from to prosecute this project because we're at least \$27,221,438³⁵ short, and likely millions of additional dollars short assuming staff's estimates are *inaccurate* (which I and others I know believe to be the case). Finally, it needs to put to bed any notion of relocating any portion of the effluent pipeline underneath the TTD's proposed pathway so we can focus our efforts on immediate replacement!

And You Wonder Why Our Sewer and Other Utility Rates Are as High as They Are? I've now provided more answers.

Respectfully, Aaron Katz (Your Community Watchdog), Because Only Now Are Others Beginning to Watch!

³⁶ Recall Trustee Wong's July 6, 2018 letter to the USDOT [see pages 766-767 of the packet of materials prepared by staff in anticipation of the Board's February 6, 2019 meeting ["the 2/6/2019 Board packet" (https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_2-6-19.pdf)] where she represented "IVGID has \$7.5 million...available as a match for this BUILD grant."

³⁷ See page 286 of the 11/13/2019 Board packet.

EXHIBIT "A"

TRPA requirements. This requires staff, chemicals, supplies, tools, equipment, and energy to perform these services.

Capital Improvement Charge

The capital improvement charge funds the replacement of water and sewer infrastructure. There are separate connection fees to new customers to buy into existing infrastructure. The capital charge is based on funding the costs of the five-year capital improvement plan with a consideration for the multi-year capital plan out a total of twenty years.

Summary of CIP Rate Changes for the Effluent Export Project

The Effluent Export Project has been the major driver in raising the sewer rates. The District currently does not have sufficient reserves to fund this project and it has been necessary to collect the funds through sewer rates in advance of the project. The District has initiated Phase II of the Effluent Export Project that includes replacing the remaining six miles of effluent export pipeline in the Tahoe Basin at a cost of \$23 million and other improvements to the export system. Previous capital budgets showed that up to 75% of this work was to be funded through the Section 595 Program. Large Sewer CIP rate increases occurred in 2011, 2012, 2013, and 2014 to raise the necessary capital funds for this project. The District is still working with our Federal Legislative Advocate to secure new funding through the Section 595 program. The capital plan has been modified to show that we receive no funding for the Effluent Export Project. The District is also pursuing funding options with other project partners.

The District has worked with the Tahoe Transportation District (TTD) on the feasibility of co-locating the new section of effluent export pipeline with the Tahoe Bike Path. At the October 2014 Board of Trustees meeting, the District entered into an amendment of the existing Interlocal Agreement that would allow the completion of the next steps of the project: completion of preliminary engineering and design and conducting the necessary environmental analysis of the proposed alignment to satisfy the National Environmental Policy Act (NEPA) and the Tahoe Regional Planning Agency (TRPA) requirements.

Should TTD be able to secure funding for the final design and construction of the proposed SR-28 bikeway, District Staff estimates there will be substantial savings by co-locating the pipeline within the bikeway. Depending on the total length of pipeline eventually replaced, the District could save upwards of \$7,000,000 via co-location and cost sharing with TTD over replacing the pipeline entirely within the SR-28 roadway.

EXHIBIT "B"

