

NOTICE OF MEETING

The regular meeting of the Incline Village General Improvement District will be held starting at **6:00 p.m.** on **Wednesday, July 13, 2021** in the Chateau at 955 Fairway Boulevard, Incline Village, Nevada.

- A. PLEDGE OF ALLEGIANCE*
- B. ROLL CALL OF TRUSTEES*
- C. INITIAL PUBLIC COMMENTS* - *Unless otherwise determined, the time limit shall be three (3) minutes for each person wishing to make a public comment. Unless otherwise permitted by the Chair, no person shall be allowed to speak more than once on any single agenda item. Not to include comments on General Business items with scheduled public comment. The Board of Trustees may address matters brought up during public comment at the conclusion of the comment period but may not deliberate on any non-agendized item.*
- D. APPROVAL OF AGENDA *(for possible action)*
- The Board of Trustees may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.*
- OR-**
- The Board of Trustees may make a motion to accept and follow the agenda as submitted/posted.*
- E. DISTRICT GENERAL MANAGER UPDATE *(for possible action)* – **pages 4 - 15**
- F. REVIEW OF THE LONG RANGE CALENDAR *(for possible action)* – **page 16**
- G. REPORTS TO THE BOARD* - Reports are intended to inform the Board and/or the public.
1. Treasurer's Report – Checks issued by the District over \$10,000 (Requesting Trustee: Treasurer Michaela Tonking) – **page 17**
 2. Final report regarding the District's utilities management review and asset assessment submitted by Raftelis Financial Consultants, Inc. representative Seth Garrison and Rebekka Hosken (Requesting Staff Member: District General Manager Indra Winquest) – **pages 18 - 70**
 3. Review, discuss and provide guidance on Golf Cart Capital Improvement Project #3141LV1898 Championship Golf Carts for 2021/2022 (Requesting Staff Member: Director of Community Services/Golf Darren Howard) – **pages 71 - 73**
 4. Audit Committee Report presented by Audit Committee Chairman Ray Tulloch
- H. CONSENT CALENDAR *(for possible action)* (In cooperation with the Chair, the General Manager may schedule matters for consideration on a Consent Calendar. The Consent Calendar may not include changes to budget, user rates or taxes, adoption or amendment of ordinances, or any other action which is subject to a public hearing. Each consent item shall be separately listed on the agenda, under the heading of "Consent Calendar". A memorandum containing all relevant information will be included in the packet materials for each Consent Calendar item. The memorandum should include the justification as a consent item in the Background Section. Any member of the Board may request the removal of a particular item from the Consent Calendar and that the matter shall be removed and addressed in the General Business section of the meeting. A unanimous affirmative vote shall be recorded as a favorable motion and approval of each individual item included on the Consent Calendar.)
1. Review, discuss and possibly approve the Tahoe Truckee Area Agreement for Mutual Emergency Aid (Requesting Staff Member: Director of Public Works Brad Underwood) – **pages 74 - 88**

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

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2. Review, discuss and possibly award a professional services contract for the Lakeview ski lift gear reducer service and rebuild; 2021/2022 Capital Improvement Project: Fund: Community Services; Program: Ski; Project # 3462HE1702; Vendor: Artec Machine Systems, Inc. in the amount of \$72,617 (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin) – **pages 89 - 116**
 3. Review, discuss and possibly approve a Sole Source Finding, **and** review, discuss, and possibly authorize a Procurement Contract for a Replacement PistenBully Snow Grooming Vehicle – 2021/2022 Capital Improvement Project; Fund: Community Services; Division: Ski; Project # 3463HE1728; Vendor: Kassbohrer All Terrain Vehicles, Inc. in the amount of \$400,000 (Requesting Staff Member: General Manager Diamond Peak Ski Resort Mike Bandelin) – **pages 117 - 146**
 4. Review, discuss, and possibly approve the District's pay grade(s)/salary matrix, and hourly pay rates, in accordance with Nevada Revised Statutes 318.185 (Requesting Staff Members: Director of Human Resources Erin Feore, Director of Finance Paul Navazio, and District General Counsel Joshua Nelson) – **pages 147 - 158**
 5. Review, discuss, and possibly authorize a Professional Services Agreement for the Sewer Pump Station No.1 Improvements Project – 2599DI1703 – Fund: Utility; Division: Sewer; Vendor: Jacobs Engineering, Inc., in the amount of \$49,660 for the Sewage Pump Station No.1 Electrical Improvements Bid Documents Revisions and Bid Phase Services (Requesting Staff Member: Director of Public Works Brad Underwood) – **pages 159 - 171**
 6. Review, discuss, and possibly authorize Staff to execute SHI Quote #20696904 for the one-time purchase of a Microsoft Windows Server Data Center License in the amount of \$56,546.64 to be expensed in approved FY21/22 budget (Requesting Staff Member: Director of Information Technology Mike Gove) – **pages 172 - 174**
- I. GENERAL BUSINESS (*for possible action*)
1. Review, discuss, and provide direction on cost savings options for the Recreation Center Men's and Women's Locker Room Remodel Project: 4899FF1202 – Fund: Community Services; Division: Recreation (Requesting Staff Member: Director of Public Works Brad Underwood) – **pages 175 - 178**
 2. Review, discuss, and possibly authorize critical repairs **and** review, discuss, and possibly authorize the use of alternative storage ponds: Effluent Pipeline and Pond Lining Projects (Requesting Staff Member: Director of Public Works Brad Underwood) – **pages 179 - 185**
 3. A. Review, discuss and possibly approve the District's Form 4410LGF - Indebtedness Report, as of June 30, 2021, for filing with the Nevada Department of Taxation and the Washoe County Debt Commission **and**
 - B. Review, discuss and possibly approve the District's Form 4411LGF - Five-Year Capital Improvement Plan, to include the IVGID-prepared Five Year Capital Plan Summary for fiscal years 2021-22 through 2026-27 and FY2020-21 Carryforward Schedule, for filing with the Nevada Department of Taxation, the Washoe County Clerk and the State of Nevada Legislative Counsel Bureau
- (Requesting Staff Member: Director of Finance Paul Navazio) – **pages 186 - 229**

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4. Review, discuss and provide direction on possible revisions to Board Policy 15.1.0 – Audit Committee (Requesting Trustee: Board Chairman Tim Callicrate) – **pages 230 - 246**
 5. Review, discuss and possibly approve the appointment of Mr. Chris Nolet as an Audit Committee At-Large Member, to approve modifications to Policy 15.1.0 to permit Mr. Nolet’s appointment **and** to defer further review and possible modifications of Policy 15.1.0 (Requesting Audit Committee Member: Audit Committee Chairman Raymond Tulloch) – **pages 247 - 248**
 6. Review, discuss and possibly approve the District’s Strategic Plan for 2021-2023 (Requesting Staff Member: District General Manager Indra Winquest) – **pages 249 - 302**
- J. MEETING MINUTES *(for possible action)*
1. Meeting Minutes of May 12, 2021 – **pages 303 - 339**
 2. Meeting Minutes of May 26, 2021 – **pages 340 - 427**
 3. Meeting Minutes of June 9, 2021 – **pages 428 - 560**
- K. FINAL PUBLIC COMMENTS* - Limited to a maximum of three (3) minutes in duration.
- L. ADJOURNMENT *(for possible action)*

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Thursday, July 8, 2021 at 9:00 a.m., a copy of this agenda (IVGID Board of Trustees Session of July 13, 2021) was delivered to the post office addressed to the people who have requested to receive copies of IVGID’s agendas; copies were e-mailed to those people who have requested; and a copy was posted, physically or electronically, at the following locations in accordance with Assembly Bill 253:

1. IVGID Anne Vorderbruggen Building (893 Southwood Boulevard, Incline Village, Nevada; Administrative Offices)
2. IVGID’s website (www.yourtahoeplace.com/Board of Trustees/Meetings and Agendas)
3. State of Nevada public noticing website (<https://notice.nv.gov/>)

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

District Clerk (e-mail: sah@ivgid.org/phone # 775-832-1207)

Board of Trustees: *Tim Callicrate - Chairman, Matthew Dent, Sara Schmitz, Kendra Wong, and Michaela Tonking.*

Notes: *Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. **IVGID’S agenda packets are available at IVGID’s website, www.yourtahoeplace.com; go to “Board Meetings and Agendas”.***

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winqest
District General Manager

SUBJECT: General Manager's Status Report
Prepared for the meeting of July 13, 2021

DATE: July 7, 2021

General Manager & Board of Trustees Priority Projects & Tasks

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Effluent Pond Lining Project	30% Design Documents anticipated 7/30/2021	GM Winqest/Director PW Underwood/ Trustee Dent	Partnering meeting with all stakeholders June 16, 2021. Site field visit by Granite, Jacobs, NDEP, PW Staff 6/29/2021. Evaluation of pond capacities ongoing.
Effluent Pipeline Project	Phase I ongoing	GM Winqest/ Director PW Underwood/ Trustee Dent	Partnering meeting with all stakeholders June 14, 2021. Evaluation of critical repair areas ongoing.
Burnt Cedar Pool Project	Completion Date scheduled for May 2022	Engineering Manager Nelson/GM Winqest	Guaranteed Maximum Price (GMP) presented for approval, 4/28/21. CMAR Contractor mobilized to site on 5/3/2021. Complete demolition of existing pool, wading pool and pool deck has been completed. Rock/Boulder removal is complete. New pool location is established, excavation for pool and piping is in process.
Internal Controls Project(s) Review of Internal Control Policies and Procedures	Winter/Spring	Director of Finance Navazio	Staff continues to make progress in implementing contract management and change order process improvements; procurement card authorizations updated; reviewing internal controls with new auditors.

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
Consultant review of four (4) Accounting Practices – Moss Adams 2	Completed	GM Winquest/Director of Finance Navazio/Audit Committee	Final Report by Moss Adams presented at the 1/28/21 BOT meeting. Next steps include updating Board capitalization policy (agendized for discussion at 4/29 BOT mtg.).
Project & Contract Consultant Review - Moss Adams 1	Completed	GM Winquest/Director of Finance Navazio	Final Moss Adams report presented at BOT meeting held on 1/13/21. Implementation plan for management responses presented at 3/10 BOT mtg.
Review of Board Policies re Budget and Fiscal Management Capitalization (8.1 / 9.1) Fund Balance / Reserves (7.1) Capital Program (12.1 / 13.1)	Aug / Sept. 2021	Director of Finance Navazio	Draft updates to Capitalization and Reserve policies completed; engaged Moss Adams to review and update Capital Program Planning and Budgeting policies – as well as peer review of capitalization policy.
RFP for Independent Audit Services / Financial Reporting	Completed	Audit Committee / Director of Finance Navazio	Board approved contract with new Independent Auditor at meeting of 3/24/21.
Ordinance 7 GM Advisory Committee	Summer 2021	GM Winquest/Board Chairman Callicrate	Three Community Forums took place May 13 & 19, 2021. Parcel Owner Survey has been released and will be active until at least July 21, 2021. As of July 7, we had over 1,100 completed surveys.
Smith vs IVGID Litigation	Ongoing	Legal Counsel/Board of Trustees/GM Winquest	Updates provided to the board on 4/14/21. Board of Trustees authorized payment to the court special master in the amount of \$12,500 at the 6/9/21 BOT meeting.
Utilities Performance/Asset Management Review	Schedule for completion June 2021	GM Winquest/Board	Final Draft Raftelis Report will be presented to the BOT at the 7/13/21 meeting.

ACTION ITEM	TARGET DATE COMPLETION	RESPONSIBLE PARTY	STATUS
2021 - 2023 Strategic Plan	Summer 2021	Senior Management Team/Board of Trustees	Draft Plan was agendized on 6/9/2021 for Board discussion and potential feedback and direction. Staff has taken direction and will be providing a final draft for review and possible acceptance at the 7/13/21 BOT meeting.
USFS Parcel Acquisition – Potential Dog Park	Ongoing	GM Winqest	Attended meeting with USFS staff onsite on 5/20/2021. District has formally filed for a special use permit for utilization of the forest service parcel across from Incline High School on Village Blvd.
Transition to Enterprise Fund Accounting for beginning 2021-22 Fiscal Year	Ongoing	GM Winqest/Director of Finance Navazio	State of Nevada, CLGF considered IVGID request in January. Staff filed Tentative Budget with Dept. of Taxation, initiating the District's transition to Enterprise Fund reporting beginning with the 2021-22 Fiscal Year. FY2021/22 Budget is on Board agenda for May 26 th .
Recreation Punch card accounting	2021-22 Budget	Director of Finance Navazio	Punch Card accounting has been adjusted for the 2021-22 fiscal year. Additional changes will be evaluated based on any revisions to Ordinance 7.
USACE Grant Funding for Pond Lining/Pipeline Projects	TBD	GM Winqest/ Director PW Underwood	Laura Whitney (USACE) shared new model agreements on 11/23. New target for completion of agreements is 10/31/21

IVGID Golf Courses Update

The golf season is fully under way and off to a great start due mainly to the masterful job Jeff Clouthier and his staff did preparing both courses for the season. All 18 greens and the putting green opened at the Championship Course with NO winter damage. The Mountain Course also had NO ice damage and very minimal snow mold. Because of the incredible condition of both courses, golf is experiencing higher than normal play (Championship Course 24% higher than last May/June and Mountain Course 27% higher than last May/June) and we expect this

to continue throughout the season. Net revenue at both courses was higher than budgeted (Championship Course 23% ahead and Mountain 19% ahead) and we also expect to see this trend stay this way for the remainder of the season. Expenses have not been fully vetted yet, but we expect to be under budget for both courses and that is mostly due to all venues not being fully staffed yet, which is mainly due to the hiring challenges we are currently experiencing. We would also like to remind the Board and Community of the pending closure of the front nine at the Mountain Course on September 16 due to the golf cart path project. The back nine will remain open and as long as the weather permits we plan on staying open one week longer than normal.

Chateau Catering Kitchen Plumbing and Foundation Repair

Engineering Staff was contacted to investigate a floor sink within the catering kitchen that was not functioning shortly after Food and Beverage Staff began working in the kitchen for the start of the season. It was discovered that the floor sink drain trap had completely separated from the drain and a large void in the base material was seen underneath the slab on grade foundation. Engineering Staff arranged for Public Works Pipeline Crew, Absolute (Drain Cleaning and Line Location), Penhall (Concrete Demo), Brown and Reed Engineering (Plumbing), Reno Tahoe Geo Associates (Geotechnical Engineers), Madole Construction (Foundation Repair Specialists), and SI Legacy (Concrete Sealing) to assist in determining the cause, develop a plan to remedy the situation, and facilitate the construction repairs.

The sink drains were re-plumbed and additional cleanouts were added to provide better maintenance access points for future cleaning of the Grill and Catering Kitchen sink drains. Backfill of the trench was compacted and new concrete was placed. Madole Construction used a polyurethane 2-part foam injection system throughout the compromised foundation area. The foam has an unconfined compressive strength of 14 psi or 6,500 pounds per square foot. They installed the foam by drilling small diameter holes through the concrete floor at regular spacing and injecting the foam. The foam was allowed to cure for a couple of days prior to resealing the concrete.

The Catering Kitchen was put back into service June 19, 2021, and the total construction cost for repair was \$42,090.96.

Recreation Center

The Recreation Center is settling into its "new normal" with the easement of COVID restrictions. Fitness class offerings continue to increase, daily drop-ins and all membership options have returned, the long awaited restroom remodel has begun and the locker room remodel is on the horizon. It should be noted that after a year-long vacancy the Maintenance II position was recently filled, state of the art Synergy LifeFitness strength equipment was installed in the fitness room and the Recreation Counter staff continues to provide residents, visitors and members with the exceptional customer service they have come to expect.

Community, Parks & Recreation Programming

The Parks & Rec Programming team is stronger than ever. By providing a user friendly online registration mechanism, the team has seen record enrollments in IVGID's signature youth specialty camps and programs that include Little Adventure Camp, Invasion Soccer, TK Basketball Camp, Lake Tahoe Science Camp, Incline Skateboard Camp, Mini and Junior Lifeguard Camps, Learn to Swim Programs, Summer Volleyball and Paddleboard Camps. Senior Programs continues to serve the senior population of our community with the ever popular 55+ hiking and new mountain biking series. Adult Softball, Soccer, Ballroom Dancing and Tai Chi round out the offerings for summer Adult programs.

The first group swim lessons since the COVID lockdown began in late June with 31 children enrolling in the. Learn to Swim programs. While the world is struggling to find qualified Lifeguards and Swim Instructors, IVGID Aquatics was able to beef up their instructor staff by onboarding one returning and four new instructors. In an effort to remedy the Lifeguard shortage and cover staffing at Rec Center and the Beach Venues, Aquatics staffed "one guard down" at Burnt Cedar and the Rec Center over the July 4th holiday. Both the Aquatics Supervisor and Aquatics Assistant Supervisor pulled Lifeguard shifts the week before and of the July 4th holiday.

Parks

As with the rest of the District venues, the Parks team was faced with Staff recruitment challenges this summer. While the Parks team is operating at a staff level reduction of approximately 20%, District parks, beaches and open spaces are being efficiently and effectively maintained and beautified by the hardworking staff. Additionally, Parks has provided valuable assistance with hazard mitigation and safety improvements at the Boat Ramp and Beach venues.

Tennis & Pickleball

The newly renovated Tennis & Pickleball Center opened its doors on May 10, 2021. Completing the renovation are new furnishings that include a refrigerator, gas grill, inviting deck furniture, and colorful umbrellas. Currently, we have 224 Tennis and Pickleball memberships purchased which shows growth year on year.

The growing Pickleball community celebrated the addition of four new pickleball courts and the implementation of several new programs that offer priority enrollment for Incline residents and Tennis & Pickleball Center members. The programs include an Intermediate Pickleball clinic, specialty instruction, the Incline Pickleball Open and Engage Camp, scheduled for late August. The Tennis community is enjoying the new Intro to Adult Tennis Clinic (3.0+) and increased enrollments for Youth camps and clinics.

IVGID Beaches

Modified staffing began on April 26 and quickly transitioned to full operations in May. The Beach crew enjoyed the benefit of starting the season with 17 returning employees, 15 who were retained from winter operations at Diamond Peak. An additional ten new hires round out the team.

In mid-June five beach hosts transitioned to the newly adopted Beach Ambassador position. This pilot position was created to provide added safety, to uphold district policy and regulations, provide customer education and increase service levels at all Beach venues. The Ambassadors work closely with the Beach Lifeguard staff and are cross-trained in every aspect of the Beach Operations. Cross-training affords the Ambassadors the ability to respond to a variety of situations that may occur at the beaches. Training and utilizing engaged, committed employees who have a full understanding of the District's unique policies, procedures and restrictions improves the overall customer experience.

July 4th Holiday Beach Venue Visits

Venue/Access	2-Jul	3-Jul	4-Jul
Burnt Cedar			
IVGID PPH	342	420	744
Punch Cards	53	55	90
Credit Cards	14	29	37
Total:	409	504	871
Ski Beach			
IVGID PPH	382	283	354
Punch Cards	125	233	313
Credit Cards	85	199	432
Total:	592	715	1099
Incline Beach			
IVGID PPH	1830	1353	1746
Punch Cards	713	977	1199
Credit Cards	177	239	327
Total:	2720	2569	3272

Total July 4th Holiday Beach Visits

Access	2-Jul	3-Jul	4-Jul
IVGID PPH	2554	2056	2844
Punch Cards	891	1265	1602
Credit Cards	276	467	796
Total	3445	3321	4446

Beach Concessions and IVGID Food & Beverage

Incline Spirits: The Barefoot Bar - Incline Beach open Monday through Sunday, 10am - 9pm. At Incline Beach on Wednesday and Friday evenings from 4pm - 7pm Music on the Beach, hosted by concessionaire Incline Spirits, is a post COVID favorite.

Community members gather to celebrate music, summer, beautiful beaches and each other. The Barefoot Bar - Burnt Cedar, due to pool construction, is operating with a reduced staff and limited hours. Service is available on Saturday and Sunday from 10am - 9pm.

Lake Tahoe Water Sports: Monday through Sunday, 9am - 5pm, Incline Beach and Burnt Cedar.

IVGID F&B: The Incline Beach Snack Bar is fully operational Monday through Sunday from 11am - 5pm. Burnt Cedar Snack Bar is closed until further notice due to staffing issues.

Key Project Updates

See more information on current district capital projects.

Webpage Link:

<https://www.yourtahoeplace.com/ivgid/resources/construction-updates>

Risk and Resilience Assessments and Emergency Response Plan

The America's Water Infrastructure Act (AWIA) requires preparation of Risk and Resilience Assessments (RRA) and emergency response plans (ERPs). Farr West Engineering's completed the RRA and it was submitted by the Director of Public Works to the EPA in early June 2021 to meet the required deadline. Farr West will begin the next phase of their work on the Emergency Response Plan (ERP) with a staff workshop in late July 2021. The ERP must be complete within 6 months of the RRA submittal. A contract to complete this work was authorized at the December 9, 2020 Board Meeting.

Utilities Management Review and Asset Assessment

The Utilities Management Review and Asset Assessment includes evaluation of IVGID Public Works' organizational structure and staffing, review of operational efficiency, and review of financial and capital investment. At the January 13, 2021 Board Meeting, Trustees authorized a professional services contract with Raftelis. Raftelis has completed their draft report and will be presenting the findings at the July 13, 2021 Board meeting.

Burnt Cedar Swimming Pool Improvements – 3970BD2601

A 2021 Capital Improvement and Board of Trustees Priority Project, this project will reconstruct the two (2) existing pools (full size and toddler) at Burnt Cedar Beach. The Guaranteed Maximum Price contract approved by the Board of Trustees on April 29, 2021.

CORE Construction mobilized to the site May 3, 2021. Complete demolition of existing pool, wading pool and pool deck has been completed. Rock/Boulder removal. New pool location is established, excavation for pool and piping is in process. Construction will require complete closure of the pool and pool deck for the entire 2021 season.

Tennis Center Renovation – 4588BD1604

The project includes remodeling the pro-shop and restrooms, enclosing the existing kitchenette area, expanding and enhancing the deck area, and layout improvements to make the venue more welcoming. The construction contract was awarded at the June 10, 2020 Board of Trustees meeting. Construction is substantially complete. Final landscaping has been installed. The awning is installed operational.

Daniel Fraiman Construction Contract Status:

Original Contract Amount	Change Orders	Current Total Contract Amount	Total Payments for Work Completed to Date	Current Balance to Completion (including retainage)
\$709,000	\$36,362	\$745,362	\$646,497	\$98,865

Effluent Pipeline Project – 2524SS2010

The immediate priority is to replace all of the remaining Segment 3 pipeline (12,385 linear feet) and to make immediate repairs to the Segment 2 pipeline (17,314 linear feet) to extend its life and mitigate a potential future leak site. At the January 28, 2021 Board of Trustees Meeting, Trustees approved a Construction Manager-At-Risk (CMAR) pre-construction contract to Granite Construction. At the June 9, 2021 Board of Trustees Meeting, Trustees approved HDR to begin work on Phase I Critical Repairs investigation/design. Granite, HDR, NDEP, TRPA, and IVGID Staff attended the kick off partnering meeting which established open lines of communication between all stakeholders and developed milestone dates for the team to meet. Current evaluation of critical repair locations and the associated expense is being evaluated.

Effluent Pond Lining Project – 2599SS2010

At the January 28, 2021 Board of Trustees Meeting, Trustees approved a Construction Manager-At-Risk (CMAR) pre-construction contract to Granite Construction. At the June 9, 2021 Board of Trustees Meeting, Trustees approved Jacobs Engineering to begin design work on the effluent pond lining project. A component of the Water Resource Recovery Facility (WRRF) operation and a key requirement in the NDEP permit is to have an emergency lined effluent storage basin. A key part of the Effluent Pipeline Project will be providing enough effluent storage capacity to allow Granite a full work week on the effluent pipeline repairs to optimize production, reduce construction time, and construction costs. Granite, Jacobs Engineering, NDEP, and IVGID Staff attended the kick off partnering meeting which established open lines of communication between all stakeholders and developed milestone dates for the team to meet.

Rec Center Upstairs Lobby Restroom Remodel – 4484BD1902

A 2021 Capital Improvement project that will remodel the men's and women's upstairs lobby restrooms within the Recreation Center. The project includes ADA access, ADA restroom stall, new tile, fixtures and partitions. Ward Young Architecture designed the project and Avail Construction was the low responsive bidder. The Board of Trustees approved the construction project at the May 12, 2021 Board meeting. The contractor has provided submittals for approval and has staged the construction fencing and dumpster. Some of the tile materials have a longer than normal lead time, which will result in extending the construction time. Staff requested that the contractor not begin demolition until all materials are in stock.

Championship Golf Maintenance Building Drainage, Wash Pad, and Pavement Improvements Project #3141GC1501

The Championship Golf Maintenance Building was constructed in 1992 and was in need of several improvements. The building houses a variety of services including offices for golf maintenance personnel, breakroom/kitchen, and a fleet garage that operates a year-round golf course equipment service area. The capital improvements project completed in the Spring 2021, included construction of drainage improvements, a recycled water wash pad, modern fertilizer loading system, ADA accessible sidewalk, a staircase, and reconstruction of pavement. Construction bids came in under budget and to take advantage of the favorable asphalt pricing, an additional 5,000 sf of pavement was included (Change Order 1 = \$50,000) with the contract award.

The drainage improvements included replacement of the existing foundation drainage system that was no longer functioning, replacement of curb and gutter to direct flows to new permanent BMPs, re-routing concentrated stormwater flows to spread the flow over the driving range to slow the flow and provide increased time for infiltration, reconstruction of a vegetated swale to replace an existing rock lined swale, and retrofitting the existing retention basin with a low flow outlet.

A new ClearWater Recycling System was installed to create a closed system that recycles, filters, and treats the water used to wash down the golf course equipment. Previously, the wash area was connected to the storm drain system. The new system is a closed loop that sequesters all vegetation and particulates and treats the water prior to re-use with microbes. This system drastically reduces the potential for discharge of wash water laden with fertilizers to the stormwater system.

