

MINUTES

REGULAR MEETING OF NOVEMBER 10, 2021 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, November 10, 2021 at 6:06 p.m. via Zoom.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF TRUSTEES*

On roll call, present were Trustees Tim Callicrate, Matthew Dent, Sara Schmitz, and Kendra Wong; Trustee Michaela Tonking was absent.

Members of Staff present were Director of Finance Paul Navazio, Human Resources Director Erin Feore, Director of Public Works Brad Underwood, Director of Information Technology Mike Gove, Diamond Peak General Manager Mike Bandelin, and Director of Golf/Community Services Darren Howard.

C. INITIAL PUBLIC COMMENTS*

Dick Warren said Business Item I.2, Janitorial Services – We are talking janitorial services at the Rec Center for 5 years at \$337K, Diamond Peak janitorial services for 4 years at \$169k, and janitorial services at Other Districts for \$475k; that's a total of \$981k, about a million spread over 5 years. So at least \$200k of hard dollar savings must be visible annually, and one could argue that even higher savings should be achieved because normally when one outsources it is to save even more money than is being spent internally. But where in the budgets have these savings been realized? Since the Rec Center contract has been ongoing for 2 years, around \$135k, where are the hard dollar savings of \$135k? In other words, were staff positions eliminated equal to this amount? And these savings should already have been reflected in actual expenses since October 2019. On page 49, first paragraph, there is a reference to the elimination of a full-time janitorial position. This was for Other District Venues, which is being contracted out at \$95k annually. I assume one would need to eliminate more than one janitorial position to achieve savings of at least \$95k. Still on page 49, under Financial Impact, they show where the funding will come from to pay for the outsourcing (totals around \$223k annually), but where is it shown what costs, like janitorial positions, cleaning supplies, etc., are being eliminated? From my point of view IVGID Management has shown on pages 47 through 49 that they will spend around a million over 5 years to outsource janitorial services that were internally handled before, but the

reduction in internal expenses is only one janitorial full-time position annually. I'm guessing a janitorial position pays around \$50k annually including benefits, say \$250k over 5 years. So why would we outsource janitorial services for a million or so over 5 years when we could only save \$250k over 5 years? Now according to our GM we would need 3 full-time janitors to handle ALL Venues, so that would equate to \$150k annually to handle ALL janitorial services, or \$750k over 5 years. So why are we outsourcing at a million over 5 years when we would only have to pay \$750k internally over the same period?? I'm all for outsourcing, but if one doesn't save at least a similar amount in-house, why do it? Thank you.

Mike Abel said exceeds expectations, our fawning Trustees says that our District General Manager exceeds expectations. He and the Senior Team have certainly exceeded his expectations with 12 pages of bovine excrement in the Board packet; this on the golf course cart path contract. Nothing like having the fox guiding the hen house. The Lumos letter was the frosting on the cake. Nothing like getting a trusted, repeat vendor or is that a co-conspirator to write a letter white-washing the clearly illegal and dishonest change of the bid specifications after the fact. It reminded him of the great Walt Disney story "Pinocchio". When Pinocchio told a lie, his nose grew. In the 1940's Walt Disney film, Pinocchio's wooden nose gets so long after a series of lies that it sprouts leaves, branches, and even a bird's nest. Sadly, for the Incline public, Pinocchio is just a fantasy story otherwise we would see a clear depiction of the deceit behind the cart path contract. The *Washington Post* fact checker column rates untruths on a scale of 1 to 4 Pinocchio. The District General Manager and the Staff certainly get a 4 on this one. And, oh yes, it has been over a month since he requested and have yet to receive as required by law, from Staff, e-mail correspondence between the parties involved in the Carson cart path mess. This despite her promise to deliver them by 10/29. He cannot imagine the hours that the District General Manager and our Staff have spent answering questions in the storm created by their screw up on the cart path project. The District General Manager either has a defective moral compass or is just incompetent but that is for our Trustees to deal with. And before the IVGID Staff does something, if they would only ask themselves 6 questions:

1. Is it legal?
2. Is it honest?
3. Is it in the best interest of the community?
4. Is this something that needs to be brought before the Board for decision?
5. Is this within the scope of IVGID's rules and regulations?
6. Do I need to talk to people who know more about this than me?

If your exceeds expectations District General Manager and his Staff took this test before he and his Staff jumped into a river of crap they wouldn't screw up every project that they touch then they would not be busy sweeping up after the elephant on every project. Whether it is the poorly configured reconstruction of the Mountain Golf Course clubhouse, whether the \$1.1 million micro sized Tennis Center with the super hot, burn your feet Trex decking or the totally screwed up Mountain Golf Course path project. Now, once again, IVGID has screwed the pooch on the Burnt Cedar swimming pool project. As any casual observer would say – who's watching the store? In the case of IVGID, obviously, nobody. For the 180 days to work on the swimming pool.

Ellie Dobler read from a submitted written statement which is attached hereto.

Judith Miller said first a few words on golf. Since there is no written report included in the packet she can only hope that the Golf Advisory Committee has addressed the continued requirements for huge subsidies. In his General Manager's report, the District General Manager said that the members were once again focused on showing that a golf course increases the values of properties in the community. She has read studies from the 90's that made that claim but here is an excerpt from a May 2020 article by John L. Croming, PhD that appears on the National Parks and Recreation Association website entitled "*How Much Does Living Close to a Golf Course add to property values?*" and she quotes "*Almost all the premium is confined to those residences fronting onto a golf course*". For a community like ours where we have trails, skiing in the winter, and most importantly our beautiful Lake Tahoe, the value of golf courses other than to those lots directly facing the course is negligible. Once and for all, let's put to bed the myth that golf courses increase property value for the community as a whole. Next, according to the General Manager, the committee was trying to convey the message that their clubs benefit the course. Even if they do, that doesn't change the fact that the courses don't come anywhere near paying for themselves. Hopefully, the committee is looking beyond these and has identified numerous ways to reduce costs. Now onto the pricing strategy and budgeting. The pricing strategy should strive to eliminate the need for the Recreation Fee for anything but new property owner approved bonds for capital projects. That's how other governments fund their capital projects. IVGID receives property taxes and C-taxes, millions of dollars that could be used to subsidize those services that have little or no associated fees like the parks or those of most value to our community as a whole. Central services cost allocations may have to expand to cover all the central services needed by these enterprises like golf and ski but it would finally give everyone a more realistic picture of the bottom line. We can't just look at pricing however. Costs, including central services, should be scrutinized and/or compared to outsourcing. We need an internal auditor for that. With cost savings identified and pricing adjustments

there should really be no reason to charge a Recreation Fee for the coming year. And before we commit to another high Beach Fee assessment, please survey the property owners and see if they want to spend millions on a new beach house or would they rather spend money on technology and improvements to secure the entrances to our beaches; thank you.

Cliff Dobler read from a submitted written statement which is attached hereto.

Aaron Katz said he has several written statements to be attached to the minutes of the meeting. First, he wants to talk about the cart paths. The Director of Public Works new cover his ass and cover Carson's ass memo changes nothing. The contract terms and conditions mandate recommendation of the engineer substitute aggregate rock for pulverize; no recommendation has been made, at best, it is acceptable. Further, the recommendation must be in writing, no writing. Further, the substitution must be executed in a change order, no change order. Translation – no modification. Let's go to the Utility Rate report and he hopes Mr. Koorn is listening to this – we never needed an independent rate study to determine our likely future costs or capital needs for utilities. What we needed was a rate study because ours is flawed because it grants discriminatory pricing and preferences to IVGID recreation businesses to the detriment of residential customers and it results in unjust and unreasonable rates. And you think you are going to get the truth meeting with Staff and asking for their goals and when Staff instruct you to not speak to him, what makes you think they have the public's best interest in mind? It is a joke. We need new customer classes. We need a review of the District's capacity adjustment formula which is flawed because it is based upon capacity rather than actual use. Diamond Peak uses over 10 thousand times the amount of water the median residential customer uses in a month and yet it only pays 76.65 times the CIC cost that's not fair. The sewer fees are not based on effluent discharge into the public system but rather water use. Diamond Peak has a base lodge that experiences thousands of flushes on a busy week day now compare that to your residential customer and yet Diamond Peak only pays 5.33 times more which is not fair. Then a residential customer uses 20,000 gallons in a month for his landscaping and he gets charged excess water fees. Diamond Peak uses 30 million gallons in a month and pays nothing. What is fair and just about that? Listen to him and address the problems with the current rate structure. Thank you, this is fairness.

Scott Hill said this is a personal comment to each of our Board of Trustees, to our GM, to his staff, to our community employees, to our Audit Committee members, and to the many other volunteers who give their time and best efforts to make IV/CB the place that it is today. You all have so much on your plates: whether it's pools or pipelines, cart paths or bathrooms, strategic plans or strategic plan

initiatives . . . staffing issues, COVID protocols, Board packets as long as “War and Peace,” endless public records requests, internal controls issues, fund accounting alternatives, beach overcrowding and Ordinance 7 revisions, or Dillon’s Rule . . . there is just so much to do, review, assess, juggle and to decide. These past years he has watched this Board and Community make and implement many decisions, mostly good ones, but some that were made too slowly . . . and some not made at all . . . some that were made against his best wishes, and some that were probably wrong . . . but at least are in the process of being corrected. Notwithstanding his disagreements with certain decisions and approaches, and although he feels obligated to voice those concerns and also to engage you in healthy discussions about those concerns, on an overall basis he supports what you do because he knows that you are acting with good intentions to do what you believe is right, with the goal being to better our community. Finally, he especially wants you to know that, in spite of the personal attacks which may come your way, and in spite of the occasional comments which lack a modicum of respect and manners (that most of us learned in Kindergarten) . . . please know that the *overwhelming majority* of our residents support what we have here in Incline Village and Crystal Bay, and support each of you as you do your best to maintain and improve our community.

D. APPROVAL OF AGENDA (for possible action)

Board Chairman Callicrate asked that General Business J.5. be moved to General Business J.0. and then asked if there were any other concerns or questions. Hearing no response, Board Chairman Callicrate said he would like to have a flexible agenda and District General Counsel Nelson what we need to do to accomplish that. District General Counsel Nelson said that we need to note, that by consensus, that we will be proceeding with a flexible agenda and also making the change that you requested; moving J.5. to J.0. Board Chairman Callicrate asked for any comments regarding the aforementioned process; none were received. Board Chairman Callicrate said that is what we will adopt.

E. PUBLIC HEARING (TIME CERTAIN FOR 6 P.M.) – Medium-Term Installment Purchase Agreement for golf carts for the Championship Golf Course in the not-to-exceed amount of \$644,352.00

Board Chairman Callicrate asked for a motion to open the public hearing; Trustee Wong made a motion to open the public hearing and Trustee Dent seconded the motion. Board Chairman Callicrate called the motion and it was unanimously passed by the Trustees present.

Board Chairman Callicrate then opened the public hearing at 6:13 p.m. and confirmed, via Director of Finance Paul Navazio, that the District has complied with all the posting required for a public hearing. Board Chairman Callicrate then announced that the public may comment on this item and this item only and that they are limited to 3 minutes only.

Michael Abel passed on his opportunity to speak.

Aaron Katz said that this is an installment purchase, it is not a lease. The NRS clearly states "*if there is no option to purchase, there is no installment purchase*" so let's get it straight on what we are doing. The NRS states "*The resolution must recite the terms of the sale*". Here the resolution omits reference to the payment of the additional \$164,000 for the trade-in allowance – that is defect number 1 with the resolution. The NRS states "*There must be a finding that the installment purchase agreement is required*" here it is not required as you have over \$15 million in the Community Services fund balance – that is defect number 2 with the resolution. The NRS states "*That you must recite facts which support your findings that an installment purchase agreement is required*" – where are the facts – this is defect number 3 with the resolution. The resolution states that the installment purchase, at the interest rate of not to exceed 4%, is the best use of the Community Services fund balance. Given the latest Comprehensive Annual Financial Report states that we only realized less than 1% interest income on our investments and we have a 4% interest rate, where is the evidence that this is the best use of the fund balance? Do as the NRS declares, not the ends justify the means, and it would only take two of you to kill the resolution, kill it. Now, according to Staff, 26 carts have new batteries and they should last for 4 years. The cost to replace batteries in the remaining 54 carts is \$55,000 through Sierra Golf Carts and Auto then they too should last for 4 years. So instead of spending \$544,000 here to lease new carts, why not spend \$55,000 and keep our existing fleet for 4 years? And as a bonus, in 4 years our existing cart fleet will probably be worth \$164,000. How about doing the smart thing versus the stupid thing? Thank you.

Judith Miller said please include the comments in the minutes of the meeting. With the huge net position as pointed out by prior speakers in Community Services, how can you possibly say that the public interest requires a lease purchase? That simply is not true. The proposal is lease 80 golf carts with GPS for 5 seasons at the cost of over a half a million dollars really shouldn't have been considered and unless and until there is a firm plan to reduce costs and/or increase revenues, property owners shouldn't have to subsidize the costs of maintaining and operating not 1 but 2 golf courses. Nevertheless, if you have already committed to ordering the carts, there is just no reason to enter the 5-year lease rather than purchase outright the golf carts with an 8-year battery life. Please opt for the purchase and

adjust the budget to spend down the outrageously high net position in Community Services. Thank you.

Trustee Wong made a motion to close the public hearing and Trustee Dent seconded the motion. Board Chairman Callicrate called the motion and it was unanimously passed by the Trustees present. The public hearing was closed at 6:38 p.m.

F. DISTRICT GENERAL MANAGER UPDATE (for possible action)

F.1. Verbal report to the Board of Trustees by the District General Manager's Golf Advisory Committee

District General Manager Winqest introduced Katherine Holland and Mike Cornell who are two members of this committee and asked Ms. Holland to go first with her report.

Hi, I'm Katherine Holland a member of the Golf Advisory Committee. I've called Incline Village home since 2000. We have a great committee and we are working well together. We still have much work to do, but we have unanimously come to 2 definitive conclusions.

1. The golf courses are first and foremost for the residents. While we fully understand non-resident play is important to the overall golf courses financial health, it is secondary to residents.
2. The global golf report is outdated & no longer relevant as times have changed. That report was prepared where the residents were not the primary focus, rather it focused on ways to dramatically increase the number of non-residents playing the courses to the detriment to residents. And golf play was a bit stagnant. This is no longer that case. Play by residents is up. Resident rounds this year was 69%, down a bit from last year 75% as the smoke had a dramatic impact on rounds played. New golf clubs have been formed to reflect some changing demographics of our community, e.g. the Tahoe Working Bears who are much younger than both our average resident/resident club members, there are more full time residents, and membership in all the resident clubs is up double digits.

All other topics we are working on are still works in progress. These include:

1. Focusing on service levels: Ways to balance increase availability of tee times for all residents, especially those who do not currently belong to a resident club, especially during 'prime times', the quality of the course & associated services like food & beverage, while doing all in a fiscally responsible way.
2. But we really need direction from the Board regarding the financial and cost recovery objectives so we can work on a pricing model that would affect rates for every round and play passes prices as well. We need this for both the Champ AND the Mountain course as they are both important, but quite different and a one size fits all model is probably not viable.

Service levels are crucial to all amenities, especially golf courses. Course conditions being the most crucial. But food & beverage, pro shop offerings, pace of play, etc. are all part of the total equation. We want all golfers, residents and non-residents to walk away saying "*Wow what a great day of golf*". Let's not forget, Incline Village is a fabulous place to live in large part due to our terrific amenities, they bring new residents here, they are highly valued by all residents and have a direct correlation to our property values. Golf is a premiere amenity.

Mike Cornell said thank you for the opportunity to discuss with the Board such an important topic as the golf courses represent a catalyst for many, many members of the community to get together for golf and also to connect and to more a part of and integrated into the community. He thinks Ms. Holland's point about the new groups as well as the resident clubs provide a real opportunity to differentiate Incline Village from almost anywhere else in America. From the quality of the golf to the community members who enjoy the golf and then finally for what that can do to promote youth activities and the benefits of the kids growing up in Incline. Let him try to address that really quickly one at a time. First of all, he agrees 100% that the golf courses need to be available to the residents, we all agreed and there was absolutely no debate whatsoever that it should be residents first with regards to the golf facilities. In the past, there has been more of an appetite to try and attract folks from elsewhere to come to Incline and play golf but we feel like the amenity and the quality of the golf course should be enjoyed by the residents first. Secondly, the residents club of which he is not a member of any of them, so to be clear, he sort of learned this through the process of this committee, do an excellent job of bringing together many community members as possible to enjoy the golf courses and efficiently as possible. So they use the facility and the tee times in the most efficient manner that

he could imagine that they could be used. As a result, the clubs, all of them, whether it is the clubs that have just started like the one that Ms. Holland just referred to or long standing clubs like TIGC and IVGC are integral and important not just for the golf courses but for the community. Thirdly, we all agreed that fiscal responsibility is a cornerstone of what we need to do and should do with the golf courses and to try and balance, as best as possible, to represent the everybody's wish for fiscal responsibility. He thinks that the current budget and financial numbers reflect that and that it will be good to see the final numbers that Ms. Holland referred to and noted that there is some wait and see with regards to the budget as it relates to the actual financials and we are all looking forward to that. It appears that the golf courses are being managed well and reflect both the community aspect and fiscal responsibility. Those are important things and, as a subsidiary point, it is also the view of the committee that we need to work vigilantly on providing as much access as possible to the residents. He is a 28-year resident of Incline and some of you may know that he has been at the golf course quite a bit and so has his family. He really feels that it has been a benefit for the community and a tremendous amount of lift in some many different areas. Please let him focus on just one – in the time that he has been in Incline, there has been no less than 7 young people who have gone on to play golf, principally at the Champ, and maybe all of them also played at the Mountain, and they have moved on to either Division 1 or 2 golf opportunities in college – names like Jordan Wright, Kaitlyn Wright, Ryan Mitchell, Justin Visage, Joey Visage – these are individuals who have succeeded tremendously in golf because we have, as a community, supported this effort with our golf courses and the access for Juniors and college players. It has made a huge difference and he can tell you that there is one young man in town who played Division 1 golf for an Ivy League school who wouldn't have gotten into that school but for the Incline Village golf courses. He was afforded that opportunity to play every day in a manner that was both cost effective for the golf course and a tremendous access and great golf for him. Sometimes we can sit here and talk about the financial aspects of the golf carts. He would like to close by saying one of the most important community catalyst for Incline Village that no doubt has attracted many people over the years and really recently to come to our town to live and thrive is because of the golf courses. We can't let this get lost in the plusses and minuses of decisions as we should also view it as what it is which is one of the reasons why many, many people live and buy property in Incline Village. He is very proud of what the Staff has done and quite frankly what the Grounds Superintendent has done to make our facility

one of the best in the region with again this idea of fiscal responsibility always in mind.