Actual Costs Export Pipeline Phase II

Fiscal Year	Annual CIP Expenses	Cumulative CIP Expenses	Annual CIP Revenue	Cumulative CIP Revenue	Project Balance	Notes
2010-11	\$ 21,250 ¹	\$ 21,250	\$ 400,000	\$ 400,000	\$ 378,750	
2011-12	\$ 330,827 ¹	\$ 352,077	\$ 750,000	\$ 1,150,000	\$ 797,923	
2012-13	\$ 111,663 ¹	\$ 463,740	\$ 2,000,000	\$ 3,150,000	\$ 2,686,260	
2013-14	\$ 59,424 ¹	\$ 523,164	\$ 2,624,338	\$ 5,774,338	\$ 5,251,174	
2014-15	\$ 744,805 ¹	\$ 1,267,969	\$ 2,000,000	\$ 7,774,338	\$ 6,506,369	
2015-16	\$ 606,318 ¹	\$ 1,874,287	\$ 2,000,000	\$ 9,774,338	\$ 7,900,051	
2016-17	\$ 494,331 ¹	\$ 2,368,618	\$ 2,000,000	\$ 11,774,338	\$ 9,405,720	
2017-18	\$ 1,743,164 ¹	\$ 4,111,782	\$ 1,000,000	\$ 12,774,338	\$ 8,662,556	
2018-19	\$ 788,137 ¹¹	\$ 4,899,919 ¹	\$ 2,000,000	\$ 14,774,338 ¹	\$ 9,874,419	
	\$ 12,300 ²	\$ 4,912,219			\$ 9,862,119	Jacobs Engineering Services for Upper Pond
	\$ 262,119	\$ 5,174,338 ²			\$ 9,600,000	³ Adjusted Project Balance Carry Forward - 1/29/2020
2019-20	\$ 47,100 ⁴	\$ 5,221,438	\$ 2,000,000	\$ 16,774,338	\$ 11,552,900	^{3,4} September 26, November 4, December 26, 2019 Repairs
2020-21	\$ 6,200,000 ⁵	\$ 11,421,438	\$ 2,000,000	\$ 18,774,338	\$ 7,352,900	^{3,5} Construction 5,067 lf of Segment 3
2021-22	\$ 6,200,000 ⁵	\$ 17,621,438	\$ 2,000,000	\$ 20,774,338		
	\$ 2,710,000 ⁶	\$ 20,331,438			\$ 442,900	^{3,4} Effluent Pond Lining Project
2022-23	\$ 100,000 ^{3,7}	\$ 20,431,438	\$ 2,000,000	\$ 22,774,338	\$ 2,342,900	^{3,7} 2 Spot Repairs to Segment 2
2023-24	\$ -	\$ 20,431,438	\$ 2,000,000	\$ 24,774,338	\$ 4,342,900	^{3,7}
2024-25	\$ 500,000 ³	\$ 20,931,438	\$ 2,000,000	\$ 26,774,338	\$ 5,842,900	^{3,7}
2025-26	\$ 17,314,000 ³	\$ 38,245,438	\$ 2,000,000	\$ 28,774,338	\$ (9,471,100)	^{3,8} Needed After 2025 for Segment 2 Without Co-Location
2026-27	\$ -	\$ 38,245,438	\$ 2,000,000	\$ 30,774,338	\$ (7,471,100)	^{7,9} Accumulating \$2M/Year May Achieve \$17.314M Needed For Segment
2027-28	\$ -	\$ 38,245,438	\$ 2,000,000	\$ 32,774,338	\$ (5,471,100)	^{7,9} Accumulating \$2M/Year May Achieve \$17.314M Needed For Segment
2028-29	\$ -	\$ 38,245,438	\$ 2,000,000	\$ 34,774,338	\$ (3,471,100)	^{7,9} Accumulating \$2M/Year May Achieve \$17.314M Needed For Segment
2029-30	\$ -	\$ 38,245,438	\$ 2,000,000	\$ 36,774,338	\$ (1,471,100)	^{7,9} Accumulating \$2M/Year May Achieve \$17.314M Needed For Segment
2030-31	\$ -	\$ 38,245,438	\$ 2,000,000	\$ 38,774,338	\$ 528,900	^{7,9} Accumulating \$2M/Year May Achieve \$17.314M Needed For Segment
				\$ 23,053,300		
				\$ 15,721,038		¹⁰ Amount Estimated on May 30, 2012 For Probable Construction Costs
						Costs of Delay

¹ - See Exhibit "C"
² - See Exhibit "D"
³ - See Exhibit "E"
⁴ - See Exhibit "F"
⁵ - See Exhibit "G"

⁶ - Segment 3
⁷ - See Exhibit "H"
⁸ - See Exhibit "I"
⁹ - See Exhibit "J"
¹⁰ - See Exhibit "K"

¹¹ - This Was the Actual Pond Liner Cost Rather Than the \$700K Represented

EXHIBIT "C"