Due to the unique and sustainable nature of this project, the design engineer is submitting this project for the Best in the Basin Award.

From the beginning of this project a collaborative effort was made between Public Works, Golf Maintenance, and the design team. The collaborative effort, communication, and construction oversight resulted in a successful project that was under budget.

Task	Actual Project Costs
Base Construction Contract	\$425,433.00
Change Orders (1-6)	\$66,516.95
District Staff Time	\$26,300.00
Permit Fees	\$8,026.34
Materials Testing & Inspection (Holdrege & Kull)	\$1,783.00
PR Design & Engineering Construction Administration	\$13,962.50
Building Crack Repair	\$2,904.36
TOTAL	\$544,926.15
Maintenance Building Drainage, Wash Pad, and Pavement Improvements, 3141GC1501	\$700,000 budgeted

Financial Transparency

Staff completed close for the May 2021 accounting period and financial reports have been posted to the District's Financial Transparency webpage. The interface to the OpenGov Data Tool has been re-established following downtime due to migration of Innoprise to new server. Staff will be working on the June 2021/Year-end close with preliminary financial results expected by mid-August, following the year-end account payables cut-off and year-end account reconciliations.

The new fiscal year began on July 1. FY2021/22 budget guidelines and training are being prepared to inform District Staff of updates to accounting changes being implemented with the new fiscal year budget. These include transition to Enterprise Fund accounting for Community Services and Beach funds, new account codes for tracking Charges for Services for residents, guests and non-residents, changes in accounting treatment to expense items previously recorded as capital assets, as well as methodology for charges related to central services overhead cost recovery.

A fourth quarter budget update presenting unaudited FY2020/21 year-end results is scheduled to come to the Board in early September, the report will also include staff recommendation for Board action on carry-over of FY2020/21 appropriations required for capital projects continuing into the new fiscal year.

Policy 3.1.0, subparagraph 0.4 – Report to the Board on Contracts Signed by the District General Manager

From May 17, 2021 to June 30, 2021

PO Number	Vendor	Description	PO Amount
21-0231	State of NV/Bureau of Safe Drinking Water	WWTP Discharge Permit	\$7,658.00
21-0238	ARMAC Construction, LLC	Replace commercial water meters, etc.	\$12,557.00
21-0240	Kassbohrer All Terrain Vehicles, Inc.	Winch cable replacement	\$6,195.00
21-0241	Waters Vacuum Truck Service	Grit removal at SPS-1	\$4,322.76
21-0243	Nexgen Utility Management Inc.	Annual software maintenance & license fees	\$10,800.00
21-0245	Club Car, LLC	Golf cart batteries & cables	\$6,259.91
21-0249	Ward-Young Architecture and Planning	Rec Ctr locker room remodel project	\$17,000.00
21-0254	Club Car, LLC	30 golf cart batteries	\$10,000.00
21-0255	The Prestwick Group dba Prestwick Limited	Deck furniture – Tennis	\$22,042.08
21-0258	Nexgen Utility Management Inc.	Contractor portal for backflow program	\$7,000.00

Public Records Requests

Following are the public records requests from May 17, 2021 through July 6, 2021.

Date Requested	By Whom	Subject	Date Responded	Status/Comments
05/17/2021	Dobler, Cliff	Parks Fund – Detail		Staff needs more time – due date now July 31, 2021
05/19/2021	Katz, Aaron	Reno Tahoe Airport Fees	06/03/2021	Complete
05/20/2021	Dobler, Cliff	Incline Park Improvements - Project #4378BD1801	05/27/2021	Complete
05/27/2021	Dobler, Cliff	Approval of Tentative Budget by the State of NV Dept. of Taxation	05/27/2021	Complete
06/01/2021	Gumz, Joy	1964 Letter written by Bob McDonald	06/01/2021	Complete
05/25/2021	Katz, Aaron	Hyatt Sport Shop Lease Amendment	06/03/2021	Complete
06/03/2021	Katz, Aaron	Hyatt Sport Shop Lease Amendment – Big Blue Bike Rentals and e-mails	06/08/2021	Complete
06/03/2021	Katz, Aaron	Membership to North Tahoe Business Association	06/08/2021	Complete
06/07/2021	Katz, Aaron	Raffle, etc. donation to TCF Golf Tournament held 6/6/2021	06/07/2021	Complete
06/07/2021	Martini, Margaret	Employee Privileges – Historical Information	06/07/2021	Complete
05/27/2021	Dobler, Cliff	Correspondence – ITF and IVGID – Contingency	06/08/2021	Complete
05/20/2021	Dobler, Cliff	TWSA By-Laws, etc.	06/08/2021	Complete
06/08/2021	Katz, Aaron	Burnt Cedar Pool Engineering Charges (see e-mail dated 6/9/2021)	06/08/2021	Complete – a resend of what was sent in April 2021

Date Requested	By Whom	Subject	Date Responded	Status/Comments
06/03/2021	Katz, Aaron	Membership to North Tahoe Business Association	06/08/2021	Complete
06/07/2021	Katz, Aaron	Raffle, etc. donation to TCF Golf Tournament held 6/6/2021	06/07/2021	Complete
06/07/2021	Martini, Margaret	Employee Privileges – Historical Information	06/07/2021	Complete
05/27/2021	Dobler, Cliff	Correspondence – ITF and IVGID – Contingency	06/08/2021	Complete
05/20/2021	Dobler, Cliff	TWSA By-Laws, etc.	06/08/2021	Complete
06/08/2021	Katz, Aaron	Burnt Cedar Pool Engineering Charges (see e-mail dated 6/9/2021)	06/08/2021	Complete – a resend of what was sent in April 2021
06/08/2021	Katz, Aaron	Purchase Document and Minutes of Purchase of land (as referenced in memo for 6/9 Board meeting)	06/08/2021	Complete
06/10/2021	Martini, Margaret	Hyatt Sport Shop – Contract and all amendments	06/14/2021	Complete
06/07/2021	Katz, Aaron	Order appointing Special Master Matthew L. Sharp	06/15/2021	Complete
06/07/2021	Katz, Aaron	Additional information regarding TCF Tournament	06/15/2021	Complete except for payment receipt
05/17/2021	Katz, Aaron	TCF Golf Tournament Application/Request	05/25/2021	Complete
06/28/2021	Gumz, Joy	Salary Information for 2020 (plus other employee items)		Established a due date of 7/30 or before
07/02/2021	Holderer, Gayle	Video re beaches where penguin is speaking	07/02/2021	Complete
06/30/2021	Gumz, Joy	PCard transactions 052020 to 062021	07/09/2021	Complete
07/06/2021	Flaherty, Doug	TRPA Public Meeting Notices	07/07/2021	Complete

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2021	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS/STAFF DUE DATES	ITEMS SLATED FOR CONSIDERATION
TBD	TBD	TBD		Special Board Meeting		GM's Ordinance 7 Committee recommendations
08/10	Tuesday	6 p.m.		Regular Board Meeting	08/02/2021 8 a.m.	4th Quarter Financial Report (tentative) Windows Server Data Center License Agreement Approval (Consent) Security cameras (Consent) Award construction contract for Phase 1 of the cart paths at Mountain Golf Course Incline Beach House – revisit where we have been, revisit financing options and how does the Board want to move forward (tentative) Public Records Update (in GM report) Project #3463S1002 – Replacement of Snowmaking Infrastructure (budget is \$160K) Project #3467LE1703 – Replacement of Child Ski Center Surface Lift (budget is \$75K) Award Contract to conduct a Utility Rate Study Board Policies/Practices review and/or status report Pond Lining Project – Jacobs Contract Amendment Effluent Pipeline Project – HDR Contract Amendment Easement for Alibi Ale Works
08/25	Wednesday	6 p.m.		Regular Board Meeting	08/17/2021 8 a.m.	
09/09	Thursday	6 p.m.		Regular Board Meeting	08/30/2021 8 a.m.	General Manager Performance Review and Review of Goals for FY 2020/2021 Public Records Update (in GM report)
09/30	Thursday	6 p.m.		Regular Board Meeting	09/21/2021 8 a.m.	Next step on Diamond Peak parking lot/Ski Way
10/13	Wednesday	6 p.m.		Regular Board Meeting	10/04/2021 8 a.m.	Public Records Update (in GM report)
10/28	Thursday	6 p.m.		Regular Board Meeting	10/19/2021 8 a.m.	
11/10	Wednesday	6 p.m.		Regular Board Meeting	11/01/2021 8 a.m.	Public Records Update (in GM report)
12/08	Wednesday	6 p.m.		Regular Board Meeting	11/29/2021 8 a.m.	Public Records Update (in GM report)
				2022		
01/12	Wednesday					
01/26	Wednesday					
02/09	Wednesday					
02/23	Wednesday					
03/09	Wednesday					
03/30	Wednesday					
04/13	Wednesday					
04/27	Wednesday					
05/11	Wednesday					
05/25	Wednesday					
06/08	Wednesday					
06/29	Wednesday					
07/13	Wednesday					
07/27	Wednesday					

<i>Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar</i>
RFID Picture Passes – Item for next Strategic Plan or three years from now
Revisions to/Split Ordinance 7 (allow 45 days ahead of action)
Tyler Technologies project status report will be in the General Manager's report – To be determined
Possible discussion on IVGID needs as it relates to potential land use agreement with DPSEF (Request by Trustee Schmitz – 01/18/2021)
Develop a policy and criteria for Professional Services (see Moss Adams 1 Report) (Request by Trustee Schmitz – 03/10/2021; asked again on 4/29/2021)
Framework for pricing across the District (Request by Trustee Schmitz – 03/10/2021)
Tax implications for benefits for employees (Request by Trustee Schmitz – 03/10/2021 – District General Counsel Nelson is working on an opinion)
Review of service levels – Golf will be coming first – date to be determined
Discussion, by the Board of Trustees, what they want to see in the Staff submitted memorandums (Request by Trustee Schmitz – 04/29/2021)
Trustee Tonking asked for a Policy 3.1.0 review (5/26/2021)
Policy 13.2.0 review (Request by Trustee Dent – 05/12/2021) – Moss Adams contract awarded to do this work
Trustee Schmitz asked about a detailed financial review of the Utility Fund as we are using funds that have been set aside for the effluent pipeline so we need to understand the financial situation on the Utility Fund at an upcoming meeting (5/26/2021)

*Budget approval is required after the third Monday however whatever date is selected, a 10-day notice must be given. Must accomplished no later than June 1, 2022.

Date	Check	Payment Type	Vendor	Amount	Status
06/03/2021	0.00	Auto Pay	AT&T	15,286.97	Paid
06/24/2021	0.00	Auto Pay	Acushnet Company	11,057.02	Paid
06/03/2021	776,267.00	Check	Commercial Fitness Equipment	11,503.00	Paid
06/03/2021	776,285.00	Check	MS Govern Systems Design, Inc.	20,500.00	Paid
06/10/2021	776,303.00	Check	Champion Chevrolet	43,623.25	Paid
06/10/2021	776,307.00	Check	Daniel Fraiman Construction	51,685.76	Paid
06/10/2021	776,318.00	Check	JP Engineering LLC	20,215.00	Paid
06/10/2021	776,327.00	Check	Raftelis Financial Consultants Inc	19,347.57	Paid
06/17/2021	776,351.00	Check	BBK-Best Best & Krieger LLP	21,716.84	Paid
06/17/2021	776,360.00	Check	First Nonprofit Companies, Inc.	206,500.00	Paid
06/17/2021	776,365.00	Check	Jacobs Engineering Group Inc, Formerly CH2M Hill	66,169.53	Paid
06/17/2021	776,366.00	Check	Judge Netting Inc.	96,000.00	Paid
06/17/2021	776,373.00	Check	NV Energy	74,904.58	Paid
06/17/2021	776,378.00	Check	Rapid Construction, Inc	19,710.00	Paid
06/17/2021	776,392.00	Check	Sierra Pacific Turf Supply, Inc.	11,915.65	Paid
06/17/2021	776,398.00	Check	Thomas Petroleum, LLC	13,133.71	Paid
06/24/2021	776,407.00	Check	Advanced Exercise Equipment	32,928.43	Paid
06/24/2021	776,445.00	Check	Sierra Specialized Inc DBA Sierra Gate and Control	18,850.25	Paid
06/30/2021	776,483.00	Check	Mike Menath Insurance, Inc.	725,244.47	Paid
06/30/2021	776,503.00	Check	Wilbur-Ellis Company	17,121.80	Paid
06/03/2021	4,820.00	EFT	Lakeside Paving and Sealing, Inc	20,165.00	Paid
06/17/2021	4,887.00	EFT	PQ Corporation	15,672.85	Paid
06/30/2021	4,928.00	EFT	BJG Architecture & Engineering	10,057.50	Paid
				<u>1,543,309.18</u>	

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra S. Winqest
General Manager

FROM: Brad Underwood
Director of Public Works

SUBJECT: Final report regarding the District's utilities management review and asset assessment submitted by Raftelis Financial Consultants, Inc. representative Seth Garrison and Rebekka Hosken

DATE: July 13, 2021

I. ACTION, IF ANY, REQUIRED

There is no action required by the Board of Trustees, as this is a report item that provides, in a publicly noticed meeting, the final report regarding the District's Utilities Management Review and Asset Assessment submitted by Raftelis Financial Consultants, Inc. (Raftelis) and presented by Raftelis representatives Seth Garrison and Rebekka Hosken. Mr. Garrison and Ms. Hosken will be present to answer any questions that the Board of Trustees may have.

II. BACKGROUND

At its meeting of January 13, 2021, the Board of Trustees authorized the General Manager to execute a professional services contract with Raftelis in an amount not-to-exceed \$74,175, with up to 10% contingency for change orders. The scope of work included:

- Task 1: Project Administration and Kickoff
- Task 2: Organizational Structure and Staffing
- Task 3: Operational Efficiency Review
- Task 4: Financial and Capital Investment Review

Based on their analysis, review and meetings with Staff, the recommendations included in this report will assist the District in identifying opportunities to update

policies, procedures, operations and staffing levels to maximize efficiency as compared to industry best practices.

The report benchmarks IVGID's organizational structure and staffing elements with both peer and national benchmarks in the following categories:

- Accounts per Full Time Equivalent (FTE)
- Water Produced (MGD) per FTE
- Wastewater Collected (MGD) per FTE
- Annual O&M Cost per Account
- O&M Costs per MG Water
- Capital Spending per Account
- Residential Water Bills
- Residential Wastewater Bills
- Residential Combined Water and Wastewater Bills

The report prepared by Raftelis includes 17 recommendations to improve utilities operations and efficiency, as listed below:

- Item 1: Finalize a new strategic plan for the District as a whole including specific elements (and metrics) for recreation services and utilities.
- Item 2: Build public trust by creating a strategic communications plan.
- Item 3: Build public knowledge about the value of IVGID's utilities operations.
- Item 4: Reconsider the membership and role of the District's Audit Committee.
- Item 5: Reduce the Utility Superintendent's direct reports.
- Item 6: Build capacity in the Administration function.
- Item 7: Cross-train other District staff to assist the Inspection Unit during summer months.
- Item 8: Invest in mobile technology (i.e., tablets) for field crews.
- Item 9: Invest in a LIMS/WIMS system.
- Item 10: Conduct succession planning for planned and unplanned departures.
- Item 11: Provide direction to Staff regarding the leadership role of IVGID in the region with regard to environmental resources and conservation.
- Item 12: Explore options for the household hazardous waste site.
- Item 13: Establish sub-fund accounts in the chart of accounts for each utility within the Utility Fund.

- Item 14: Undertake a comprehensive rate study for the water and wastewater utilities.
- Item 15: Review and revise the District's fund balance policy.
- Item 16: Revise and update the District's policies and practices related to capitalization of assets.
- Item 17: Review and revise the District's funding policy for capital projects.

The report contains detailed background for each of the above items and the reasoning behind the recommendations made.

Attachment:

- 1) Incline Village General Improvement District Utilities Management Review and Asset Assessment prepared by Raftelis, dated July 2021

INCLINE VILLAGE

**GENERAL IMPROVEMENT
DISTRICT**

**Utilities Management Review and
Asset Assessment**

DRAFT Report / July 2021



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July 7, 2021

Mr. Brad Underwood
Director of Public Works
Incline Village General Improvement District
893 Southwood Blvd.
Incline Village, NV 89451

Re: Draft IVGID Utilities Management Review and Asset Assessment

Dear Mr. Underwood:

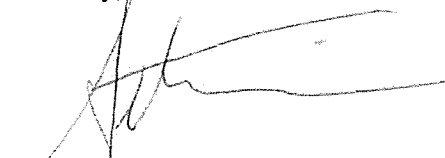
We are excited to provide the attached Utilities Management Review and Asset Assessment to the Incline Village General Utilities District (IVGID). Providing utility services is a core activity of IVGID. The services help preserve the health, environment, and prosperity of the community. They are critically important. Providing these services efficiently and effectively ensures that customers get high value. It is commendable that you have commissioned this review to build upon an already strong foundation of services. We believe that it will help IVGID to have continued success in addressing the community's needs going forward.

The review evaluates IVGID's utility activities and identifies opportunities to enhance efficiency and effectiveness. It summarizes our analysis of staffing resources, organizational structures, technology, asset management, financial policies and procedures, and related areas to develop recommendations.

The District is fortunate to be staffed with people who care deeply about the community and are passionate about the environment and meeting customer expectations. There is a great deal of good work being done by District staff and the recommendations in this report are intended to build on and enhance these efforts.

We are confident that the recommendations in this report will provide a useful framework to address your current and future needs. Thank you for the opportunity to work with the IVGID.

Sincerely,

A handwritten signature in black ink, appearing to read 'Seth Garrison', written over a horizontal line.

Seth Garrison
Project Manager

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Executive Summary

The Incline Village General Improvement District (IVGID or “District”) commissioned the Utilities Management Review and Asset Assessment to evaluate the management and operation of the District’s utilities functions and to identify opportunities to enhance efficiency and effectiveness. The recommendations in this assessment document build upon the District’s high levels of service to customers and consider the District’s unique operating environment.

The assessment encompasses a review of utility activities, staffing and the structure of the organization, the condition of assets, and management, including the financial management of operations activities and capital investments. Raftelis leveraged both national and peer data to make benchmarking comparisons, as well as our experience working with over 1,200 utilities of all sizes across the country. Our comparisons include those made to other destination communities that feature outdoor recreation venues and that have seasonal population changes.

The District’s utilities operation provides a high level of service to customers and are generally efficient, particularly for a smaller utility. Asset management and maintenance, in particular, are strengths of the District. These functions are more advanced at IVGID than at many other comparable utilities, even many medium- and large-sized utilities. They are reflected in the condition of assets. Another area of considerable strength is water quality. IVGID is one of less than about 50 public community drinking water utilities nationwide (out of more than 16,000) that has a water source of such high quality that it does not need to filter the water. This waiver to filtration is very rare and highly valuable, allowing the District to avoid millions in capital cost and hundreds of thousands of dollars per year in operating costs that would be required to operate a filtration facility. In addition to the ability to avoid filtration, environmental quality is the major reason people live and pursue recreation in the area. Preservation of these resources should be a major consideration for IVGID. Staff appear to share this perspective. Based upon our interactions, staff in the utilities and Public Works Department as a whole are knowledgeable, professional, and passionate about providing high quality services and preserving the environment.

There has been a major transition in leadership at IVGID over the last few years with several new senior positions and new board members. New leadership is bringing new ideas and expertise, and in some cases, they have questioned past practices. While the appropriateness of some past practices, such as predominantly funding capital expenditures without issuing debt can be debated, uncertainty about future practices limits the efficiency and effectiveness of the organization. Consistent and stable policies that are supported by the board and senior management is highly important to creating a successful utility.

The assessment includes 17 recommendations to improve utilities operations and efficiency, as shown in Table 1 below.

Table 1: List of Report Recommendations

Number	Recommendation
1	Finalize a new strategic plan for the District as a whole including specific elements (and metrics) for recreation services and utilities.
2	Build public trust by creating a strategic communications plan.
3	Build public knowledge about the value of IVGID’s utilities operations.
4	Reconsider the membership and role of the District’s Audit Committee.
5	Reduce the Utility Superintendent’s direct reports.

Number	Recommendation
6	Build capacity in the Administration function.
7	Cross-train other District staff to assist the Inspection Unit during summer months.
8	Invest in mobile technology (i.e., tablets) for field crews.
9	Invest in a LIMS/WIMS system.
10	Conduct succession planning for planned and unplanned departures.
11	Provide direction to staff regarding the leadership role of IVGID in the region with regard to environmental resources and conservation.
12	Explore options for the household hazardous waste site.
13	Establish sub-fund accounts in the chart of accounts for each utility within the Utility Fund.
14	Undertake a comprehensive rate study for the water and wastewater utilities.
15	Review and revise the District's fund balance policy.
16	Revise and update the District's policies and practices related to capitalization of assets.
17	Review and revise the District's funding policy for capital projects

As indicated in the recommendations, by investing in public outreach and communications, revising and clarifying several financial policies, addressing organization structure and staff retention concerns, and increasing technology to enhance efficiency, the District will ensure its utilities operations continue to provide high value to residents for years to come.

Introduction

Background

IVGID has provided a variety of utility and recreational services to the residents of unincorporated Incline Village on the north shore of Lake Tahoe since its creation in 1961 and, later, to the community of Crystal Bay. Scenic Lake Tahoe and the surrounding mountains and forests make the region a destination for outdoor recreation and nature enthusiasts. The area has historically experienced seasonal population changes, with greater populations during peak tourism seasons in winter and summer. In recent years, the area has grown to include more year-round residents with greater service expectations and a heightened interest in ensuring transparent and efficient local government.

There has been a significant amount of senior staff turnover, including the key management positions of General Manager, Director of Public Works, Director of Engineering, and Director of Finance, as well as several new members on the Board of Trustees in the past five years. The leadership transition has understandably raised questions regarding previous practices. Changing expectations and more year-round residents has also generated more interest in IVGID activities and additional questions about previous practices. In parallel, IVGID is undertaking one of the largest capital projects in its history, the effluent pipeline project currently estimated at \$30 million. The District is subject to more scrutiny than at any time in its recent history, with evolving demands on services, financial reporting mechanisms, funding methods, and communications.

IVGID has responded by bringing in outside experts to look at various aspects of financial and management activities. They have also charged the District's Audit Committee, previously a subcommittee of the Board, but now including public members, with detailed reviews of the Financial Reports. District management and staff are responding to questions about historical practices and working to build public trust and communication pathways. The goal is to be a transparent and high functioning organization. As a part of the desire for transparency and to ensure operations are well-run, the District hired Raftelis to review its water, wastewater, and solid waste utilities and to assess its asset management practices.

Methodology

Raftelis conducted a kick-off meeting on January 19, 2021, with the District's Engineering Manager (the project manager for this engagement) and the Contracts Administrator. The purpose of the meeting was to discuss the scope of the project, the District's objectives, and to finalize the project schedule. Raftelis then submitted a data request to collect background information and data on various organizational structures, operations, and staffing elements.

Documentation reviewed included:

- Organizational charts
- Staff position titles, salary ranges, and job descriptions
- Staffing levels by work unit
- Budgets
- Annual Financial Reports
- Performance/workload reports
- Prior financial studies by Moss Adams
- Board policies

After an initial review of the information provided, Raftelis conducted interviews with District senior staff from each division, including the General Manager, Utility Superintendent, Administrative Manager, Resource

Conservationist, Engineering Manager, Director of Finance, and Fleet Superintendent. In addition, Raftelis interviewed every member of the Board of Trustees. Follow up meetings and emails occurred with staff to clarify our understanding of the information provided, ask additional questions, and to discuss organizational structure and staffing options. Raftelis made additional data requests to support our observations and recommendations. In addition, Raftelis had the opportunity to visit several facilities, including the main office building, water and wastewater treatment facilities, and several, but not all, pumping and storage facilities.

A portion of the review included comparing quantitative and qualitative organizational and staffing information against benchmarking data from other utilities. We assessed organizational aspects against American Water Works Association’s (AWWA) benchmarks and the Effective Utility Management (EUM) framework. The EUM framework is a set of organizational, operations, and management guidelines for water and wastewater utilities universally endorsed by the major industry associations, including the Water Environment Foundation (WEF) and AWWA, as well as the US Environmental Protection Agency (EPA). A key reference was EUM’s Ten Attributes of Effectively Managed Water Sector Utilities (see Figure 1), as presented in “The Effective Utility Management Primer.”^[1] The Primer focuses on how to help utilities achieve outstanding performance by providing a framework for making practical and systemic changes to improve performance. Attributes describe desired outcomes and provide a set of reference points, guiding utilities to balance focus on all operational areas rather than one at a time. Raftelis intrinsically uses the EUM attributes as a framework and an important reference when performing utility assessments.

