

Memorandum

November 23, 2020

To: IVGID Audit Committee

Re: Effluent Pipeline - Phase II - Meters and Equipment

At the January 29, 2020 IVGID Board meeting, the Staff provided a presentation indicating the total costs of the Effluent Export Pipeline from fiscal year 2012 to 2019 was \$5,146,100 and included several components (Exhibit A). Meters and Equipment for \$86,500 were one of the components. A public records request response detailed a list of charges for \$77,686.80 (Exhibit B). That list of charges was \$8,813.20 short of what was claimed in the January presentation (Exhibit B).

As expected, the charges had little if anything to do with replacing the six miles of pipeline from Sand Harbor to the culvert at the Douglas County line along State Highway 28. The list of charges range from compressors, meters at the wetlands (12 miles away), surge tanks and replacements of pumps at pump stations. Of particular interest was a charge for Magnesium Hydroxide (a laxative).

It appears any type of charge which was necessary to operate the entire 21 miles of the Export pipeline was charged to the specific project limited to only replacing the 6 miles of Pipeline as stated

The Board of Trustees approved annual budgets and rate studies which provided \$2,000,000 per year was to be set aside for the specific purpose of replacing 6 miles of pipeline and nothing else. The project summary for fiscal 2017 (Exhibit C) clearly indicates that specific purpose.

The Audit Committee should direct Staff or an outside auditor to submit a list of all charges (with appropriate backup) made to the Effluent Pipeline - Phase II project (CIP #2524SS1010) and what charges were actually operating expenses or charges for other capital projects of the Utility Fund.

With this lack of internal controls also demonstrated from a review of the accumulated costs of Air Relief Valves and detailed in the November 6, 2020 memorandum to the Audit Committee an in depth audit is required.

It is my opinion that customers paying for water and sewer charges have been deceived on how their money was used not in accordance with the budgets or assessment of rates and could rise to a legal challenge for a "misappropriation of funds". Citizens must be told of this misappropriation.

Exhibit A - January 29, 2020 Export Pipeline Presentation of accumulated costs

Exhibit B - List of Charges for meters and equipment obtained by public records

Exhibit C - Project Summary for fiscal year 2017

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 B

EFFLUENT EXPORT PRIORITY PROJECTS
EXPORT PIPELINE METERS AND EQUIPMENT

1/29/2020

200-25-240-8120	02/20/2018	Surge tank air compressor for Spooner pu	Cisco Air Systems, Inc.	10,642.80
200-25-240-8120	03/06/2018	front & rear beltguards	Cisco Air Systems, Inc.	441.00
200-25-240-8120	02/28/2018	CIP Work Order Charges - February 2018		256.89
200-25-240-8120	02/28/2018	CIP Work Order Charges - February 2018		446.60
200-25-240-8120	03/12/2018	spooner air compressor	MSC Industrial Supply Co.	123.28
200-25-240-8120	03/14/2018	various nips, cplgs, plugs	Western Nevada Supply	314.99
200-25-240-8120	03/20/2018	bushings, fittings, various piping assly	Western Nevada Supply	73.98
200-25-240-8120	03/21/2018	600PSI LF gauge 2-1/2	Western Nevada Supply	92.56
200-25-240-8120	03/21/2018	1/2 blk MI XH T	Western Nevada Supply	21.22
200-25-240-8120	03/12/2018	spooner air compressor	MSC Industrial Supply Co.	123.28
200-25-240-8120	03/31/2018	March 2018 In-Store Chgs - Acct# 4244	Village Ace Hardware	168.33
200-25-240-8120	02/14/2018	Spooners Pump Station: Replacement wet we	G3 Engineering Inc.	19,350.00
200-25-240-8120	02/14/2018	Freight	G3 Engineering Inc.	1,200.00
200-25-240-8120	03/07/2018	removal and install of new pump @ lakesh	Carson Pump LLC	1,225.00
200-25-240-8120	02/08/2017	CIP #2524SS1010 - Magnesium Hydroxide mi	Brawn Mixer, Inc.	6,994.00
200-25-240-8120	02/08/2017	CIP #2524SS1010 - Freight	Brawn Mixer, Inc.	480.55
200-25-240-8120	01/01/2017	Wetlands Export Line Meter		27,457.32
200-25-240-8120	04/01/2017	Wetlands Export Line Meter		8,275.00

TOTAL

\$ 77,686.90

A LAXATIVE

PER REPORT

\$ 86,500.00

UNACCOUNTED

\$ 8,813.20

EXHIBIT C



Project Summary

Project Number:	2524SS1010	
Title:	Effluent Export Line - Phase II	
Asset Class:		
Division:	24 - Transmission	
Budget Year:	2017	
Scenario Name:		Active: Yes
Budget Status:	Data Entry	
Locations:		
Project Something:	SS - Sewer System	

Project Description
<p>As part of the original Effluent Export Pipeline Project, IVGID replaced approximately 6-miles of 16-inch Export Pipeline. These included approximately 18,000 linear feet (LF) in Segment 1 and 11,000 LF in Segment 3. During planning and design of the first phase approximately 13,700 LF of Segment 3 and all 17,300 LF of Segment 2 were identified to be in good condition and were not identified for replacement. In August 2009, a pipe break within the unreplaced portion of Segment 3 washed out State Route 28. Investigation of the leak by IVGID staff and an IVGID-hired corrosion consulting engineer revealed areas of advanced corrosion on the damaged pipeline section, indicating that unreplaced portions of the export line may be nearing the end of their service and replacement of the remaining pipeline should be planned and budgeted.</p> <p>The proposed project, Effluent Export Pipeline Project - Phase II, will replace these two remaining sections within the Tahoe Basin (a total length of approximately 6 miles). Segment 2 is comprised of approximately 17,300 LF of welded, cement mortar lined, high pressure steel pipe. The remaining 13,700 LF of Segment 3 is comprised of bell and spigot, cement mortar lined, low pressure steel pipe. The project will be completed over multiple years in a manner similar to the original Effluent Export Pipeline Project. Like Phase I, the Export line will be replaced using open-cut construction, moving the pipeline to the center of the Southbound travel lane.</p>
Project Internal Staff
The Engineering Department will manage all phases of this project.
Project Justification
<p>The effluent export line transports treated wastewater from Incline Village General Improvement District's (IVGID) wastewater treatment plant to the disposal point at the wetlands southeast of Carson City. This line was constructed in the early 1970's as part of a regional effort to eliminate all wastewater effluent discharges in the Lake Tahoe basin. The effluent export line has been in continuous service since that time. Approximately 6 miles of line was replaced as part of the Effluent Export Pipeline Project - Phase I. Phase II will pursue the replacement of the remaining 6 miles of pipe within the Tahoe Basin.</p> <p>The current Project Cooperation Agreement with the US Army Corps of Engineers will expire with the completion of the Phase I work. IVGID will look to enter into an expanded Project Cooperation Agreement with the US Army Corps of Engineers for 55% funding of all construction costs. The current political climate and financial issues in Washington D.C. make it unlikely that any future funding will be secured for this project. All grant funding has been removed for this project. IVGID will also place the project on the list for the Nevada State Revolving Loan Fund. Funding for this project will be the utility rates.</p>