Export Pipeline Phase II

	Annual CIP Expenses	Cumulative CIP Expenses	Annual CIP Revenue	Project Balance	Sewer Rate Increase
2010-11 Fiscal Year	\$21,250	\$21,250	\$400,000	\$378,750	3.9%
2011-12 Fiscal Year	\$330,827	\$352,077	\$750,000	\$797,923	9.4%
2012-13 Fiscal Year	\$111,663	\$463,740	\$2,000,000	\$2,686,260	9.9%
2013-14 Fiscal Year	\$59,424	\$523,164	\$2,624,338	\$5,251,174	11.1%
2014-15 Fiscal Year	\$744,805	\$1,267,969	\$2,000,000	\$6,506,369	9.1%
2015-16 Fiscal Year	\$606,318	\$1,874,287	\$2,000,000	\$7,900,051	4.0%
2016-17 Fiscal Year	\$494,331	\$2,368,618	\$2,000,000	\$9,405,720	3.8%
2017-18 Fiscal Year	\$1,743,164	\$4,111,782	\$1,000,000	\$8,662,556	3.3%
2018-19 Fiscal Year	\$700,000	\$4,811,782	\$2,000,000	\$10,056,602	4.0%
	★ \$4,811,782		★ \$14,774,338		

EXHIBIT "D"

Effluent Export Priority Projects CIP Project Expenditures

Vendor/Item/Description	Expenditure
HDR Engineering Services	\$723,000
PICA – Condition Assessment	\$999,800
Equipment, construction and rentals associated with PICA Condition Assessment	\$334,000
NDOT Contract to repair 13 sites in 2017 (BOT 08/22/2017)	\$1,151,600
Environmental Assessment performed by USFS for TTD Bike Path with Pipeline (BOT 11/19/2014)	\$300,000
Installation of Air Relief Valves on Export Pipeline	\$643,400
IVGID Engineering Billings 2013-19	\$895,500
Export Pipeline Meters and equipment	\$86,500
Jacobs Engineering Services for Upper Pond TM	\$12,300 ★
2012 2019 CIP Expenses Total	\$5,146,100

EXHIBIT "E"

Effluent Export Priority Project Budget and Flow – Without Co-Location

Budget Year	Annual Expenses	Annual CIP Revenue	Carry Forward
June 30, 2019 Export Project Carry Forward			\$9,600,000
2019-20	\$100,000	\$2,000,000	\$11,500,000
2020-21	\$6,200,000	\$2,000,000	\$7,300,000
2021-22* Includes Pond	\$8,910,000	\$2,000,000	\$390,000
2022-23	\$0	\$2,000,000	\$2,390,000
2023-24	\$0	\$2,000,000	\$4,390,000
2024-25	\$500,000	\$2,000,000	\$5,890,000
	\$15,710,000	\$12,000,000	
\$17,314,000 needed for Segment 2 Construction after 2025			



Segment 3 would be replaced in 2 years. 17,314 of Segment 2 to be replaced in future.
Segment 2 would be rescheduled for condition assessment and future replacement.

EXHIBIT "F"

Segment 3 – Fall 2019 Leaks

- September 26 – Repair Cost \$17,200
- November 5 – Repair Cost \$23,500
- December 26 – Repair Cost \$6,400
- Operating Expense in Sewer Fund
- First pipeline leaks in 2 years, since completed repairs to Segment 3 in Fall 2017.

EXHIBIT "G"

Effluent Export Priority Projects Accelerated Project Schedule

- 2020 - Design and Permitting minimum of 5,067 lf of Segment 3 and Segment 2 spot repairs
- 2020 - Design and Permitting of Pond Lining Project
- 2021 – Construction of 5,067 lf of Segment 3 ✱
- 2021 – Construction of Pond Lining Project
- 2022 and Beyond– Pipeline Replacement schedule based on Board Direction of Co-location participation

EXHIBIT "H"