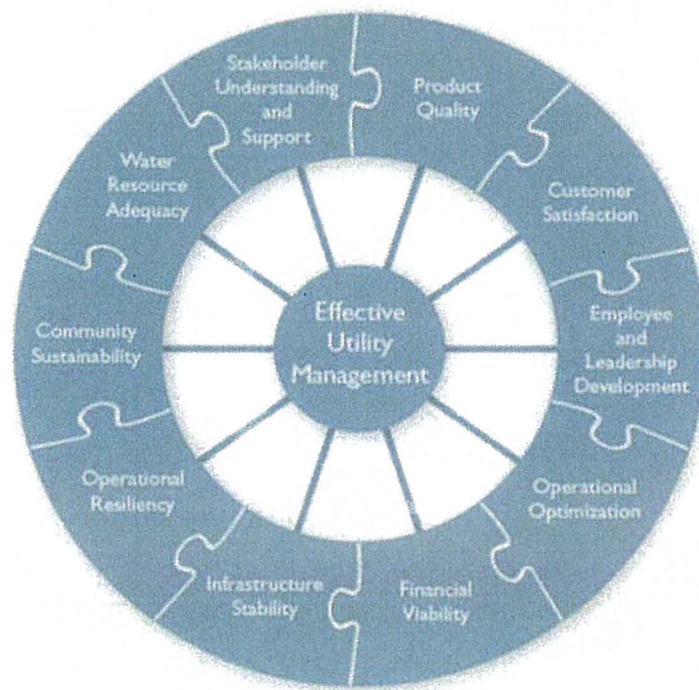


Figure 1: EUM’s Ten Attributes of Effectively Managed Water Sector Utilities

Raftelis selected benchmark organizations based on a variety of factors, including but not limited to size, geography, services provided, regulatory environment, labor environment, and climate. For this study, Raftelis identified seven peer utilities for comparison:

^[1] AMWA, APWA, AWWA, NACWA, NAWC, WEF and the US Environmental Protection Agency, June 2008

- * North Tahoe Public Utility District (CA)
- * South Tahoe Public Utility District (CA)
- * Tahoe City Public Utility District (CA)
- * Douglas County Water and Sewer Utilities (NV)
- * Carson City Water and Sewer (NV)
- * Mt. Crested Butte Water and Sanitation District (CO)
- * Town of Eagle (CO)

Raftelis selected utilities based on their geographic proximity, services provided, and, to a lesser extent, similarity in size to IVGID. Members of the Tahoe Water Suppliers Association (TWSA) were suggested as peers because of their proximity to IVGID and their common use of Lake Tahoe as a water source, but the majority are too small and provide services too dissimilar to IVGID to be considered. Douglas County and Carson City were included due to their proximity even though Carson City is substantially larger than IVGID and Douglas County operates several separate water and sewer systems across their county. Raftelis considered several other “destination communities” in the western United States. Mt. Crested Butte Water and Sanitation District (MCBWS) is roughly one-fourth the size of IVGID but serves as a comparable ski resort community with characteristics similar to IVGID, namely seasonal populations and large snowfalls. The Town of Eagle, Colorado was also selected for its size and its outdoor sports-focused community. The town hosts the airport that serves Vail and Beaver Creek, two prominent ski resort communities. Table 2 lists the peer utilities and their summary statistics.

Table 2: Profiles of Peer Utilities

Utility	Services Provided	Total FTEs	Approximate Accounts	Water Volume (MGD)	Wastewater Volume (MGD)
Incline Village	Water, Wastewater	35.4	4,300	2.55	0.85
North Tahoe	Water, Wastewater (conveyance)	22.47	3,900	1.07	1.08
South Tahoe	Water, Wastewater	104	14,100	4.84	3.15
Tahoe City	Water, Wastewater Conveyance	19.45	5,700	1.03	0.81
Douglas County	Water, Wastewater	22	3,500	1.5	0.3
Carson City	Water, Wastewater	52.4	17,800	8.38	4.93
Mt. Crested Butte (CO)	Water, Wastewater	15	830	0.33	0.27
Town of Eagle (CO)	Water, Wastewater	21.5	2,500	0.95	0.53

When comparing these utilities, benchmark comparisons are made in three categories: staffing, expenses, and utility rates. It is common during benchmarking exercises to compare data from industry surveys, such as the AWWA’s biennial *Utility Benchmarking* survey. However, the economies of scale in utility operations are very strong and the median respondent to the benchmarking survey is much larger than IVGID. Any comparison of IVGID to AWWA benchmark data must be caveated by noting that the AWWA response data is expected to indicate that IVGID would

appear relatively inefficient, because of the economies of scale achieved by larger utilities. In many ways, peer comparisons are more relevant; although, all comparisons need to consider contextual and operating differences. The results of benchmarking comparisons must be viewed holistically with other data sources. They cannot be used in isolation.

Since its creation in 1961, the IVGID has provided a variety of municipal and recreational services to the residents of unincorporated Incline Village and Crystal Bay on the north shore of Lake Tahoe. Typically small communities that host greater populations during peak tourism seasons, but in recent years they have grown to include more year-round residents with greater service demands and a heightened interest in ensuring transparent and efficient local government.

In the past five years, a group of vocal residents has raised questions regarding District management, oversight, and funding. In response, several new members were elected to the Board of Trustees. The District's Audit Committee, previously a subcommittee of the Board, was also expanded to include public members and has undertaken a detailed review of the Financial Reports. In addition, the District has experienced significant management turnover, including the key management positions of General Manager, Director of Public Works, and Director of Finance.

District management and staff is responding to questions about past practices and working to build public trust while undertaking one of the largest capital projects in its history, the estimated \$30 million effluent pipeline project. The District has been subject to more scrutiny than at any time in its recent history. There is new scrutiny on financial reporting mechanisms, funding methods, operations, and communications.

Utilities Operations

The IVGID Department of Public Works, through several divisions, is responsible for utilities operations including treatment and delivery of safe drinking water; the collection, treatment, and conveyance of wastewater; and, through a contract operator, solid waste services. There are five divisions within the Department of Public Works: Utilities, Administration, Waste Not, Engineering, and Fleet. Utilities operations activities occur within four of the five Public Works' areas, with the lone exception being Fleet, which supports all District operations functions. In general, when this report refers to "Utilities" it is referring to those functions funded through the use of the District's Utility Fund, rather than the specific branch marked "Utilities" on the Department of Public Works organizational chart. More specifically, the use of "Utilities" refers to those activities in support of the water, wastewater, and solid waste functions.

At the outset of the discussion of utilities operations, it is important to be clear as to the general findings of this review. The quality of utility operations at IVGID is to be commended. In particular, the manner in which the utility maintains and manages its assets is notable. For example, during Raftelis' on-site visit, the biosolids handling facility was inspected. Biosolids handling is very hard on equipment, and the facility appeared in new condition. We were surprised to learn that the facility had been upgraded eight to ten years earlier. This speaks to the level of maintenance and asset management. Other assets were in a similar state of repair. While there are certainly areas where greater efficiency can be achieved, Raftelis did not observe any significant wasteful uses of resources, obvious misallocations of staff, or other major issues. Visible assets were also in generally good shape; however, some have reached the end of their useful lives as is expected and should be replaced or rehabilitated. The effluent pipeline is an example. We would hold IVGID's utilities out as an example of how small utilities should be operated and maintained.

There are several recommendations in this report, but they are intended as incremental improvements rather than as corrective actions to address a major issue. They are focused more on the management of the utility rather than the

activities by staff. These recommendations are intended to improve the utility’s resilience, balance workloads, and best prepare the utilities for continued long-term success.

CORE SERVICES MATRIX

Because the Utilities Division operates in collaboration with other Public Works divisions, the following table provides an overview of core services in the entire Public Works Department. It is not meant to be all-inclusive. Each division noted below operates under the supervision of the Director of Public Works.

Table 3: Department of Public Works Core Services

Division	Program Area	Activities
Utilities	Pipelines	<ul style="list-style-type: none"> Operation, maintenance, and renewal/replacement of water distribution and sewer collection pipelines
	Treatment Plant	<ul style="list-style-type: none"> Operations and maintenance of water and wastewater treatment plants
	Asset Management	<ul style="list-style-type: none"> Inventorying and tracking of infrastructure assets and maintenance activities
	Maintenance/Electricians	<ul style="list-style-type: none"> Providing maintenance and electrician services
	Laboratory	<ul style="list-style-type: none"> Testing, documenting, and reporting on water and wastewater quality
	Snow Removal	<ul style="list-style-type: none"> Snow removal from District facilities
Administration	Customer Service/Billing	<ul style="list-style-type: none"> Preparing customer bills and researching questions to provide service to customers
	Meter Reading	<ul style="list-style-type: none"> Reading customer meters to track accurate usage
Waste Not	Solid Waste/Recycling	<ul style="list-style-type: none"> Management of the Waste Management contract for solid waste and recycling, and provision of household hazardous waste services
	Resource Conservation	<ul style="list-style-type: none"> Educational outreach on environmental and sustainability topics
	Regional Leadership	<ul style="list-style-type: none"> Executive Director of the Tahoe Regional Water Association
	Watershed and Resource Protection Efforts	<ul style="list-style-type: none"> Working with other regulatory and community organizations to protect the environment and water resources
Engineering	Design	<ul style="list-style-type: none"> Engineering new facilities and assets, and capital project management
	Inspection	<ul style="list-style-type: none"> Inspection of new construction and backflow devices to ensure compliance with District standards Administer District’s Fats, Oils, and Grease (FOG) program
	Project Management	<ul style="list-style-type: none"> Management of construction and other contract work done on behalf of the District
	Contracts	<ul style="list-style-type: none"> Preparation, execution, and tracking of Public Works contracts
Fleet	Maintenance	<ul style="list-style-type: none"> Maintenance to District vehicles and equipment

UTILITY ORGANIZATION STRUCTURE AND STAFFING

The District’s utilities operation is a division of the Public Works Department, as shown in the figure below. The Public Works Director reports to the General Manager, who serves as the Chief Executive Officer under the Board of Trustees.

The Utilities Division (including the Utilities Superintendent and those staff that report through to the Utilities Superintendent) has 24.0 permanent Full Time Equivalent (FTE) employees as of early 2021. This does not include Public Works staff in other divisions such as Customer Service and Engineering that do work for the utilities; when these employees are added in, there are 35.4 total employees involved in utility operations. An organizational chart showing the organization of the Public Works Department is provided in Figure 2. The Utilities Superintendent, who reports to the Director of Public Works, oversees the utility operations for both water and wastewater. Treatment and Pipeline staff are dual-certified, meaning they work on both the water and wastewater utility systems. By having dual-certified staff, the District has greater staffing flexibility as a larger number of staff are available to ensure coverage on either system. While some members of the public often mistakenly consider utility staff to be unskilled workers, they are, in fact, technically trained professionals responsible for drinking water and wastewater operations and are entrusted with public health duties.

Utilities staff collaborate often with other Public Works Divisions including Administration, which provides meter reading and utility billing; Engineering, which provides design and project management assistance; Waste Not, which works on resource conservation, solid waste, and environmental programs; and the Fleet for acquisition and maintenance of vehicles and equipment.

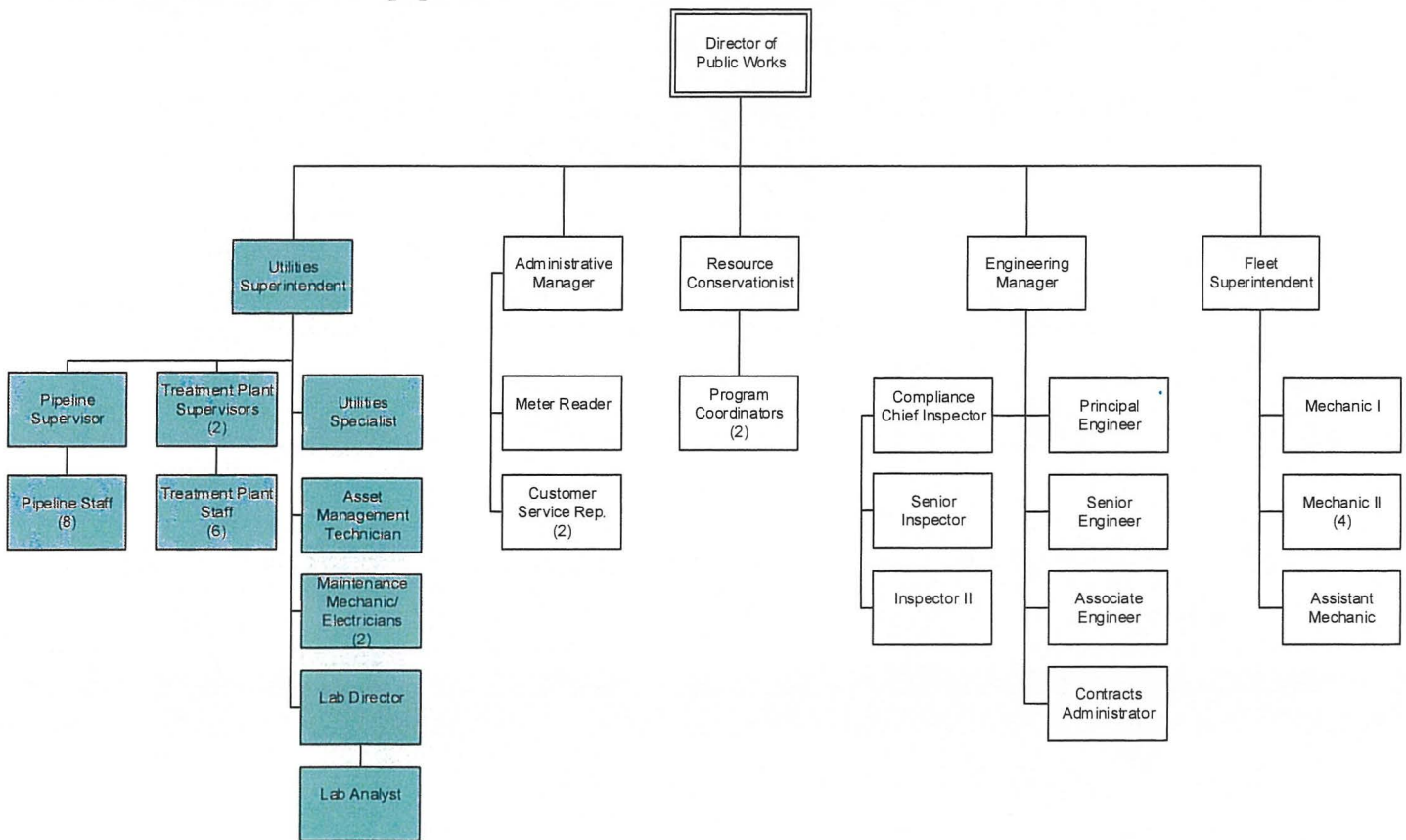


Figure 2: Public Works Department Organization Chart

UTILITY FUND BUDGET

The Utility Fund budget as filed with the State of Nevada for Years 2017-2021 is shown on the table below. The column to the far right shows the percentage of change over those five years. Operating revenues as a whole have increased by 7.2% while operating expenses have increased by 12.6% over the five-year period. That compares with an 8.95% rate of inflation over the same period using the Consumer Price Index. The largest cost drivers are legal, audit, and professional fees, which have increased over 55%; employee benefits, which have increased 28.3%; and central services costs, which have increased over 21%. A review of FY 2020 actuals shows that \$144,930 (65%) of the \$221,815 spent on legal, audit, and professional fees was for legal costs. New costs of almost \$200,000 per year for insurance were also added in FY 2020.

Table 4: Utility Fund Budget by Category, 2017 – 2021

Category	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimated	Percent Change FY 2017-21
OPERATING REVENUE						
Charges for Service	11,423,577	11,597,653	12,552,028	12,396,987	12,492,674	9.4%
Intergovernmental (TWSA) & Grants	127,535	150,356	123,301	0	31,000	-75.7%
Interfund	262,057	177,548	111,853	167,499	144,759	-44.8%
TOTAL	11,813,169	11,925,557	12,787,182	12,564,466	12,668,433	7.2%
OPERATING EXPENDITURES						
Salaries & Wages	2,480,611	2,505,990	2,632,951	2,869,747	2,771,404	11.7%
Employee Benefits	1,077,836	1,116,230	1,288,413	1,281,735	1,383,082	28.3%
Services & Supplies	1,922,802	2,179,628	2,003,301	2,115,024	1,728,141	-10.1%
Utilities	806,413	842,777	862,768	894,515	783,806	-2.8%
Legal/Audit/ Professional Fees	74,746	102,886	78,295	221,815	115,941	55.1%
Central Services Cost	324,400	297,000	308,600	353,700	392,709	21.1%
Defensible Space	97,045	95,229	100,000	97,876	100,000	3.0%
Insurance	0	0	0	185,410	197,331	100.0%
Depreciation/Amortization	2,945,922	2,973,631	3,153,809	3,367,361	3,485,000	18.3%
TOTAL	9,729,775	10,113,371	10,428,137	11,387,183	10,957,414	12.6%
NONOPERATING REVENUES						
Interest Earned	60,132	77,280	282,484	298,225	114,540	90.5%
Capital Grants	425,509	199,934	0	0	0	0.0%
Sale of Capital Assets	17,730	50,020	15,066	-19,184	6,070	-65.8%
TOTAL	503,371	327,234	297,550	279,041	120,610	-76.0%
NONOPERATING EXPENSES						
Interest Expense	154,186	140,463	126,351	111,838	96,914	-37.1%
Transfers In/(Out)	0	120,000	120,000	45,000	0	0.0%
CHANGE IN NET POSITION	\$2,432,579	\$2,188,957	\$2,650,244	\$1,389,486	\$1,734,715	-28.7%

Benchmarking

The District has allocated 35.4 FTEs to the utilities. Figure 3 presents the number of accounts served per FTE for the District and the peer utilities. Based on the District’s allocated FTEs, the District serves 121 accounts per FTE, which places it in the general range of most of the peers. Tahoe City (294 accounts per FTE) and Carson City (340 accounts per FTE) are notable exceptions, likely because they are larger organizations and don’t provide service in the same ways as IVGID. Moreover, neither North Tahoe nor Tahoe City provide wastewater treatment services, which negates a major labor requirement of other utilities that do provide treatment.

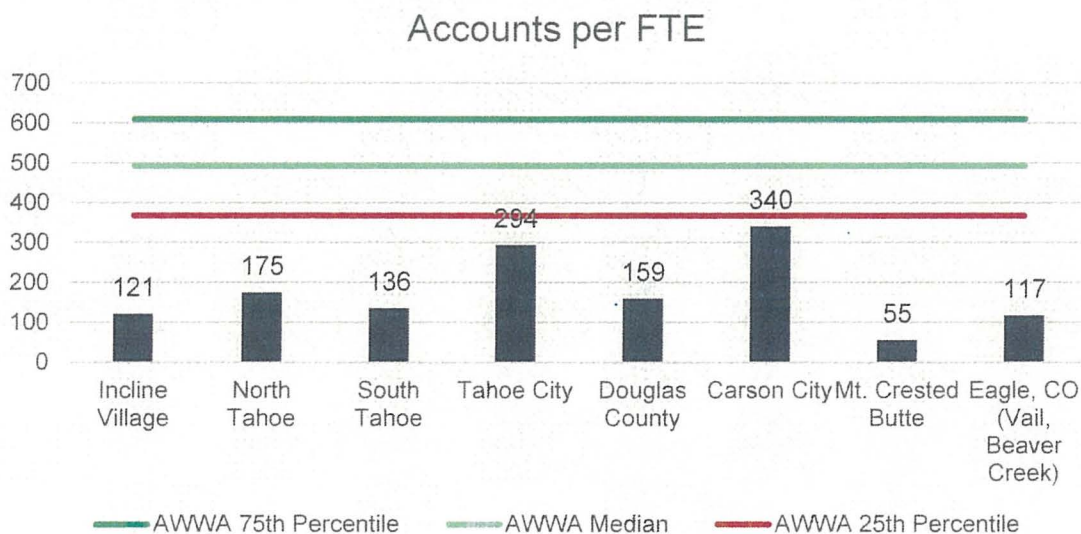


Figure 3: Accounts per FTE

Tahoe City allocates 19.45 FTEs to its utilities but excludes the eight FTEs in its Engineering and IT departments. It is likely that Engineering and IT spend a large portion of their time assisting the utilities. Tahoe City accounts for this through an overhead rate or an inter-fund transfer. Neither Tahoe City nor North Tahoe provide wastewater treatment service. Economies of scale also influence observed staffing rates. Thus, Tahoe City’s accounts per FTE rate may appear better than IVGID, but that conclusion cannot be drawn from the data, because of the factors just discussed. Carson City has the largest number of accounts among the peer utilities and the fact that it has the highest number of accounts per FTE is likely due to its economies of scale. The median, 25th percentile, and 75th percentile responses from AWWA’s benchmarking survey data are included in Figure 3. The number of accounts served per FTE in the AWWA data is much higher than observed in the peer utilities, though the median respondent to the AWWA benchmarking survey is much larger than any of the peer utilities.

A second metric used to measure staffing levels is million gallons per day (MGD) of water or wastewater produced/treated per FTE. Figure 4 shows that the District has the second-highest production of water per FTE among the peers, second only to the much larger Carson City. As in Figure 3, all of the peer utilities have production rates lower than the AWWA metrics. Note that the relative rankings between the peer utilities can change when efficiency is measured on an account or a production basis. The average water used per account, the mix of customers a utility serves, and even how leaky a water distribution system is can influence these relative rankings. The District serves 259 multi-family accounts, which are composed of 4,095 users. It is unknown to what extent peer utilities serve multi-family accounts, but it is for reasons such as this that benchmark metrics are also conducted on a production (i.e., per MGD) basis.

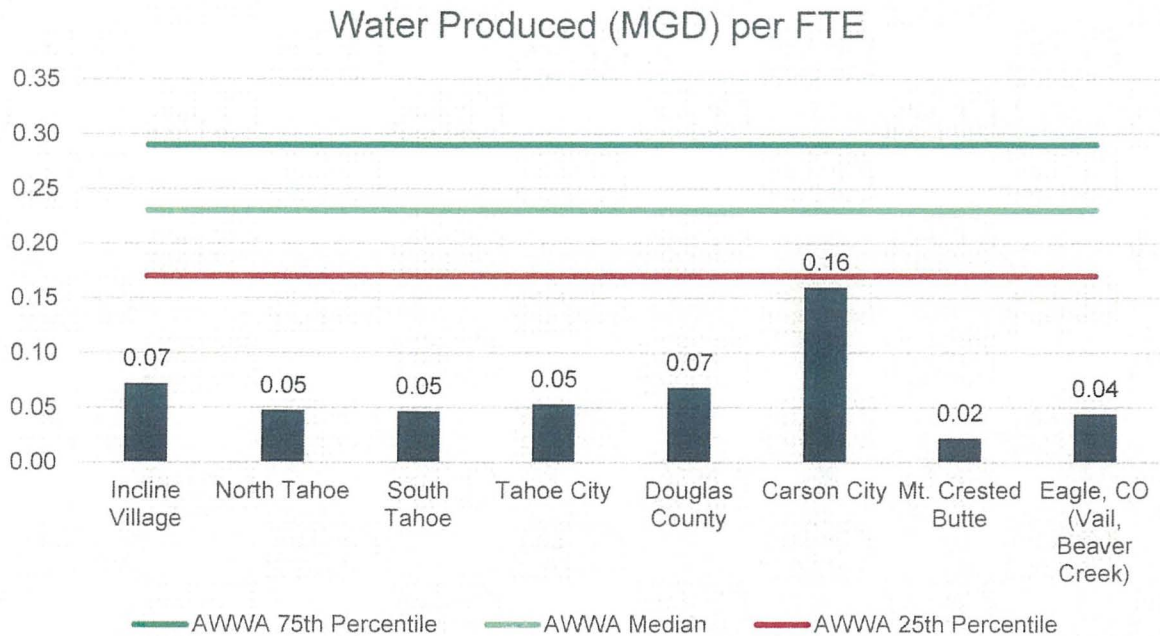


Figure 4: Water Produced (MGD) per FTE

Figure 5 presents the average volume of wastewater (MGD) collected per FTE. The District's 0.02 MGD per FTE is representative of the peer utilities. Carson City (the largest peer) again has the highest rate of production. Neither Tahoe City, which has the third-highest rate of production, nor North Tahoe operate a wastewater treatment plant, which inflates their productivity numbers.

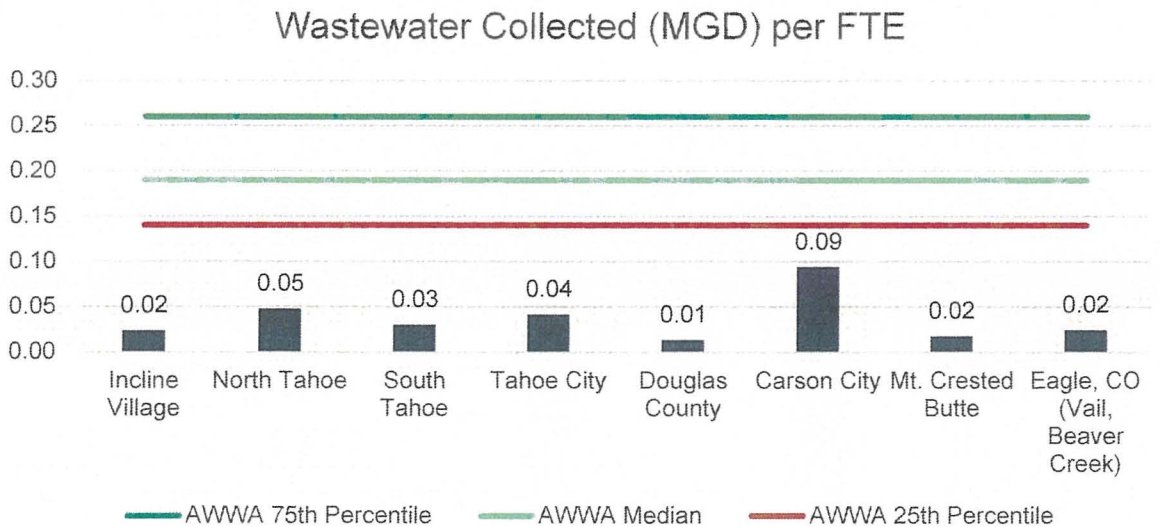


Figure 5: Wastewater Collected (MGD) per FTE

The District's staffing levels are influenced by the high levels of service it chooses to provide. One of the District's most valuable assets is its filtration exemption from the Surface Water Treatment Rule. The District's operations are

clearly influenced by this awareness, not just by working hard to ensure the high quality of water produced by its water plant but also by ensuring the proper functioning of its sewer system and helping protect the environmental quality of the region. The District operates in such a way that it can respond to any issue in its system within 30 minutes of detection. The District also conducts a robust Preventative Maintenance (PM) program, particularly in respect to its sewer line cleaning and inspection program. Given the service expectations of the District, it would be expected that the District would be more heavily staffed than most other utilities with lower performance expectations.

OPERATIONAL EFFICIENCY

Every utility would like to be more “efficient.” However, a utility’s efficiency (as measured by its costs) is largely determined by its operating environment and the levels of service it provides. Figure 6 below shows the annual operations and maintenance (O&M) costs per account of the peer utilities. IVGID is shown to be on the higher end of the range of peer utilities.