Board Chairman Callicrate thanked Mr. Cornell and Ms. Holland for their input and thanked everyone on the committee for doing an exception job of vetting through all of this and making sure we are all on the right track and you are the folks that are directly in the community for golfing and it means a lot that you have stepped up to the plate and that you are volunteering your services to hash this out the right way and get us back on track so again thank you to both of you and your colleagues on this committee. Trustee Wong said thank you to Ms. Holland and Mr. Cornell for coming and speaking today. She is serving on the golf committee representing the Board and that we have had some fantastic discussions as a group and as a golfing community and it has been really refreshing for her to hear everybody's perspectives and she is really excited to work with this group as it is great to be working on something that the community cares so much about. Everybody that is participating in this committee brings great comments to the table and we have had some great conversations so she is really looking forward to sharing the rest of the conclusions that the group comes up with.

G. REVIEW OF THE LONG RANGE CALENDAR (for possible action)

District General Manager Winquest reviewed the long range calendar with the following highlights:

- We need to schedule and December and January budget workshop and do so independently of a Board meeting so we have the ability to focus and he asked for the thoughts of the Board for the week of December 13 – the consensus was to schedule the workshop on Tuesday, December 14. For the January workshop, he proposed January 26 and we will populate the long range calendar once it is finalized.
- Staff will be populating the long range calendar with the other budget items as per the calendar that was distributed at the last meeting along with a few other items.

H. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.

H.1. Treasurers Report – Requesting Trustee: Treasurer Michaela Tonking

H.1.A. Payment of Bills

Board Chairman Callicrate stated that Board Treasurer Tonking was unable to make this meeting due to a work circumstance and stated that if there were any concerns on the payment of bills to send those over to Board Treasurer Tonking.

H.2. Presentation: District Pricing Policy - Review of Framework for Establishing District-wide Pricing Policy (Requesting Staff Member: Director of Finance Paul Navazio/Requesting Trustee: Trustee Kendra Wong)

Director of Finance Navazio gave an overview of the submitted materials. Trustee Wong said thank you to Staff for all their work on this project and that this is a conversation that we, as Trustees, started back in February and that it is good to circle back around and have a conversation on the front end of the budget cycle for next year and it is an opportunity to provide direction to our Staff especially as it relates to key rates. By providing this framework, it allows our Staff to just come back as show us how they have applied this policy and framework in the upcoming budgets. Trustee Schmitz said she really appreciates the presentation from the golf committee and this presentation and that she just has a question about some of the comments that they made and tying it into this pricing policy. If you will recall that one of the things that we decided, as a Board, was to review and discuss service levels and it does sound like, based on the comments made by the golf committee, that those things are being reviewed. So her question is how does the issue and discussion about service levels fit into the discussion about this pricing policy specifically for golf? District General Manager Winquest the quick answer is we are not sure yet because we haven't gotten into the specific service levels. If the committee comes up with some areas of service levels where we can reduce, we will look at those and adjust accordingly. However, one of the things that we discussed at the last golf committee meeting is that labor is going up as are expenses for materials. This means one of two things has to happen – the Recreation Fee allocation has to be adjusted or fees have to be raised. It is very important that we get through the discussion of cost recovery so the committee can do their work to look at how we are going to set fees whether that is in year one or smooth it out over a course of a few years to get to that desired cost recovery. He would expect that the next time the group updates the Board, which he is hoping will be December 8, there should be more information. Director of Finance Navazio said that for the January workshop we are looking at alternative service levels so it is important to keep these kind of connected.

H.3. Mountain Golf Course Cart Path Replacement Project Verbal Update by Director of Public Works Brad Underwood

Director of Public Works Underwood gave an overview of the submitted materials and added that there was a meeting held with the Contractor on November 3 that wasn't noted in the summary due to having to get this ready for the Board packet. Director of Public Works Underwood then gave a summary of the change orders issued to date and that there were 2 so far that total about \$24,000 which is underneath the contingency that was provided by the Board at the sum of \$35,700. Change Order #3 is regarding the method and means of getting the construction done and Staff is working with the Contractor on a cost reduction however the Contractor has indicated to Staff that this is a no cost change order and while it is a different level of work that there is still the same level of work involved in the changed work. Change Order #4 is an increase in quantities from the original contract, Change Order #5 deals with a pave over, and Change Order #6 is an increase on curbs. Those changes exceed authority and will be brought back to the Board for approval with all the detail. Two representatives from Lumos & Associates are on the call as is a representation from F.W. Carson. Board Chairman Callicrate read the following statement from Trustee Tonking regarding this matter:

I am not happy with the error that occurred and I believe we as a district can and will do better. We make mistakes and have to learn from them. Lumos know their mistake, Staff had worked to make sure this mistake will not happen in the future by enhancing and expanding our engineering staff and making sure that we have better contract policies in place. Part of life is mistakes and mistakes are important if we learn and enhance our skills to make sure they don't happen again. I believe we have that and we need to move on.

Board Chairman Callicrate then asked for any further comments. Hearing none, Board Chairman Callicrate said that we all learn from mistakes and it is time for us to regroup. District General Manager Winqest said that he wanted to remind everyone that we have representatives from Lumos & Associates and F.W. Carson on this meeting and that it is unclear as to whether or not we will have them at the meeting of December 8. Trustee Schmitz said that she concurs with the comments made by Trustee Tonking and she thinks that a couple of things that we have learned aren't identified in the Board packet here is that changes from the bid documents and changes from the bid contract documents, when it is something that is a

means and method change, we should either re-bid or it should come back for the Board approval because this was a significant change from what the bid documents were and our other vendor didn't have an opportunity to put in a bid for an alternate method. It was a change from the intended design and in reading these comments, it is very unfortunate that it sounds like there were an awful lot of things that were done verbally and with contracts you have bid documents, you have contract documents, and, unfortunately, it seems like there were some verbal changes that deviated from that and she agrees again with Trustee Tonking's comments that we all make mistakes and this is one that she would have liked to not to have made but we need to reflect on what happened and make sure that we change our processes so that they don't reoccur in the future. Director of Public Works Underwood said that he just wants to assure the Board that we have had those discussions internally, we have also had those discussions with both Lumos and the contractor about communicating with us early on as well and we will make the necessary improvements in fact we have already made some adjustments to our processes. Troy Carson said that everything was in writing and contract documents provided the ability to make the change; yes, it was a change in means and methods but by no means did your Engineering Staff, your design consultant, or your awarded contractor try to blow smoke or pull the towel over your head. We are there to execute a project, we had a very short period of time to do it and we looked at collateral damage in how we could execute the project in the most efficient manner and provide a superior product to the community. With that said, he defends Lumos and their intent with the design and your staff and the project management of the project. He would like to reassure the community that there is no collusion involved and there is no rebid necessary for this project. There should have been documented change internally through IVGID between Lumos and Carson, everything was documented in writing. That should have been followed up in a formal change – understood. Lumos was also appointed as the project engineer and they were also the owners' representative and to assume all rights, responsibilities and authorities under Article 3, Section 3.02. That said, the contractor was unaware that their correspondence with Lumos was the incorrect process. We would like to diligently work through this with IVGID and we just want to make sure that everybody knows that there was no collusion in this bid process. Board Chairman Callicrate said we will get this rectified and move forward.

H.4. Effluent Pipeline Project Verbal Update by Director of Public Works

Director of Public Works Underwood said that this was just an update of where we are on the pipeline project and to really just provide an early estimate. What is included in the packet is what would be the highest cost methodology that we would go with. The team that we have hired and the Public Works team is working to drive the cost down as part of CMAR. We are using this number in the rate study. There is one caveat to this number; since meeting with NDOT they are moving towards what they call “dormant pipeline” in the right of way which is what we would end up with going with the parallel pipeline and that could cause this number to increase. We are working to drive this number down with HDR and Granite and representatives from both companies are available tonight to answer any questions. No questions were asked by the Board of the Trustees. Director of Public Works Underwood said that the team will return to the Board at about the 30% design phase.

I. CONSENT CALENDAR (for possible action)

District General Manager Winqest said in response to a public comment, custodial services at the Recreation Center and Diamond Peak have been outsourced long before he started with the District which was 2003 and at Diamond Peak it has been even longer than that. He would encourage members of the public to have the facts before they speak under public comments. Director of Finance Navazio said to clarify an item, Item 2 on the Consent Calendar, back in October of 2019, the Board of Trustees approved a custodial contract that was multi-year at the Recreation Center. In review with District General Counsel, this is to ratify what was in place and may have not been clear in the initial approval. For Diamond Peak, the contract has been within the District General Manager’s approval authority however to align with the new purchasing procedures, we wanted to have the Board approve this item as it is a multi-year contract with the same vendor. The item considered in 2.C. is for all other venues except Diamond Peak and the Recreation Center. This contract is because the positions were eliminated in the budget and outsource this service which is a bit higher than the position elimination amount due to allowing, within this contract, an opportunity for special task orders which Staff would have contracted for all along. Trustee Schmitz said that with the janitorial contracts, the problem that she has is that we have contracts in the Board packet that are, once again, incomplete. The contracts don’t have the scope of services completed which is Exhibit A and for Alta Vista it doesn’t have Exhibit B. She would like to know what District General Counsel is recommending regarding these missing components of the contracts? District General Counsel Nelson said his recommendation would be that the Board consider approving them as set forth in the Staff report and that those items will be cleaned up

before anything is executed. Trustee Schmitz said, so to clarify, we are being asked, as a Board, to approve contracts that have no defined scope of services – is that what she is hearing from District General Counsel? District General Counsel Nelson said he believes that the scope of services is set forth in the Staff report and the packet and that we can put those in a form consistent with both of those and include them in Exhibit B before they are executed.

1. Award of Purchase Order for the purchase of one Toro Reelmaster 5010 Fairway Mower – 2019/2020 Capital Improvement Project (CIP): Fund: Community Service; Cost Center: Golf; Project # 3142LE1760; One Toro Reelmaster 5010 Fairway Mower – 2021/2022 Capital Improvement Project (CIP): Fund: Community Service; Cost Center: Golf; Project # 3142LE1746; One Toro Groundsmaster 4000 Rough Mower – 2021/2022 Capital Improvement Project (CIP): Fund: Community Service; Cost Center: Golf; Project # 3142LE1747; Vendor: Turf Star Inc.; GSA Contract Pricing (Requesting Staff Members: Director of Public Works Brad Underwood and Director of Golf/Community Services Darren Howard)

2. Review, discuss and possibly approve:

- a. Ratification of Board action from October 30, 2019 awarding a multi-year janitorial contract with CC Cleaning in the amount of not-to-exceed \$67,340 per year, with annual CPI adjustment, for the period from, October 31, 2019 through October 30, 2024
- b. Authorization of additional contract with CC Cleaning for janitorial services at Diamond Peak Ski Resort, in the amount of \$42,250 per year, with annual CPI adjustment, through October 2024
- c. Authorization of a janitorial contract with Alta Vista Janitorial in the amount of not-to-exceed \$95,000 for the period of July 1, 2021 to June 30, 2022

(Requesting Staff Member: Director of Finance Paul Navazio)

3. Reject all bids for the Wetlands Effluent Disposal Facility Improvements 2021/2022 Capital Improvement Project – 2599SS1103 - Fund: Utility; Division: Sewer, in accordance with NRS 338.1385, paragraph 6, subparagraph (d). (Requesting Staff Member: Director of Public Works Brad Underwood)

Trustee Wong made a motion to approve the Consent Calendar as submitted. Trustee Dent seconded the motion. Board Chairman Callicrate asked for any further comments; none were received. Board Chairman Callicrate called the question and Trustees Wong, Dent, and Callicrate voted in favor of the motion.

Trustee Schmitz said that she votes opposed to this motion because of incomplete contracts – Items 2.B. and 2.C. – as she will not vote for incomplete contracts.

The motion was passed.

At approximately 7:40 p.m., Board Chairman Callicrate called for a 5-minute break; the Board reconvened at approximately 7:45 p.m.

J. GENERAL BUSINESS (*for possible action*)

J.0. Review, discuss, and possibly adopt Resolution No. 1890 authorizing a Medium-Term Installment Purchase Agreement (via DLL Finance, LLC) for a lease term of 54-months, in the amount not to exceed \$379,469, through a Fair Market Value Lease Agreement to procure eighty (80) Club Car Tempo lithium battery-powered golf carts for the Championship Golf Course (Requesting Staff Member: Director of Finance Paul Navazio) (*was General Business Item J.5.*)

Director of Finance Navazio gave an overview of the submitted materials. Board Chairman Callicrate said at the October 13 Board meeting, we had a lot of back and forth and there was a public comment made by a member of our golfing community who wanted to lease the carts and now it seems, with tonight's public comment, that he has changed his mind and he doesn't know why but that was his decision to make. Based on that, Board Chairman Callicrate continued that he remembers polling his colleagues at the Board level saying that he didn't want to waste Staff's time in putting together a lease agreement and here we are possibly saying we don't want to lease them which is now a waste of Staff time and recalls that we did have a discussion about the 54-month versus the 60-month lease term.

Board Chairman Callicrate then read the following statement from Trustee Tonking:

I am in strong support of leasing the carts. We are in separate need of carts and the maintenance on them is more than the yearly cost of leasing. I feel leasing is a better option since it fits into our current framework and it's adaptive to our needs.

Trustee Schmitz said, a couple of things, a question about the lease – when it comes to the end of the lease of the software. Should the District go ahead and lease and then at the end of the lease, they decide to purchase the carts, because they should last longer with the lithium battery, what is the situation with how it works with the software? And is that different than how it works if we purchase them? Director of Finance Navazio said that is a good question and based on how the proposals were presented under a purchase option that price includes buying the GPS and there is no monthly service charge and under the lease he thinks it is .42 cents per month per cart. If we go forward with the lease, we are paying the monthly service charge for the GPS and if the District decided to purchase the cart at fair market value at the end of the lease, his assumption would be we might have the option to continue to purchase the monthly service or that there might be a cost to purchase a lump sum but if it is only going to be another year or two for those carts, we would probably just continue the service. Trustee Schmitz said based on comments, in public comment, what is the intended lift expectancy of lithium battery carts compared to the acid battery carts? Director of Golf/Community Services Howard said that the jury is still out because there is just not enough data but it is somewhere between 5 and 7 years. Trustee Schmitz said that one of the things she really appreciated is that she sat down and had the opportunity to meet with the Director of Finance on Monday and he walked her through page 167. If the lithium batteries in the carts would last 6 years and then we have a residual value at the end, then the financial review of it made sense financial to go ahead and purchase them. Given the interest rate that we are being charged, which is 3.9%, and we do have an excess of fund balance and given that these carts are expected to run longer and we don't use them year round and there is about a \$200,000 residual value that is projected at the end, Director of Finance did an excellent job of walking her through the numbers and it just seemed financially that it just makes sense, given the longer life span of the lithium batteries, to go ahead and purchase them and take good care of them, use them for the 6 years, have a residual value and spend down some of our excess fund balance rather than taking out a lease that is charging us interest that we aren't even getting on our fund balance. She really does appreciate the Director of Finance's time, we walked through it and it seemed like it made sense for a good decision for the District.

Trustee Wong made a motion to approve Resolution No. 1890 authorizing a Lease Agreement with DLL Finance, LLC for 80 (eighty) Club Car Tempo lithium battery-powered golf carts in the amount of \$379,469, which will be repaid through 54 (fifty-four) monthly payments of \$7,027.20. and authorize Staff to execute all documents based on a review as to form by General Counsel and Staff and after determining compliance with the State of Nevada Department of Taxation Guidance Letter 16-004 relative to leasing agreements and medium-term obligations. Board Chairman Callicrate seconded the motion. Board Chairman Callicrate asked for any further comments, none were received. Board Chairman Callicrate called the question – Trustees Wong and Callicrate voted in favor and Trustee Schmitz voted opposed. The motion dies.