Effluent Pond Lining Project

- Schedule
 - March 13, 2018, Scope of Engineering Services with CH2M Hill for WRRF Effluent Storage Management
 - September 28, 2018, WRRF Effluent Storage Alternative Analysis (Final Draft)
 - February 27, 2019 – Board approves submitting Scope of Work and Certificate of Authority and Certification Regarding Lobbying to the US Army Corps for Section 595 Funding Consideration.
 - Project Estimate = \$2,710,000 ★

EXHIBIT "I"

Effluent Export Priority Project without Co-location Construction Budget Estimate

Segment Section and Length	Bike Path Phase	Budget Estimate per Foot	Budget Estimate for Segment Section
Segment 3 12,385 lf 2021 – 23	None	\$1,000 / lf ✱	\$12,385,000
Segment 2 2 x Spot Repairs 2021 – 23	None	\$50,000 each	\$100,000
Segment 2 17,314 lf After 2026	None	\$1,000 / lf	\$17,314,000
This table does not include Effluent Pond Lining \$2.7 million project estimate	Total Phase 1		\$12,485,000
	Total Phase 2		\$17,314,000
	Total all Phases		\$29,799,000

EXHIBIT "J"

Effluent Export Priority Project Funding Alternatives

- Funding shortfall without co-location and without US Army Corps Section 595
- \$2 million per year provides debt service for \$16 million Bond at 4% interest over 10 years. ★
- Accumulating \$2 million per year may achieve the \$17,314,000 needed in 2031 for Segment 2 ★
- Perform future condition assessment on Segment 2 and repair Segment 2 to extend life

EXHIBIT "K"

CONCEPTUAL PROJECT BUDGET

Attached is the HDR May 30, 2012 - Estimate of Probably Construction Cost for the 16 inch Effluent Pipeline. This estimate assumes a 2021 construction start date with 4% escalation.

ESTIMATED FISCAL YEAR (FY) BUDGET

FY 2020	Estimated Cost
IVGID Administrative Costs	\$256,100
Design	\$1,280,800
Subtotal	\$1,536,900
FY 2021	
IVGID Administrative Costs	\$256,100
Construction Administration & Management	\$320,000
Construction	\$4,803,000
Subtotal	\$5,379,100
FY 2022	
IVGID Administrative Costs	\$256,100
Construction Administration & Management	\$320,000
Construction	\$4,803,000
Subtotal	\$5,379,100
FY 2023	
IVGID Administrative Costs	\$256,100
Construction Administration & Management	\$320,000
Construction	\$4,803,000
Subtotal	\$5,379,100
FY 2023	
IVGID Administrative Costs	\$256,100
Construction Administration & Management	\$320,000
Construction	\$4,803,000
Subtotal	\$5,379,100
Total	\$23,053,300

*numbers are rounded

PROJECT LOCAL SHARE

IVGID presently has sufficient funds in Utility Fund Reserves to provide the necessary project local share.