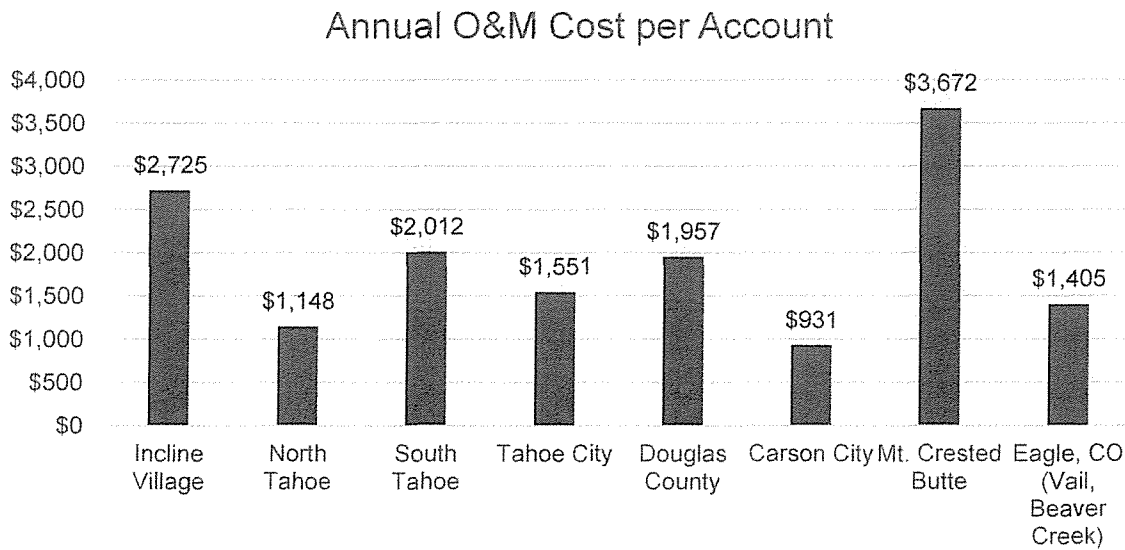


Figure 6: Annual O&M Cost per Account

Some may examine Figure 6 and feel that the results are indicative of inefficiency at the District, but when put into context, the results are to be expected. Reasons for this include:

- The District operates in a high-cost environment.** Cost of living indices are the best proxy for the relative prices that IVGID experiences. For instance, the Sterling cost of living model sets the average cost of living index value for the U.S. at 100. The index value for Reno is 116.2, or 16.2% greater than the U.S. average. The index value for Incline Village is 182.3, or 56.9% greater than the cost of living in Reno, and over 80% higher than the U.S. average. As a further comparison, Carson City is similar to Reno, with an overall index of 109.8. Incline Village is thus 66.0% higher than Carson City. Incline Village’s utilities index is also 9.8% less than Carson City’s. Ironically, the index for utilities in Incline Village is 86.1, nearly 14% less than the U.S. average and 10% less than Reno, meaning utility services are relatively affordable in comparison to other metrics in Incline Village.
- A limited number of contractors work in the area.** Larger metropolitan areas would have more qualified contractors available to bid for projects, helping to keep costs low. The contractors that do operate in the area operate in the same higher cost environment as the District.

- **The District owns and operates a very long wastewater effluent pipeline.** Nearly every other wastewater treatment plant in the world allows their treated effluent to simply gravity feed out of their plant to a nearby water source. The District, however, must pump their effluent up several thousand feet and deliver it via pipeline nearly 30 miles away.
- **The District provides water to the ski resort for snowmaking purposes and to other customers at high elevations.** One of the District's largest water customers is the Diamond Peak Ski Resort, which requires pumping water hundreds of feet up to serve them. Other customers are located at high elevations, which require additional pumping equipment and costs.
- **A small number of large water users skew the O&M cost per account upward.** Roughly 30% of the District's water usage is due to commercial customers, and a large portion of the commercial usage is consumed by just a few users, including the ski resort and golf courses. These usage profiles skew the cost per account metric upward.
- **The District provides high levels of service.** The District serves a customer base that is accustomed to a high service level. Moreover, the District operates in a manner that minimizes unforeseen events such as sewer overflows to protect the environmental health of Lake Tahoe, and thus protect the surface water filtration exemption the District operates under. Doing so requires the ability to quickly respond to reported events, an aggressive preventative maintenance schedule, and a sophisticated asset management program.

Another common benchmarking metric to evaluate operating costs is on a production basis, or annual O&M cost per million gallons (MG) of water produced. The industry benchmark compares water O&M costs per MG of water produced. However, as the District does not separate all water and wastewater operating costs (though many costs are separated), the metric used here is combined O&M costs (i.e., both water and wastewater) per MG of water produced, shown in Figure 7.

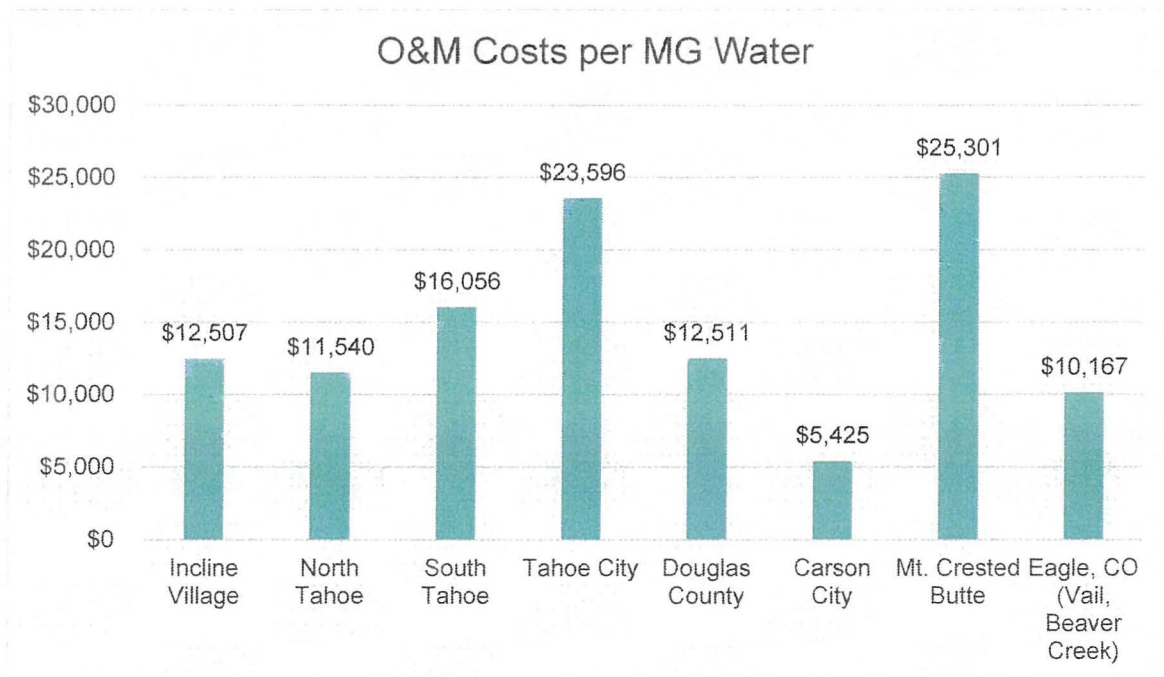


Figure 7: O&M Costs per MG Water

From a production standpoint, the District's operating costs are in line with its peers, with only Carson City being significantly lower, and several peers being significantly higher. Moreover, the District is able to achieve this while providing high levels of service.

CAPITAL AND ASSETS

Measuring the capital investment of a utility can be done in two ways, through either annual debt service per account or through total capital spending per account. Benchmarking the debt service provides insight into a utility's past capital decisions. Depending on the timing and the debt term, a utility's debt service can be influenced by capital financing decisions up to 30 years ago. Total capital spending per account uses the most recent year available to compare capital spending between utilities, but with the caveat that capital spending is far more variable than O&M spending. Comparisons can be skewed by where utilities are in their capital replacement cycle. Figure 8 shows capital spending per account for the peer utilities. IVGID (at \$1,068 per account) is shown to be comparable to the peers which range from \$634 per account to \$2,161 per account. Mt. Crested Butte is a notable exception, spending over \$10,800 per account by conducting a major treatment plant refurbishment project.

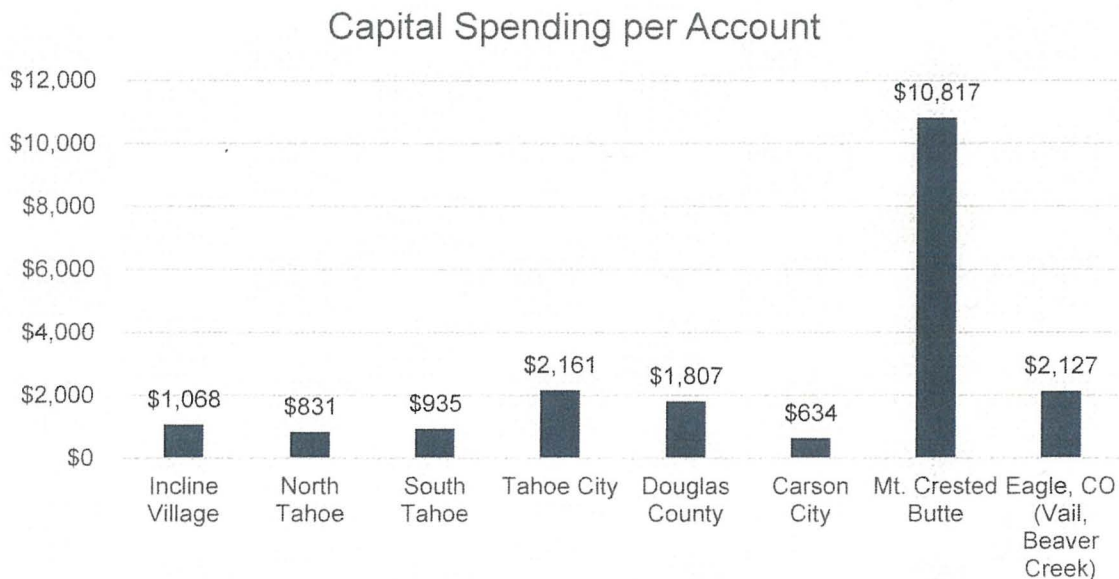


Figure 8: Capital Spending per Account

Raftelis conducted an on-site visit on March 2021 in part to review the District's facilities in-person. When reviewing a utility's facilities, the team looks at a variety of factors, including:

- Age of assets
- Asset condition
- Operability
- Appropriateness of engineering design
- Safety

On the whole, the assets were observed to be older (as one would expect of a utility of the District's age) but well-maintained. Assets were observed to be in proper, operable order. Some assets had been upgraded/retrofitted as one would expect in a utility the age of the District. It was clear that assets were being properly maintained, and Raftelis did not observe the sort of red flags that are typically seen at utilities that are dealing with challenges. One example of the District's assets was its biosolids handling area at the wastewater treatment plant. Biosolids handling can be a harsh environment, which is usually evident on the equipment and facility. Upon entering, the biosolids equipment appeared new, as if the District had just completed an upgrade. When asked, staff reported that the upgrade had occurred 8-10 years earlier.

The condition of the utility's assets is clearly a team effort, requiring the efforts and coordination of the entire operations staff, but one of the things that sets the District apart is the role of the Utilities Specialist. The primary duty of the Utilities Specialist might be best described as "minor capital project delivery." Most of these minor capital projects could be considered major preventative maintenance. The execution of 60-80 of these projects each year is a large reason as to why the District's assets are in such good condition despite their age.

UTILITY RATES

Within this report, benchmark comparisons of operating costs, capital costs, and debt service costs are presented. Utility rates are a combination of those three major annual costs and usually represent a "smoothing" of those year-to-year costs (i.e., rates are usually not raised and lowered year to year to account for higher or lower capital programs, but rather reserves are allowed to fluctuate). Water, wastewater, and combined water and wastewater rates will be presented for residential customers at three representative levels of usage: no usage, 3,740 gallons (i.e., 500 cubic feet or 5 ccf), and 7,480 gallons (i.e., 1,000 cubic feet, or 10 ccf). The volume amounts were selected to match the volumes contained in the AWWA's biennial rate survey. Even though the District does not bill in increments of gallons or tens of gallons, utility bills will be calculated as if the District and the peer utilities do (i.e., a customer that uses 3,740 kgal at \$1.00/1,000 gallons is billed \$3.74).

Figure 9 shows the calculated residential water bills at 0 gallons, 3,740 gallons, and 7,480 gallons for IVGID, the peer utilities, and the national median water rates for all surveyed utilities selling less than 20 MGD of water. The AWWA median bills tend to be lower than those of the peers at all usage levels. The other notable difference is that the bill at 0 gallons, which represents the monthly service charge, is much lower for the AWWA median than the peers. Several implications are made by the relative size of the AWWA bills as compared to those of the peers. First, the typical respondent to the AWWA survey is still likely larger than most of the peers and is likely to enjoy improved economies of scale compared to most peers. Second, the relatively small monthly service charge for the AWWA median compared to the bills at 3,740 and 7,480 gallons indicates that the AWWA respondents are recovering a greater percentage of revenues from volume revenues as opposed to fixed revenues. The peer utilities appear to be more reliant upon fixed revenues. Utilities that serve resort communities commonly rely on fixed revenues more than variable revenues due to the more transient and seasonal nature of the customers they serve.

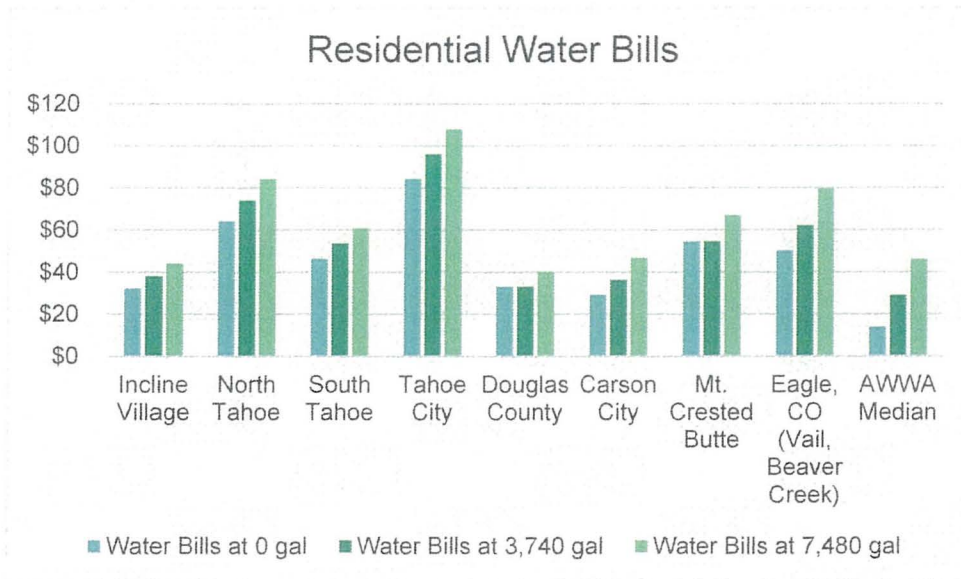


Figure 9: Residential Water Bills

Figure 10 shows the residential wastewater bills at the same usage levels of 0, 3,740, and 7,480 gallons. IVGID’s wastewater bills appear within the range of the peers. Notably, each of the other peers charges a flat fee for wastewater service with no volume charge, unlike IVGID which does charge a volume rate. Again, the AWWA survey data shows that the typical survey respondent is more reliant on volume revenue than the peers, which recover no volume revenue. It should be noted that Tahoe City’s and North Tahoe’s wastewater bills are for conveyance only. Tahoe City’s and North Tahoe’s wastewater customers are charged a second, separate bill for the cost of treatment by the treating agency which is not included in this graph.

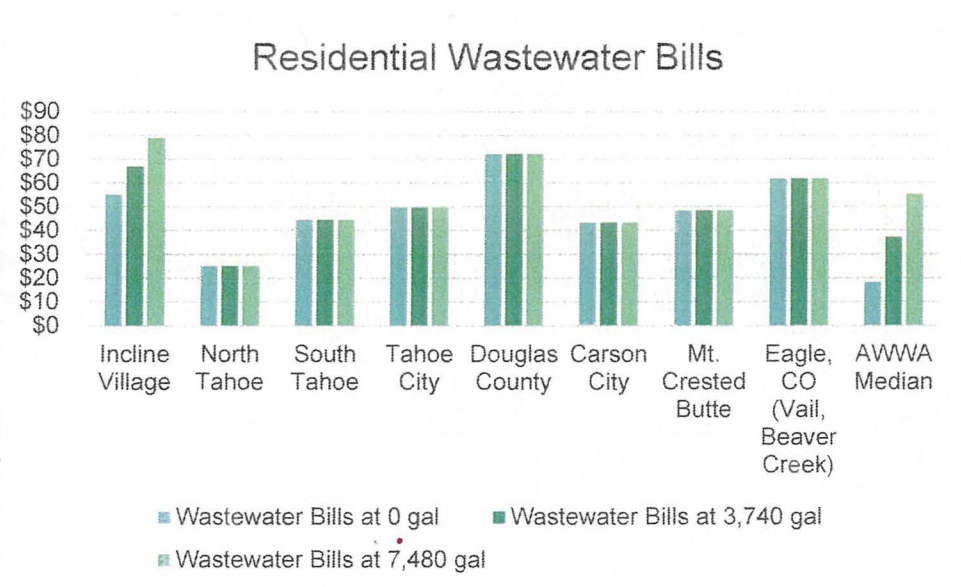


Figure 10: Residential Wastewater Bills

Figure 11 presents the combined water and wastewater bills for IVGID and the peer utilities at the three usage levels. When water and wastewater bills are combined, IVGID and the peer utilities have surprisingly similar bills. Carson City has the lowest combined bill, again perhaps taking advantage of their economies of scale compared to other peers. Perhaps the most notable difference between IVGID and the other peers is the relative steepness of the combined bills as usage increases from 0 to 7,480 gallons. IVGID's combined bills grow with increased usage faster than the peers, due in part to the fact that IVGID is the only utility among the peers that charges a volume rate for wastewater usage. The AWWA survey data continues to show median bills that are lower than the peer utilities yet grow at a faster rate as usage increases.

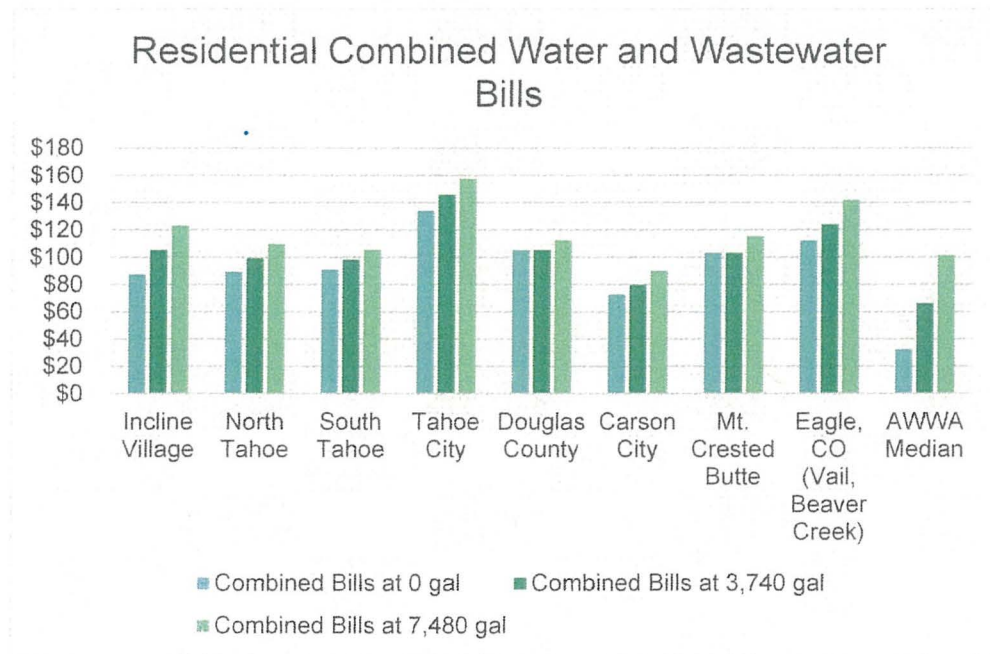


Figure 11: Combined Residential Bills

While current rates are in line with other jurisdictions, as shown above, the level of Change in Net Position (e.g., amount of revenues exceeding expenses) for the Utility Fund has dropped significantly over the past four years. For this reason, the District should undertake a comprehensive rate study as soon as possible. This is discussed further in Recommendation 14 below.

Analysis and Recommendations

The analysis and recommendations detailed below identify specific and actionable recommendations that can be implemented to strengthen service delivery under three topics areas: 1) District-Wide Recommendations, 2) Utility Operations, and 3) Utilities Financial Condition and Management.

District-Wide Recommendations

The District has dedicated professional staff who are committed and who pride themselves on providing high levels of service. This was evident based on data collected, inspection of assets, and our interviews and interactions with staff. Several staff expressed a true passion for serving the community and ensuring sustainability of its high-quality natural resources. Many long-time utilities staff understand the District's unique assets and operating environment in the Lake Tahoe Basin, which is unlike utility operations elsewhere due to geography and specific environmental requirements. Less than 50 utilities out of approximately 16,000 public community water systems nationwide have source water clean enough to be unfiltered.¹

In recent years, District staff has been the subject of increased scrutiny and even accusations by the public with regard to operating efficiency and financial practices. The public here, as in many places nationwide, demands a high level of accountability and transparency to ensure proper stewardship of its resources. Several senior managers have left the agency, resulting in a loss of historical knowledge, learning curves for new staff, and concerns about the future by other staff.

The newly redefined Audit Committee, along with the new Director of Finance, have done considerable work to strengthen financial practices. If the District is truly to move forward and increase public trust, however, it is important that Board members serve their primary purpose: to provide strategic direction for the organization. The Board and staff are on the same team and should be partners in the provision of excellent service to the community. Disagreement and discussion are normal and healthy elements of board interaction, but once policies and practices are enacted, there must be unified support for them. This will show that the District is truly "One District, One Team" as its logo states, as well as show accountability to the public.

While the scope of this review was focused on the Utilities Division of the Public Works Department, there were some District-wide issues which impact the Utilities operation that merit comment.

Recommendation 1: Finalize a new strategic plan for the District as a whole including specific elements (and metrics) for recreation services and utilities.

The District's strategic plan expired in 2020 and the General Manager has an update that is ready to go before the Board soon. An updated strategic plan ensures everyone is "rowing in the same direction" and provides a framework upon which departments can build strategies and specific goals. Ideally, a strategic plan should be the result of a facilitated meeting to ensure consensus and agreement by the Board on the District's top goals and strategies to achieve them.

¹ The U.S. Environmental Protection Agency reports that there are 54,064 Community Water Systems (CWS) serving 263.9 million people in the U.S. Of the 54,064 CWS, roughly 16,000 are public systems, and of the total number of CWS, 11,403 systems (serving 178.1 million people) rely on surface water as a source.

Staff should create a limited number of metrics for each strategy to show progress. These measures should then comprise the key reports being provided to the Board to show ongoing progress and achievement as related directly to the strategic plan. By ensuring a focus on key things that matter, the organization makes forward progress in the most efficient manner. The district utilizes NEXGEN asset management software to prepare work orders, manage asset inventories, prioritize maintenance, and generate many reports. Staff should ensure that the Board is not overwhelmed with non-essential information. It should receive metrics of most value: those most supportive in showing progress toward strategic goals and activities.

Effective management and oversight of utilities requires clear, consistent policy direction from the District's elected officials and a strategically focused workplan that is consistently followed. The direction of, and expectations for, the organization have changed, and staff must be given workplans and policies in order to meet these new expectations. Finally, there is considerable need to agree upon communications mechanisms and content that would build public trust and move the District forward.

Recommendation 2: Build public trust by creating a strategic communications plan.

It is important to build trust to ensure residents know the District is being governed and managed well, is financially compliant and transparent, and that staff is held accountable for results. By investing in a comprehensive communications plan, the District can acknowledge past issues and communicate the many steps being taken to move forward and continuously improve. It can also market to the community the value of District services and ensure transparency of available performance and financial information. Finally, it will assist in improving staff morale by recognizing their work and achievements. There is much good news with regard to the Utilities operations and this should be shared with the public.

Recommendation 3: Build public knowledge about the value of IVGID's utilities operations.

District staff provide a high value service with regard to its utilities operations. However, few outside of District staff are familiar with the operations and its complexity. It is important to educate by sharing this information with the Board, other staff, and the public through educational outreach, open houses, and tours. By sharing the extent of the utility operations and the District's role in environmental sustainability in the region, the District can build support for its role.

Recommendation 4: Reconsider the membership and role of the District's Audit Committee.

While the role of the Board and its committees are not expressly the subject of this review, how the District handles the finances and management of the utilities does have a direct bearing on their success. Therefore, Raftelis is providing our recommendations on membership and role of the District's Audit Committee.

The District adopted Board Policy 15.1.0 in May 2020 to redefine the role and structure of its Audit Committee. The Audit Committee is comprised of five voting members, two Board-appointed Trustees and three Board-appointed qualified At-Large (public) members. Per the Policy, the role of the District's Audit Committee is:

...to assist the Board of Trustees fulfill its responsibilities in accordance with Nevada Revised Statutes, District Policies, Practices, Ordinances, and Resolutions by providing oversight over the District's financial reports, the system of internal controls including the internal audit plans and report, and the independent external auditor's assessment of financial statements.