Director of Finance Navazio said that on agenda packet pages 151 and 152 that the Staff did provide an alternative in the event that the Board preferred to go with the purchase option for the carts along with the required budget augmentation. District General Counsel Nelson said that unfortunately the agenda wasn't set up to accommodate that purchase so his recommendation would be that we agendaize this item at the next available opportunity for the alternative. Board Chairman Callicrate said we want to be in compliance with the law and that it is his recollection that direction was given to the Director of Golf/Community Services Howard last time on how to proceed forward so we can get these ordered so we are not going into our season without an appropriate golf fleet. Trustee Wong asked that for the next Board packet that she would like to have both the lease and purchase options because, hopefully, we will have a full Board present and she doesn't know if the vote could be different.

J.1. Receive a presentation from HDR's Shawn Koorn and provide input/direction on the preliminary results of the Public Utility Rate Study for Provision of Water and Sewer Services (Requesting Staff Member: Director of Public Works Brad Underwood)

Director of Public Works Underwood introduced Mr. Shawn Koorn which is with HDR and he is the principal on our utility rate study. Director of Public Works Underwood said that the District hasn't raised rates in a couple of years and that this was the Board's requested action to do a utility rate study. He then read Mr. Koorn's professional biography. Mr. Koorn then gave the Board of Trustees a PowerPoint presentation which is incorporated herewith by reference. At the end of the presentation, Board Chairman Callicrate

apologized for the mispronouncing his name and thanked him for the thorough presentation. Trustee Schmitz said thank you for the presentation which was very thorough and easy to understand. The only question she has is how do our venues such as Diamond Peak, the golf courses, etc. fit into your classification as a customer in your proposed model? Mr. Koorn said on the golf course side, and he will have to double check this, they fall into the irrigation water customer class that we are looking at and Diamond Peak would fall into the commercial side of that discussion and there is also a separate snowmaking component on the water side. Board Chairman Callicrate said that he thinks you are going to be coming back in January or February with some additional information as we push forward with this project. Director of Public Works Underwood then asked if we could return to the slide with the schedule on it and asked if there were any changes to that timing as shown on the right hand side of the schedule. There were no comments from the Board on those items. Trustee Wong said thank you for the presentation which is appreciated and this is consistent with past rate studies that she has seen and she is good with the recommendations as presented. There were no further comments from the Board of Trustees.

J.2. Review, discuss and possibly authorize an Additional Service Amendment #1 to the professional design services contract for the Mountain Golf Cart Path Replacement Project – Fund: Community Services; Division: Golf; CIP# 3241LI2001; Vendor: Lumos and Associates in the amount of \$44,500.00 (Requesting Staff Member: Director of Public Works Brad Underwood)

Director of Public Works Underwood gave an overview of the submitted materials and that there is one minor edit, on page 118 in the packet, third bullet from the bottom – strike out during construction; strike out these and put in additional services. There were no questions from the Board of Trustees.

Trustee Wong made a motion to authorize Additional Service Amendment #1 – Additional Engineering Design Services Contract for the Mountain Golf Cart Path Replacement Project – Fund: Community Services; Division: Golf; CIP# 3241LI2001; Vendor: Lumos and Associates in an amount not to exceed \$44,500.00, authorize Staff to execute change orders for additional work not anticipated at this time of up to approximately 10% of the contract; up to the amount of \$4,450.00 and authorize Staff to execute the contract documents. Trustee Dent seconded the motion.

Trustee Schmitz said that this should be delayed until the completion of Phase 1 and stay focused on wrapping up and figuring out where we are with Phase 1 before embarking on Phase 2. She feels it is important to have that all completed before we embark on the next one. Board Chairman Callicrate called the question and Trustees Callicrate, Dent and Wong voted in favor of the motion and Trustee Schmitz voted opposed to the motion. The motion passed.

J.3. Review, discuss and possibly approve a sole source finding and a Short Form Agreement including replacement parts and repairs for Diamond Peak C950 Snowmaking Air Compressor – 2021/2022 Operating Expense; Fund: Community Services; Division: Ski; Account# 340.34.630.7510 - Repairs and Maintenance; Vendor: Cisco Air Systems. in the amount of \$71,680.13 (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin)

Diamond Peak Ski Resort General Manager Mike Bandelin gave an overview of the submitted materials. Trustee Wong said that you were going to reallocate funds and would like to know if that is going to put anything else at risk. Diamond Peak Ski Resort General Manager Bandelin said we won't forego any other maintenance on slope maintenance at Diamond Peak.

Trustee Wong made a motion to make the following sole source finding:

IVGID's purchase of a replacement parts, and professional services from Cisco Air Systems (Ingersoll Rand) is exempt from competitive bidding for the following reasons:

This purchase is for items which may only be contracted from a sole source (NRS 332.115.1.a). Cisco Air Systems (Ingersoll Rand) is the exclusive dealer for Ingersoll Rand Centrifugal Air Compressor Systems.

This purchase is for additions to and repairs and maintenance of equipment which may be more effectively added to, repaired or maintained by a certain person (NRS 332.115.1.C). Diamond Peak's snowmaking air compressor fleet is exclusively Ingersoll Rand which are sold exclusively by Cisco Air Systems Inc.

The equipment proposed for purchase, by virtue of the training of the personnel or of any inventory of replacement parts maintained by the local government is compatible with existing equipment (NRS 332.115.1.d). Diamond Peak's Snowmaking centrifugal air compressor fleet of three are exclusively of the Ingersoll Rand manufacturer.

Trustee Dent seconded the motion. Board Chairman Callicrate asked for further comments, there were none, and he called the question which passed unanimously.

Trustee Wong then made a motion to award a short form agreement including replacement parts and repairs for Diamond Peak C950 Snowmaking Air Compressor – 2021/2022 Operating Expense; Fund: Community Services; Division: Ski; Account # 340.34.630.7510 Repairs and Maintenance; Vendor: Cisco Air Systems Inc. in the amount of \$71,680.13 and authorize Staff to execute all purchase documents based on a review by Legal Counsel and Staff. Trustee Dent seconded the motion. Board Chairman Callicrate asked for further comments, there were none, and he called the question which passed unanimously.

J.4. Review, discuss and possible approval of format, structure, and contents of Board packets (Requesting Trustee: Sara Schmitz)

Trustee Schmitz said she would like to defer this item until Trustee Tonking is present and Board Chairman Callicrate is feeling better. Board Chairman Callicrate thanked Trustee Schmitz for this deferral and hopefully it can be brought back at the next meeting.

District General Counsel Nelson said that he would like to clarify that the Board is continuing the item on the Championship Golf Carts to its next meeting and therefore another public hearing will not be required. Board Chairman Callicrate concurred that the Board is continuing this item.

K. MEETING MINUTES (for possible action)

K.1. Meeting Minutes of October 13, 2021

Trustee Schmitz said that there was a date that was incomplete and she is sure that it is not 202 and that she has spoken to the District Clerk about

making that correction. Board Chairman Callicrate said, with that correction, the minutes are approved as revised.

- L. **FINAL PUBLIC COMMENTS*** - Limited to a maximum of three (3) minutes in duration.

There were no public comments made at this time.

- M. **ADJOURNMENT** (*for possible action*)

The meeting was adjourned at 8:52 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 Iljosa Dobler – Public Comments – Iljosa Dobler – IVGID Board of Trustee meeting

Submitted by Clifford F. Dobler – Public Comment – by Clifford F. Dobler – IVGID Board of Trustee meeting of 11-10-2021

Submitted by Aaron Katz – Written statement to be included in the written minutes of this November 10, 2021 regular IVGID Board meeting – Agenda Item J(1) – HDR Engineering, Inc.'s ("HDR'S") request for input/direction insofar as its water and sewer utility rate study is concerned

Submitted by Aaron Katz – Written statement to be included in the written minutes of this November 10, 2021 regular IVGID Board meeting – Agenda Items E & J(5) – Proposed adoption of Resolution No. 1890 authorizing an installment purchase of 80 Champ golf course Club Car carts

Submitted by Aaron Katz – Written statement to be included in the written minutes of this November 10, 2021 regular IVGID Board meeting – Agenda Item H(4) – Staff's discussion of Phase II of the effluent export pipeline project discloses the public's price tag is likely to be substantially more than \$50 million!

November 10, 2021

Public Comments - Iljosa Dobler - IVGID Board of Trustee Meeting

To be included in the minutes of the Meeting

My comments relate to the procurement of 80 Club Car Tempo lithium battery-powered golf carts.

I would like to have an explanation of what is being accomplished

First, what is the name of the contract? It appears we have six choices.

- A Medium-Term Installment Purchase Agreement for a lease
- A Fair Market Value Lease Agreement
- A Lease Agreement
- A medium-term obligation financing
- An equipment Lease/Purchase Agreement
- An Installment Purchase Agreement

Second, The intent of acquiring golf carts with lithium batteries was because the batteries last 3 to 4 times longer than acid batteries. They cost more, have less maintenance, and may have some obscure environmental protection attributes.

For carts having acid batteries, batteries would be replaced between 4 and 5 years, normally much shorter than the life of the golf cart cab. So fleets have traditionally been exchanged ever 4 to 5 years.

Golf fleets with lithium batteries would probably be replaced every 6 to 7 years, possibly longer, especially because of the short time period the fleet is used each year.

If IVGID was to purchase the Carts my analysis is simple:

Why would we trade in the existing carts for \$164K, then pay \$379K over 54 months and then either walk away costing \$543K or purchase the carts for an additional \$240,000 (page 162)? All toll to purchase is \$783K. It is unimaginable that we would give up 30% (\$164K) for 54 months.

The cost to purchase the carts outright is \$697K. A savings of \$86K.

The budget would have to be augmented from \$378K to the \$697K. So what. There is plenty of available resources. Trading in the existing fleet would need proper accounting. A trade-in is the same as cash.

The community services fund has over \$10.7 million in excess cash fund balance and as of June 30, 2021 only made about \$3,000 in interest. In other words cash hardly makes any return.

If a purchase is made, someone should make sure that the Visage software is included or if there would be charges beyond the 54 months.

Public Comment - by Clifford F. Dobler - IVGID Board of Trustee meeting of 11-10-2021

This written statement is to be included in the minutes of this meeting.

The IVGID Board of Trustees is required under NRS 350.087 to adopt a resolution authorizing a medium-term obligation by a vote of two thirds of its members.

The resolution has the following requirements.

1) That this Board has findings that the public requires the borrowing. What are the facts that the public requires borrowing money and paying an interest rate not to exceed 4%? Based on the draft 6-30-2021 CAFR, the Community Services Special Revenue Fund has a Fund Balance of almost \$16 million. Effective 7-1-2021, the fund balance substantially became the Unrestricted Net Position because of the change to enterprise accounting.

In fiscal year 2021, the Community Service Special Revenue Fund earned only \$4,471 in interest on the average cash of approximately \$15.5 million held during the year or about .3%. Why pay 4%?

Borrowing money should only be considered if there is not available cash to purchase the Golf Carts and payments with interest over time is necessary. This is not the case, so how could borrowing money be necessary for the public interest?

As such, there are no facts to support borrowing money and the action is only arbitrary, capricious and reckless.

The resolution states "This form of acquiring the use of the equipment (the golf carts) is considered the best net outflow of resources to the operations of the Community Services Enterprise Fund".

There can be no facts that borrowing money and making payments over time is the best net outflow of resources. This board and staff could never determined that. This board and staff cannot even commit or restrict the excess money which currently exists.

What does that sentence even mean stating "**the best outflow of resources to the operations**".

2) NRS also requires that:

A. statement indentifying each source of revenues that is to be used to repay the borrowings. Is "operating revenues" adequate to describe each source of revenue?

B. the dollar amount that is anticipated to be available to repay the borrowing. There are no dollar amounts indicated in the resolution.

I can see no justification that the public interest requires IVGID to borrow money . Please pay for the carts with cash on hand. An upgrade of batteries is meant to have a longer benefit to the public. Thank you. By the way, the lease is over the budget by \$165K which is the amount of the trade in, so the lease is for \$543K not \$379K. Proper accounting must be adhered to.

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS NOVEMBER 10, 2021 REGULAR IVGID BOARD MEETING – AGENDA ITEM J(1) – HDR ENGINEERING, INC.’s (“HDR’S”) REQUEST FOR INPUT/DIRECTION INsofar AS ITS WATER AND SEWER UTILITY RATE STUDY IS CONCERNED

Introduction: At the Board’s September 2, 2021 meeting it awarded HDR a professional services contract for a public utility rate study to establish 5-year water and sewer utility rates for all customer types¹. Here HDR seeks “general input/direction from the Board,”² in part, insofar as “the...approach to customer classes of service, cost of service and rate structure”³ are concerned. This “Public Utility Rate Study...is intended to establish 5-year water and sewer utility rates for all customer types. (HDR’s) findings will be documented in a final written report and presentation⁴...at a future meeting².” Given my concern is with the District’s customer classes of services and the equitable distribution of costs based upon those classes, this written statement is submitted.

Preface 1 – District Staff Bias: I take issue with HDR’s scope of work because it relies upon biased staff input and outcomes which benefit their and their favored collaborators’ commercial business enterprises to the detriment of the public. In my opinion the problem has never been determining the revenue required to deliver the water and sewer services the District furnishes. Rather, it has been the equitable distribution of those revenue requirements amongst the District’s customer classes. And since the District is probably the largest single user of the utility services it provides, here staff have an inherent conflict of interest insofar as how those revenues are allocated. *So why would we be looking for staff input?*

For instance, in their initial proposal, HDR represented they would hold an “initial two-hour kick-off meeting (with)...key management/project team members (to)...confirm IVGID’s goals and objectives.”⁵ Their description of the importance of this meeting was that “it (would) provide...a key foundation for the rate study process (project team coordination)...allow(ing) both parties to discuss in detail the(ir) overall goals and objectives.”⁵

What about the public’s goals? As I will demonstrate the median residential customer consumes less than 3,000 gallons of water on a monthly basis. Yet some months Diamond Peak consumes 31 million or more of those same gallons for manmade snowmaking! Notwithstanding staff have a need

¹ See pages 24-61 of the packet of materials prepared by staff in anticipation of the Board’s September 2, 2021 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/0902_-_Regular_-_Searchable_-_Part_1.pdf] (“the 9/2/2021 Board packet”).

² See page 108 of the 11/10/2021 Board packet.

³ See page 106 of the 11/10/2021 Board packet.

⁴ See page 107 of the 11/10/2021 Board packet.

⁵ See page 46 of the 9/2/2021 Board packet.

for and are using over 10,300 times the water the median residential customer needs and uses, it is being assessed only 76.65 times the Capital Improvement Cost (“CIC”).

Let me give another example of what I am talking about. The current water rate structure penalizes residential customers for their alleged excess water use. The stated purpose is to conserve water. So if a residential customer uses 20,000 gallons of water within a monthly billing period, the cost of the next 40,000 gallons he/she/it uses increases sixty percent (60%) [from \$1.55/1,000 gallons to \$2.48/1,000 gallons⁶]. And if he/she/it uses 60,000 gallons of water within a monthly billing period, the excess increases by a whopping 247% [from \$1.55/1,000 gallons to \$3.82/1,000 gallons⁶! Yet the District has carved out a preferential exception for itself and its favored collaborators (called the “Public Service Recreation” exemption⁷) which allows it to use an unlimited amount of water within a monthly billing period and yet pay no excess water charges whatsoever! In other words, the ordinary residential water customer is involuntarily subsidizing the excess water use of the District’s commercial business enterprises.

Now does anyone really believe that staff are going to point out this discriminatory feature of its current rate structure and argue it be eliminated in favor of uniformity?

Preface 2 – The Fact Your Staff Have Instructed HDR to NOT Communicate With Me, is Evidence They Intend to Pitch Their Methodology Which Favors Preferential Rates For Their Commercial Business Enterprise Venues to the Detriment of Residential Customers: After I learned that HDR had been selected to conduct the subject rate study, I reached out to HDR principal Shawn Koom to share the things I believe are wrong with the District’s current rate schedules. Although I was unable to reach Mr. Koom directly, I left voicemails clearly identifying who I was, and the nature of my calls. But Shawn wouldn’t return my call. After several calls and different times of the work day, I was actually able to reach Mr. Koom by telephone. He told me he had been instructed by IVGID Public Works employees Ronnie Rector⁸ and perhaps Brad Underwood⁹ that neither he nor anyone else on his staff speak to me. Rather, he should direct me back to either Ms. Rector or Mr. Underwood if I had any questions or issues. And that’s what he did because he viewed IVGID as his client and his loyalties lie with his client, rather than the public.

Before I reached Mr. Koom, I had a suspicion this had taken place because I already have vast experience with the IVGID mentality which permeates this District. So on October 4, 2021 I sent an e-

⁶ Go to https://www.yourtahoepace.com/uploads/pdf-public-works/Schedule_of_Service_Charges_-_2019_Resolution_1868.pdf.

⁷ See ¶12.40 of the District’s water ordinance (go to https://www.yourtahoepace.com/uploads/pdf-ivgid/Ordinance_4_-_04102019_Resolution_1867.pdf).

⁸ A Public Works employee who holds the position of Contracts Administrator II notwithstanding I have been informed she has no formal training, degree nor prior experience in this discipline.

⁹ Our Director of Public Works.

mail to our GM asking if IVGID staff was interfering with my efforts to speak to HDR and if so, that Indra reach out to Mr. Koom to advise it was fine to speak to me as a member of the public¹⁰. Indra never responded to this e-mail which tells me not only was my suspicion correct, but he was the one firmly behind Mr. Koom's reluctance to speak to me. *So much for representing the public's interests.*

Preface 3 – the Requirement That the District's Utility Rates be Just and Reasonable: The ultimate issue when reviewing utility rates is whether they are "just and reasonable."