Computation				
Project	IVGID Export Pipeline Project, Phase II		Computed	HDR
Subject	Estimate of Probable Construction Cost - 16 inch Effluent Pipeline		Date	5/30/2012
Task	PreDesign Cost Estimate - Single Bid		Reviewed	IVGID
Start	2021 construction start with assumed 4% escalation		Date	6/4/2012
	QUANTITY	UNITS	UNIT PRICE	TOTAL COST
DIVISION 1 - GENERAL REQUIREMENTS				
Mobilization and Demobilization (10%)	1	LS	\$1,311,829	\$1,311,829
Insurance and Bonds (3%)	1	LS	\$393,549	\$393,549
SUBTOTAL				\$1,705,377
DIVISION 2 - SITE WORK				
Mitigation and Environmental Controls	1	LS	\$250,000	\$250,000
Asphalt Cutting	59,400	LF	\$3.95	\$234,499
Repping - Trench Section	178,200	SF	\$5.26	\$937,996
Asphalt Overlay (1 inch open-graded) and Rotamill	356,400	SF	\$1.32	\$468,998
Asphalt Stripping	59,400	LF	\$0.99	\$58,825
Excavation (Soil)	21,945	CY	\$32.90	\$721,955
Excavation (Rocks)	1,155	CY	\$789.56	\$911,941
Hauling and Disposal (Soil and Rocks)	14,135	CY	\$23.69	\$334,815
Shoring	29,700	LF	\$10.85	\$322,665
Backfill and Compaction (Intermediate)	8,965	CY	\$59.22	\$530,880
Backfill and Compaction (Initial Backfill)	4,619	CY	\$59.22	\$273,498
Bedding Material	1,100	CY	\$59.22	\$65,139
Aggregate Base	3,300	CY	\$59.22	\$195,416
Grout Existing Effluent Pipeline	1,816	CY	\$296.08	\$537,817
Traffic Control	1	LS	\$200,000.00	\$200,000
Blow off Valves (Installation and Miscell.)	5	EACH	\$986.95	\$4,935
AVRV manholes	11	EACH	\$3,947.80	\$43,426
SUBTOTAL				\$6,082,599
DIVISION 3 - CONCRETE				
Concrete Pipe Cover	1,650	CY	\$268.19	\$443,257
SUBTOTAL				\$443,257
DIVISION 15 - MECHANICAL				
PIPES				
8 inch DI (Blowoff)	75	LF	\$105.27	\$7,896
2 inch HDPE pipe	176	LF	\$6.58	\$1,158
16-inch DIP Pipe	29,700	LF	\$210.55	\$6,253,308
FITTINGS				
DIP Fittings (Assume 3% of Pipe Cost)	1	LS	\$188,000	\$188,000
VALVES				
2 inch AVRV	11	EACH	\$2,631.86	\$28,950
2 inch Gate Valve	11	EACH	\$197.39	\$2,171
8 inch Gate Valve (Blowoff)	3	EACH	\$1,315.93	\$6,580
16 inch Butterfly Valves	2	EACH	\$5,263.73	\$10,527
Valve Boxes (Blowoff)	10	EACH	\$657.97	\$6,580
Valve Extension Rod and Casing (Blowoff)	5	EACH	\$986.95	\$4,935
Tie-in	2	EACH	\$6,579.66	\$13,159
Pipeline Pressure Testing	29,700	LF	\$2.65	\$78,166
SUBTOTAL				\$6,601,430
Subtotal 1 (Division Total)				\$14,823,664
Contractor Overhead and Profit (8% of Subtotal 1)				\$1,185,893
Subtotal 2				\$16,009,557
Construction Contingencies (20% of Subtotal 2)				\$3,201,911
Design (8% of Subtotal 2)				\$1,280,765
Administrative Costs (8% of Subtotal 2)				\$1,280,765
Construction Management (8% of Subtotal 2)				\$1,280,765
Subtotal 3				\$23,053,763
TOTAL ESTIMATED PROJECT COST				\$23,053,763


EXHIBIT "L"


Capital Revenues and Expenses

The capital expense is the current five year capital plan that is being developed as part of the budget process. The five year expenses and revenues are presented in the following table. The capital revenue is the summation of monthly capital fees collected in the utility rates, connection fees, and interest income and increases by approximately 9.1% per year averaged over 5 years. The capital expense is the capital improvement projects net of grants and debt proceeds. The five year impact is to balance revenues and expenses. Beginning in year three we expect to begin re-building the uncommitted reserve fund.

5-Year Plan	2013-14	2014-15	2015-16	2016-17	2017-18	5-Yr Sum
Capital Revenue	3,918,000	4,588,000	4,786,000	4,992,000	5,207,000	\$23,491,000
Capital Expense	(4,547,000)	(5,058,000)	(3,996,000)	(4,762,000)	(4,843,000)	(\$23,206,000)
					Subtotal	\$285,000

There are several important points to remember in the estimate of capital expenses. The capital expenses assume that we spend 100% of all capital budgets. The Effluent Export Project has also been adjusted with the assumption that we will not receive Section 595 funding which increases our capital costs. The large rate increases will occur in capital and primarily in sewer in 2013 and 2014.

With the 2012-13 budget year, Public Works began accumulating \$2,000,000 per year in savings for the construction of the Effluent Export Project. We expect to have accumulated a total of \$6,000,000 by the construction project start date in spring 2015 while also continuing to collect \$2 million annually for this critical project. 