The Government Finance Officers Association (GFOA), the international resource for governmental accounting guidance, states the role of the Audit Committee to be as follows:

Three main groups are responsible for the quality of financial reporting: the governing body, financial management, and the independent auditors. Of these three, the governing body must be seen as first among equals because of its unique position as the ultimate monitor of the financial reporting process. An audit committee is a practical means for a governing body to provide much needed independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. An audit committee also provides a forum separate from management in which auditors and other interested parties can candidly discuss concerns. By effectively carrying out its functions and responsibilities, an audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices, and that the independent auditors, through their own review, objectively assess the government's financial reporting practices.²

This role mirrors that expressed in the IVGID policy. However, the GFOA differs with IVGID on membership of the Audit Committee. In GFOA's publication, "Audit Committees: An Elected Official's Guide," GFOA states:

The members of an audit committee should *all* be members of the governing body for two principal reasons. First, one of the core responsibilities of the legislative branch of government is to oversee the executive branch (including its financial management). As a rule, a core responsibility *cannot* be delegated. Second, the credibility of the audit committee (and hence its effectiveness) inevitably will depend on both its *real* and *perceived* authority. The process of delegation inherently weakens both by opening a gap between the audit committee and actual decision makers.

While all members of the audit committee should be members of the governing body, it does *not* follow that any and all members of the governing body automatically should be eligible to serve on the audit committee. As mentioned previously, one of the key benefits of an audit committee is that it should provide a forum in which the independent auditors can candidly discuss audit-related matters with members of the governing body *apart from management*. This benefit would be lost, of course, were someone from management to serve as a member of the audit committee. Therefore, no member of the governing body who exercises financial management responsibilities should serve as a member of the audit committee.³

The intent of establishing an Audit Committee, as expressed by GFOA, is to serve as "a practical tool for ensuring that the governing body periodically considers internal control and financial reporting and deals with both in a timely and appropriate manner. The existence of an audit committee also ensures and facilitates regular, direct communication between the independent auditors and the governing body, which is essential to the effectiveness of the audit process."⁴ This guidance was raised to address past practices in which the annual external and "independent" auditor would be contracted by, and report solely to, the Manager or Director of Finance who could then allegedly influence contents of the audit prior to review by the governing body. The Audit Committee's role is to speak candidly as policymakers directly with the external auditor, in the absence of internal management influence, regarding the accuracy of the audit and staff's cooperation in its preparation.

² Best Practices: Audit Committees, Government Finance Officers Association, <http://www.gfoa.org/materials/audit-committees>

³ Audit Committees: An Elected Official's Guide, Stephen J. Gauthier, Government Finance Officers Association, Chicago, Illinois, 2006, page 19.

⁴ Audit Committees: An Elected Official's Guide, Stephen J. Gauthier, Government Finance Officers Association, Chicago, Illinois, 2006, page xii.

While the IVGID Audit Committee policy states that, “It is the responsibility of the Committee to provide independent review and oversight of 1. Financial reporting, 2. Internal controls, and 3. The independent audit of financial statements,” concurring with GFOA, the fact that public members are on the Committee and that meetings are held in a public forum runs counter to the intent of an Audit Committee to provide a chance for policymakers and the independent auditors to speak candidly.

Per GFOA’s advice above, best practice is for Audit Committees to consist solely of members of the governing board, ideally two members which would not result in a quorum that invokes public meeting requirements. In this way, two members of the Board of Trustees, preferably those with some financial expertise, could speak openly and directly to the independent auditors regarding the audit process, management cooperation, and findings prior to audit issuance.

The IVGID Audit Committee as it currently operates is more akin to a Finance Committee than an Audit Committee. In a Finance Committee, a regular monthly public meeting is agendaized and held to review various financial matters affecting the enterprise. Often, Finance Committees are comprised solely of members of the public appointed by the Board who are assisted by a staff liaison, usually from the Finance Department. The role of a Finance Committee is to provide public input and feedback to the Board regarding financial issues.

The work being done by the Audit Committee in assisting the District with review of policies and ensuring accuracy in financial reporting has great value if executed properly. Policy 15.1.0. states, “The Audit Committee Charter shall be reviewed periodically with recommended changes submitted to the Board of Trustees for approval.” We would concur and suggest the District revisit the membership and role of the Audit Committee.

Utility Recommendations

The following sections present our assessment of utility operations and efficiency, including organizational structure and staffing.

ORGANIZATION STRUCTURE AND STAFFING

How a utility chooses to staff itself is a function of the levels of service it provides and what activities it chooses to outsource. Comparing the staffing levels of a group of utilities is useful in identifying outliers but cannot account for various decisions that result in those staffing levels. For instance, a utility may choose to contract out sewer cleaning and inspection activities, while another utility may choose to perform those activities in-house. Other utilities may rely on outside engineering resources to a greater or lesser extent. The District’s Water and Wastewater Utilities are contained within, and enmeshed throughout, the District’s Department of Public Works. Numerous positions, namely within Engineering, serve both utility and non-utility functions.

Broadly speaking, the District appears to be able to recruit and retain sufficient staff, particularly as it relates to front line crews and operators. Such staff do not appear to have rapid turnover, and wages appear to be sufficient to attract candidates. Staffing in the District’s utilities is lean; while a reduction in staffing is always possible, it would likely necessitate a reduction in programs and services as well as a long-term risk of increased failures.

However, there are key specialized staff whose departure or retirement could pose an operational risk to the District and may present challenges in filling those roles given the needed expertise. Examples of such staff include the Utility Superintendent, Utilities Specialist, Asset Management Technician, Inspectors, Administrative Manager, and Lab Director. The need for succession planning is discussed below.

Utilities employ a variety of organizational structures across the industry based upon how they choose to organize their job functions. There is no single accepted or “proper” way to do so. Larger utilities frequently divide their organization into major functions of water treatment, wastewater treatment, water distribution, and wastewater collection. Smaller utilities such as the District often exhibit less specialization. Figure 12 presents the water and sewer utilities organizational chart.

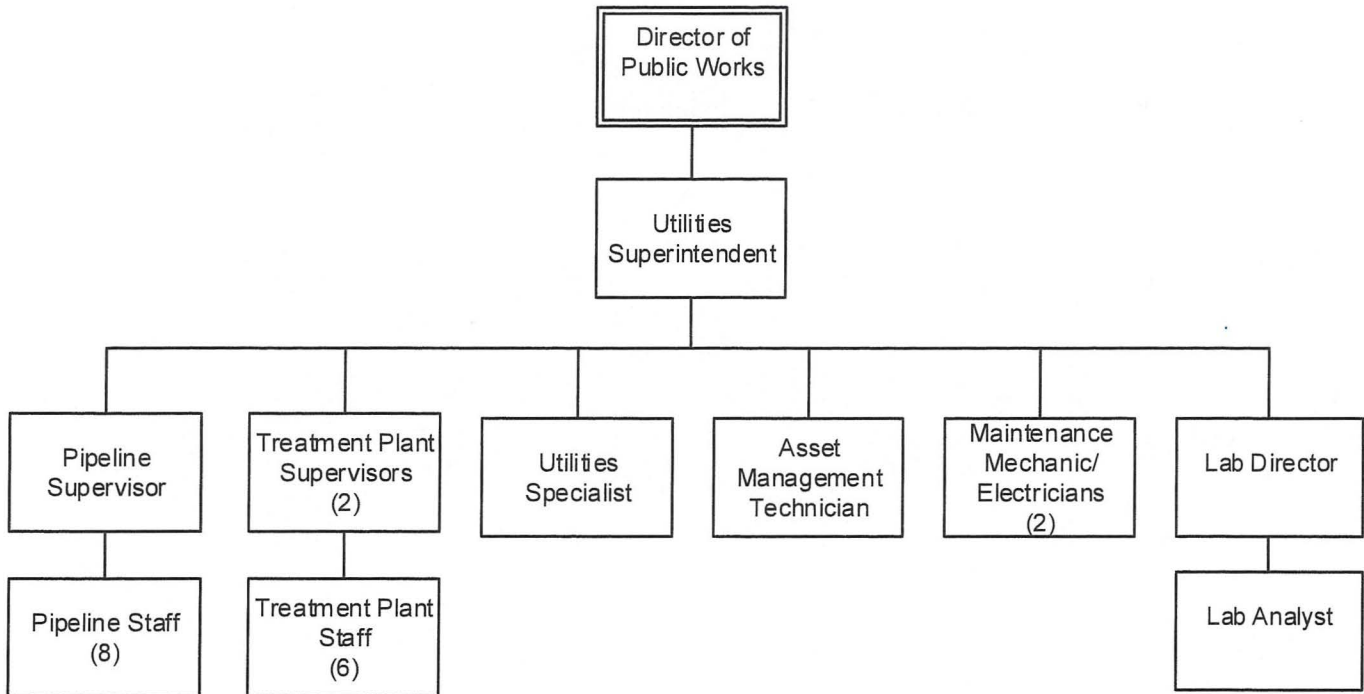


Figure 12: Water and Sewer Utilities Organizational Chart

The District’s major division of staff into either “Treatment” or “Pipeline” groups is not uncommon for a utility of its size. The Pipeline crews work on both water and sewer pipes, and the Treatment crews operate both the water and sewer treatment plants. The Pipeline group is led by a single Pipeline Supervisor, while the Treatment group is led by two Treatment Plant Supervisors.

The Treatment Plant Supervisors appear to operate in a co-leadership position. First, they are assistant supervisors that report directly to the Utility Superintendent. Second, one ostensibly leads the Monday to Thursday shift, while the other leads the Tuesday to Friday shift. They thus work in tandem three of the four days they are on duty. Third, one favors the water system while the other favors the wastewater system, but their authority and responsibility remain cooperative. It would be intuitive to designate one supervisor as the “water treatment” supervisor and the other the “wastewater treatment” supervisor. However, the labor and attention required by the wastewater plant is much greater than that required by the water treatment plant, so the utility lacks this logical division of labor between the two supervisors. Staff report that the current arrangement generally works, and that the supervisors have a sufficiently cooperative relationship. However, this arrangement, while flexible, can blur lines of authority and responsibility.

The organization chart has two electrician positions, which is unusual for a utility the size of IVGID. During the creation of this report, Raftelis learned that the District was converting one of the two electrician positions to a Supervisory Control and Data Acquisition (SCADA) specialist, which Raftelis supports.

Utility Superintendent

The Utility Superintendent, when including current vacant positions, has at least eight direct reports, which is larger than the usual three to five direct reports recommended for effective supervision. The Utility Superintendent was also one of the few individuals who appeared to be overburdened with job duties. Raftelis' site visit coincided with the hiring of the new Director of Public Works. The Utility Superintendent and the Engineering Manager had been splitting the duties of the Director until that point, so it is likely that these added duties influenced Raftelis' observation of the Superintendent's workload.

Recommendation 5: Reduce the Utility Superintendent's direct reports.

The ideal span of control is considered three to five direct reports. Based upon the District's organizational chart, the least disruptive change is to move the electrician positions. A satisfactory location for the electricians may be to report to the Treatment Plant Supervisors, as seen in Figure 13. The advantage to this configuration is that the treatment plants likely require the bulk of the electricians' work. The disadvantage to this configuration is that the pipeline staff might not find the electricians to be as responsive to their concerns.

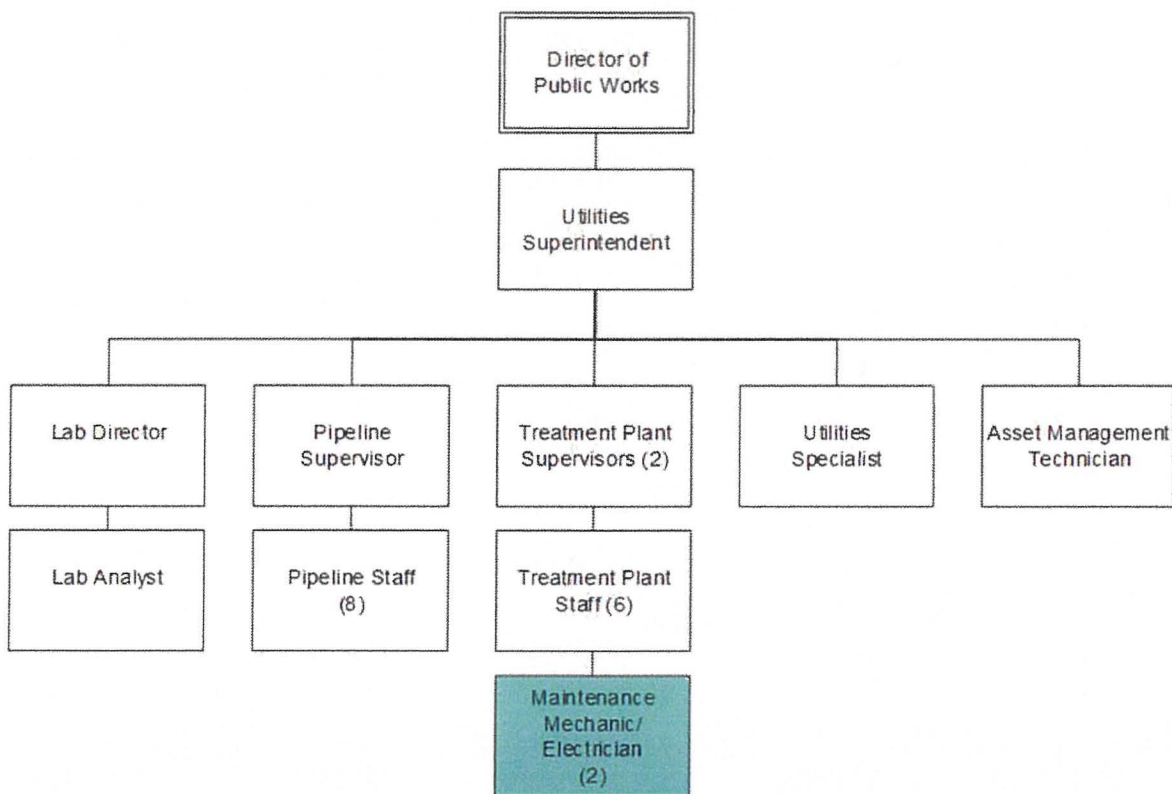


Figure 13: Option 1 to Reduce Utility Superintendent Reports

An alternative location for the electricians would be to have them report to the Utilities Specialist, as seen in Figure 14. Given the Utilities Specialist's active communication and coordination with both the Pipeline and Treatment Plant Supervisors and the Utilities Specialist's project delivery efforts, supervising the electricians may be a natural fit. Relocating the electricians would reduce the Utility Superintendent's span of control to six direct reports, which is still high, but the remaining direct reports fit the profile of who should be reporting to the Utility Superintendent based upon the size of the utility. The electricians, Utilities Specialist, and Asset Management Technician could be informally combined as an Asset Management and Maintenance group.

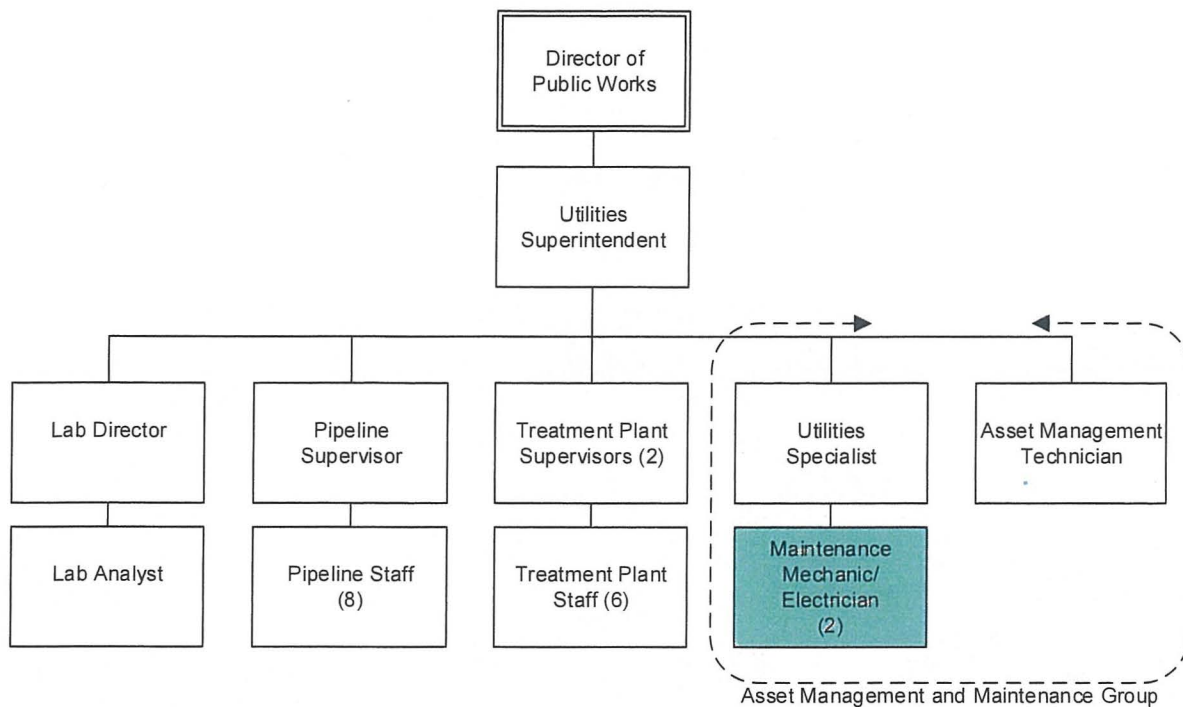


Figure 14: Option 2 to Reduce Utility Superintendent Reports

A more substantial re-organization would be to add a Deputy Superintendent between the Superintendent and Supervisors, as seen in Figure 15 below. The Utilities Specialist would continue to report to the Utility Superintendent along with the Asset Management Technician and Lab Director. The advantage to this arrangement is that it would reduce the supervisory burden of the Superintendent, may provide for a more natural structure for succession planning for the Utility Superintendent, and may provide more structure/oversight for the “co-supervisory” role of the Treatment Plant Supervisors. The disadvantage to this arrangement is that it could blur the job duties of the Utility Superintendent and may “under-burden” the Superintendent. The Utilities Specialist is a valuable role to the District in that it facilitates many of the utility’s renewal and replacement capital projects. Moving the position to a more supervisory role may reduce the role’s effectiveness in project delivery. Alternatively, rather than moving the Utilities Specialist, a new position of Deputy Utilities Superintendent could be created. This alternative would not deter the Utilities Specialist from capital project delivery.

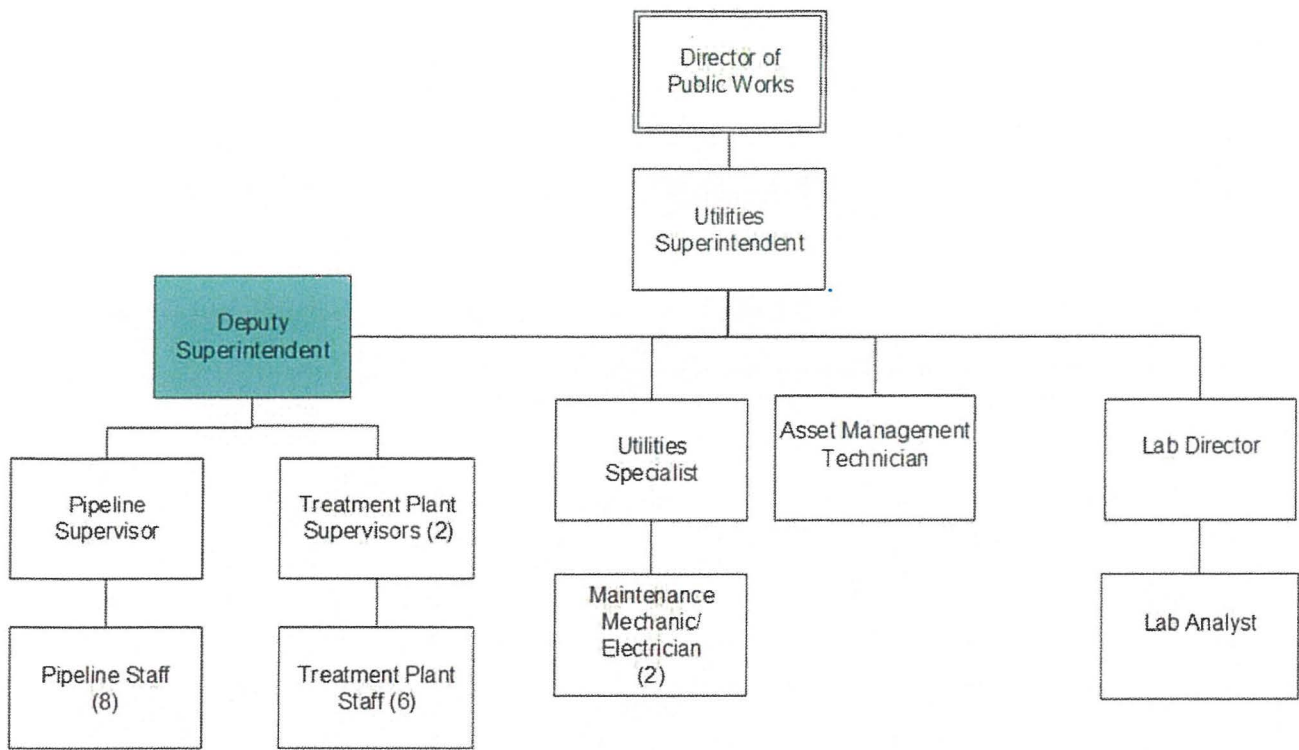


Figure 15: Option 3 to Reduce Utility Superintendent Reports

Administration Division

The Administration Division of Public Works, while located outside of the Utilities Division, plays a critical function for the utilities by ensuring meters are read and bills are prepared. It manages the meter-to-cash cycle as depicted in Figure 16. The Division consists of one Administrative Manager, one Meter Reader, and two Customer Service Representatives. Until recently, one Customer Service Representative was part-time, but this was increased to full-time when the unit began administration of solid waste citations. The Administrative Manager reports directly to the Director of Public Works

The Division manages approximately 4,250 utility accounts and bills for water and wastewater. Payments from customers are collected online or in person using check or credit card. The District has a monthly billing cycle and bills are prepared in-house but printed and mailed by an outside vendor. Transactions are exported from the Division to the District’s Accounting unit for entry into the financial system. Exception reporting – identifying bills with unusually high or low usage for a cycle – is done manually by reviewing the accounts. The meters are read using Automatic Meter Reading (AMR), sometimes known as “drive-by” meter reading, a technology that allows a vehicle equipped with a receiver to drive through neighborhoods and read the meters as the vehicle passes by. The District’s meter reading process takes approximately two days per month for reading and one to recheck misreads. This is an abnormally long reading period, based on the number of meters. Staff report that the meter reader also fixes easy-to-address meter issues to increase the read rate during each meter reading cycle. Taking this approach accounts for the additional reading time. When not reading meters, the meter reader position handles shut-offs, turn-ons, and assists customers with leaks. According to the Administrative Manager, there are not many delinquent accounts.

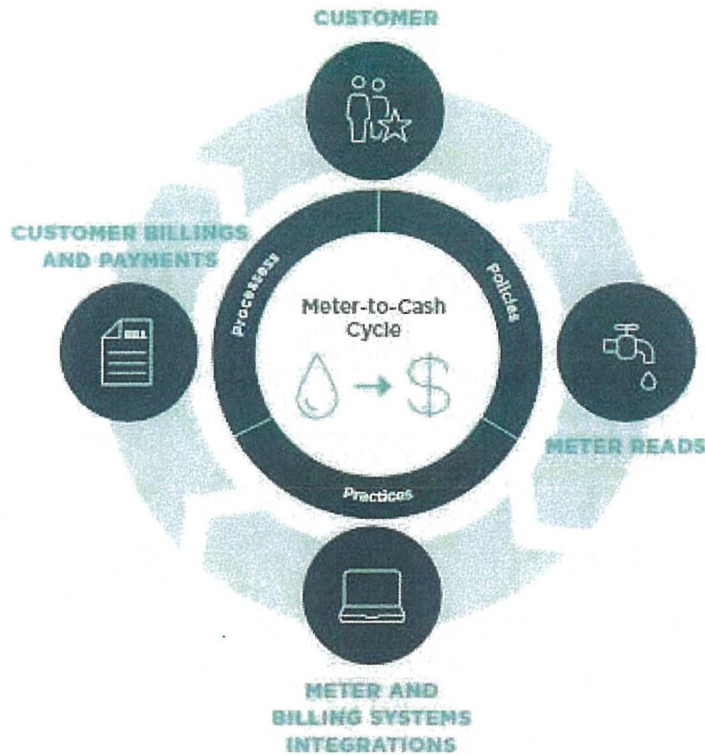


Figure 16: Meter-to-Cash Cycle

The primary concern for this unit is coverage and backup. There is no backup for the Administrative Manager position, and no career path for the Customer Service Representatives (CSR). The Administrative Manager has prepared detailed daily and monthly checklists for staff and can perform their duties, but there is no other person in the organization that has the knowledge to perform her duties. When a CSR is out of the office, the Administrative Officer must perform their tasks, including simple tasks such as doing deposits or answering the phone. When the Administrative Manager is out, many activities must be put on hold.

Again, there is no backup for the Administrative Manager position and no career path for the CSRs. There has not been sufficient downtime to fully cross-train CSRs for each other's tasks and nobody to learn the Administrative Manager's tasks. If the Manager is out for a period of time, there are concerns that critical functions can't proceed. In addition, there has been some turnover at the CSR level as they become trained but move to a higher-paying position when one becomes available in the District or elsewhere. This is extremely detrimental to the District as it reportedly can take up to a year for a CSR to get fully up to speed.

Recommendation 6: Build capacity in the Administration function.

To reduce risk of critical functions not occurring, a position should be added between the Administrative Manager and the CSRs, as seen in Figure 17. This would provide necessary backup for the Manager's position as well as creating a potential career path for CSRs to move into. Should the Manager become ill or suddenly depart the agency, the District would be in a very bad position. This new position could potentially be used to provide additional capacity and backup assistance for the District's Asset Management Technician position.