Where a municipal corporation has a monopoly, as IVGID has when it comes to furnishing water and sewer services [NRS 318.170(1)(b)], its *only* justification for going into the utility business is that the public welfare will be subserved [*Springfield Gas & Electric Co. v. City of Springfield*¹¹ (1920) 292 Ill. 236, 126 N.E. 739, 748 (affirmed at 257 U.S. 66, 42 S.Ct. 24)]. Given IVGID is a public utility¹², *Springfield Gas & Electric Co., supra*, at 126 N.E. 744, common law [*Austin View Civic Association v. City of Palos Heights* (1980) 85 Ill.App.3d 89, 94-95, 405 N.E.2d 1256, 1262; 64 Am.Jur.2d §297, p.496], as well as public policy¹³ all dictate that its utility rates *must* be "just and reasonable."

Moreover, the American Water Works Association ("AWWA") has published a manual ("the AWWA Manual") which was "first written in 1954...(and now is in its 6th Ed.), developed by industry experts over decades using the best practices that have been implemented in the industry (which)... assists all water agencies in developing and implementing rate structures." At page 296 of the AWWA Manual, the AWWA instructs that water "rates must be just...reasonable and bear a rational relationship to a legitimate government interest."

What Do Just and Reasonable Utility Rates Mean? According to *Springfield Gas & Electric Co., Id.*, rates which are "simply high enough to produce revenue sufficient to bear all costs of maintenance...operation...interest charges on bonds and... accumulation of a surplus...sufficient to (service) all outstanding bonds." In other words,

¹⁰ That e-mail is attached as Exhibit "A" to this written statement.

¹¹ Cited with approval at A.G.O. 53-231 (February 9, 1953).

¹² See NRS 704.020(2)(a) [the term "public utility...includes...any plant or equipment, or any part of a plant or equipment, within this State for the production, delivery or furnishing for or to other persons, including private or municipal corporations, heat, gas, coal slurry, light, power in any form or by any agency, water for business, manufacturing, agricultural or household use, or sewerage service, whether or not within the limits of municipalities"].

¹³ See NRS 704.040 ("1. Every public utility shall furnish reasonably adequate service and facilities...The charges made for any service rendered or to be rendered, or for any service in connection therewith or incidental thereto, *must be just and reasonable*. 2. Every unjust and unreasonable charge for service of a public utility *is unlawful*").

1. Profits are *impermissible* [see *Clean Water Coalition v. The M Resort, LLC* (2011) 127 Nev. 301, 255 P.3d 247, 256; *City of Madera v. Black* (1919) 181 Cal. 306, 184 P. 397]; and,

2. Unduly discriminatory/preferential rates are *impermissible* [see *Springfield Gas & Electric Co., supra*, at 126 N.E. 746-48; 64 Am.Jur.2d §78, p.480; NAC 704.7563(2)]. Moreover, common law is in accord [*Amalgamated Trust & Savings Bank v. Village of Glenview* (1981) 98 Ill.App.3d 254, 261, 423 N.E.2d 1230; *Austin View, supra*, 405 N.E.2d 1262].

The Components to the District's Current Water Rate Structure: Not that we're required to replicate what has been done in the past, but all classes of water customers are assessed:

1. A base rate multiplied by the CAF⁶;
2. A CIC multiplied by the CAF⁶;
3. A consumption charge based upon a dollar rate multiplied by each 1,000 gallons of water actually consumed⁶;
4. Unless exempted⁷, an excess/variable water charge depending upon one of three (3) tiers of use⁶;
5. A defensible space charge assessed to each customer⁶ regardless of number of customers in an account; and,
6. An admin charge assessed to each account¹⁴ rather than customer⁶.

The Components to the District's Current Sewer Rate Structure: Not that we're required to replicate what has been done in the past, but all classes of sewer customers are assessed:

1. A base rate multiplied by the CAF⁶;
2. A CIC multiplied by the CAF⁶;
3. A discharge fee based upon a dollar rate multiplied by each 1,000 gallons of water¹⁵ actually used⁶; and,
4. An admin charge assessed to each account¹⁶ rather than customer⁶.

¹⁴ Even though staff provide the same services to every water or sewer customer regardless of how he/she/it is billed.

¹⁵ The District has no means of measuring effluent waste.

¹⁶ Even though staff provide the same services to every water or sewer customer regardless of how he/she/it is billed.

Executive Summary of Recommendations

The District's Rate Structure Requires Many More Classes of Service Which More Fairly Apportion the Public's Water and Sewer Services Costs:

Just Like Defensible Space Charges, Each Dwelling (Rather Than Each Water Account) Should be Charged a Water Administrative Charge:

Just Like Defensible Space Charges, Each Dwelling (Rather Than Each Sewer Account) Should be Charged a Sewer Administrative Charge:

Excess Water Charges Should be Eliminated:

Alternatively, Excess Water Charges Should be Applied Uniformly to ALL Customer Classes, Regardless of Their CAFs, at the Same Tier 1 and Tier 2 Rates Assessed to Residential Customers:

Variable Sewer Charges Should be Eliminated Because They Are Based Upon Water Consumption:

The Public Service Water Recreation Exemption Should be Eliminated:

Defensible Space Charges Should be Removed From Customers' Water Bills Inasmuch as They Have Zero to Do With the Cost IVGID Incurs to Provide Public Water Services:

Alternatively, the Current 225 or More Unimproved Lots Within IVGID's Boundaries Which Escape Defensible Space Charges Because They Are Not Water Customers, Should be Charged:

The District's Residential Customers Should Be the Ones Extended Preferential Claims to Water and Sewer Benefits:

Commercial Customers' Water CICs Should be Increased Based Upon Their Actual Water Consumption Rather Than the Diameter of Their Water Meters:

Commercial Customers' Sewer CICs Should be Increased Based Upon Their Actual Effluent Discharges Into the Public's System Rather Than the Diameter of Their Water Meters:

The Board Should Approve Wastewater Charges More Fairly Based on the Costs the District Incurs, and Users' Current Agreements Should Be Revoked Because of Lack of Staff Authority:

The Current 225 or More Unimproved Lots Within IVGID's Boundaries Who Are Not Connected to the District's Water System Should Be Charged "Standby Water Service Charges:"

The Current 225 or More Unimproved Lots Within IVGID's Boundaries Who Are Not Connected to the District's Sewer System Should Be Charged "Standby Sewer Service Charges:"

Backflow Prevention Device Inspection/Testing Fees Should Be Reduced to the District's Actual Costs Rather Than Being the Profit Center it Currently Is:

Arguments re Recommendations

The District's Rate Structure Requires Many More Classes of Service: The District represents it has three classes of utility service; residential, commercial and IVGID facilities¹⁷. But this is not true. It has only two classes; residential and commercial. In reality it should have many more given there are so many high quantity users. Such as irrigation for manmade snowmaking; irrigation for golf; irrigation for parks; remote state park (Sand Harbor and Spooner Summit) water and sewer; schools and education; fire protection [North Lake Tahoe Fire Protection District ("NLTFPD")]; wastewater (Clear Creek in Douglas County has entered into a contract to purchase the District's wastewater); etc.

Page 75 of the AWWA Manual observes that "the ideal solution to developing rates for water utility customers is to assign cost responsibility to each individual customer served and to develop rates that reflect that cost." In other words, the job of rate making regulators is "to assign costs to individually identified classes of customers in a nondiscriminatory, cost responsive manner so that (those) rates can be designed to closely meet the cost of providing service to such customer classes." For this reason page 76 of the AWWA Manual instructs that where a water supplier has "customers with individual water-use characteristics, service requirements, or other factors that differentiate them from other customers with regard to cost responsibility...as is often the case for...parks, fields..golf courses (and manmade snowmaking)...where such loads are significant in the system...the(y)...should have a separate class designation."

Given "Irrigation is characterized by the relatively high demands it places on the water system ...establishment of a *separate class designation* is warranted (especially) when (as here) separate metering for...irrigation is available." Therefore creating complete and fair classes of service which equitably disburse CICs amongst all users should be the first task of this rate study. As page 77 of the AWWA Manual recognizes, "the significant demands caused by irrigation can be recognized and reflected in the cost to provide this service."

The District's Residential Customers Are the Ones With a Preferred Claim to Benefits: Page 298 of the AWWA Manual instructs that when it comes to water/sewer rates, *a city's first duty is to its residential customers* who have a preferred claim as to benefits.

The District's Use of "Capacity Adjustment Factor" ("CAF") Does Not Fairly Distribute the Costs of the District's Water and Sewer Systems And Should Be Revamped: The District uses a CAF it has developed¹⁸ to align water and sewer rates to the *hypothetical* costs of providing service to each

¹⁷ See page 41 of the packet of materials prepared by staff in anticipation of the Board's February 26, 2020 meeting [https://www.yourtahoepace.com/uploads/pdf-ivgid/2-26-2020_G.3._-_General_Business_-_IVGID_2020_Utility_Rate_Study.pdf ("the 2/26/2020 Board packet")].

¹⁸ At ¶2.10 of the District's sewer ordinance (go to https://www.yourtahoepace.com/uploads/pdf-ivgid/Ordinance_2_-_04102019_Resolution_1866.pdf) it includes a table which addresses the various size meters and it is attached as Exhibit "B" to this written statement.

customer. CAF adjusts the “relative flow of each water service size¹⁹ as compared to that of a (residential) ¾” service.”²⁰ Therefore because a water customer with a 2” diameter meter has the capacity of flowing 5.33 times the water in a given period as that of a customer with a ¾” diameter meter, whether or not he/she/it actually does, the 2” diameter service customer is assigned a CAF of 5.33. And because a water customer with a 10” diameter meter has the capacity of flowing 76.65 times the water in a given period of a customer with a ¾” diameter meter, whether or not he/she/it actually does, the 10” diameter service customer is assigned a CAF of 76.65. And so on.

But in the real world, reality differs markedly from hypothetical.

Example 1; the Diamond Peak Base Lodge: I have obtained an older utility bill (for the period 12/19/2018-1/18/2019) to the Diamond Peak base lodge²¹. The Base Lodge includes a food court and men/women public restrooms. We can calculate that the Base Lodge is serviced by a 2” diameter water meter²². In other words, the water and sewer CICs the Base Lodge is charged are 5.33 times the comparable CICs charged to the residential customer. Similarly, the water consumption charges the Base Lodge is charged before excess/variable charges come into play is 5.33 times those charged to the residential customer.

As I have stated elsewhere, the median residential customer, on average²³, uses less than 3,000 gallons of water on a monthly basis. Here the Base Lodge used 52,720 gallons during the month long billing period in question. That’s 17.57 times the use of your median residential customer. Yet the Base Lodge is only being charged 5.33 times the CIC charged to the residential customer. This charge is unfair to the residential customer, and preferentially benefits one of the District’s commercial business enterprises.

¹⁹ Sewer CAF is based upon water service size inasmuch as the District has no means of measuring waste effluent flow [“Sewer Retroactive Capital Improvement Charges are based on water service size for billing purposes” (see https://www.yourtahoeplace.com/uploads/pdf-public-works/Schedule_of_Service_Charges_-_2019_Resolution_1868.pdf)].

²⁰ See ¶2.12 of the District’s water ordinance.

²¹ That bill is attached as Exhibit “C” to this written statement.

²² The bill instructs that the water CIC at the time assigned to a residential customer with a CAF of “1” was \$14.80. Similarly, the sewer CIC at the time assigned to a residential customer with a CAF of “1” was \$30.70. The water CIC billed to the Base Lodge was \$78.88. And the sewer CIC billed to the Base Lodge was \$163.63. If we divide the \$78.88 water CIC charged by the \$14.80 charged to the residential customer, we get 5.33. If we divide the \$163.63 sewer CIC charged by the \$30.70 charged to the residential customer, we get the same 5.33. If we examine the CAF table on Exhibit “B,” we see that a 5.33 CAF corresponds to a 2” diameter water meter.

²³ Remember, according to District staff, over 60% of residential homeowners reside elsewhere and use their Incline Village/Crystal Bay homes as vacation/second homes. This use tends to bring the median system wide residential water use number down.

Similarly, the residential customer is charged excess/variable water charges once 20,000 gallons are used within a monthly billing period. Since here the Base Lodge used 52,720 gallons, how much was it charged in excess/variable charges? An examination of the bill evidences the answer is NOTHING. How can this be? The District uses its CAF to increase the Base Lodge's water allotment before excess water/variable charges are assessed. In this case the residential customer's 20,000 gallon allotment is multiplied by a CAF of 5.33 = 106,600 gallons! Again, this allotment is unfair to the residential customer, and preferentially benefits one of the District's commercial business enterprises.

Finally, I want you to consider how many hundreds if not thousands or multiple thousands of toilet/urinal flushes are registered at the Diamond Peak Base Lodge on a busy holiday. Now compare this number to the number of toilet flushes at your typical residential dwelling unit which is used as a second/vacation home. Given sewer effluent discharge is not measured and instead it is based upon water use (see discussion below), that number is many, many times the simple 17.57 water use multiple.

Example 2; Diamond Peak Snowmaking: I have obtained an older utility bill (for the period 12/19/2018-1/18/2019) for Diamond Peak snowmaking²⁴. We can calculate that Diamond Peak's manmade snowmaking needs are serviced by a 10" diameter water meter²⁵. In other words, the water CICs snowmaking is charged are 76.65 times the comparable CIC charged to the residential customer. Similarly in a vacuum, were there not a "Public Service Recreation" exemption⁷, the water consumption charges snowmaking would be charged before excess/variable charges come into play would be 76.65 times those charged to the residential customer.

As I have stated elsewhere, the median residential customer, on average²³, uses less than 3,000 gallons of water on a monthly basis. Here Diamond Peak snowmaking used an unbelievable 30,934,200 gallons during the month long billing period in question. That's 10,311.4 times the use of your median residential customer. Yet Diamond Peak snowmaking is only being charged 76.65 times the CIC charged to the residential customer. This charge is grossly unfair to the residential customer, and preferentially benefits one of the District's commercial business enterprises.

Similarly, the residential customer is charged excess/variable water charges once 20,000 gallons are used within a monthly billing period. Since here Diamond Peak snowmaking used 30,934,200 gallons, how much was it charged in excess/variable charges? An examination of the bill evidences the answer is NOTHING. How can this be? Because of a "Public Service Recreation" exemption⁷ (discussed in more detail below).

²⁴ That bill is attached as Exhibit "D" to this written statement.

²⁵ The bill instructs that the water CIC at the time assigned to a residential customer with a CAF of "1" was \$14.80. And since this is an irrigation account only, no sewer charges are assessed. The water CIC billed on account of snowmaking was \$1,134.42. If we divide the \$1,134.42 water CIC charged by the \$14.80 charged to the residential customer, we get 76.65. If we examine the CAF table on Exhibit "B," we see that a 76.65 CAF corresponds to a 10" diameter water meter.

I Could Go Through a Similar Analysis For Each of the District's Other Commercial Business Venues to Demonstrate the Same Inequities/Preferential Charges Which Come at Residential Customers' Expense:

I Could Go Through a Similar Analysis For Each of the Other Roughly 200 Commercial Accounts to Demonstrate the Same Inequities Which Come at Residential Customers' Expense: Again, when it comes to commercial use, how many hundreds of daily toilet/urinal flushes are registered compared to the number at your typical residential dwelling unit which is used as a second/vacation home?

Since the District is Not the Only Water User Which Benefits From the Public Service Recreation Exemption, I Could Go Through a Similar Analysis to Demonstrate the Same Inequities/Preferential Charges Which Come at Residential Customers' Expense: I have been unable to confirm the number of water customers, in addition to IVGID, which benefit from the District's Public Service Recreation exemption. But given it extends to all "accounts where the primary irrigation water use is for outdoor parks and recreation accessible to the public, and as such are not subject to excess water charges as defined in the current Schedule of Service Charges. These include parks and recreation facilities, golf courses, snowmaking, and school playgrounds and fields," I assume the effect of the exemption is not inconsequential.

Excess Water Charges Should be Eliminated or Applied to All District Customers: The way the District calculates the amount of water a customer can use before the excess water charge kicks in (see discussion above), the only customers assessed excess water charges are under 120 residential customers who use District water for landscaping. The remaining approximate 8,000 water customers escape excess water charges altogether, even though they may consume more than 20,000 gallons of water in a monthly billing period. This occurs for primarily three reasons.

First, they have no landscaping or a second/vacation homeowners and for these reasons do not consume in excess of 20,000 gallons of water in a monthly billing period.

Second, although District staff have created the CAF which primarily exists to charge commercial users higher base fees and CICs based upon their larger diameter water meters, there are unintended (or maybe they are very much intended?) consequences. Namely, they are permitted to consume far more than 20,000 gallons of water in a monthly billing period and *escape* excess water charges altogether. By way of example, a residential customer with a CAF of "1" can use 20,000 gallons of water in a monthly billing period before his/her/its use is subjected to excess water charges. But a commercial customer with a CAF of "2" can use 40,000 gallons of water before he/she/it is subjected to excess water charges. This happens because under the current rate structure, the 20,000 gallon threshold is multiplied by the CAF. Since no commercial water customer to my knowledge, other than those benefitting from the Public Service Recreation exemption, uses this much water in a monthly billing period, the idea of excess water charges at least system wide is illusory. The simple fix to the problem is either to eliminate the excess water charge, or to treat all customers' use uniformly. In other words, to *not* increase a commercial water customer's 20,000 gallon monthly allotment before excess water charges apply.