The reserve balance is a critical fund to be managed in Public Works. At this time, there are several large variables mentioned above that can significantly swing the reserve balance. The amount of the bonding will be adjusted to assure the reserve fund remains at a prudent balance while also considering the costs of borrowing, the economic conditions in Nevada and the susceptibility of the funds. The uncommitted reserve fund, separate from the accumulated savings for the Export Project, is currently scheduled to be less than the Policy target for the next five years. The current goal is to keep the uncommitted reserve fund above \$2.5 million. 

WRITTEN STATEMENT REQUESTED TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS JANUARY 29, 2020 REGULAR IVGID BOARD MEETING – AGENDA ITEM F(1) – JOE POMROY’S DISCUSSION OF PHASE II OF THE EFFLUENT EXPORT PIPELINE PROJECT

*Place Penn
Holder Penn
Submitted
Lawyer letter
statements*

Introduction: For some ten (10) or more years now I have been criticizing much of our senior staff as lacking competence, concealing material facts from the Board and the public, being grossly overpaid and over compensated, and being the willing product of “the IVGID culture.”¹ And now we have another example. Staff’s handling of the Phase II of the Effluent Export Pipeline project (“the project”) have been abysmal. For the facts which follow, we can no longer assign prosecution of the project to staff. The time has come to retain a truly professional and competent outside project management firm to take over prosecution of this and likely other major projects. Moreover, since the funds to prosecute the project by and large come from the sewer rates local residents are charged by IVGID, and those rates are unfairly skewed in IVGID’s favor, for similar reasons we must take away utility rate study responsibilities from staff and retain a truly professional and competent outside consulting firm which specializes in these studies. These are the purposes of this written statement.

Some Examples of Staff’s Incompetence: just so the reader doesn’t think I am unjustified in my criticism:

The Diamond Peak Skier Services Building: Some eight (8) or more years ago IVGID constructed the Diamond Peak Skier Services Building at a cost to local property owners of some \$7.5 million or more. Prior to starting construction, our staff did not discover that the proposed footprint for that building sat on top of a deteriorating storm drain originating above the upper parking lot. During foundation excavation the storm drain was discovered. So how was it addressed?

Rather than sharing the truth with the public, staff went back to the District’s civil engineers asking they move the footprint for the building so it wouldn’t be constructed over the storm drain. This way staff could kick the deteriorating storm drain issue can down the road to be addressed later and at a much higher cost.

The Diamond Peak Storm Drainage Culvert: What I coined “the culvert to nowhere.”

Ski Way Northeast of the Intersection With First Green:

Sale of Treated Effluent Waste Water:

Sale of Treated Unbuildable Lots Acquired For Open Space:

Electric Vehicle Charging Stations:

Solid Waste Franchise Agreement:

¹ A culture where un-elected staff care more about themselves, their colleagues and select “favored collaborators” than the public they were hired to serve.

Margaret Martini

Public Comment at Board of Trustees Meeting on January 29, 2020 – To be included with the Minutes

- Since 2016, District Management did not increase utility rates for capital projects and left the budget at approximately \$4,800,000 per year.
- The staff had to know there weren't adequate funds to support required infrastructure improvements.
- They knew they needed to set aside \$2,000,000 per year for the 6 miles of effluent pipeline but spent the money on other things.
- They knew they needed \$500,000 per year for debt service.
- They knew they needed at least \$500,000 per year for equipment purchases.
- They knew they needed at least \$1,200,000 per year to replace 6 miles of water lines over 15 years.
- They knew there was only \$800,000 remaining each year for all other infrastructure needs.
- They knew in 2014, the Nevada Department of Environmental Protection required a waste water pond to be lined but provided no budget for the \$2,700,000 project.
- They knew they needed new air pressure release valves installed along the 21 miles of effluent pipeline but provided no budget for the \$643,000 in costs.
- They knew co-locating the effluent pipeline with the Tahoe Transportation District bike path was a long shot but spent \$300,000 for an environmental study, but provided no budget.
- They knew they had to spend over \$2,000,000 to assess the condition of the failing effluent pipeline but provided no budget.
- They knew they had to spend \$1,500,000 to replace a mere 1,080 feet of the effluent pipeline to satisfy the consent order of the Nevada Department of Environmental Protection but never provided a budget for the work.
- Rather than line the waste water pond as NDEP required in 2014, they spent \$833,000 on improving the Treatment Plant and purchasing pumping equipment.
- And what else did they do? They spent \$1,721,000 for a truck storage building which was unnecessary.
- And they spent \$225,000 on unnecessary crew quarters.