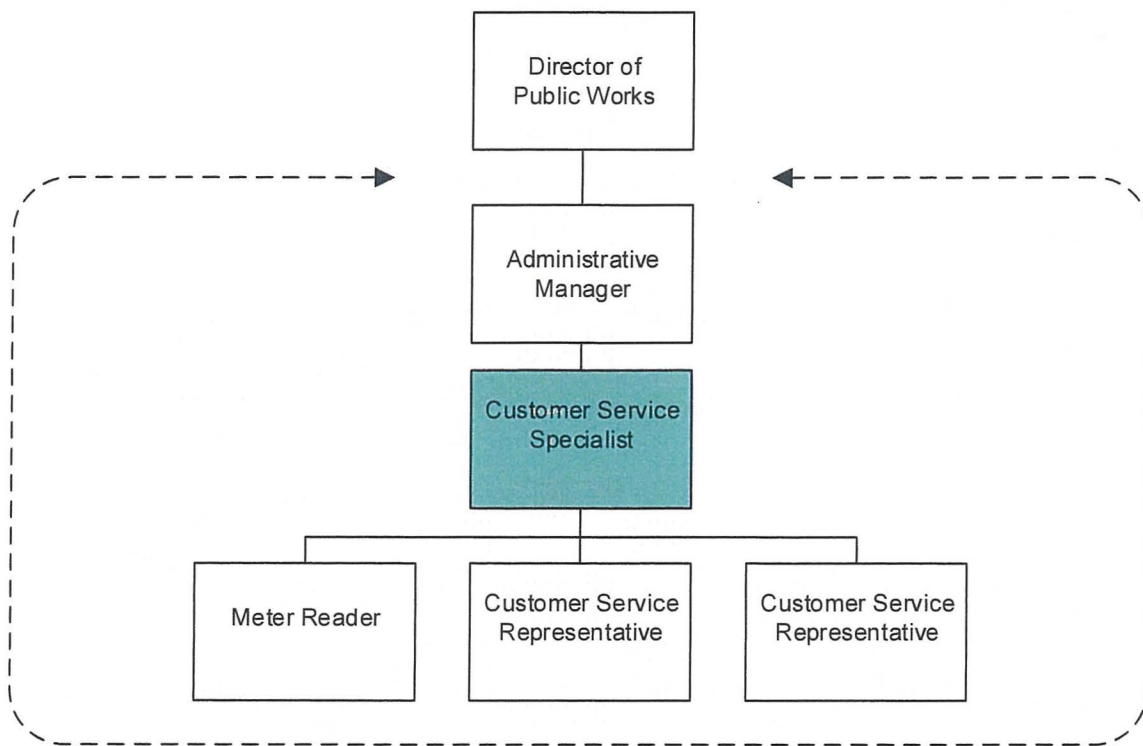


Figure 17: Proposed Administrative Division Organization

The District should also consider broadening the role of the Administrative Manager and Administrative Division. The Administrative Division of Public Works currently performs—almost solely—work for the Utilities Division, with some time spent on solid waste activities for the Waste Not Division. The Department of Public Works has no general administrative assistance as a whole. If capacity were added to the Administrative Division as recommended above, consideration should be given to broadening the role of the Administrative Manager to assist the Director of Public Works on general Department needs such as budget and performance reporting, software integrations, Department-wide tasks and meetings, or other related functions. This would be extremely valuable in ensuring greater transparency to the public and reporting Department progress toward District strategic goals. However, without additional assistance, the Administrative Manager would not have the capacity to perform these additional duties.

Inspections

Like the Administrative Division, the Engineering Division within the Public Works Department works closely with the Utilities Division. The Engineering Division has three inspectors who are fully certified and cross-trained, responsible for backflow device testing and cross-connection control, as well as the inspection of all new construction to ensure compliance with District and regulatory standards.

The District began offering backflow inspection to the community in order to provide competition for private plumbers and inspectors who reportedly were charging elevated prices. The District charges a rate comparable to the market and ensures appropriate cost recovery. In 2020, the inspectors performed 2,086 backflow tests out of approximately 4,000 in the District (roughly 54% are done by the District versus private plumbers).

The District has seen an increase in construction inspections. The unit reviewed over 300 sets of plans last year and performed over 400 field inspections. Inspectors interviewed for this review reported that, particularly during summer, their schedules are fully booked with just the backflow inspections, leaving them to try to squeeze in unscheduled new construction inspections when they can. The result can be delays and, at times, unhappy customers. Staff report difficulties in taking time off, particularly in summer, as this results in the other two employees in the unit trying to cover the workload and often results in backlogs.

Recommendation 7: Cross-train other District staff to assist the Inspection Unit during summer months.

In order to better manage inspection workload, the District should cross-train other staff to provide assistance during summer months. Other staff, such as seasonal staff who are busy during the winter months or the meter reader, could be certified to perform backflow inspections in summer and to provide backup to the District's three inspectors.

TECHNOLOGY

Technology plays a vital role in planning and maintaining the District's efficient operations. The District makes appropriate use of commonly used technologies in the industry, notably its use of a Computerized Maintenance Management System (CMMS) and Supervisory Control and Data Acquisition (SCADA).

The District uses software known as NEXGEN as its CMMS. NEXGEN is a key tool in the District's asset management program. NEXGEN contains a listing of each asset, its service history, and schedules for planned maintenance. Asset locations are also recorded in the District's Geographic Information System (GIS) system, which is linked to NEXGEN. Work orders are generated through NEXGEN, and the completion of those work orders is tracked through NEXGEN. Staff report that the District's service area has spotty wireless access, so use of NEXGEN is primarily limited to District offices. Staff also report difficulty with GIS while in the field. While conducting field work, staff must manually record their activities using pen and paper, and upon returning to the District must then enter their data into NEXGEN.

SCADA is used to remotely monitor and control District utility assets. SCADA is widely adopted throughout the utility industry and is a vital tool that enables the District to provide a high level of service. It alerts staff to potential failure conditions at remote locations and allows staff to diffuse potential problems before they turn into emergencies.

One class of technology that the District does not employ is a Laboratory Information Management System (LIMS). A LIMS works to automate much of the recordkeeping necessary to maintain a certified laboratory. LIMS are commonly used in larger laboratories, and they are an important tool to ensure the reliability of laboratory operations. A LIMS is not currently required to maintain state certification, but staff believe that a regulatory requirement is likely to be made in the coming years. A popular and inexpensive LIMS/WIMS (Water Information Management Solution) is Hach WIMS™ by Hach company. There are other more comprehensive and expensive LIMS systems on the market.

The District's meter reading is conducted using AMR drive-by reading. While automated, this is not the highest level of technology currently available. Automatic Meter Infrastructure (AMI) uses a series of fixed-base receivers to automatically connect meters to a central network without visiting the property and is able to obtain near real-time metering information, for both residents (who can log into the system) and the utility. It is understood that reception difficulties interfere with the use of AMI in the District.

Recommendation 8: Invest in mobile technology (i.e., tablets) for field crews.

Spotty wireless coverage is not unusual in the utility industry, and workarounds have been developed. Before leaving the office in the morning, tablets can be pre-loaded with needed or likely needed work orders. Crews can use the tablets in the field, filling out their work orders as needed, and upon return to the office the tablets will sync with the CMMS.

It is Raftelis' understanding that the District is piloting a similar deployment of tablets with the Inspectors in which their work orders for the day are preloaded. Raftelis endorses this project and, barring technical difficulties, recommends that the program be expanded to all field crews. Doing so will reduce the redundant efforts currently undertaken by crews and will likely reduce the likelihood of mistakes that may occur when later entering handwritten notes.

Recommendation 9: Invest in a LIMS/WIMS system.

LIMS/WIMS systems are commonplace in many labs. Given the value that the District receives from its surface water filtration exemption, maintaining the lab's accreditation should be of utmost importance to the District. Proper use of a LIMS/WIMS will improve the lab's resiliency. A prior section of this report noted the importance of succession planning. Given the institutional knowledge that could be lost in the lab with the loss of a single individual, investment in a LIMS can also be thought of as a succession planning tool for the lab.

STAFF RETENTION AND SUCCESSION PLANNING

One of the key attributes of a sustainable and resilient utility is that it prepares for staff turnover with a robust ability to recruit and train new people. Larger utilities often have significant specialization across their organizations, but also are large enough that the knowledge to perform job functions is not retained only by a single individual. Because IVGID is not a large utility but has specialized positions, it is susceptible to a loss of knowledge should certain individuals leave.

While there are no signs of critical issues with relation to retention, several recent departures and delays in the ability to fill vacant positions highlight the need for succession planning. Succession planning should include assuring salaries and benefits are appropriate, as well as cross-training and investing in knowledge management practices. To ensure consistent staffing levels and reduce risk to the utilities, the Board and District management should ensure that staff retention and recruitment remains a priority.

The District recently negotiated salary and benefits adjustments. During this review, compensation (including benefits) was not mentioned as a primary issue driving staff departures. Salary comparisons do not consider other factors impacting the choice to work for an organization, such as commuting distances, management styles/culture, and organizational politics. Such information is typically only known through exit interviews of departing staff or employee surveys.

More critical than recruitment and retention right now is the fact that there are several positions within the Utility that pose an operational risk should an individual retire or leave the District and for which there is no one trained as a back-up. The primary positions that pose this risk are the Utility Superintendent, Utilities Specialist, Asset Management Technician, Administrative Manager, Inspectors, and Lab Director. The Lab Director is a role in which the Lab Analyst may be able to temporarily fill, though concerns about maintaining lab accreditation and workload leave this a short-term solution at best. In addition to their unique value to the District, these positions may be among the most difficult to recruit for, given the specialized knowledge and levels of experience required.

Recommendation 10: Conduct succession planning for planned and unplanned departures.

To promote the ability to rapidly post job notices, job descriptions and qualifications should be periodically reviewed to ensure they remain current. Critical duties should be identified, and plans should be made for how those duties can be performed in the absence of those staff members. These plans should identify who is to perform the duties, the training necessary to conduct them, and how the training is to be delivered. Cross training or job shadowing may be helpful to preserve knowledge. Other techniques include documenting processes and activities and continuing to invest in a knowledge management system like NEXGEN which contains work and asset information.

SYSTEM VULNERABILITY AND RISK

IVGID appears to have appropriate levels of redundancy and a reasonable amount of excess water and sewer system capacity. Both the water and wastewater plants have sufficient capacity to meet expected demands, as do the water distribution and wastewater collection systems. As with all utilities, there are potential single points of failure, but their presence is not unusual. For instance, staff are aware of potential alternative routings should various pump stations go down. The wastewater effluent pipeline is another potential single point of failure, but there is sufficient onsite emergency effluent storage at the wastewater treatment plant to temporarily mitigate the loss of the pipeline. Staff mitigate risk to the utility system through the following strategies:

- **Condition assessments** – the NEXGEN CMMS contains condition assessment data that is updated as staff perform work orders/inspect assets. (The Fleet Division employs Computerized Fleet Analysis (CFA) as its Fleet Maintenance Management Software.)
- **Preventative maintenance** – The District’s preventative maintenance program minimizes unplanned downtime.
- **Renewal and replacement (R&R) capital program** – The R&R program replaces assets at the end of their useful life prior to the unacceptable growth of the assets’ risk of failure.
- **30-minute expected response time** – The District operates with the expectation that a call-out can be responded to within 30 minutes at any time of the day.

LIFE CYCLE COST ANALYSIS METHODS / FLEET MANAGEMENT

Staff use knowledge of actual asset conditions to provide sufficient lead time to anticipate asset replacement in the Capital Improvement Plan (CIP). Most major utility assets have an expected useful life of over 20 years, so there are few surprises when assets are nearing the end of their useful life. The utility’s PM program extends the useful life of assets and creates regular checkpoints to assess asset condition.

The Fleet Division of Public Works maintains over 630 vehicles and pieces of equipment, plus an additional 170 golf carts. The fleet, which includes a broad array of units including buses, autos, trucks, equipment, golf carts, and more, is maintained through four maintenance shops located throughout the District, one at the Public Works facility, one at the Championship golf course, one at the Mountain golf course, and one at the ski area. Vehicle maintenance occurs primarily at the Public Works facility shop.

Fleet and short lifecycle assets are typically replaced using an expected replacement frequency in combination with asset condition. This is a reasonable approach because there is often enough experience with the group of assets to understand median failure intervals that warrant replacement.

Some utilities participate in alternative delivery models (e.g., service contracts) for short lifecycle assets. For instance, some utilities choose to use lease and service agreements for fleet procurement. The District may wish to investigate whether there are such alternative delivery methods available to it and whether they might make sense. Any consideration of alternative delivery models should include not just the cost of the contract, but any factors that may

influence the District: staff redundancies, service times, reliability, loss of organizational capabilities, etc. However, given the District’s somewhat isolated location and existence of its Fleet group, it is unlikely that engaging in such a delivery method would be a marked improvement.

The advanced nature of the utility’s asset management program, namely the data contained in NEXGEN and CFA (fleet assets), means that there are records available to make comparisons of replacement versus repair of assets. Currently, those comparisons are done through experience. Such an analysis may be of particular use when considering whether to upgrade a particular asset. For instance, knowledge of historical PM activity of a blower can allow calculation of the true operating cost of the blower and form a more accurate comparison to the potential operating cost of a new blower which may have greater efficiency and operate with a different PM schedule.

The Fleet Division has historically been staffed at levels such that preventive maintenance is regularly performed on schedule. Should the District increase the fleet size, extend the working life of assets, and/or see more breakdowns and failures, then additional staff, expertise, and/or the need for more contracted work at dealerships and vendors may be needed.

ENGINEERING DIVISION AND CONSTRUCTION MANAGEMENT

The Engineering Division of the Public Works Department is comprised of eight positions, as shown below in Figure 18, and is responsible for delivery of capital projects District-wide. This includes working with design and consulting engineers, updates to the GIS system, contracts management, and project management (overseeing the work of contractors hired to design and construct capital projects). Project management includes new construction as well as some ongoing maintenance work, such as the District’s pavement management program.

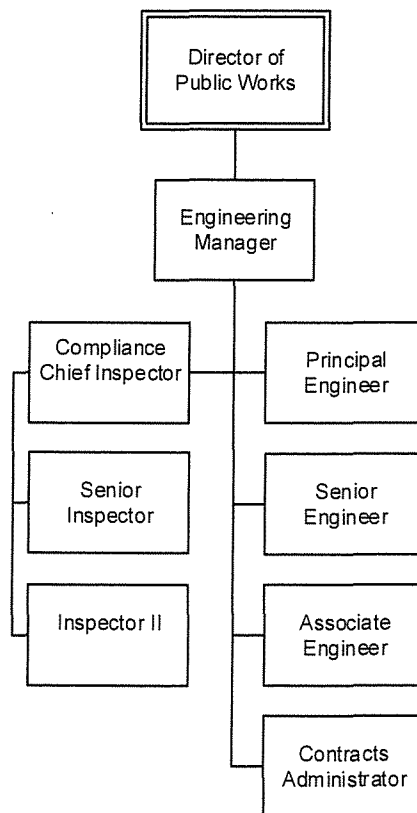


Figure 18: Engineering Division

The Division is led by an Engineering Manager and contains three staff members engaged in inspection activities, a Principal Engineer, a Senior Engineer, an Associate Engineer, and a Contracts Administrator. The Engineering Manager position was recently filled after a brief vacancy, and the District has had some turnover in the engineering roles. The District recently reclassified the vacant Senior Engineer position as a project manager to reflect a focus on delivering capital projects, rather than engineering or design. The Engineering division operates the District's GIS which is well developed, according to staff. The utilities distribution and collection systems are fully mapped, and the data is updated as changes occur. The Division does not have dedicated software to assist with capital projects management. It utilizes primarily Microsoft® Excel for project tracking and the NEXGEN work order system. This is typical and appropriate for smaller utilities.

Engineers have a target to bill 80% of their time to capital project accounts. The remaining 20% is charged to budgeted operations accounts through the use of work orders. In other jurisdictions, engineering groups often have their own operations budget to which non-capital project time is charged and which is not linked to work orders. Work order time charging is only appropriate when the work is related to a specific asset. This typical approach is less administratively demanding than the District's current method. It may also lessen some of the tendency to bill time to capital projects or assets that may be more appropriately categorized as operations. For example, general planning activities non-specific to a project and training time should be charged to an operations account.

The Contracts Administrator performs a variety of work tasks in support to the Engineering Division, as well as the Department of Public Works as a whole. Besides administering contracts, this position prepares monthly reports on Department benchmarks and status, updates the District website for projects under construction and solar panel data, documents public records requests for Public Works, schedules inspections and assists the inspectors including serving as a liaison to local residents and realtors on backflow compliance, arranges Department travel and training, and many other duties. The Contracts Administrator has prepared a detailed "Engineering Processes and Procedures" manual, which is a living document and will greatly assist new staff to become familiar with Division procedures. Staff prepare and maintain a detailed five-year capital plan and, in fact, have a 20-year plan for in-house planning purposes, primarily focused on rolling replacement costs. The CIP includes department, project number, project title, project manager, and projected expenditures for the next five years, plus the total as shown in the sample below:



5 Year Capital Improvement Plan Summary - WORKING COPY - As of 5.21.2020

Department	Project Number	Project Title	Project Manager	2021	2022	2023	2024	2025	Total
	2299DI2603	Residential meter and electronics replacement	Collection/Distribution Supervisor	-	-	-	150,000	250,000	400,000
	2299LV1720	2013 Mid Size Truck #630 Compliance	Fleet Superintendent	-	31,000	-	-	-	31,000
	2299WS1704	Watermain Replacement - Martis Peak Road vicinity	Senior Engineer	990,000	-	-	-	-	990,000
	2299WS1705	Watermain Replacement - Crystal Peak Road	Senior Engineer	-	50,000	986,000	-	-	1,036,000
	2299WS1706	Watermain Replacement - Slott Pk Ct	Senior Engineer	-	250,000	-	-	-	250,000
	2299WS1802	Watermain Replacement - Alder Avenue	Senior Engineer	-	-	50,000	535,000	-	585,000
	2299WS1803	Watermain Replacement - Future	Senior Engineer	-	-	-	50,000	600,000	650,000
	2299WS1804	R6-1 Tank Road Construction	Senior Engineer	-	125,000	-	-	-	125,000
				1,225,000	706,000	1,511,000	930,000	1,105,000	5,477,000
Sewer	2523HE1723	2001 Seilick Forklift #499	Fleet Superintendent	-	-	-	65,000	-	65,000
	2523HV1721	2006 Kenworth T800 Bin truck #567	Fleet Superintendent	-	197,200	-	-	-	197,200
	2523LE1720	2018 Flail Mower #784	Fleet Superintendent	-	-	-	15,000	-	15,000
	2524HE1725	2008 Chevrolet Camera Truck #615	Fleet Superintendent	-	-	-	85,000	-	85,000
	2524SS1010	Effluent Pipeline Project	Engineering Manager	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
	2599BD1105	Building Upgrades Water Resource Recovery Facility	Utility Superintendent	60,000	40,000	30,000	50,000	275,000	475,000

Figure 19: 5 Year Capital Improvement Plan Sample

Each project in the CIP has a data sheet created in the District’s Questica system which provides details on the project. Capital projects with budgets are presented to the Board for approval. In the past few years, a field was added to include information regarding the funding types (cash, debt, grant, etc.) for each project. A sample data sheet is shown here:



Project Summary

Project Number:	2299WS1705
Title:	Watermain Replacement - Crystal Peak Road
Project Type:	D - Capital Improvement - Existing Facilities
Division:	21 - Supply & Distribution
Budget Year:	2022
Finance Option:	
Asset Type:	DI - Distribution Infrastructure
Active:	Yes

Project Description				
Project area Crystal Peak Road only. This project is a continuation of the multi-year program to replace 1980's era thin-wall steel watermain and other deficient watermain. Replacement criteria is twofold: Replace those watermain with the most leaks and in streets with aging pavement. Since our water loss is now less than 6%, our main objective is to work closely with the Washoe County Road Department to replace watermain just prior to the County's repaving the street. We also work closely with the North Lake Tahoe Fire Protection District to determine areas of low fire flow, which may indicate a need for increased capacity in that area. There is approximately 6 miles of old steel watermain remaining in the system.				
Our watermain replacement strategy involves meeting with Washoe County prior to each budget year and jointly agreeing on streets to be paved and watermain to be replaced. This project budgets to replace approx. 6 miles of pipeline in 15 years at \$1,500,000 per mile. Without additional escalators, that is \$9,000,000 in 15 years or \$600,000 per year. Adjustments have been made to allow for the trend of a high year then low year of work scheduled.				
Project Internal Staff				
Engineering will perform Design, Engineering, Bidding, Contract Administration and Inspection tasks. Outside contractor to do the work. IVGID resources remain available for ongoing maintenance activities and emergency response.				
Project Justification				
Our overall goal is to replace deficient watermain to keep our unaccounted for water loss to under 6% and to avoid costly pavement patch penalties imposed by Washoe County. The original watermain installed in much of Incline Village in the 1960's were thin-walled steel. These pipes are now failing repeatedly and need replacement. Washoe County has high pavement penalty costs for replacing watermain in newly paved streets. Replacing watermain in newly paved streets or streets with an excellent pavement condition could increase project costs by up to 50% due to pavement cut penalties.				
Forecast				
Budget Year	Total Expenses	Total Revenue	Difference	
2022				
Internal Planning & Design	50,000	0	50,000	
Year Total	50,000	0	50,000	
2023				
Construction Inspection & Testing	60,000	0	60,000	
Crystal Peak Road Watermain Construction	851,000	0	851,000	
Internal Planning & Design	25,000	0	25,000	
Washoe Co Street Repair and Penalties	50,000	0	50,000	
Year Total	986,000	0	986,000	
	1,036,000	0	1,036,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2017	Jul 1, 2021	Jun 30, 2023	Senior Engineer	

Figure 20: Capital Project Data Sheet Sample

Over the past two years, the Board and public have raised questions with regard to contract management, financing, and procurement procedures. The District hired an accounting firm, Moss Adams, to review internal capital programming and project management practices as a result of concerns regarding past contracting practices. The Moss Adams review dated December 21, 2020, “Construction Advisory Fact Validation Report,” examined performance based upon eight specific contracts and resulted in 11 recommendations for improvement but also noted several positives, including that the District has a Strategic Plan and long-range principles, that a multi-year CIP is maintained, and that capital program procedural documents are maintained in accordance with Nevada Revised Statutes.

Moss Adams recommendations 1, 2, 4, and 8 stated that the District should implement and consolidate policies and procedures related to master planning, reporting, scope definitions and prioritization, communication efforts, and invoice processing related to contract administration. Recommendation 3 advised the District to “Continue

procurement and implementation efforts for new capital program management technology.” Other recommendations guided proper administration and documentation for projects, including “Ensure appropriate documentation and execution of any modifications to contractual agreements” and “Establish change order and addendum-specific reporting within key capital program reporting.”

Raftelis concurs with the Moss Adams findings and the District’s goal to provide a greater focus on project management for the Engineering Division and a reduced focus on design and engineering. Raftelis also supports a focus on recruitment and retention within the Division. The Division is small enough that current rates of turnover are unsustainable for preserving institutional memory. Having staff who are knowledgeable about the details of constructed projects and historical practices is invaluable in a utilities and public works organization.

WASTE NOT DIVISION

The Waste Not division of Public Works is staffed by a Resource Conservationist and two Program Coordinators who are responsible for solid waste and recycling operations, including household hazardous waste. While the division originally focused upon recycling education programs, its role has expanded over time to include a variety of educational outreach. Staff in the Waste Not Division oversee a variety of environmental programs related to solid waste, recycling, and water quality. Programs managed by the group include a cigarette butt reduction program, watershed protection, water quality monitoring, invasive species control, micro-plastics research, staffing of the household hazardous waste drop-off site, bear awareness and wildlife containment, and more.

The Division’s conservation and sustainability focus has grown as a result of IVGID’s expressed goal for long-term protection of the environment. The District has a long legacy of environmental protection that goes beyond regulatory driven measures. Staff are passionate about their work and provide a great deal of public outreach and education. They work closely with volunteers and partner agencies. All division staff have been in their roles for over five years.

The Resource Conservationist serves as the Executive Director of the Tahoe Water Suppliers Association, a 20-year-old organization established by Nevada water regulators, and which now includes 12 members in the Tahoe Basin. Six of the water suppliers that are members have an extremely rare waiver to filtration under the Surface Water Treatment Rule provisions of the Safe Drinking Water Act. It is estimated that less than 50 of approximately 16,000 public community water systems have this filtration exemption authorized by the U.S. EPA. It is awarded to those water supplies that have exceptional quality as measured by water quality standards meeting rigid criteria. This designation means IVGID is dealing with the highest quality source water. It also means that IVGID can avoid millions of dollars in capital investment for a water filtration plant and the hundreds of thousands in associated yearly operating expenses. Maintaining the quality of Lake Tahoe should be of the highest priority for both environmental stewardship and financial reasons.

The Tahoe Water Suppliers Association includes members in both Nevada and California, resulting in the need for the Executive Director to remain knowledgeable about regulations and legislation in both states. The members participate through a cost-sharing agreement to the Association, which offsets a large portion of the Resource Conservationist’s salary.

The Division currently staffs the District’s household hazardous waste (HHW) site, which has no dedicated staff and does require staff capacity and attention.

Recommendation 11: Provide direction to staff regarding the leadership role of IVGID in the region with regard to environmental resources and conservation.

Given the variety of programs and focus areas of this unit, the Board should clarify its leadership role in the Association and in overall regional environmental protection. It is obvious that a considerable amount of the Resource Conservationist's time and other staff time is spent on Association work. While this time is offset by funding, the District should provide staff with clear direction on the parameters of its involvement and the District's role in regional conservation and environmental stewardship. Note that other suppliers from across the country with filtration exemptions such as the New York City Department of Environmental Protection, Massachusetts Water Resources Authority, and Portland Water District invest millions each year to protect their unfiltered supplies.

Recommendation 12: Explore options for the household hazardous waste site.

The District should request staffing and/or alternative arrangements for the household hazardous waste site in any upcoming solid waste franchise negotiations to provide higher quality service in this area. All of the solid waste franchise fees are currently being spent on District operations rather than as potential new revenues. Any decrease in District-provided service will increase the benefit of franchise fees and increase revenues. An alternative is to consider a sharing or partnering agreement for the site with a neighboring jurisdiction.