Finally, customers entitled to the “Public Service Recreation” exemption allows them to consume as much water as they please, oftentimes well in excess of 20,000 gallons of water in a monthly billing period, without being assessed any excess water charge.

Given staff assert the purpose of excess water charges is to create a financial incentive for water customers to conserve water use, here we see the justification is nothing more than discriminatory lip service as excess water charge revenue is *de minimis* when compared to overall water revenue.

Commercial Customers’ Water CICs Should be Increased Based Upon Their Actual Water Use Rather Than the Diameter of Their Water Meters: What are the water infrastructure requirements commercial customers like IVGID placed on the public’s water system? How about up to “40 million gallons of water for snowmaking use (just) in a season” of 2-3 months just at Diamond Peak²⁶? Or IVGID’s two Lake Tahoe golf courses, each of which “typically uses 75 million gallons per year in irrigation water?”²⁶ Or “water...pumps” capable of pumping “as much as 3,000 gallons/ minute”²⁶ (half of IVGID’s system wide capabilities from Lake Tahoe), just for Diamond Peak snow-making? Or “water...tanks” capable of storing “as much as “3 million gallons” just for Diamond Peak snowmaking?”²⁶ Or a water system that can feed sixty-five percent (65%) of the “4.6 million gallons used community wide...during (just one) 24-hour period (at) Diamond Peak for its snowmaking?”²⁶ Or the staff coordination necessary for your Public Works “water staff to stay...in close contact with... Diamond Peak’s snowmaking staff?”²⁶ Commercial customers’ demands on the public’s water system are legion compared to those of the median residential customer. Why then is IVGID only being assessed a maximum of 76.65 times the CIC costs the residential customer is charged?

Variable Sewer Fees Should be Eliminated: ¶2.45 of the District’s sewer ordinance provides “that (a) portion of the monthly billing...pays for the variable costs of (sewer) service (and that it)...is calculated based on water use.” In other words, rather than the volume of effluent discharged into the public’s sewer system, variable charges are based upon the amount of water consumed. Because this is terribly unfair and ignores the massive imbalance between commercial and residential sewer use, the fee should be eliminated. That is unless the District implements a method of measuring sewer effluent discharged into the public’s sewer system the way it measure water used by a water customer.

Notwithstanding, Commercial Customers’ Sewer CICs Should be Increased Based Upon Their Actual Effluent Discharges Into the Public’s Sewer System: Given a customer’s use of water has little direct bearing on the amount of effluent he/she/it discharges into the public’s sewer system, another means of calculating sewer CICs should be implemented which fairly apportions that cost system wide.

The District’s Application of its “Public Service Recreation” Exemption Does Not Fairly Distribute the Costs of the District’s Water System And Should Be Revamped: In addition to the above-reasons in support, *IVGID has no power to be granting rate, toll and charge exceptions and*

²⁶ See IVGID’s December 2018 Public Works Newsletter.

exemptions to anyone! I have addressed this issue before and although there are many reasons, here I will highlight just two.

In order to exempt property from any kind of monetary exaction, there must be *express* constitutional or statutory authority [see *Chapman v. City of Albuquerque*²⁷, 65 N.M. 228, 335 P.2d 558, 563 (1959)]. Although Art. 8, sec. 2 of the Nevada Constitution²⁸ states that “the property of corporations formed for Municipal, Charitable, Religious, or Educational purposes may be exempted ...*(from) taxation...by law,*” the District’s water charges are *not* taxes. Therefore the Constitution provides no authority for the District’s *fee* exemptions.

Moreover, IVGID is precluded from creating its own rate, toll or charge exceptions because of established rules of construction insofar as unambiguous statutes [such as NRS 318.197(1)] are concerned. A comprehensive review of NRS 318 reveals that *nowhere* is a general improvement district (“GID”) empowered to exempt anyone or any property from the rates, tolls and charges it fixes for the facilities, services and availability of said facilities and services it allegedly furnishes.

“Judges interpret laws rather than reconstruct legislators’ (undisclosed) intentions. (Thus) where (as here) the language of those laws is clear, we are not free to replace it with an *unenacted* legislative intent”²⁹ as (we) “presume...[the] Legislature says in a statute what it means and means... what it says...(Thus our) inquiry begins with the statutory text, and *ends there as well* (where as here) the text is unambiguous.”³⁰

If the legislature could have easily provided for a given thing to take place (i.e., here a fee exemption), but did not so provide, it will *not* be presumed that the Legislature intended that for which it did not provide³¹. Given NRS 318.197(1) makes no reference to fee exceptions, the statute must be “enforce(d)...written”³² and any notion it intends GID Boards can create their own rate, toll and charge exemptions must be rejected.

Wastewater Charges: Besides the fact users of this product should be included in a separate customer class, NRS 318.199(1), (5) and (2) instruct that “the (IVGID) board...*shall* establish schedules showing *all* rates, tolls or charges for...sanitary sewer...or...water... services performed or products furnished...(and) adopt...resolution(s) establishing...new or changed rates, tolls, charges, services to be performed or products to be furnished.” For years District staff hid the fact they were selling waste-

²⁷ Go to <https://www.casemine.com/judgement/us/59149dfdadd7b04934655896>.

²⁸ Go to <https://www.leg.state.nv.us/const/nvconst.html#Art8Sec2>.

²⁹ See *INS v. Cardoza-Fonseca*, 480 U.S. 421, 452-53, 107 S.Ct. 1207 (1987) [concurring opinion of Justice Scalia].

³⁰ See *McDonald v. Sun Oil. Co.*, 548 F.3d 774, 780 (9th Cir. 2008).

³¹ See *Palmer v. Del Webb’s High Sierra*, 108 Nev. 673, 680, 838 P.2d 435 (1992).

³² See *In re George*, 128 Nev. Adv. Op. 32, 279 P.3d 187, 190 (2012).

water to customers *not* based in Incline Village/Crystal Bay at preferential rates and without Board or public knowledge. To my knowledge there are at least two such customers: Clear Creek Tahoe (<https://clearcreektahoe.com/>) including Clear Creek Golf Course, and Schneider Ranch in Clear Creek Valley, Carson City. Given NRS 318.140(1)(b) gives the Board the power to “sell any...sewer...product or by-product thereof and acquire the appropriate outlets within or without the district and extend the sewer lines of the district thereto,” the proposed rate structure should expressly include charges for wastewater.

Moreover, the fees these customers are paying for wastewater are nowhere near the costs the public incurs (especially CICs) to make wastewater available for these customers’ irrigation use. These rates need to be increased markedly. Given these customers have entered into contracts with the District which were never approved by the Board, they have no standing to assert their rates are fixed by those contracts.

Defensible Space Charges Should be Removed From Customers’ Water Bills Altogether Inasmuch as They Have Zero to Do With the Cost IVGID Incurs to Provide Water Services to its Customers, They Represent Taxes Rather Than Fees, and the District Has No Power to Levy Such Taxes: The District adds a defensible space charge to its water bills. This charge is assessed to reimburse the District for a portion of the yearly cost it incurs with the NLTFPD to create and maintain a protective “halo” in the forests surrounding Incline Village/Crystal Bay to protect these communities from a catastrophic fire such as the 2007 Angora Fire which devastated South Lake Tahoe. As such, they have nothing to do with a cost IVGID incurs to make water available to its water customers.

But IVGID has no power to levy fees to “eliminate fire hazards existing within the District,” nor to “clear public highways and private lands of dry grass, stubble, bushes, rubbish and other inflammable material which in its judgment constitute a fire hazard” [see NRS 318.1181(2)(3)]. Only GIDs “created wholly or in part for the purpose of furnishing fire protection” can exercise these powers³³.

Moreover, local property owners are already paying the NLTFPD *ad valorem* taxes so it can provide defensible space services (check your tax bill). Why then require IVGID’s water customers to pay the NLTFPD a second time under the label “defensible space?”

Also defensible space services benefit the general public as a whole rather than just those water customers who are assessed. For this reason no “special benefit” is being furnished to those who pay and as a result, the charge is a tax rather than legitimate fee. But IVGID has no power to levy a defensible space tax.

³³ See NRS 318.116(17). Because IVGID has never been granted the basic power to “furnish...facilities for protection from fire, as provided in NRS 318.1181” or otherwise, and GIDs can only assume those powers expressly granted by their County Board of Commissioners in their initiating [NRS 318.055(4)(b)] and supplemental [NRS 318.077] ordinance(s), *and no others* [A.G.O. 63-61, p.103 (August 12, 1963)], IVGID has no power to provide defensible space services.

For all of these reasons the defensible space charge should be eliminated from the District's rate structure. Assuming *arguendo* HDR feels differently, understand that there are approximately 225 vacant property owners who are not paying their fair share of defensible space costs because they do not receive a water bill. Therefore billing vacant property owners defensible space charges in conjunction with standby service charges (see discussion below) would be a very, very easy way to equitably pick up approximately 225 additional defensible space charges.

Water and Sewer Administrative Charges: The District charges a separate administrative charge "for administrative and customer service costs." Notwithstanding these same services are provided to all of the District's approximate 8,900 residential water and sewer users, they are only billed to each "account." Because most condominium and PUD water accounts service dozens if not hundreds of residential dwelling units, it turns out in excess of 4,500 dwelling units are not being charged any water administrative and customer service costs notwithstanding they benefit from the services furnished. And they must. Therefore just like defensible space costs are billed, each dwelling unit should be charged water and sewer administrative charges. This would be a very, very easy way to equitably pick up over 4,000 additional water and 4,000 additional sewer administrative fees.

The 225 or More Unimproved Lots Within IVGID's Boundaries Need to Be Charged Water and Sewer "Standby Service Charges:" According to staff there are approximately 225 vacant lots in Incline Village and Crystal Bay which do not receive/pay for water nor sewer services. Even though IVGID has incurred public moneys to construct water and sewer systems which are *available* for these 225 vacant lots to physically connect to and begin receiving water and sewer services if and when *they* choose to do so, the current water and sewer rates do not charge the owners of these parcels "standby service charges" for that availability. I find this practice to be excessively disingenuous given IVGID's penchant to charge these very same vacant lots Recreation ("the RFF") and Beach ("the BFF") Facility Fees given they allegedly represent the same type of "standby service charge" for the same type of *availability* to use. These vacant lots need to be charged something. This would be a very, very easy way to equitably pick up over 225 additional water and 225 additional sewer fees.

When they become actual water and sewer customers of the District, standby service charges can be eliminated.

Backflow Prevention Device Inspection/Testing³⁴ Fees Should be Reduced to the District's Actual Cost Rather Than the Profit Center it is Currently Administered as: Under the District's current schedule of charges, a \$65 charge is assessed for the inspection of each backflow prevention device. Moreover, putting aside the fact that the current fees exceed the District's actual inspection costs, where a customer has multiple devices installed on its property, he/she/it is assessed multiple inspection/testing fees.

³⁴ Which is mandatory under ¶16.03(D) of the District's water ordinance.

We know the District's charges are excessive because there are private sector sources who will do the same inspections but for less money. If the private sector can do the same work for less money, they why can't IVGID? The fee should be adjusted.

Conclusion: The law mandates that IVGID's water and sewer charges be just, reasonable and neither preferential nor discriminatory. But they are not. Because rather than treating its residential customers as the ones With entitled to preferred claims to benefits as the AWWA Manual instructs, the District has adopted a methodology which favors IVGID's and its favored collaborator commercial business enterprises to the detriment of local residential customers. Now that we have a third party professional who can scrutinize the current methodology and recommend modifications which more fairly allocate the costs to those who place the greatest demands on those systems. Only by making the structural changes I suggest, can the Board make its water/sewer rates just, fair, non-discriminatory and non-preferential. And given staff's obstructionist behavior (see Exhibit "A"), the public certainly can't rely upon staff to champion the public's interests.

And if you're an IVGID utility customer asking yourself why your utility rates have been increasing at such an alarming rate, I've just provided more evidence; the heretofore methodology for rate making is systematically flawed.

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

EXHIBIT "A"

Utility Rate Study

From: <s4s@ix.netcom.com>
To: <ISW@ivgid.org>
Subject: Utility Rate Study
Date: Oct 4, 2021 4:21 PM

Hello Indra -

I am reaching out to you first on this matter before I am forced to go any further.

I am interested in this study because without my input, I fear the study will be flawed.

So I have reached out to Kevin and Shawn of HDR identified in the board packet in support of approval of this matter. But neither has returned my calls.

IMO there is no reason for these gentlemen to not get back to me but for intervention from staff. Which is what I believe has occurred.

So I am asking if staff were contacted by Kevin and/or Shawn in response to my outreach, if so who were the staff, and did staff ask HDR personnel to not return my calls? And if any of this has taken place, I am asking you reach out to both gentlemen and assure them it's fine to speak to me as a member of the public.

Thank you for your cooperation. Aaron Katz

EXHIBIT "B"



2.02 Agent

Shall mean duly authorized individual to act for the legal owner. Agents are required to have a signed authorization from the legal owner.

2.03 Applicant

Shall mean the person, firm, association, corporation or governmental agency applying for water service.

2.04 Application

Shall mean the written request for water service as distinguished from an inquiry as to the availability or charges for such service.

2.05 Average Month

Shall mean thirty (30) days.

2.06 AWWA

Shall mean the American Water Works Association.

2.07 Billing Period

The regular billing period will be monthly or at the discretion of the District.

2.08 Board

Shall mean the Board of Trustees of the District.

2.09 Building

Shall mean any structure used for human habitation or a place of business, recreation or other purpose containing water facilities.

2.10 Capacity Adjustment Factor

The relative flow of each water service size as compared to that of a ¾" service.

<u>Water Service Size</u>	<u>Capacity Adjustment Factor (CAF)</u>
1"	1.67
1.5"	3.33
2"	5.33
3"	10.00
4"	16.67
6"	33.33
8"	53.33
10"	76.65

Bill ID# 0238 00003562
Last: Ivgid Ski

IVGID Public Works . 1220 Sweetwater . Incline Village NV 89451 . OFFICE HOURS: M-F 8 AM to 4:30 PM
24 HR P: (775) 832-1203 . F: (775) 832-1260 . EMAIL: PW@IVGID.ORG . WWW.IVGIDPUBLICWORKS.ORG

DRINK TAHOE TAP®

WATER CHARGES
Water Base \$59.86
Water Capital Improvement \$78.88
Water Admin Fee \$3.76
Water Use \$79.08

SEWER CHARGES
Sewer Base \$97.54
Sewer Capital Improvement \$163.63
Sewer Admin Fee \$3.76
Sewer Use \$163.43

DEFENSIBLE SPACE
Defensible Space Fee \$1.05

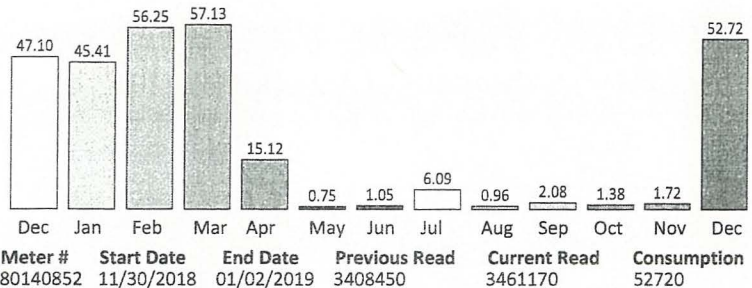
MISCELLANEOUS CHARGES
Backflow Fees \$180.00

ACCOUNT SUMMARY
Previous Balance \$416.39
Payments (\$416.39)
Total Current Charges \$830.99

Total Amount Due \$830.99

Payment Due Upon Presentation

Consumption in Thousands of Gallons



The IVGID Public Works office will be closed Jan 21 and Feb 18. In case of water or sewer emergency please call (775) 832-1203, 24 hours a day 7 days a week.

Service Address	Account Number	Billing Start Date	Billing End Date
1210 Ski Way	01328600-01	01/19/2019	02/18/2019

Rate Table

Water Base x CAF x Users*	\$11.23
Water Capital Imprv x CAF x Users*	\$14.80
Water Admin - per account	\$3.76
Water Use	\$1.50/1000 gal
Excess Water Tier 1 > 20K x CAF x Users*	\$0.93/1000 gal
Excess Water Tier 2 > 60K X CAF x Users*	\$1.30/1000 gal
Sewer Base x CAF x Users*	\$18.30
Sewer Capital Imprv x CAF x Users*	\$30.70
Sewer Admin - per account	\$3.76
Sewer Use	\$3.10/1000 gal
Defensible Space Fee x Users*	\$1.05

*Note: Single Family Residential CAF=1 Users=1

Online Account Access is available on our website! Use it to view your current balance, update your mailing address and contact information, view statements and meter reads, or make payments.

Never forget a payment again! It is FREE to sign up for auto payment of your bill from a checking account. Visit our website or contact our office for more information.

Visit our website for detailed information on rate studies, charge descriptions & how to read your bill.

Delinquent charges shall be subject to a 10 % penalty. Charges become delinquent the day after their due date. Late fees are charged if payment is not received by the last day of the month it was due.

Email addresses which have been provided on accounts will be used to send out courtesy notifications from Public Works. If you wish to add/remove your email please contact our office.