How has this ended up? Reserves are GONE and we are faced with a new budget for the Effluent Pipeline going from \$23 million to \$38 million where \$16 million was to be set aside but we have less than \$10 million.

Utility rates will have to go up a bunch. Our citizens deserve better management!

January 29, 2020 IVGID BOT Meeting Public Comments
By Linda Newman – to be included with the Meeting Minutes

Tonight we are confronted with a fiasco of major proportions. Through IVGID's gross operational and financial mismanagement and defective judgments we are confronted with the insolvency of our utility fund, a threat to our health and safety and the endangerment of Lake Tahoe. Although it was determined in 2011 that it was prudent to begin the replacement of six miles of our aging effluent pipeline at a cost of \$23 million over the next ten years –we face 2020 with the consequences of negligent inaction, repurposing of money collected for the pipeline's replacement, a utility fund that is underwater and a litany of dream financing to provide excuses for unnecessary delays.

In one short year the estimate for the pipeline replacement has soared from \$23 million to \$38 million. The latter includes the cost of lining the emergency storage pond and incurring additional 2019 costs. Staff projections also extend the completion of the pipeline from the original 2023 time frame to somewhere past 2031. In 2011 through 2014 our base utility rates have increased 10% annually and 4% thereafter. Beginning in 2013 our CIP charges more than doubled to collect the \$2 million annually for the ten years which along with the interest on the money would provide us with all \$23 million needed to replace all six miles. At the end of fiscal year 2019 we should have had \$14 million plus interest. We don't. According to the CAFR we only have \$9.6 million. \$4.5 million has been repurposed for inspections, condition assessments, expensive temporary repairs and other projects. To further complicate our predicament, the Utility Fund does not have adequate working capital nor set aside money for multi-year capital projects to meet Board Policy 19.1 and Practice 19.2. We have a \$600 million utility infrastructure and do not have an adequate amount of funds to support it.

A famed philosopher once said that those who don't learn from history are condemned to repeat it. As citizens, we will not accept another decade of failure. Although we can't fire our government, we can demand an independent expert be hired immediately to take over this project from start to finish. This engagement should include identifying the best sources of funding to expediently complete the pond lining and replacement of the 6 miles. We can also demand the engagement of a financial professional to completely overhaul the accounting and reporting for the Utility Fund to enforce compliance with all Statutes and GASB statements to ensure that if it is feasible we can finance the entire project by issuing a tax exempt municipal bond at currently low interest rates.

Time Line and Activities – Effluent Pipeline

2009

Major leak \$225,000 repair (page 251 of Board packet)

2011

30,000 Linear Feet (LF) in SR28 to be replaced

Prudent to begin replacement of 6 miles @ \$23M in the next 10 years

District to fund 25% of project per 595 program

Rates adjusted to collect the needed \$5.75M (25% of \$23M)

Expended \$367,000 in preliminary engineering report

2012

Rates continue to increase to account for the 595 program only covering 55% of the project instead of the assumed 75%. This changes the District's responsibility to \$10.35M.

Began working with TTD on the feasibility of co-locating the pipeline.

Expended \$96,000 for preliminary engineering and condition assessment "technology"

2013

Major rate increase to cover 100% of the project costs (\$23M)

Began collecting \$2M/year

Expended \$118,750 (District's portion of a \$475,000 project) on engineering for Phase II of the pipeline

2014

Catastrophic break with 135,000 gallons released (Costs to repair ?)