Utilities Financial Policies and Procedures

The District accounts for its three utilities – water, wastewater, and solid waste and recycling -- in a single enterprise account, the Utility Fund, using fund accounting and as shown in the Proprietary Funds of the Annual Financial Report. Nevada Revised Statutes (NRS) 354.517 defines an enterprise fund as a fund established to account for operations (1) which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public financed or recovered primarily through charges to the users; or (2) for which the governing body has decided that a periodic determination of revenues earned, expenses incurred, and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability, or other purposes.

An enterprise fund identifies the total direct and indirect costs to provide a service and the sources and amounts of revenues that support the service for which a fee is charged in exchange for service. Utilities are typically accounted for as enterprise funds due to the fact that the primary revenue source is user rate payments. By using an enterprise fund, ratepayers can feel comfortable knowing that their rates pay only for the costs of that utility and do not subsidize other District operations, for example.

In order to provide the most flexibility for the District, and in keeping with Nevada Revised Statutes, the district has included the financials for all three utility types—water, wastewater, and solid waste—within a single all-encompassing Utility Fund. While this is an acceptable and legal practice, it makes analysis of a single utility's performance more difficult.

The District does separately track budget, revenues, and expenditures for each utility as department codes within its financial system and reports this information on monthly and annual reports. It does not, however, separate each utility by fund in a manner reflected on the balance sheet or within the financial statements. This would be useful for rate setting and financial management purposes, even internally should the District choose to continue reporting as a single fund to the State.

Recommendation 13: Establish sub-fund accounts in the chart of accounts for each utility within the Utility Fund.

The use of individual sub-funds for each utility type would be advantageous for several reasons. First, it would provide additional transparency to the Board and to ratepayers in knowing how each utility type is performing. This information, in turn, has a direct bearing on the setting of rates and on future planning for capital projects and each utility type's ability to fund them.

The District should establish sub-funds within the Utility Fund for its own internal analytical purposes and to provide easy financial information on each utility type. While there are department accounts specific to each utility that allow for separate analysis of budget, revenues, and expenditures, an overall fund including fund balance for each utility is not available. This will require adjustments to the chart of accounts and instruction to staff on which account codes to use moving forward. This change can be for internal analytical purposes only, and the District can still report to the State using the single enterprise Utility Fund; in doing so, the District retains some flexibility with regard to inter-utility transfers, should that need arise. The Director of Finance is already exploring this approach.

UTILITY FUND CONDITION

The Utility Fund accounts for the financials of the District's three utilities. The last rate increase occurred in 2019, and a planned 2020 increase was deferred in order to provide more time to review the Fund's financials, as well as to mitigate impacts of the COVID-19 pandemic on the community. It should be noted that the pandemic had a significant impact on the Incline Village community, with many former part-time homes now being used year-round, and an influx of tourists who could travel regionally to the area but not abroad. These changes impacted Utility Fund revenues and expenses in some measure in the 2020 fiscal year.

The Utility Fund is in sound condition. A review of the District's audited Annual Financial Reports shows that during Fiscal Years 2017-2020, the Utility Fund Net Position (operating revenues less expenditures) increased by \$1-2 million each year. However, the amount of the Change in Net Position has declined significantly, by over 42%, from \$2.4 million in 2017 to \$1.4 million in 2020, showing a narrowing of the gap between revenues and expenditures as shown below.

Table 5: Utility Fund Change in Net Position, 2017-2020 Annual Financial Reports

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	Percent Change 2017-2020
REVENUES					
Charges for Service	11,813,169	11,925,557	12,785,742	12,564,466	6.4%
Operating grants			1,440		
Capital Grants	425,509	199,934			-100.0%
Investment Earnings	60,132	77,280	282,484	298,225	396.0%
Other	17,730	50,020	15,066	(22,332)	-226.0%
TOTAL	12,316,540	12,252,791	13,084,732	12,840,359	4.3%
EXPENSES					
Utility	9,883,961	10,253,834	10,554,488	11,495,874	16.3%
TOTAL	9,883,961	10,253,834	10,554,488	11,495,874	16.3%
Transfers In (Out)		120,000	120,000	45,000	
Change in Net Position	2,432,579	2,118,957	2,650,244	1,389,485	-42.9%
Beginning Net Position	70,226,498	72,659,077	74,778,034	77,308,278	10.1%
Prior Period Adjustment			(120,000)		
Ending Net Position	72,659,077	74,778,034	77,308,278	78,697,763	8.3%

Looking at the components making up the Utility Fund’s Net Position in the table below, there is a strong investment in capital assets (80.3%) as is typical of utility operations which necessitate significant infrastructure. Restricted amounts are minimal at under 1% of the total, with the remaining 19.2% in Unrestricted Net Position, or funds available for use as directed by the Board.

Table 6: Components of Utility Fund Net Position, 2017-2020

	2017 Audited	2018 Audited	2019 Audited	2020 Audited	Percent Change 2017-2020
Investment in Capital Assets	59,817,845	64,377,397	64,549,358	63,202,365	5.7%
Restricted	305,022	309,344	316,611	322,895	5.9%
Unrestricted	12,536,210	10,091,293	12,442,309	15,172,503	21.0%
TOTAL NET POSITION	72,659,077	74,778,034	77,308,278	78,697,763	8.3%

For the past several years, at the Board’s direction, the District had set aside \$2 million per year as part of its Unrestricted Net Position in the Utility Fund toward the estimated \$30 million effluent pipeline project. As of August 2020, the Board of Trustees had designated \$9,656,890 of the Unrestricted Net Position of \$15,172,503, or 63.6% of total Unrestricted Net Position. In August 2020, the Board designated an additional \$1,912,767 to the project, resulting in a total effluent pipeline project set aside of \$11,569,657, or 76.3% of total Unrestricted Net Position.

While Total Change in Net Position remains positive, in 2020 it did not cover the \$2 million planned set-aside for the effluent pipeline project. If this were to be subtracted from the Change in Net Position, in 2020 the Fund would have had negative Change in Net Position, meaning revenues did not exceed expenditures for that fiscal year. The budgeted estimate for 2021 shows an estimated Change in Net position of \$1.7 million, also below the \$2 million set-aside. While not sustainable in the long term, an operating deficit in a single fiscal year is possible and the reason utilities and other organizations maintain reserves.

Recommendation 14: Undertake a comprehensive rate study for the water and wastewater utilities.

Based upon 2020 Annual Financial Report results, Utility Fund revenues are exceeding expenses but the net between them has dropped by 42% in the past four years. In 2020, the Change in Net Position of \$1.4 million was insufficient to cover both operating expenditures and the annual \$2 million set-aside from the effluent pipeline project. Note that the \$2 million set-aside cannot be categorized as an operating expenditure, but rather a cash set-aside. The Utility Fund, while still in sound condition, is losing ground if the set aside is considered restricted. The Utility Fund must either increase revenues or decrease expenditures in order to continue the \$2 million annual set-aside. The District should contract with an outside vendor to undertake a comprehensive rate study at its earliest convenience. A rate study can help address several other financial issues. First, if the District is going to manage its water and wastewater utilities separately from a financial perspective, a rate study is a necessary step in order to ensure that one utility does not subsidize the other. Second, a rate study can help clarify the consequences of capital financing choices. Rate studies can include scenario analyses that can produce different financial plans depending on how the District chooses to finance its capital projects.

Debt

The Utility Fund's financial condition cannot be fully assessed without consideration of debt position. Debt is the use of financing, such as loans or bonds, to pay for infrastructure projects. As noted above, one of the tenets of considering the use of debt is not only the direct interest and administration costs, but also non-financial considerations such as requiring current ratepayers to fully pay for an asset that may be benefiting future users 20 plus years from now. Prior to issuing debt, however, it is important to understand limits regarding its usage and available capacity.

Nevada Revised Statutes 318.277 for general improvement districts states, "Debt limit of district. A district may borrow money and incur or assume indebtedness therefore, as provided in this chapter, so long as the total of all such indebtedness (but excluding revenue bonds, special assessment bonds, and other securities constituting special obligations which are not debts) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property (excluding motor vehicles) situated within such district." Based on information in the 2020 Annual Finance Report statistical section, a calculation shows that Total FY 2020 Debt for the District of \$1,033,778 is \$857 million below 50% of the District's assessed valuation, which equals \$858.6 million.

Board Practice 14.2.1.1.0 states "Debt issued for utility purposes must remain within a Debt Coverage Ratio of 1.75 times." The Debt Service Coverage Ratio is calculated by dividing operating revenues less operating expenses other than depreciation and interest by the annual principal and interest payments and stated in number of times the net revenue covers the annual debt service. For IVGID's Utility Fund in 2020, this calculation results in a Debt Coverage Ratio of 9.4. In summary, Utility Fund revenues for the year cover its outstanding debt by over 9 times. According to AWWA national benchmarks, surveyed debt service coverage ratios for combined utilities range from 1.46 at the 25th percentile to about 3.38 at the 75th percentile.

It is important for the District to understand its full financial position, including debt capacity. IVGID has sufficient capacity to issue additional debt for Utility Fund projects if desired.

FINANCIAL POLICIES

As this review began, the Board and staff were discussing several financial policies related to the District as a whole but also as they relate to the Utility Fund. As previously mentioned in this report, an external Certified Public Accounting firm, Moss Adams, was hired to review and opine on several policy matters. Below, Raftelis discusses our review of each of the financial policies that should be revised and updated.

It is important to note that multiple factors have impacted the District’s financial practices in recent years. Several new Board members have joined the District, bringing with them new ideas and expectations of staff; while this is to be expected and even encouraged, staff should not be criticized for following longstanding practices that complied with the prior Board’s policies at the time. Second, the COVID-19 pandemic impacted every agency by requiring considerable extra effort just to maintain ongoing operations; even the best-intentioned staff would have difficulty being proactive under these circumstances. Finally, there were several management transitions in the District during this time which results in significant uncertainty and inefficiency as historical knowledge is lost and new staff, with new ideas, join the District.

While we would not characterize the District’s past financial reporting as best practice, no proof of malintent or illegality on the part of staff was found. In many cases, actions were taken based upon longstanding internal practices and in the absence of specific, detailed policy direction.

Fund Balance / Reserves Policy

It is critical for utility operations to ensure sufficient fund balance or “reserves” in order to cover unforeseen critical infrastructure failures, economic downturns, and other financial impacts. The District has in place two Board policies, 7.1.0 and 17.1.0, and two Board practices, 7.2.0 and 17.2.0, related to setting appropriate reserves. Board policy 7.1.0 for “Appropriate Level of Fund Balance” states that the Operations reserve for the Utilities Fund will be 25% of operating expenses for the fiscal year based on the current adopted budget. In Section 2.0 of Board Practice 7.2.0 for “Appropriate Level of Fund Balance,” the District set the following three reserve types as relates to the Utility Fund:

Table 7: IVGID Fund Balance Policy for Utility Fund

Type of Reserve	Policy	Amount per 6/30/2020 Annual Financial Report (audited)
Operations (Operating Reserve)	25% of operating expenses	Operating Expenses of \$11,384,036 x 0.25 = \$2,846,009
Debt Service Reserve	One year’s payments (or as set by debt coverage ratio established in bond documents)	One year’s payments = \$523,988
Capital Expenditure Reserve	One year of a three-year average depreciation	Three-year average depreciation for Fiscal Years 2018-20 is \$3,164,934

Per IVGID’s policy, the District should hold at least \$6,534,931 (\$2,846,009 + \$523,988 + \$3,164,934) in reserves in order to hit all three targets. As of June 30, 2020, the Utility Fund had \$15,172,503 in Unrestricted Net Position. However, that includes \$9,656,890 of prior set-asides by Board action to provide funding for the \$30 million effluent

pipeline project. Subtracting this set-aside from the total Unrestricted Fund Balance results in \$5,515,613 in remaining Unrestricted Fund Balance, or 84.4% of the District’s three reserve targets.

Often utilities express operating reserves in terms of “Days of Cash on Hand.” According to the AWWA utility benchmarking study, approximately 25% of utilities have 250 days of cash on hand and 75% have 490 days of cash on hand. Applying this calculation to IVGID for June 30, 2020, shows 177 days of cash on hand, putting IVGID at the lower end for reserves as compared to other water agencies nationwide.

Some sample policies from other agencies in the region are as follows.

Table 8: Sample Fund Balance Policies of Other Regional Agencies

Agency	Reserve Type	Policy
South Tahoe PUD	Operating	Two months’ operating expenditures
	Capital Reserve	One year’s capital spending with a maximum of two times accumulated depreciation balance
	Sewer Rate Stabilization	Minimum one year’s property tax receipts with a maximum 1.5 year’s property tax receipts
	Water Rate Stabilization	Minimum 10% of one year’s water service charge revenue with a maximum of 15% of one year’s water service charge revenues
Tahoe City PUD	Water and Sewer Capital	50% of one year’s average annualized capital replacement value
	Water and Sewer Budget Stabilization	90 days of current budget operating expenses (less depreciation and project recovery)
City of Roseville Environmental Utilities	Operating	90 days’ worth of operating expenses
	System Critical Failure	1-2% of Capital Assets belonging to Utility (Note: This reserve can be foregone if covered by insurance)
	Rate Stabilization	Roughly 50% of annual operating expenditures or 180 days’ cash

Recommendation 15: Review and revise the District’s fund balance policy.

There is no right or wrong policy with regard to fund balances. The policy should reflect the comfort level of the Board and staff to set aside “rainy day funds” to ensure ongoing operations and sound financial condition while recognizing these funds are charges to ratepayers. The reserve policies set by the Board are commonly deemed to be the minimum levels, with agencies often holding reserves in excess of the policy level. Typically, the more risk averse the Board is, the higher the reserve levels. An acceptable balance must be found between having enough insurance for unexpected events and future needs and holding onto ratepayer funds “just in case.” Given considerable discussion in the past year regarding this issue, and changing Board perspectives on the matter, it is important that the District review and revise its fund balance policies. Finance staff are already working on this issue and the Board supported additional funding for outside assistance at its March 10, 2021, meeting.

Capitalization Policy

Another area of interest was the process and policy related to capitalization of assets. In layperson’s terms, capitalization refers to the circumstances when a purchase or expenditure becomes an asset on the financial books rather than an expense. This typically applies to infrastructure and other expenditures that will have useful lives over the course of multiple fiscal years. For example, the purchase of a light vehicle is capitalized over a useful life of, say, seven years. In Year 1, the vehicle is worth full price as an asset on the books. In Year 2, the asset is worth 6/7 of the

price, and so on. Because assets are a “positive” (credit) on the books, versus expenditures which are a “negative” (debit), this is an important distinction. Each year, an enterprise must add up the current value of all capital assets to determine total assets of the entity. If, for example, things that are not truly assets are capitalized, this will result in an artificially high asset value which will sway the books positive and include items that are not truly assets.

The District has two existing Board Policies, 8.1.0 and 9.1.0, and one Practice 2.9.0, that relate to this issue. Policy 8.1.0 “Establishing the Estimated Useful Lives of Capital Assets,” sets the life cycle for various asset types. Policy 9.1.0, “Establishing Appropriate Capitalization Threshold for Capital Assets,” notes that items should be capitalized “if they have an estimated useful life of greater than two years following the date of acquisition or placed into service” and also notes, “In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item.” Practice 2.9.0, “Capitalization of Fixed Assets,” sets accounting thresholds of \$5,000 for equipment and \$10,000 for structures and land improvements, among other practices.

Prior to this review, Board and public members raised concerns regarding capitalization of master plans and preliminary studies related to capital projects. While these studies impact capital asset’s design and plan, utilities across the country treat similar expenditures differently depending on their internal accounting conventions and accounting practices are subject to interpretation on this matter. To help resolve this issue, the District engaged Moss Adams firm to review the District’s capitalization practices and share their findings. In their second report, they stated:

The District has been capitalizing expenditures incurred in the development of master plans as well as costs incurred that do not relate to specific capital projects or that increase the service capacity of an existing capital asset This is not in compliance with established governmental accounting practices. In addition, the Board's capitalization policies and practices are not sufficiently detailed to provide guidance on what types of costs should be considered for capitalization.

The District is in need of developing more robust capitalization policies that provide for the different stages of a capital project, how to handle costs incurred in each stage, clarification on the nature of expenditures that increase the service capacity and therefore appropriate to capitalize, and the nature of expenditures that are repairs and maintenance and therefore should be expensed as incurred.

Raftelis concurs. The District’s policies, set by the Board, do not reflect the level of detail expected from staff and should be updated to provide clearer direction. At a minimum, the life cycle, capitalization threshold, and discussion of master plans, preliminary plans, and other pre-construction but related project activities should be included.

The District’s Finance staff has already begun the process to write off some past capitalized expenses. A draft revised policy was presented to the Board at its April 29, 2021, meeting, and staff will return with final versions for approval by June 2021. The audited 2020 Annual Financial Report included \$665,009 recorded as a prior year adjustment in governmental activities and \$138,505 in the Community Services Special Revenue Fund due to the restatement of capital assets restated to expense. However, no restatements were identified for the Utility Fund.

Recommendation 16: Revise and update the District’s policies and practices related to capitalization of assets.

The District’s Finance staff is already in process of drafting a revised policy and procedure for capitalization and brought this issue and a draft revised policy before the Board on its April 29, 2021, meeting agenda (Item J.7). The draft policy specifically states that “Costs incurred in pre-planning phases, including Master Plans and Project

Feasibility Studies that explore potential capital projects should be expensed.” We concur that finalizing the update of this policy, and ensuring additional staff training in this area, will benefit the District and ensure more accurate and transparent financial reporting.

Capital Funding Policy

The District has established limitations on the size of a project for which debt can be considered but has no specific policy in place regarding when and how to use debt and other financing sources to pay for large infrastructure projects. Board Practice 14.2.1.2.3.0 states “The District will consider issuing a bond for any ‘utility’ project or group of projects when that totals more than \$2.5 M and can be repaid within 20 years of the completion of the project acquisition or construction. The additional time allowed is in recognition of that maturity under the Nevada State Revolving Fund Loan Program. Shorter maturities are preferred whenever feasible.”

Historically, prior Boards have rejected debt financing and used cash financing. Board Policy 6.1.0 states, “The District, through the Board of Trustees, shall adopt a process that specifies appropriate uses for debt and identifies the maximum amount of debt and debt service that should be outstanding at any time.”

The topic of capital projects financing methods has arisen recently due to several factors. First, there are new Board members with differing opinions on the matter who are questioning past practice. Second, the cost of debt/loan financing at the time of this review was at historically low interest rates, making the cost of debt financing less expensive. Third, the District is undertaking what is its largest capital project, the estimated \$30 million effluent pipeline project. In past years, the Board directed staff to set aside \$2 million from the Unrestricted Net Position of the Utility Fund toward this project, in effect saving up cash ahead of time to “PayGo” (pay as they go) for the project.

Recommendation 17: Review and revise the District’s funding policy for capital projects.

It is an opportune time to revisit this issue and revise the District’s policy for funding capital projects. Several Board members interviewed for this review were open to considering the use of debt for large projects, as long as staff analysis justified the financials and the debt service (principal and interest payment) requirements are not too onerous.

A revised policy should include metrics by which staff is required to analyze project financing to determine the costs of PayGo versus the use of loans or debt. Besides the financial costs of borrowing (interest and administrative costs related to borrowing), the District should include consideration of the non-financial considerations, such as generational impacts, as outlined in the table below:

Table 9: Considerations for Capital Projects Financing

	PAY AS YOU GO (PAYGO)	DEBT (Loans/ Bonds)
PROS	<ul style="list-style-type: none"> • Future funds not tied up in debt payments • Can use interest savings (that would be spent on debt) toward other projects • No risk of default 	<ul style="list-style-type: none"> • Projects delivered when needed; no wait • Costs spread over life of asset • Builds capacity to invest with available funds • Those using the project, pay for the project
CONS	<ul style="list-style-type: none"> • Can increase wait time for projects while saving up • Large projects can exhaust budget • Risk of project inflation during wait • Burden to current users for benefit of future users 	<ul style="list-style-type: none"> • Borrowing rate could be high • Debt payments impact future budgets and reduce future flexibility

Once a policy is created, staff can analyze large-scale capital projects with regard to lifespan, project cost, and cost/benefit of PayGo versus debt financing based upon current financing rates. For capital projects over \$2.5M, staff should perform a calculation on total cost if financed and impact upon net position if paid in cash.

This analysis should be applied as soon as possible to the effluent pipeline project, to take advantage of favorable interest rates. The District should consider debt financing for all, none, or a portion of the project. A hybrid model utilizing the set-aside already established and financing of the balance could be advantageous and reduce financing costs. All or a portion of the established set-aside can be used toward financing the project, with the balance used to enhance reserve levels in the Utility Fund.

Conclusion

This organizational assessment was undertaken to assess operations and identify opportunities to enhance efficiency and effectiveness within the Incline Village General Improvement District's utilities operations. The recommendations in this report were developed to build upon the District's already high service level and approach to District operations in a unique operating environment.

By investing in public outreach and communications, revising and clarifying several financial policies, addressing organization structure and staff retention concerns, and increasing technology to enhance efficiency, the District will ensure its utilities operations continue to provide high value to residents for years to come.

Using this report as a guide, the District will be able to continue to improve operations and services and to streamline internal processes for the benefit of the IVGID community. Prioritization of these recommendations and thoughtful, planned implementation are needed to ensure resources are expended prudently and risks to utility operations reduced.

M E M O R A N D U M

TO: Indra Winquest
District General Manager

FROM: Darren Howard
Director of Golf & Community Services

SUBJECT: Review, discuss and provide guidance on Golf Cart Capital Improvement Project #3141LV1898 Championship Golf Carts for 2021/2022

DATE: July 6, 2021

I. SUMMARY

This memorandum serves to advise the Board of Trustees that Staff is preparing to re-initiate the procurement process for replacement of the Championship Course Golf Cart fleet, to be funded through planned carry-over of budget appropriations approved for this purpose as part of the FY2020/21 budget.

While the replacement of the golf carts serving the Championship Golf Course was deferred by the Board of Trustees last fall, Staff is preparing to proceed with this project this fiscal year, and due to the extended lead time for delivery of product in time for the 2022 golf season, Staff anticipates coming to the Board in late summer/early fall with the results of the bid solicitation and procurement process. At the same time, Staff will be recommending deferral of the replacement of two Bar Carts (also budgeted for replacement in FY2019/20) due to the fact that - as a result of COVID protocols implemented for the 2020 season - these carts were not placed into service and thus are anticipated to remain serviceable through the 2022 golf season.

In addition to providing notice to the Board, this memorandum also provides information on estimated costs associated with refurbishing the Championship Course golf cart fleet required to extend their useful life through the current 2021 golf season.

II. BACKGROUND

The Championship Golf Cart Fleet (CIP#3141LV1898) was originally scheduled for replacement in FY2020/2021, with an approved budget of \$378,000. At their meeting of November 12, 2020, the Board of Trustees chose to defer this project

meeting of November 12, 2020, the Board of Trustees chose to defer this project to the 2021/2022 fiscal year and, in so doing, directed Fleet Maintenance staff refurbish the cart fleet, as needed, in order to allow for their continued use through the current 2021 golf season.

In addition, replacement of three Beverage Carts (including two Beverage Carts (CIP#3142LE1741 & #3142LE1742) at the Championship Course and one Beverage Cart (CIP#3242LE1726) at the Mountain Course) were similarly deferred.

After review of the utilization of the golf cart fleet as well as costs associated to maintain availability of the carts through the 2021 golf season, Staff is recommending proceeding with the solicitation of bids to replace the Championship Course Golf cart fleet this fiscal year, while deferring the replacement of the three Beverage Carts for one additional year.

The following provides background information informing the Staff recommendation:

- Due to the 2020 COVID-19 restrictions for riders allowing only 1 person per cart (unless they are family members that arrive together), the carts effectively experienced almost 2 operating seasons worth of use over the course of the 2020 golf season.
- The current carts have experienced battery issues due to heavier than normal play and below is a table that shows the projected expenses:

Description of items	Expended To-date	On Order / Anticipated Charges	Total
Parts (Batteries, Seats, Windshields, GPS screens etc.)	\$6,567.02	\$13,000 to \$16,000	\$19,567 to \$22,567
Labor – IVGID Fleet (incl. contract labor of \$4,880)	\$36,072.86	\$15,000 to \$17,000	\$49,367 to \$51,367
Total	\$42,639.88	\$28,000 to \$33,000	\$70,639 to \$75,639

- Last year, trade-in was valued at approximately \$1,900 per cart and Staff has been told by the golf cart companies we can anticipate the trade-in value to remain in this range for one more year due to used fleets currently being in higher demand. Trade-in values are expected to fall significantly beyond one year.

- As discussed last fall, funds being expended to keep the current golf cart fleet running will not enhance the value at the time of trade-in.
- The current fleet will be 5 years old at the end of the 2021 season and the product we would be putting out for next season would not be up to traditional IVGID standards.
- Batteries are currently in scarce supply, resulting in increased down time for carts requiring new batteries.
- Staff would also note that all golf cart companies are quoting 6 to 8 months lead time for new golf cart deliveries, necessitating accelerating the planned procurement process.
- Fleet is currently short-staffed and challenged with the availability of the number of labor hours required for maintenance and repairs on the carts, which also negatively impacts down-time across the fleet.

III. CONCLUSION

Staff is bringing this issue to the Board's attention prior to initiating the procurement process for replacement of the Championship Course Golf Cart Fleet through preparation of a Request for Proposal. Due to the extended lead time, Staff cannot wait until October as is usually the case with changing out golf cart fleets.

Staff does not feel it we would be fiscally responsible to continue to maintain the current fleet of golf carts serving the Championship Course beyond the 2021 golf season. Consideration of purchasing versus leasing of replacement carts will be evaluated as part of the procurement process, with a recommendation to the Board expected in early fall.