PLEASE KEEP THIS PORTION FOR YOUR RECORDS

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT



IVGID Public Works
1220 Sweetwater Rd
Incline Village NV 89451-9214

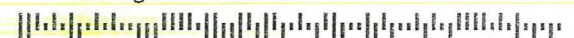
Service Address 1210 Ski Way
Account Number 01328600-01
Due Date 02/15/2019
Amount Due \$830.99

Amount Enclosed

Please, No staples or paperclips

Remit to:

IVGID Public Works
1220 Sweetwater Rd
Incline Village NV 89451-9214



Ivgid Ski
Lodge
Incline Village, Nv 89451

01328600010000830999

Bill ID# 0238 00003562
Last: Ivgid Ski

IVGID Public Works . 1220 Sweetwater . Incline Village NV 89451 . OFFICE HOURS: M-F 8 AM to 4:30 PM
24 HR P: (775) 832-1203 . F: (775) 832-1260 . EMAIL: PW@IVGID.ORG . WWW.IVGIDPUBLICWORKS.ORG

DRINK TAHOE TAP®

WATER CHARGES

Water Base \$860.78
Water Capital Improvement \$1,134.42
Water Admin Fee \$3.76
Water Use \$46,401.30

DEFENSIBLE SPACE

Defensible Space Fee \$1.05

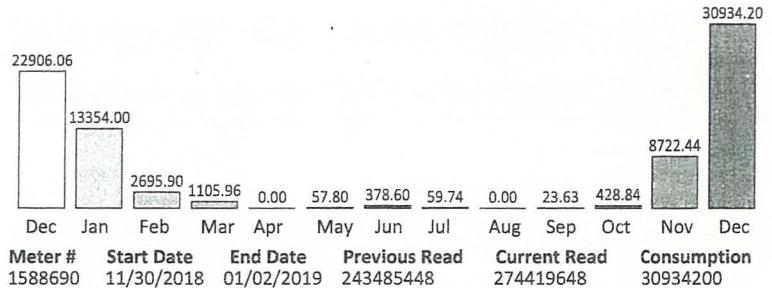
ACCOUNT SUMMARY

Previous Balance \$15,083.67
Payments (\$15,083.67)
Total Current Charges \$48,401.31

Total Amount Due \$48,401.31

Payment Due Upon Presentation

Consumption in Thousands of Gallons



Meter #	Start Date	End Date	Previous Read	Current Read	Consumption
1588690	11/30/2018	01/02/2019	243485448	274419648	30934200

The IVGID Public Works office will be closed Jan 21 and Feb 18. In case of water or sewer emergency please call (775) 832-1203, 24 hours a day 7 days a week.

Service Address	Account Number	Billing Start Date	Billing End Date
1210 Ski Way (PSRI)	01328900-01	01/19/2019	02/18/2019

Rate Table

Water Base x CAF x Users*	\$11.23
Water Capital Imprv x CAF x Users*	\$14.80
Water Admin - per account	\$3.76
Water Use	\$1.50/1000 gal
Excess Water Tier 1 > 20K x CAF x Users*	\$0.93/1000 gal
Excess Water Tier 2 > 60K X CAF x Users*	\$1.30/1000 gal
Sewer Base x CAF x Users*	\$18.30
Sewer Capital Imprv x CAF x Users*	\$30.70
Sewer Admin - per account	\$3.76
Sewer Use	\$3.10/1000 gal
Defensible Space Fee x Users*	\$1.05

*Note: Single Family Residential CAF=1 Users=1

Online Account Access is available on our website! Use it to view your current balance, update your mailing address and contact information, view statements and meter reads, or make payments.

Never forget a payment again! It is FREE to sign up for auto payment of your bill from a checking account. Visit our website or contact our office for more information.

Visit our website for detailed information on rate studies, charge descriptions & how to read your bill.

Delinquent charges shall be subject to a 10 % penalty. Charges become delinquent the day after their due date. Late fees are charged if payment is not received by the last day of the month it was due.

Email addresses which have been provided on accounts will be used to send out courtesy notifications from Public Works. If you wish to add/remove your email please contact our office.

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IVGID Public Works
1220 Sweetwater Rd
Incline Village NV 89451-9214

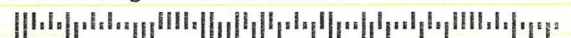
Service Address 1210 Ski Way (PSRI)
Account Number 01328900-01
Due Date 02/15/2019
Amount Due \$48,401.31

Amount Enclosed

Please, No staples or paperclips

Remit to:

IVGID Public Works
1220 Sweetwater Rd
Incline Village NV 89451-9214



Ivgid Ski
Snowmaking
Incline Village, Nv 89451

01328900010048401313

WRITTEN STATEMENT TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS NOVEMBER 10, 2021 REGULAR IVGID BOARD MEETING – AGENDA ITEMS E & J(5) – PROPOSED ADOPTION OF RESOLUTION NO. 1890 AUTHORIZING AN INSTALLMENT PURCHASE OF 80 CHAMP GOLF COURSE CLUB CAR CARTS

Introduction: Here staff propose entering into an “installment purchase” agreement, pursuant to NRS 350.087¹, for 80 Champ Golf Club Car carts. Staff’s recommendations for its “preferred financing option”² is:

1. Entrance into a 54-month lease with the option to purchase all 80 carts at their then “fair market value” 4½ years from now³, with monthly payments of \$7,027.20 (for a total of \$379,468.80) commencing in May of 2022⁴ plus the trade-in of our existing cart fleet⁵ at an agreed upon trade-in allowance of \$2,050/cart⁶ (for a total of \$164,000) – total cost \$543,468.80 (\$6,793.36/cart); or,

2. “Outright purchase rather than any of the lease-purchase options presented” at an “up-front payment” of \$533,360 plus trade-in of our existing cart fleet at an agreed upon trade-in allowance of \$2,050/cart – total cost \$697,380⁷ (\$8,717.25/cart).

In order to enter into such an agreement:

1. ⅔ of the Board⁸ must vote in favor⁹;

2. The Board must find that “the public interest *requires* the medium-term obligation or installment-purchase agreement;”¹⁰

¹ Go to <https://www.leg.state.nv.us/nrs/nrs-350.html#NRS350Sec087>.

² See page 150 of the packet of materials prepared by staff in anticipation of this November 10, 2021 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/1110_-_Regular_-_Searchable.pdf (“the 11/10/2021 Board packet”)].

³ Which we know is going to be at least \$3,000/cart because this is the proposed balloon payment per car included on page 160 of the 11/10/2021 Board packet.

⁴ Although Club Car’s proposal evidences a delivery date of July 2022 (see page 159 of the 11/10/2021 Board packet).

⁵ Club Car’s proposal requires us to trade-in our existing cart fleet (see page 159 of the 11/10/2021 Board packet).

⁶ See page 163 of the 11/10/2021 Board packet.

⁷ See the top right corner of page 165 of the 11/10/2021 Board packet – “Purchase Price Proposal.”

⁸ In other words, a minimum of four (4) board members.

⁹ See NRS 350.087(1).

3. The Board must include “a statement of the facts upon which the finding required pursuant to paragraph (a) is based;”¹¹

4. “The Board must include a statement that identifies...each source of revenue...that is anticipated to be used to repay the medium-term obligation or installment-purchase agreement;”¹²

5. “The Board must include...the dollar amount that is anticipated to be available to repay the medium-term obligation or installment-purchase agreement from each such source;”¹³ and,

6. “The governing body shall publish notice of its intention to act thereon in a newspaper of general circulation for at least one publication. No vote may be taken upon the resolution until 10 days after the publication of the notice.”¹⁴

Because of the misstatements and omissions identified below I oppose this proposal. And that’s the purpose of this written statement.

The Proposed Lease Agreement is Not “in the Amount of \$379,469 Which Will be Repaid Through 54...Monthly Payments of \$7,027.20” as Staff Represent¹⁵: On October 12, 2021 I sent the District’s Director of Finance, Paul Navazio, an e-mail which asked the answers to two questions insofar as the proposed Champ Golf cart installment purchase were concerned. The first question was whether “Car Club require(s) us to trade in our existing cart fleet in order to get a lease price of \$386,352 over 5 years? Or need we trade in nothing and then presumably we can sell our existing fleet for \$164,000 or more which can be used to reduce the lease price to \$222,352 or less?

On October 13, 2021 Mr. Navazio responded as follows: “YES – the quoted prices include a credit for the trade-in value of the existing golf carts...Pricing assumes trade-in of existing carts.”

In other words as I represent, the cost of the proposed lease agreement is \$543,468.80 which will be repaid through a down payment trade-in of our existing Champ Golf cart fleet (valued at \$164,000) and 54 monthly payments of \$7,027.20 which equals \$6,793.36/cart.

¹⁰ See NRS 350.087(2)(a).

¹¹ See NRS 350.087(2)(b).

¹² See NRS 350.087(2)(c)(1).

¹³ See NRS 350.087(2)(c)(2).

¹⁴ See NRS 350.087(3). The District published notice of its “intention to authorize (entry) into a medium-term installment purchase agreement” in the Tahoe Daily Tribune Newspaper (see page 6 of the “Lake Tahoe Action” insert portion at <https://edition.pagesuite-professional.co.uk/html5/reader/production/default.aspx?pubname=&edid=298eeab6-bf78-4c76-9be4-12587f3bc8b8>) on October 29, 2021.

¹⁵ See page 147 of the 11/10/2021 Board packet.

This Means Staff Has *Not* Accurately Described the Installment Purchase Agreement it Proposes the Board Enter Into: Again, the agenda for this general business item was labeled as possible entrance into “a Medium-Term Installment Purchase Agreement.” Proposed Resolution No. 1890¹⁶ labels the resolution as “authorizing a medium-term obligation installment purchase agreement.” It describes the agreement as “an Installment Purchase Agreement with a principal amount not to exceed \$379,469, at an annual interest rate not to exceed 4% as of the time of closing the equipment’s lease, and to be repaid over fifty-four months.” But this description does *not* accurately describe the proposed agreement¹⁷. As demonstrated above, the proposed installment purchase agreement is \$543,468.80 which will be repaid through a down payment trade-in of our existing Champ Golf cart fleet (valued at \$164,000) and 54 monthly payments of \$7,027.20¹⁸.

Moreover, Resolution No. 1890 Does *Not* Describe “Each Source of Revenue the (District) Anticipates Being Used to Repay the Installment Purchase Agreement:” as NRS 350.087(2)(c)(1) mandates¹⁹. As aforesaid, although \$164,000 comes from a trade-in allowance for the District’s existing Champ Golf cart fleet, Resolution No. 1890 does *not* identify this source.

The Proposed Lease Agreement Includes a “Fair Market Value” Option to Purchase²⁰ Contrary to Staff’s Representation²¹: In other words as I represent, the proposal before the Board includes an option to purchase the subject carts at the end of the lease.

¹⁶ See page 153 of the 11/10/2021 Board packet.

¹⁷ NRS 350.0055 defines “installment purchase agreement” as “an agreement for the purchase of real or personal property by installment or lease.”

¹⁸ It is for this reason that on November 8, 2021 I e-mailed the Board asking members either remove this item from the agenda and return it when the proposed installment purchase agreement is accurately described, or simply, to vote no. My e-mail to the Board is attached as Exhibit “A” to this written statement.

¹⁹ NRS 350.087(2)(c)(1) instructs that “the resolution must contain...a statement that identifies...*each source of revenue* of the local government that is anticipated to be used to repay the medium-term obligation or installment-purchase agreement.”

²⁰ “This option would provide for an option for the District to purchase the golf carts at the end of the lease term at the ‘fair market value’ to be determined at that time.”²

²¹ As aforesaid, on October 12, 2021 I sent Mr. Navazio an e-mail which asked the answers to two questions insofar as the proposed Champ Golf cart installment purchase were concerned. The second question was “if we pay the \$386,352 represented and decide to exercise the option to purchase the carts at the end of 5 years, what is the option price?” On October 13, 2021 Mr. Navazio responded as follows: “The 60-month lease terms yielding the \$386,352 cost over the term is a straight (Fair Market Value) lease and *does not include a purchase option.*” Not only was this response false, but it means the transaction Mr. Navazio was describing was not an installment purchase agreement given NRS

Moreover, the Cost is a Whole Lot More Than the True \$543,468.80 – There’s the Cost of a “Minimum Insurance Amount (of) \$524,896.”²² Under the “Additional Terms and Conditions” provisions of the proposed lease provided by staff²³, “Lessee acknowledges and agrees that in addition to the terms and conditions contained on this page, the terms and conditions as set forth at www.seemyterms.com: 433L28K (‘Additional Terms and Conditions’)...(ii) are incorporated herein by reference as if fully set forth herein.” If one goes to www.seemyterms.com and logs in document no. 433L28K, one will pull up “LEASE AGREEMENT ADDITIONAL TERMS AND CONDITIONS (Golf & Turf).” ¶9 addresses Insurance and states “Lessee shall purchase and maintain, *at Lessee’s expense*, standard all-risk type property damage insurance for the full replacement value of the Equipment, and in no event less than the Minimum Equipment Insurance Amount Required, with a maximum deductible equal to the greater of \$500.00 or five percent (5.0%) of the adjusted loss in a form and from an insurer satisfactory to Lessor and shall keep such insurance in effect until all Payments have been made. Lessee further agrees, at its expense, to insure in an amount of at least one million dollars (five million dollars for motor vehicles) Lessee and Lessor, as an additional insured, against the risk of personal injury and physical damage arising out of or resulting from or because of the operation of the Equipment. Evidence of all such insurance shall be provided to Lessor²⁴.”

I don’t know how much this insurance is going to cost during the term of this lease, however, ***whatever the cost it must be added onto the real \$524,896 cost.***

And the Cost is a Whole Lot More Than the True \$543,468.80 – There’s the Cost at the End of the Lease Term to Ship 80 Carts “to a Location Designated by Lessor *at Lessee’s Expense*.”²⁵ I don’t know how much this shipping is going to cost²⁶, however, ***whatever the cost it must be added onto the real \$524,896 cost.***

And the Cost is a Whole Lot More Than the True \$543,468.80 – There’s the Cost to Restore the Carts to “Fleet Running Condition With Operating Chargers.”⁶ According to staff there are fifty-four

350.0055(2) instructs that “the term ‘installment-purchase agreement’ does *not* include an obligation to pay rent pursuant to a lease *which contains no option or right to purchase.*”

²² See the top of page 155 of the 11/10/2021 Board packet.

²³ See page 154 of the 11/10/2021 Board packet.

²⁴ Page 157 of the 11/10/2021 Board packet includes a “Customer Agreement to Provide Physical Damage Insurance” for the District to fill out and execute.

²⁵ ¶10 of the LEASE AGREEMENT ADDITIONAL TERMS AND CONDITIONS mandates “that Lessee... return the Equipment to a location designated by Lessor *at Lessee’s expense*...before the end of the (lease) Term.”

²⁶ Do we forget that it cost the District in excess of \$5,000 just to ship its old Diamond Peak uniforms to the National Ski Areas Association’s (“NSAA’s”) designated donee of choice?

(54) existing carts which have not had their nearly five (5) year old batteries replaced²⁷. Given those batteries have a life of but five (5) years, I can guarantee you that in May of 2022 when our existing fleet of carts is traded-in, some are *not* going to be in “fleet running condition.” I don’t know how much it is going to cost to turn all carts into “fleet running condition,” however, ***whatever the cost (including new battery cost) it must be added onto the real \$524,896 cost.***

And the Cost is a Whole Lot More Than the True \$543,468.80 – There’s the Option Cost of at Least \$240,000 to Purchase the Carts When the Lease Term Ends: Yes I understand the proposal is for a “fair market value” option price. However if that price can be locked in today at \$3,000/cart³, does anyone really believe that price will be lower fifty-four (54) months from now?

Where is the Evidence “the Public Interest Requires the (Subject)...Installment-Purchase Agreement?” As demonstrated above, NRS 350.087(2)(a) mandates that In order to enter into the subject installment-purchase agreement the Board must find entrance is *required*. So where is the evidence entrance into the subject agreement is *required*? The closest answer to this question appears in proposed Resolution No. 1890¹⁶ as follows: “this form of acquiring the use of this equipment is considered (to be) the best net outflow of resources to the operations of the Community Services Enterprise Fund.” Really?

According to Schedule B-12 at page 11 of the 2021-22 Budget²⁸, the beginning fund balance in the District’s Community Services Enterprise Fund is estimated to total \$15,280,913! If we have over \$15 million of unrestricted cash on deposit in the District’s Community Services Fund, then *why are we required to purchase the subject carts on installment purchase basis?*

Let’s answer this question a bit differently. According to the latest 2020 Comprehensive Annual Financial Report²⁹ (“the 2020 CAFR”), last year \$136,143 of interest (i.e., “investment income”) was earned on the fund balance in the District’s Community Services Fund³⁰. Given the ending fund balance was \$15,280,913 the interest rate on the investment income realized was less than 1% per annum (actually, .0899%). And according to Resolution No. 1890¹⁶ the interest rate to be assessed on the proposed lease is “at an annual interest rate not to exceed 4%.” *Please explain to me how “the best net outflow of resources to the operations of the Community Services Enterprise Fund” is realized when we have \$15,280,913 on deposit, the District is realizing less than 1% on this cash on deposit, and yet it must pay as much as 4% on an installment purchase versus simply paying with cash? Why don’t we just pay cash?*

²⁷ See page 386 of the packet of materials prepared by staff in anticipation of the Board’s October 13, 2021 meeting [“the 10/13/2021 Board packet” (https://www.yourtahoeplace.com/uploads/pdf-ivgid/1013_-_Regular_-_Searchable_-_Part_3_-_updated.pdf)].