Pond decommissioned

NDEP required a plan to evaluate and repair or replace the pipeline

Amended the TTD Interlocal agreement to allow completions of the preliminary engineering and design and conducting the environmental analysis.

Expended \$515,000 on the PICA condition assessment

Expended \$90,000 on design of launch and extraction facilities

Expended \$102,000 in parts, \$43,000 for construction, and \$39,000 for rentals and transport all related to the launch and retrieval facilities.

Expended \$300,000 on the USFS/TTD environmental assessment

2015

Staff reported depending on the total length of the pipeline, the District could save up to \$7M by co-locating and cost sharing instead of replacing the ENTIRE pipeline under SR28 (page 253 of Board packet).

Have \$6M. 8 more years are needed at \$2M/yr to complete the project (6 miles) by 2022 page 253 of Board packet). Then lowering the CIP charges to rate payers.

“Initiated” phase II (top of page 253 in Board packet)

Pursuing funding options with other project partners

Conducted a condition assessment as required by NDEP

- Segment 2 was not assessed (but required by NDEP). Repairs were required.
- Segment 3 had 131 mid-body defects. 13 identified as needing immediate repair.
- Segment 3 had 18 joint anomalies. Three to be removed.

Expended \$24,000 on the launch and extraction facilities, \$39,000 for construction, and \$49,000 for rentals and transport related to the condition assessment

2016

Makes same statements (page 254 of Board packet) as 2015

Expended \$85,000 to design of 13 repair sites as identified by the 2015 PICA assessment

2017

District will have \$10M to begin construction in early 2017 (page 254 of Board packet)

The \$2M sewer CIP will not go toward the Effluent Pipeline project but instead be used to construct the effluent storage pond and other priorities.

No leaks to date in Segment 2

Numerous leaks and two catastrophic failures in Segment 3 (the 6 miles identified to be replaced by 2022).

Total cost for Segment 2 & 3 replacement is \$23M

Replaced 13 pipeline sections over 2.5 miles for a cost of \$1.323M per page 286 of Board packet however page 61 states is as \$1,151,600)

2018 – 2019

Complete condition analysis (segment 2 was not done in 2017) and project scoping for the Effluent Pipeline Phase II (stated as being “initiated” in 2015 and stated to be complete by 2022).

- Additional PICA assessment costs of \$484,800 (a total of \$999,800 spent on PICA in 2014 and 2018). Expended \$22,000 for the assessment of the 2018 PICA data. (Pages 52 and 53 of Board packet. Totals of \$723,000 to HDR and \$999,800 to PICA from 2011-2019) . Expended \$15,000 for rentals, \$13,000 for parts, \$10,000 for miscellaneous supplies, office services and surveying for a total of \$334,000 on equipment and construction related to the condition assessment. The total comes to \$2,056,800 total expended related to the condition assessment. (page 55 of Board packet)
- 2 defects needing “near term” repair in Segment 2 (within 0-5 years)
- 14 additional defects identified for “near term” repair in Segment 3 (0-5 years). This is only 1 year after the prior assessment on Segment 3 where 13 repairs were required.

With the complete pipeline analysis, the NDEP requirements were fulfilled in May 2019 (order given in 2014). 5 years to do analysis and immediate repairs.

Leaks in Segment 3 requiring repair in 2019 totaled \$47,100

OTHER EXPENSES NOT CALLED OUT BY YEAR INCLUDE (page 61):

Air relief valves for \$643,400

IVGID engineering from 2013-2019 totaling \$895,500

Pipeline meters for \$86,500

Jacobs Engineering for services related to the upper pond for \$12,300

TOTAL EXPENDITURES = \$5,146,100

This detailed list of costs per year = \$5,383,950 (includes 2009 repair)

Pipeline Costs per timeline

2009	225,000
2011	367,000
2012	96,000
2013	118,750
2014	999,000
2015	112,000
2016	85,000
2017	1,151,600
2018	544,800
2019	47,100
OTHER	1,637,700
TOTAL	5,383,950
remove 2009	225,000
	5,158,950
IVGID number	5,146,100
difference	12,850
What we should have	15M