²⁸ Go to https://www.yourtahoeplace.com/uploads/pdf-ivgid/Final_Budget_State_Form_4404LGF_06.09.21.pdf.

²⁹ Go to [https://www.yourtahoeplace.com/uploads/pdf-ivgid/2020_CAFR_Final_-_02_13_2021_\(002\).pdf](https://www.yourtahoeplace.com/uploads/pdf-ivgid/2020_CAFR_Final_-_02_13_2021_(002).pdf).

³⁰ See page 26 of the 2020 CAFR.

Moreover, Given Lithium Batteries Have So Much Longer a Life And Cost So Much More Than Our Current Lead Acid Batteries, Why Would We Go Out of Our Way to Lease Lithium Powered Carts For a Shorter Lease Term? According to <http://www.golfcarts.org>, “lead-acid batteries are significantly cheaper than lithium batteries and (the comparison) really isn’t even close. You can expect to pay almost double for lithium...lead-acid batteries (which) have the capacity (the maximum amount of energy that can be extracted from the battery) of around 300 charge cycles with a depth of discharge of 50%. This means that by the time the battery reaches 300 charge cycles, the battery’s capacity will reduce by as much as 50%. Lithium batteries have a much higher life cycle. A standard lithium battery has between 2,000 to 5,000 charge cycles with a depth of 80%. Compare that to 500 to 1,000 charges for a lead-acid battery.”³¹ So why pay *more* for lithium battery powered carts which have a longer life span and then go out of your way to select a shorter lease term? *It makes no sense!*

Conclusion: According to staff the number one maintenance and repair expense is new batteries, and we’ve already replaced the batteries on 26 existing carts²⁷. That means they’re good to go for at least the next four (4) years. It also means that if we replace the batteries in our remaining fifty-four (54) existing carts, they too should be good to go for at least the next four (4) years. We can purchase the very same Trojan batteries, in quantity, from Sierra Golf Carts & Auto³² at less than \$158.62/each³³. Since each cart requires six (6) batteries, that’s a total of \$951.72/cart. Since I have demonstrated that we can’t trust our Internal Services staff to install these batteries in an expeditious and least expensive amount of time, and Sierra Golf Carts charges *less* (\$80/hour) in labor than our in-house Internal Services Department charges, and Sierra Golf Carts has represented six (6) batteries can be installed in less than one (1) hour, we’re talking about a cost of \$1,031.72 or less per cart. Times fifty-four (54) carts, that totals \$55,712.88 for a fleet of carts with new batteries. *So why wouldn’t we want to go this route versus giving up our existing cart fleet so Club Car can do the same thing, and paying DLL Finance, LLC \$7,027.20/month for the next fifty-four (54) months?*

Moreover, as I pointed out in my written statement on this subject I asked be included in the minutes of the Board’s November 3, 2021 meeting, there’s no need to use Trojan Batteries. After all, they’re not manufactured by Club Car. Trojan is nothing more than a third party battery manufacturer. As is Duracell. So how about using Duracell Batteries instead? SLIGC8V Duracell Ultra BCI Group GC8 8V 165AH Deep Cycle Golf Cart and Scrubber Batteries (“ideal for 8-volt deep-cycle applications” – 165Ah vs. 170Ah w/Trojan) are available from a number of retailers, including Batteries + Bulbs, for \$147.99/each less 10% (\$14.80) for online orders = net \$133.19/each³⁴. And with free local pick-up in Reno no less. Thus for six (6) batteries/cart, that’s a total of \$799.14 or \$152.58 *less*/cart than Trojan Batteries. And with installation, that’s \$3,919.32 less than the \$55,712.88 suggested above!

³¹ Go to <https://golfcarts.org/lead-acid-versus-lithium-ion-batteries-for-electric-carts/>.

³² Go to <https://www.sierragolfcart.com/>.

³³ Frank Wright has received a text estimate at this cost. A copy of that text is attached as Exhibit “B” to this written statement.

³⁴ Go to <https://www.batteriesplus.com/productdetails/sligc8v>.

Regardless, in either replacement battery purchase event, *it makes no sense* to make the subject proposed installment purchase!

And to those asking why their Recreation (“RFF”) and Beach (“BFF”) Facility Fee(s) are as high as they are, now you have another example.

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

Because Your Staff Have Not Accurately Described the Installment Purchase Agreement it Proposes the Board Enter Into With Club Car, I Ask Agenda Item J(5) Be Removed From Wednesday's Board Meeting

From: <s4s@ix.netcom.com>
To: "Callicrate, Tim" <tim_callicrate2@ivgid.org>
Cc: "Dent, Matthew" <dent_trustee@ivgid.org>, "Wong, Kendra Trustee" <wong_trustee@ivgid.org>, "Schmitz, Sara" <schmitz_trustee@ivgid.org>, "Tonking, Michaela" <tonking_trustee@ivgid.org>
Subject: Because Your Staff Have Not Accurately Described the Installment Purchase Agreement it Proposes the Board Enter Into With Club Car, I Ask Agenda Item J(5) Be Removed From Wednesday's Board Meeting
Date: Nov 8, 2021 10:39 AM

Dear Chairperson Callicrate and Other Honorable Members of the IVGID Board -

I keep telling you. It's essentially everything your vaunted staff do.

Agenda J(5) to Wednesday's Board meeting seeks authorization to enter into an installment purchase agreement with Club Car (no the agreement is not with DLL Finance it's with Club Car) for 80 carts, The agreement, according to proposed Resolution No. 1890 is one "with a principal amount not to exceed \$379,489, at an annual interest rate not to exceed 4% as of the time of closing the equipment's lease, and to be repaid over fifty-four months."

However this is NOT the proposed agreement and because your staff feel they need to deceive the public, they have failed to accurately describe that agreement. And each of you knows this. For this reason I ask the Board either remove this agenda item from Wednesday's meeting, and it come back at a future meeting with an accurate description. Or simply refuse to enter into proposed Resolution No. 1890. It only takes two of you to defeat the proposed resolution.

For the record, an accurate description of the proposed agreement would be a principal payment of \$543,468.80 which will be repaid through a down payment trade-in of our existing Champ Golf cart fleet (valued at \$164,000), and 54 monthly payments of \$7,027.20.

Furthermore, because staff have hidden the true principal payment amount required by this agreement, the description now becomes an Open Meeting Law ("OML") violation inasmuch as the matter has not been "clearly and completely" described.

Thank you for your cooperation. Aaron Katz

EXHIBIT "B"

T-875 Trojan batteries are \$158.62 per battery with exchange cores. If no cores are available the core charge is \$28 per battery. That's what we are charged from our supplier. Thanks for letting us have an opportunity to work with you. Cindy Brent - Sierra Golf Cart. Large numbers of batteries ordered may receive a discount

The sender is not in your contact list.

Report Junk

WRITTEN STATEMENT REQUESTED TO BE INCLUDED IN THE WRITTEN MINUTES OF THIS NOVEMBER 10, 2021 REGULAR IVGID BOARD MEETING – AGENDA ITEM H(4) – STAFF’S DISCUSSION OF PHASE II OF THE EFFLUENT EXPORT PIPELINE PROJECT DISCLOSES THE PUBLIC’S PRICE TAG IS LIKELY TO BE SUBSTANTIALLY MORE THAN \$50 MILLION!

Introduction: For some twelve (12) 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 poster children of “the IVGID culture.”¹ And now we have another example...again. Staff’s handling of the Phase II of the Effluent Export Pipeline project (“the project”) which in my opinion has been utterly abysmal. Staff’s admissions in the latest Board packet² provide evidence of what I am talking about. 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, “as part of a regional effort to eliminate all wastewater effluent discharges in the Lake Tahoe basin,”³ an “effluent export (pipe)line (was constructed which) transport(ed) treated wastewater...through a twenty-mile...pipeline...from IVGID’s...wastewater treatment plant to (a) disposal point at the wetlands southeast of Carson City⁴.

Phase II of IVGID’s Effluent Export Pipeline Project: As a result of the investigation of an August 2009 break in Segment 3 of the pipeline⁵, the project was approved by the Board as a capital improvement project (“CIP”). The project called for “*replacement* of the remaining [approximately 6 miles (aka 30,000 linear feet of) pipeline...within the Tahoe Basin”⁵ (i.e., that portion leading from Sand Harbor to Spooner Summit).

The May 23, 2012 \$23,053,763 Estimate to Complete the Project: On May 23, 2012 staff received a \$23,053,763 estimate from HDR Engineering, Inc. (“HDR”) for the “preliminary design

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.

² See pages 38-39 of the packet of materials prepared by staff in anticipation of this November 10, 2021 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/1110_-_Regular_-_Searchable.pdf (“the 11/10/2021 Board packet”)].

³ Go to <https://www.yourtahoeplace.com/public-works/sewer/about-our-sewer-system>.

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 packet of materials prepared by staff in anticipation of the Board’s November 13, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_11-13-2019updated.pdf (“the 11/13/2019 Board packet”)].

⁵ See page 266 of the 11/13/2019 Board packet.

(and)...estimate of probable construction costs” for the project⁶. That estimate was calculated upon the assumption of a “2021 construction start with (an) assumed 4% (annual cost) escalation.” In other words, today’s costs.

The January 29, 2020 \$38,774,338 Estimate to Complete the Project: Based upon information included in the packet of materials prepared by staff in anticipation of the Board’s January 29, 2020 meeting⁷, staff’s estimate of probable construction costs for the project mushroomed to at least \$38,774,338⁸. In other words, the estimate of probable construction costs for the project had increased by a whopping \$15,721,038.

Now the Current \$45,564,998 Estimate to Complete the Project: That’s right! The same HDR which created the original cost estimate has modified the same at Exhibit “A” to this written statement. According to staff this “cost estimate (i)s based upon constructing a parallel pipeline in new trench excavation, traffic control limitations and restrictions from Nevada Department of Transportation (NDOT) provided in 2011/2012. The excavation, backfill and paving amounts were re-calculated to reflect Granite’s assumptions of trench width resulting in increases in these quantities. The pricing was then updated to reflect current labor, equipment and material values.”⁹ *And we’re not done yet!*

Notice That the Notion of Re-Locating the Phase II Portion of IVGID’s Effluent Export Pipeline Project Under the Tahoe Transportation District’s (“TTD’s”) Proposed Pathway Extension Together With \$7 Million of Alleged Savings is DEAD: 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 (relocated)¹⁰...District Staff estimate(d)...the District could (possibly) save upwards of \$7 (million) via co-location¹¹ and cost sharing with TTD.”

⁶ The estimate is attached as Exhibit “M,” at pages 292-293 of the 11/13/2019 Board packet.

⁷ See page 202 of the packet of materials prepared by staff in anticipation of the Board’s January 29, 2020 meeting [“the 1/29/2020 Board packet (https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_1-29-2020.pdf)].

⁸ See page 207 of the 1/29/2020 Board packet.

⁹ See page 38 of the 11/10/2021 Board packet.

¹⁰ 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 11 below).

¹¹ 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 [this estimate is attached as 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 that

So What Has Happened to the \$23 Million in Restricted Reserves We Have Been Collecting and Purportedly Saving to Fund the Project? At former Public Works Director Joseph Pomroy's 2013 utility rate study, he submitted a memorandum wherein he represented that there were two Utility Fund reserves; an "uncommitted reserve fund" he expected to fund to \$2.5 million over the next five (5) years, and an "accumulated savings (fund) for the (effluent) Export (pipeline) project" (aka a "reserve balance"). Mr. Pomroy went on to represent that with the 2012-13 budget, rate payers' would be making \$2 million in annual contributions towards the subject project¹². And to demonstrate these representations were *not* a mistake, Mr. Pomroy repeated them during his February 12, 2014 utility rate study¹³.

At the Board's March 11, 2020 meeting, staff revealed that instead of \$16 million plus accrued interest on the \$2 million annual contributions towards the subject project, only \$9,656,890 remained¹⁴. *So what happened to the missing \$6.5 million or more? Why the need to adopt a Board resolution which expressly restricted these accumulated funds for the subject project? And how much exists as of June 30, 2021? Let's answer the last question first.* "On August 12, 2020, the Board designated an additional \$1,912,767 (to the \$9,656,890 restricted on March 11, 2020) as 'restricted' for this purpose. As of June 30, 2021, an additional \$1,889,210 in unexpended FY2020/21 appropriations are designated for this project. When combined with an additional \$754,568 in accrued interest earnings, the total funding intended to be 'restricted' by the Board of Trustees for the Effluent Export Pipeline Project (as of June 30, 2021) amounts to \$14,213,435."¹⁵

The First Sewer Effluent Export Pipeline Break: Now let's answer the remaining two (2) questions (*what happened to the missing \$6.5 million or more, and why the need to adopt a Board*

exhibit which presumes inclusion of a full six (6) miles or "30,270 (linear feet of replacement) 16-inch DIP pipe."

¹² These representations appear on pages 244 of the packet of materials prepared by staff in anticipation of the Board's February 27, 2013 meeting. This page with asterisks next to the quoted representations are attached as Exhibit "A" (at page 169) of the packet of materials prepared by staff in anticipation of the Board's April 14, 2020 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular-4-14-20.pdf ("the 4/14/2020 Board packet")].

¹³ See page 15 of the packet of materials prepared by staff in anticipation of the Board's February 12, 2014 meeting. This page with asterisks next to the quoted representations are attached as Exhibit "B" (at page 171) of the 4/14/2020 Board packet.

¹⁴ See pages 85-86 of the packet of materials prepared by staff in anticipation of the Board's March 11, 2020 meeting ["the 3/11/2020 Board packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/3-11-2020-BOT_Packet_Regular.pdf)].

¹⁵ See Note 15 at page 51 of the packet of materials prepared by staff in anticipation of the Audit Committee's November 17, 2021 meeting ["the 11/17/2021 Audit Committee packet" (https://www.yourtahoeplace.com/uploads/pdf-ivgid/1117_-_Audit_-_Packet.pdf)].

resolution which expressly restricted these accumulated funds for the subject project?). "In August 2009 a pipe break within the *unreplaced* portion of Segment 3 washed out SR-28. Investigation... 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"¹⁶ lives.

The Second Sewer Effluent Export Pipeline Break: "A second significant pipe break within the *unreplaced* portion of Segment 3 occurred on April 17, 2014...again caus(ing) significant damage to SR-28...(and) forc(ing) the shutdown of the southbound lane for two days."¹⁷ Although I am unable to determine the costs of these repairs, nor the environmental penalties assessed, if any, rest assured they were substantial and have offset an equivalent amount of IVGID staff's estimated \$7 million in alleged co-location savings (see discussion above).

Additional Repairs Necessitated to Address Piping Repairs to Remove (a) Bore Restriction in IVGID's Sewer Effluent Export Pipeline: Meanwhile "in early February 2015, the District exposed a pipeline dismantling joint outside the Spooner Pumping Station, drained the pipeline, and inserted a remotely operated track mounted camera into the pipe. The camera inspection revealed a reduction in the internal diameter of the pipe resulting from a short section...where there was excessive cement motor lining...(Thus) at the (IVGID Board's) February 25, 2015 meeting...(it) authorized a contract (at a cost of \$162,831)...to design and permit...necessary piping repairs to remove the bore restriction (and)...complete an additional round of confirmatory gauging test runs...(Although) the pipeline repair work was completed in August 2015,"¹⁸ I am unable to determine the cost of actual repair. Nevertheless, the cost of both repairs and testing offset an equivalent amount of IVGID staff's estimated \$7 million in alleged co-location savings (see discussion above).

Additional Repairs Necessitated to Prevent a Third Sewer Effluent Export Pipeline Break: In September of 2015 a condition assessment of "the entire length of...*unreplaced* portions of Segment 3 (was commissioned and)...13 locations were identified (which) require(d) immediate replacement (since they could)...not wait for final approach for pipeline replacement to be developed."¹⁹ Thus at the IVGID Board's August 22, 2017 meeting, it approved an interlocal agreement with the Nevada Department of Transportation ("NDOT") which allowed for "replace(ment of) 13 pipeline sections of

¹⁶ See the project summary for this project.

¹⁷ See page 11 of IVGID staff's January 11, 2019 Memorandum in support of its "Utility Rate Study Presentation – 2019."

¹⁸ See pages 4-5 of IVGID staff's July 13, 2018 Memorandum seeking Board authorization for \$1,322,600 in repairs to the effluent export pipeline.

¹⁹ See pages 5-7 of IVGID staff's August 11, 2017 Memorandum seeking Board authorization for \$1,322,600 in repairs to the effluent export pipeline.

80 to 100-linear feet (each for)...a total of 1,080 linear feet...over approximately 2.5 miles” at a cost of \$1,322,600²⁰.

Additional Repairs Necessitated For an Upper Wastewater Pond Liner: “IVGID currently owns, operates and maintains²¹ ...a wastewater collection, treatment, and effluent export system that serves the communities of Incline Village and Crystal Bay, NV...A critical component of this operation is the 2.4 million gallon primary...*earthen*²² ...effluent storage basin located adjacent to the wastewater resource recovery facility (aka Wastewater Treatment Plant). This storage basin was designed to provide...temporar(y)...automated back-up effluent storage...for brief durations²² ...in the event the Plant’s 500,000 gallon effluent storage tank fills to capacity...Lining the storage basin...allow(s) for effluent storage *during emergency situations* and planned effluent pipeline repair and replacement construction projects...(But) as a condition of IVGID’s current operating permit with the Nevada Department of Environmental Protection (“NDEP”), *the District is no longer allowed to use the primary effluent storage basin...because it is unlined*²³. This significantly hampers the District’s ability to conduct maintenance of the effluent pipeline system, and *puts IVGID at risk of a discharge of effluent to the waters of Lake Tahoe in the event of a significant emergency.*”²⁴

For these reasons, in 2017-18 staff unilaterally modified the “Project Summary” for phase II of the effluent pipeline project to include “lining of the upper (wastewater) pond (“the pond liner”)... located directly south of the Wastewater Treatment Plant.”²⁵ And on February 15, 2019 Mr. Pomroy, sent a “technical memorandum” to the United States Army Corps of Engineers (“USACE”) admitting

²⁰ See pages 4-5 of IVGID staff’s July 13, 2018 Memorandum seeking Board authorization for \$1,322,600 in repairs to the effluent export pipeline. Moreover, since these repairs were to a portion of piping included within phase II of the effluent export pipeline project, and no portion of that work can be salvaged once phase II is eventually prosecuted, this band aid patch has been a complete financial waste insofar as global replacement of the subject project is concerned.

²¹ See page 13 of the packet of materials prepared by staff in anticipation of the Board’s February 27, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_2-27-19.pdf (“the 2/27/2019 Board packet”)].

²² See page 13 of the 2/27/2019 Board packet.

²³ As a result of the April 17, 2014 effluent pipeline break damaging SR-28 (see discussion above), NDEP issued an order barring IVGID from using this storage pond until it is properly lined.

²⁴ See page 15 of the 2/27/2019 Board packet.

²⁵ See the asterisk placed on page 132 of the packet of materials prepared by staff in anticipation of the Board’s January 23, 2019 meeting [https://www.yourtahoeplace.com/uploads/pdf-ivgid/BOT_Packet_Regular_1-23-19.pdf (“the 1/23/2019 Board packet”)].

that “due to the regulatory limits associated with...use of the (pond liner)...there is *insufficient* operational storage,” and \$2,710,000 is required to install a pond liner²⁶.

Notwithstanding, at pages 183-184 of the packet of materials prepared by staff in anticipation of the Board’s December 12, 2018 meeting²⁷, former GM Pinkerton told the Board and the public that the aforesaid \$788,137 had been spent *actually installing the pond liner*, and that this expenditure had been properly charged to phase II to the effluent pipeline project. His rationale was as follows:

“The first thing to remember is no matter what words we have in the narrative, if it’s th(e)...effluent project (then)...there are a whole series of different things that are charged to (that)...project. People can argue left and right that (an assigned expense)...is not part of the effluent project. But...anything from the (treatment) plant to Douglas County that has to do with the delivery of that effluent, and related to any of the work we’re doing on phase II, is part of the effluent project.”²⁸

Putting aside the questions of whether this change to the scope of work associated with phase II of the effluent pipeline project was *ever approved by the Board*, and whether or not it is properly part of the subject project, it turns out *this liner was never installed*. When Mr. Pinkerton was confronted with this fact on December 12, 2018, he came up with another disingenuous explanation for the \$788.137 expenditure:

²⁶ See pages 15-17 of the 2/27/2019 Board packet.

²⁷ See https://www.yourtahoepace.com/uploads/pdf-ivgid/BOT_Packet_Regular_12-12-18.pdf (“the 12/12/2018 Board packet”).

²⁸ IVGID livestreams its Board meetings (<https://livestream.com/accounts/3411104>) and the quoted language can be viewed at 3:42:37-3:43:13 of the December 12, 2018 livestream [<https://livestream.com/IVGID/events/8489931/videos/184712346> (“the 12/12/2018 livestream”)].

“We had \$788,000 that we expended...related to all this planning we were doing for (phase II of the effluent pipeline)...project for current year expenditures that we always expected to do...And that’s where this \$705,000 estimate...ended up being \$788,000...We put the word(s) ‘pond liner’ in the ‘carry over’ reference because we wanted to reference back to the CIP...to remind (the Board) that...pond lining (wa)s part of the effluent project because when you’re shutting down your pipeline...you...have to have a place for all that effluent to go...So some of the work we were looking towards (doing) in the upcoming year was potentially for...pond lining. So it said ‘pond lining’ in the narrative in the May 22nd budget document...And I apologize if there was any confusion related to that. We put the word ‘pond lining’ in to remind you...how pond lining was going to be part of the project.”²⁹

Bottom line, this critical pond liner *has never been installed*. And as a result of the most recent (September 26, 2019) pipeline break (see discussion below), the District was *put at risk of a discharge of effluent into the waters of Lake Tahoe*! Moreover, the \$788,137 assigned to the pond liner’s installation has been expended as if it were legitimately on the subject project.

Second Set of Additional Repairs Necessitated to Prevent a Third Sewer Effluent Export Pipeline Break: On July 24, 2018 the Board awarded a \$480,000 “additional services (contract)...to remobilize in September (of 2018) and complete an additional round of confirmatory gauging test runs followed by (a) comprehensive SeeSnake RFT evaluation of (pipeline) Segments 2 and 3(, in part)...to confirm the success of...repair efforts conducted within Segment 3 (see discussion above)... Upon completion (an)...analysis of the collected RFT data (took place which)...provide(d) the District with a comprehensive condition assessment of the evaluated pipeline Segments...Upon receipt of the condition assessment report...District staff (was supposed to) evaluate the findings and develop next steps relative to overall scope of the Effluent Export Project – Phase II.”³⁰

I have been informed that a condition assessment report has in fact been delivered to the District, and it identifies at least 12 additional Segment 3 pipeline sections requiring immediate replacement. District staff intentionally delayed presentation of this report to the Board because the

²⁹ The District livestreams its Board meetings (go to <https://livestream.com/accounts/3411104>). The livestream of the Board’s December 12, 2018 meeting appears at <https://livestream.com/ivgid/events/8489931>. The quote language above appears at 3:46:54-3:48:11 of the 12/12/2018 livestream.

³⁰ See pages 5-6 of IVGID staff’s July 13, 2018 Memorandum seeking Board authorization for \$480,000 in additional testing to the effluent export pipeline. Moreover, the \$480,000 assigned to this testing has been expended as if it were legitimately on the subject project.

news was not good, and it called for at least \$1 million or more of additional pipeline repairs, all of which would be expended as if it were legitimately on the subject project.

The Third Sewer Effluent Export Pipeline Break: On September 26, 2019 there was an actual third sewer effluent export pipeline break which again caused significant damage to SR-28. Moreover, since the necessitated repairs were to a portion of piping included within phase II of the effluent export pipeline project, and no portion of this work can be salvaged once this project is eventually prosecuted and completed, this band aid patch has been a complete financial waste insofar as global replacement of the subject project is concerned.

The Fourth Sewer Effluent Export Pipeline Break: There were a series of additional sewer effluent export pipeline breaks in December of either 2019 or 2020; I can't recall which. And I can't readily find the details. However, there was a fourth break and project funds were expended on repairs.

I Hope the Reader Can See That Since 2010-11 IVGID Has Incurred Essentially \$6.5 Million of Expenditures Associated With Phase II of the Effluent Export Pipeline Project Which Could Have Been Avoided Had the Approximately 6 Remaining Miles in the Tahoe Basin Had Been Replaced: Recently IVGID staff shared with the public all expenditures allegedly assigned to the Phase II of the Effluent Export Pipeline CIP since 2010-11, and they total \$4,811,782³¹. Combined with repairs necessitated because of the September 26, 2019 and December 2020 breaks, it is abundantly clear that by failing to diligently prosecute Phase II *replacement*, and wastefully pursuing the pipedream of possible co-location, *there will be no cost savings whatsoever!*

Moreover, These \$6.55 Million of Expenditures Have Reduced the Amounts Supposedly Accumulated Expressly For the Sewer Effluent Export Pipeline Project, Phase II: According to staff, "the effluent export project has been the major driver in raising...sewer rates (since) the District currently does not have sufficient reserves to fund this project."³² Staff tell us that "large sewer CIP rate increases occurred in 2011, 2012, 2013 and 2014 to raise the necessary capital funds for this project." In point of fact, in addition to other CIP components of past sewer rates' capital improvement costs³³ ("CICs"), IVGID has assessed and is currently assessing sewer customers, \$14,774,338³¹

³¹ See page 49 of the 1/23/2019 Board packet.

³² See page 22 of the 1/23/2019 Board packet.

³³ IVGID budgets *more/year* for water/sewer CIPs than simply the yearly reserve to fund the Effluent Export Pipeline Project, Phase II. For instance, in 2018/19 staff budgeted \$4,913,000 in CIP revenue to fund a like amount of CIP expenses. This was broken down as follows: \$685,674 in shared CIPs; \$1,310,000 in water CIPs; \$2,680,000 in sewer CIPs [see pages 1-2 of the 2018/19 CIP Budget (https://www.yourtahoeplace.com/uploads/pdf-ivgid/FY_18-19_5-year_CIP_Book_-_FINAL_5.23.18.pdf)] and presumably another \$237,326 in grants given this number is "net of grants." This number was well in excess of the \$2,000,000 budgeted just for the Effluent Export Pipeline Project, Phase II.

since 2010/11 (\$2,000,000/year from 2012-2017 as well as 2018-19, and \$1,000,000 for 2017-18³⁴), supposedly as a CIP reserve expressly to fund this \$23,000,000 project³⁵. Yet according to staff, \$4,811,782 of these monies have been spent on this project³¹. As I have demonstrated, *they have not!* Rather, staff have raided nearly \$6.5 million of what is supposed to be the reserve for phase II of the effluent export pipeline project to fund *other* CIC and emergency repair projects. Moreover, staff have admitted they intend to continue to charge sewer users an additional \$2,000,000/year to fund the subject project, for at least the next four plus fiscal years³⁶.

And Now a Second Pond Lining Project: At the Board's July 13, 2021 meeting, it approved utilization of Mill Creek Pond #2 for effluent storage. Thus "currently, IVGID has two (2) storage basins and a 500,000-gallon effluent storage tank adjacent to the WRRF. Both basins are unlined and are not to be utilized in an emergency situation due to recent changes from the NDEP. The storage tank is considered undersized for anticipated emergency needs. Due to the lack of available effluent storage at the WRRF, the District is not able to conduct planned maintenance of the effluent export system, which puts the District at risk of a discharge of effluent to the waters of Lake Tahoe in the event of a significant emergency. IVGID's design consultant, Jacobs Engineering...has...determined that lining Mill Creek Pond #2 will provide ample storage for an emergency situation as well as provide a four day construction window for the Phase II Effluent Export Pipeline Replacement Project. This could lead to reduced construction costs to allow work to continue for a longer period without having to put the system online for pumping." Of course it could not, and now there's an additional CIP to fund as part of the subject project.

³⁴ See pages 17 of the 1/23/2019 Board packet, as well as page 32 of the 1/24/2018 Board packet.

³⁵ Like possible relocation within the TTD's proposed shared use path (see discussion above), this \$23 million estimate *is a pipedream*. First of all, this is a "preliminary design (and) cost...estimate of (only) *probable* construction costs" that was made by HDR Engineering on May 30, 2012 (a copy of that estimate is attached as Exhibit "B" to this written statement). As we all know, construction costs have increased markedly in the last nearly seven years. Second of all, this estimate does not include all of the costs associated with replacement of this segment of pipeline (for instance, design costs were not included inasmuch as this was only a "pre-design cost estimate"). When these additional costs are added to the estimate, we're going to be looking at a far different number. Third of all, this estimate does not include the typical 10% add-on (here \$3.2 million) for "construction contingencies" (see page 6 of the 1/23/2019 Board packet for an example of what I am talking about). Fourth of all, staff have repeatedly demonstrated they do not know how to estimate accurately. One need only refer to recent revised construction costs for the Mountain Golf Pro Shop and Tennis Center renovations for confirmation of what I am talking about. Finally, now that our former GM Pinkerton has revealed allocated staff costs are allegedly added to *all* CIP costs, this project's total cost *is guaranteed to be many millions of dollars more*. And the longer staff wait to commence construction, the higher the cost is going to rise.

³⁶ See page 44 of the 1/23/2019 Board packet.

Conclusion: The history I have outlined 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 2015. Moreover, so far staff have spent in excess of \$6.5 million accumulated from rate payers for the Phase II of the Effluent Export Pipeline project on *other endeavors* with who knows how much more will be required on band aid repairs? And what we were told was a \$23,053,763 project cost has now mushroomed to \$45,564,998 or more and it's still growing! In other words, assuming we were to commence construction in the spring of next year, we would be at least \$31,351,563 *short*! So ***where is the money going to come from?*** And what are we going to do when we get the ultimate price tag and it's substantially above \$50 Million?

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 and passed us, where exactly are we?

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!

EXHIBIT "A"

Computation

Project	IVGID Export Pipeline CMAR Project	Computed	K. Calderwood
Subject	Estimate of Probable Construction Cost - 16 inch Effluent Pipeline	Date	10/21/2021
Task	PreDesign Cost Estimate	Reviewed	
File Name	IVGID Export Pipeline CMAR Pre-Design Cost Estimate_102121 - with soft costs.xls	Date	

	QUANTITY	UNITS	UNIT PRICE	TOTAL COST
DIVISION 1 - GENERAL REQUIREMENTS				
Mobilization and Demobilization	1	LS	\$3,854,828	\$3,854,828
Insurance and Bonds	1	LS	\$176,818	\$176,818
SUBTOTAL				\$4,031,646
DIVISION 2 - SITE WORK				
Mitigation and Environmental Controls	1	LS	\$250,000	\$250,000
Asphalt Cutting	59,400	LF	\$4.97	\$295,218
Repeving - Trench Section	222,750	SF	\$10.68	\$2,378,970
Asphalt Overlay (1 inch open-graded) and Rotomill	475,200	SF	\$1.76	\$836,352
Asphalt Stripping	59,400	LF	\$1.00	\$59,400
Excavation (Soil)	31,185	CY	\$105.65	\$3,294,895
Excavation (Rocks)	3,465	CY	\$320.30	\$1,109,840
Hauling and Disposal (Soil and Rocks)	34,650	CY	\$76.90	\$2,664,585
Shoring	29,700	LF	\$12.65	\$375,705
Backfill and Compaction (Intermediate)	10,560	CY	\$152.88	\$1,614,413
Backfill and Compaction (Initial Backfill)	10,311	CY	\$148.95	\$1,535,834
Bedding Material	1,650	CY	\$351.40	\$579,810
Aggregate Base	4,950	CY	\$149.55	\$740,273
Grout Existing Effluent Pipeline	1,536	CY	\$293.59	\$450,922
Traffic Control	1	LS	\$1,921,919.31	\$1,921,919
Blow off Valves (Installation and Miscell.)	5	EACH	\$2,417.56	\$12,088
AVRV manholes	11	EACH	\$6,859.25	\$75,452
SUBTOTAL				\$18,195,475
DIVISION 3 - CONCRETE				
Concrete Pipe Cover	2,475	CY	\$231.51	\$572,987
SUBTOTAL				\$572,987
DIVISION 15 - MECHANICAL				
PIPES				
8 inch DI (Blowoff)	75	LF	\$196.94	\$14,771
2 inch HDPE pipe	176	LF	\$126.29	\$22,755
16-inch DIP Pipe	29,700	LF	\$190.71	\$5,664,087
FITTINGS				
DIP Fittings (Assume 3.5% of Pipe Cost)	1	LS	\$206,616.58	\$206,617
VALVES				
2 inch AVRV	11	EACH	\$4,058.24	\$44,641
2 inch Gate Valve	11	EACH	\$757.51	\$8,333
8 inch Gate Valve (Blowoff)	5	EACH	\$1,888.90	\$9,445
16 inch Butterfly Valves	2	EACH	\$9,173.81	\$18,348
Valve Boxes (Blowoff)	10	EACH	\$900.26	\$9,003
Valve Extension Rod and Casing (Blowoff)	5	EACH	\$2,478.55	\$12,393
Tie-in	2	EACH	\$10,743.05	\$21,486
Pipeline Pressure Testing	29,700	LF	\$4.42	\$131,274
SUBTOTAL				\$6,163,150
Subtotal 1 (Division Total)				\$28,963,258
Contractor Overhead and Profit (14% of Subtotal 1)				\$4,054,856
Subtotal 2				\$33,018,115
Construction Contingencies				\$6,603,623
Design				\$2,641,449
Administrative Costs				\$660,362
Construction Management				\$2,641,449
Subtotal 3				\$45,564,998
TOTAL ESTIMATED PROJECT COST				\$45,564,998

Computation				
Job No. 00115-156263				
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
Repaving - Trench Section	178,200	SF	\$5.26	\$937,996
Asphalt Overlay (1 inch open-graded) and Rotomill	356,400	SF	\$1.32	\$468,998
Asphalt Stripping	59,400	LF	\$0.99	\$58,625
Excavation (Soil)	21,945	CY	\$32.90	\$721,953
Excavation (Rocks)	1,155	CY	\$789.56	\$911,941
Hauling and Disposal (Soil and Rocks)	14,135	CY	\$23.69	\$334,813
Shoring	29,700	LF	\$10.53	\$312,665
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	\$263.19	\$434,257
SUBTOTAL				\$434,257
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 AVR V	11	EACH	\$2,631.86	\$28,950
2 inch Gate Valve	11	EACH	\$197.39	\$2,171
8 inch Gate Valve (Blowoff)	5	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	\$2.63	\$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