Lastly, Staff advises that since we did not use any beverage carts during the 2020 golf season, the potential is there to keep them at least one more season without significantly impacting operations or service.

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Brad Underwood
Director of Public Works

SUBJECT: Review, discuss and possibly approve the Tahoe Truckee Area Agreement for Mutual Emergency Aid

DATE: July 13, 2021

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Approve the renewal of the Tahoe Truckee Area Agreement for Mutual Emergency Aid.
2. Authorize General Manager to execute the Agreement based on a review by General Counsel and Staff.

II. BACKGROUND

On occasion, emergency situations with critical infrastructure arise for a government agency that require the assistance of other nearby agencies to resolve. All proposed signatory agencies on the subject Agreement own, maintain and operate wastewater and/or water treatment and distribution, collection, transportation and/or treatment facilities in the Lake Tahoe and Truckee areas. The first original mutual aid agreement was entered into by the District in 1983, and the Board of the Tahoe Water Suppliers Association has requested this Agreement be revised, as many Districts have experienced a change in ownership, management or scope of responsibility.

By remaining a collaborative partner in this effort, IVGID will join these other regional agencies in formalizing response to emergencies for the purpose of minimizing environmental damage and promoting public health and safety from leakage or destruction of critical facilities. The Agreement outlines provisions for providing personnel, equipment, material and supplies; not requiring an agency to

respond to a request to the detriment of their own operations; and the cost recovery process, among other items.

III. BID RESULTS

This item is not subject to competitive bidding within the meaning of the Nevada Revised Statutes 332.115.

IV. FINANCIAL IMPACT AND BUDGET

There is no immediate financial impact. However, this Agreement provides for a cost recovery process should the District respond to assist a nearby agency in an emergency situation.

V. ALTERNATIVES

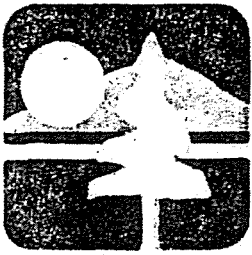
Do not approve the revised Agreement for Mutual Emergency Aid, which will put the District at risk if an occasion arises where assistance is needed to respond to an emergency situation, and for recovering costs when responding to another agency's emergency needs.

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachments:

- Original 1983 Agreement
- Draft 2021 Agreement



NORTH TAHOE PUBLIC UTILITY DISTRICT

PO Box 139, Tahoe Vista, CA 95732 • (916) 546-4212 • 875 National Ave

September 30, 1983

TO: Alpine Springs County Water District
Douglas County Sewer Improvement Dist. No. 1
Incline Village General Improvement District
Kingsbury General Improvement District
North Tahoe Public Utility District
Placer County Service Area 21, Northstar
Round Hill General Improvement District
South Tahoe Public Utility District
Squaw Valley County Water District
Tahoe City Public Utility District
Tahoe Douglas Sewer District
Tahoe-Truckee Sanitation Agency
Truckee Sanitary District
Nevada Attorney General's Office

RE: Agreement for Mutual Emergency Aid

Enclosed is a signed copy of the Tahoe - Truckee Area Agreement for Mutual Emergency Aid. All thirteen entities have executed the Agreement for 100% participation. In addition, the Nevada Attorney General's Office has approved the Agreement.

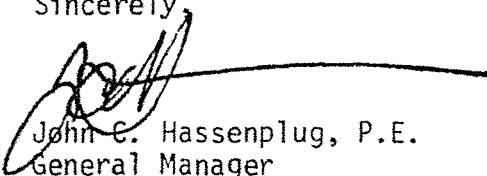
The execution of this agreement is a significant event because it represents an increased spirit of cooperation between our Districts, and also most importantly, it represents an opportunity for each District to provide better service to our customers at the time of an emergency at a lower cost.

Please, for our records, send a copy of the resolution, or minute order approving the signing of the Agreement.

This agreement is intended to be ongoing, and it should continue to be utilized as it has already.

On behalf of the North Tahoe Public Utility District and myself, thank you for your participation.

Sincerely,



John C. Hassenplug, P.E.
General Manager

JCH:kr

AGREEMENT FOR MUTUAL EMERGENCY AID

This Agreement is made and entered into on the dates set forth below by and between the public agencies set forth below.

WHEREAS, the agencies party to this Agreement maintain and operate sewage and/or water collection, transportation and treatment facilities in the Lake Tahoe-Truckee areas; and

WHEREAS, the parties hereto have heretofore engaged in an informal policy of mutual cooperation wherein the resources of each were available to the other on an as-available basis for the purposes of minimizing environmental damage due to leakage from or destruction of such facilities and of promoting public health; and

WHEREAS, it is the desire of the parties hereto to execute a mutual aid agreement wherein the policy of mutual cooperation is formalized and expanded to meet projected needs of the parties.

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. To furnish to each other personnel trained in the emergency and operation and/or repair of sewage and/or water collection, transportation and treatment facilities, together with equipment, materials and supplies required for such operation and/or repair as may be necessary during emergency conditions.

2. To provide such emergency aid within the ability of the agencies party to this Agreement, provided, however, that no party shall be required to deplete its own resources, personnel, services or facilities to the detriment of its normal responsibilities or the detriment of anticipated needs. No agency shall incur any liability or be found at fault for failure to furnish personnel, equipment, materials or supplies when such are available. In addition, each agency shall have the right, at the sole discretion of said agency, to order any personnel, equipment, materials or supplies furnished to another agency be returned to the furnishing agency, without any liability for said order.

3. That no response to an emergency aid request provided for in this Agreement will be made by any party hereto unless such request is received through established communication channels and made by a previously designated responsible official of the agency requesting such aid. The Manager of each agency shall be deemed a responsible official and shall have the authority to designate alternate responsible officials to other agencies. No such designation shall be effective until received, in writing, by other agencies.

4. That any emergency aid extended under this Agreement is extended with the express understanding that the responsible local official (in whose jurisdiction and incident requiring emergency aid has occurred) shall remain in charge at such incident including the direction of personnel and equipment provided through the operation of this Emergency Aid Agreement. Any agency providing personnel or equipment may require that equipment be furnished with operators or that supervisory or safety personnel be furnished with the personnel and/or equipment.

5. That at the sole discretion of the agency supplying aid, the benefiting agency shall pay each agency supplying aid monthly, on receipt of invoice, costs for the equipment, personnel, materials and supplies furnished. These costs shall be computed in accordance with the schedule of rates shown in Exhibit "A" attached hereto and incorporated herein by this reference.

6. That the benefited agency will indemnify and hold harmless each supplying agency against all liability and claims for damages, personal injury and death arising out of the use of vehicles, equipment or other property, or personnel of the supplying agency by the benefited agency, except where vehicles, equipment or other property, or personnel remain within the control of the supplying agency, in which case the supplying agency will indemnify and hold harmless the benefited agency against all such liability and claims.

That each agency shall maintain coverage for liability, property damage, and worker's compensation for industrial injury or illness through insurance or self-insurance, including coverage for its equipment and employees when used by other agencies under this Agreement. Any agency party to this Agreement shall have the right to evidence of such coverage upon request.

7. That this Agreement shall not operate to merge any of the parties hereto, to subject any of the parties hereto to the jurisdiction of any regulatory agency not having jurisdiction in the absence of this Agreement, or to require that any party hereto cooperate with or report to any agency not a party to this Agreement.

8. That this Agreement shall become effective as to each party upon execution by said party and shall remain in full force and effect as to each party until terminated by said party. Any party hereto may terminate its rights and obligations under this Agreement by giving all other parties thirty (30) days prior written notice, however such termination shall not affect the rights and obligations of the remaining parties hereto or any rights and obligations of the withdrawing party occurring prior to the effective date of termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the days and years set forth below.

ALPINE SPRINGS COUNTY WATER DISTRICT

Date: 8/6/02 By: John M. [Signature]

Attest: [Signature]

DOUGLAS COUNTY SEWER IMPROVEMENT DIST. NO. 1

Date: 8/16/83 By: Jane B. [Signature]

Attest: Ralph [Signature]

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Date: 8-11-83 By: Jane [Signature]

Attest: Robert C. [Signature]

KINGSBURY GENERAL IMPROVEMENT DISTRICT

Date: 8-16-83 By: [Signature]

Attest: William [Signature]

NORTH TAHOE PUBLIC UTILITY DISTRICT

Date: 7-6-82 By: [Signature]

Attest: [Signature]

PLACER COUNTY SERVICE AREA 21, NORTHSTAR

Date: 8-9-83

By: Robert P. Mahan

Attest:

Christine Sharp

ROUND HILL GENERAL IMPROVEMENT DISTRICT

Date: 18 AUG 83

By: Donald W Kelly

Attest:

William Langh

SOUTH TAHOE PUBLIC UTILITY DISTRICT

Date: 8-18-83

By: Gene Jones

Attest:

Mary D. Ambrose

SQUAW VALLEY COUNTY WATER DISTRICT

Date: 7-30-82

By: Jane L. Harrison

Attest:

Carla A. Jackson, Secretary

TAHOE CITY PUBLIC UTILITY DISTRICT

Date: 9/2/82

By: Wesley Kelley

Attest:

Sharon Wickstrom

TAHOE DOUGLAS SEWER DISTRICT

Date: 8/19/83

By: D. L. [Signature]

Attest:

Gene S. Sauer

TAHOE - TRUCKEE SANITATION AGENCY

Date: 8/10/83

By: Albert J. Burghardt

Attest:

Patty Kenner

TRUCKEE SANITARY DISTRICT

Date: 8-2-83

By: Ron Owen

Attest:

Jack Marguette

APPROVED:

BRIAN MC KAY
ATTORNEY GENERAL
State of Nevada

Dated: 9-29-83

by: W. W. Doyle

EXHIBIT "A"

Equipment Rate Schedule

Dump Truck	\$15/hr - \$75/day
Vactor Jet Rodder	\$75/hr - w/two operators
Backhoe	\$30/hr - w/two operators
Construction Truck, Flatbed	\$15/hr - \$75/day
Hydraulic Flusher	\$40/hr - w/two operators
T V System	\$50/hr - w/three operators
T V & Grouting System	\$60/hr - w/three operators
Compressor Truck w/Tools	\$20/hr - \$100/day
Rodding Truck	\$25/hr - w/operator
10" Pump w/Trailer w/Hoses	\$20/hr - \$100/day
6" Pump w/Trailer w/Hoses	\$15/hr - \$75/day
3" Diaphragm Pump w/Hoses	\$12/hr - \$60/day
2" Centrifical Pump w/Hoses	\$7/hr - \$35/day
Generator w/Trailer	\$15/hr - \$75/day
Compactor Wacker	\$10/hr - \$50/day
Compactor, Plate Vibrating	\$10/hr - \$50/day
Pipe Locator, Goldak TR-4	\$5/hr - \$25/day
Pipe Locator, Goldak Ferret	\$10/hr - \$50/day
Metal Locator, Goldak 720	\$3/hr - \$15/day
Leak Detector, Goldak 777	\$10/hr - \$50/day
Concrete Mixer	\$5/hr - \$30/day
Pipe Saw, Homelite	\$4/hr - \$25/day plus blade
Welder, Marquett w/leads	\$10/hr - \$50/day
Pneumatic Drill w/attachments	\$5/hr - \$30/day
Steam Cleaner	\$8/hr - \$40/day
Sand Blaster	\$5/hr - \$30/day plus sand
Recorder, Pressure (Bristol)	\$4/hr - \$20/day
Water Meter Test Kit Hersey	\$4/hr - \$20/day
Rodder, Gasoline Portable	\$5/hr - w/operator
Wet Tap Machine, Mueller	\$5/hr - \$30/day
Pickup Truck 2 WD	\$5/hr - \$30/day
Pickup Truck 4 WD	\$6/hr - \$40/day
Electrical SV Truck 4 WD	\$7/hr - \$50/day

All labor will be billed at actual rate paid plus 25% for benefits

All expendable materials will be billed at cost.

TAHOE TRUCKEE AREA AGREEMENT FOR MUTUAL EMERGENCY AID

This Agreement for Mutual Aid is to benefit the participating agencies in the event of natural disasters, emergencies, or other assistance that may be requested. The participating agencies have confirmed that a mutual aid agreement would be beneficial.

This Agreement is made and entered into on the dates set forth below, by and between the public agencies set forth below.

WHEREAS, the participating agencies party to this Agreement maintain and operate wastewater and/or water treatment and distribution, collection, transportation and/or treatment facilities in the Lake Tahoe-Truckee areas; and

WHEREAS, the participating agencies have engaged in an informal policy of mutual cooperation wherein the resources of each were available to the other on an as-available basis for the purposes of minimizing environmental damage due to leakage from or destruction of such facilities and of promoting public health; and

WHEREAS, it is the desire of the participating agencies to execute a mutual aid agreement wherein the policy of mutual cooperation is formalized and expanded to meet projected needs of the participating agencies; and

WHEREAS, by becoming a participating agency under the terms of this Agreement, the governing body or board of the participating agency will be deemed to have read and agreed to be bound by the terms of this Agreement.

NOW, THEREFORE, the participating agencies hereto mutually agree as follows:

1. To furnish to each other personnel trained in the emergency operation and/or repair of wastewater and/or water treatment, distribution, collection, and/or transportation facilities, together with equipment, materials and supplies required for such operation and/or repair as may be necessary during emergency conditions, on and subject to the terms and conditions of this Agreement.
2. To provide such emergency aid within the ability of the participating agencies to this Agreement, provided, however, that no participating agency shall be required to deplete its own resources, personnel, services or facilities to the detriment of its normal responsibilities or the detriment of anticipated needs. No agency shall incur any liability or be found at fault for failure to furnish personnel, equipment, materials or supplies when such are available. In addition, each agency shall have the right, at the sole discretion of said agency, to order any personnel, equipment, materials or supplies furnished to another agency be returned to the furnishing agency, without any liability for said order.

3. That no response to an emergency aid request provided for in this Agreement will be made by any participating agency hereto unless such request is received through established communication channels and made by a previously designated responsible official of the agency requesting such aid. The Manager of each participating agency shall be deemed a responsible official and shall have the authority to designate alternate responsible officials to other participating agencies. No such designation shall be effective until received, in writing, by the other participating agencies.
4. The personnel and equipment furnished by a participating agency (the "Assisting Agency") shall remain, at all times, under the direct supervision and control of the designated supervisory personnel of the Assisting Agency. In instances where only equipment, materials or supplies are provided by the Assisting Agency, the ownership of said equipment, materials or supplies shall remain with the Assisting Agency and said equipment, materials or supplies shall be returned to the Assisting Agency immediately upon request (unless to the extent that the materials or supplies are perishables and they have been used or exhausted in the emergency response). Representatives of the participating agency receiving assistance from the Assisting Agency (the "Requesting Agency") shall suggest work assignments and schedules for the personnel of the Assisting Agency; however, the designated supervisory personnel of the Assisting Agency shall have the exclusive responsibility and authority for assigning work and establishing work schedules for the personnel of the Assisting Agency in conjunction with the Incident Command or the Requesting Agency. The designated supervisory personnel of the Assisting Agency shall maintain daily personnel time records, a log of equipment hours, be responsible for the operation and maintenance of the equipment, materials or supplies furnished by the Assisting Agency, and report work progress to the Requesting Agency.
5. Unless specifically instructed otherwise, the Requesting Agency shall have the responsibility of providing food and housing for the personnel of the Assisting Agency from the time of their arrival at the designated location to the time of their departure. However, Assisting Agency personnel and equipment should be, to the greatest extent possible, self-sufficient while working in the emergency or disaster area. The Requesting Agency may specify only self-sufficient personnel and resources in its request for assistance.
6. Should it be necessary to recover costs or in order to be reimbursed from outside sources, at the sole discretion and request of the Assisting Agency, the Requesting Agency shall pay the Assisting Agency monthly, on receipt of invoice, costs for the equipment, personnel, materials and supplies furnished. Equipment costs shall be reasonable and subject to each participating agency's established rates. If a participating agency does not have established rates, either actual cost or the most current Schedule of Equipment Rates set by the Federal Emergency Management Agency (FEMA) shall apply. Some

participating agencies may require operators to accompany their equipment and therefore the rate may include operator labor costs. All labor will be billed at actual rate paid plus benefits. All expendable materials and supplies will be billed at cost.

7. Any controversy or claim arising out of or relating to this Agreement or the breach thereof, shall be settled by mutual agreement. If dispute cannot be settled by mutual agreement, then dispute shall be settled by arbitration in accordance with the Rules of the American Arbitration Association and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration is binding and final.
8. The Assisting Agency and its workers' compensation insurer or self-insurer will be liable for any workers' compensation benefits payable on account of an injury or illness to an Assisting Agency employee occurring in the course of providing personnel assistance under this Agreement. The Assisting Agency and its property damage insurer or self-insurer will be liable for any damage to or destruction of any Assisting Agency equipment, material or supplies occurring in the course of furnishing the equipment, material or supplies under this Agreement. The Requesting Agency shall indemnify, defend, protect and hold harmless the Assisting Agency, and its officers, employees, and agents, from and against any Requesting Agency or third party liability, loss, claim, damage, expense, demand, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of the Assisting Agency's assistance provided under this Agreement, except when caused by the sole negligence or willful misconduct of the Assisting Agency or as otherwise provided or limited by law.
9. That each agency shall maintain coverage for liability, property damage, and worker's compensation for industrial injury or illness through insurance or self-insurance, including coverage for its equipment and employees when used by other agencies under this Agreement. Any participating agency to this Agreement shall have the right to evidence of such coverage upon request.
10. That this Agreement shall not operate to merge any of the participating agencies hereto, to subject any of the participating agencies hereto to the jurisdiction of any regulatory agency not having jurisdiction in the absence of this Agreement, or to require that any participating agency cooperate with or report to any agency not a party to this Agreement.
11. That this Agreement shall become effective as to each participating agency upon execution by that agency and shall remain in full force and effect as to each participating agency until a participating agency terminates its participation in the Agreement. Any participating agency may terminate its rights and obligations under this Agreement by giving all other participating agencies thirty (30) days prior written notice, however such termination shall not affect the rights and

obligations of the remaining participating agencies hereto or any rights and obligations of the withdrawing participating agency occurring prior to the effective date of termination.

IN WITNESS WHEREOF, the participating agencies hereto have caused this Agreement to be executed as of the days and years set forth below.

ALPINE SPRINGS COUNTY WATER DISTRICT

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

EDGEWOOD WATER COMPANY

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

GLENBROOK WATER COOPERATIVE

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

DOUGLAS COUNTY UTILITIES

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**KINGSBURY GENERAL
IMPROVEMENT DISTRICT**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**OLYMPIC VALLEY PUBLIC SERVICE
DISTRICT**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

LAKESIDE PARK ASSOCIATION

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**ROUND HILL GENERAL
IMPROVEMENT DISTRICT**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**NORTH TAHOE PUBLIC UTILITY
DISTRICT**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**SIERRA LAKES COUNTY WATER
DISTRICT**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**NORTHSTAR COMMUNITY
SERVICES DISTRICT
Placer County Service Area No. 21,
Northstar**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

**SOUTH TAHOE PUBLIC UTILITY
DISTRICT**

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

TAHOE CITY PUBLIC UTILITY DISTRICT

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

TRUCKEE SANITARY DISTRICT

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

TAHOE DOUGLAS SEWER DISTRICT

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

TAHOE - TRUCKEE SANITATION AGENCY

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

Paul Navazio
Director of Finance

FROM: Mike Bandelin
Diamond Peak General Manager

SUBJECT: Review, discuss and possibly approve a Sole Source Finding, **and** review, discuss and possibly authorize a professional services contract for the Lakeview ski lift gear reducer service and rebuild; 2021/2022 Capital Improvement Project; Fund: Community Services; Program: Ski; Project # 3462HE1702; Vendor: Artec Machine Systems, Inc. in the amount of \$72,617

DATE: July 1, 2021

I. RECOMMENDATION

That the Board of Trustees makes a motion to:

1. Make the following finding:

IVGID's contract with Artec Machine Systems for professional services to overhaul the Lakeview ski lift gear reducer is exempt from competitive bidding for the following reasons:

- A. This purchase is for items which may only be contracted from a sole source (NRS 332.115.1.a). Artec Machine Systems is the authorized service partner for ZF/Lohmann ropeway gear units and Doppelmayr ski lift manufacturer.
- B. 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

Review, discuss and possibly approve a Sole Source Finding, and review, discuss and possibly authorize a Professional Services contract for the Lakeview ski lift gear reducer service and rebuild; 2020/2021 Capital Improvement Project: Fund: Community Services; Program: Ski; Project # 3462HE1702; Vendor: Artec Machine Service, Inc. in the amount of \$72,617

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July 1, 2021

ski lift gear reducers, for the Lakeview, Lodgepole and Crystal Express lifts, are manufactured by ZF/Lohmann and sold by Doppelmayr.

- C. The contract 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). The District owns three ZF/Lohmann ropeway gear units.
2. Award a professional services contract for the Lakeview ski lift gear reducer service and rebuild; 2021/2022 Capital Improvement Project: Fund: Community Services; Program: Ski; Project # 3462HE1702; Vendor: Artec Machine Systems, Inc., in the amount of \$72,617.
3. Authorize Staff to execute all purchase documents based on a review by Legal Counsel and Staff.

II. **BACKGROUND**

The general purpose of this project is to maintain District operations through the necessary maintenance and replacement cycles. The contract proposed for award addresses the required maintenance, service and refurbishment to Diamond Peak's existing Lakeview ski lift gear reducer.

Diamond Peak operates and maintains a total of seven lifts, five fixed grip chairlifts installed between 1969 and 1996, one detachable chairlift installed in 2003 and one surface lift installed in 1996.

The Lakeview fixed grip quad lift was installed in 1995 and currently has provided 27,000 hours of service. During routine off-season maintenance in 2019, a visual inspection of the internal gear components of the ski lift gear reducer was performed by Artec Machine Systems. The inspection revealed wear and indications to the high and low speed planetary gear sets including technical information that assisted in the planning and budgeting of the proposed project.

Most ski lifts incorporate the use of a gear reducer to power the rotation of the drive bullwheel that moves the haul rope. The Lakeview ski lift is powered by a horizontal electric motor that turns a shaft to 1,750 revolutions per minute at full speed. This motor shaft is coupled to the input shaft of the gear reducer through a universal

Review, discuss and possibly approve a Sole Source Finding, **and** review, discuss and possibly authorize a Professional Services contract for the Lakeview ski lift gear reducer service and rebuild; 2020/2021 Capital Improvement Project: Fund: Community Services; Program: Ski; Project # 3462HE1702; Vendor: Artec Machine Service, Inc. in the amount of \$72,617

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July 1, 2021

joint drive shaft. The gear reducer is equipped with the high-speed horizontal input shaft along with a braking disc and a gear set that rotates the direction and speed to a vertical low speed shaft that through a set of bearings connects to the drive bullwheel. This gear reducer unit will reduce the input shaft speed of 1,750 rpm's to a bullwheel speed of 12 rpm's, or a haul rope speed of 494 feet per minute.

Additionally, Doppelmayr ski lifts recommends ZF/Lohmann gear reducers be disassembled and serviced per the manufacturer guidelines after 26,000 hours of service. If the proposed project is approved, Artec Machine Systems will submit the order for the replacement gear sets and parts and have indicated that the lead-time for delivery will be sixteen to eighteen weeks.

III. **BID RESULTS**

The proposed professional services contract, in compliance with NRS 332.115, is a sole source and Staff did not seek competitive bids for the proposed work. Specific pricing is as listed below:

Description	Amount
Artec Professional Services	\$17,416.50
ZF/Lohmann gear reducer replacement parts	\$51,400.50
Shipping - parts	\$3,800.00
Total contract	\$72,617.00

IV. **FINANCIAL IMPACT AND BUDGET**

A total of \$75,000 is included in the 2021/2022 Capital Improvement Program Budget for the Lakeview ski lift gear reducer service and overhaul under Project 3462HE1702 (see attached data sheet). The total proposed project is within the budgeted amount.

V. **ALTERNATIVES**

The Board of Trustees could not authorize the professional services contract and defer or eliminate maintenance of the proposed gear reducer overhaul. Doing so puts the District at risk of high maintenance expenses and increased ski lift down time or complete loss of usage during Diamond Peak's operating season.

Review, discuss and possibly approve a Sole Source Finding, **and** review, discuss and possibly authorize a Professional Services contract for the Lakeview ski lift gear reducer service and rebuild; 2020/2021 Capital Improvement Project: Fund: Community Services; Program: Ski; Project # 3462HE1702; Vendor: Artec Machine Service, Inc. in the amount of \$72,617

-4-

July 1, 2021

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

VII. ATTACHMENTS

- A. Contract documents – SFA - Artec Machine System and IVGID – Quote No. ZPY19361
- B. Artec Machine Stytems – Lakeview Gear Reducer – service report September 26, 2019
- C. IVGID project summary #3462HE1702 data sheet
- D. District Purchase Order

SHORT FORM AGREEMENT
Between
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
and
ARTEC MACHINE SYSTEMS, INC.
for
CONSTRUCTION SERVICES

This Agreement is made as of date between **INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT (IVGID)**, hereinafter referred to as "Owner," and **ARTEC MACHINE SYSTEMS, INC. of North Branford, Connecticut**, hereinafter referred to as "Contractor." Owner intends to complete the Project(s) as described in the Contract Documents and as amended from time to time, hereinafter referred to as the "Project."

ARTICLE 1 – PRELIMINARY MATTERS

1.1 Contractor shall perform the following tasks:

Services as described in the Contract Documents included with this Agreement, basically consisting of gear reducer service and rebuild for the Lakeview Lift at Diamond Peak Ski Resort, 1210 Ski Way, Incline Village, Washoe County, Nevada.

1.2 All documentation, drawings, reports, and invoices submitted for this project should include IVGID's project number 3462HE1702.

1.3 The Project will begin on or about date and be completed by date.

ARTICLE 2 – CONTRACT DOCUMENTS: INTENT, AMENDING, REFUSE

2.1 This Agreement consists of the following Contract Documents:

- A. This Short Form Agreement, pages 1 through 9, inclusive
- B. Contractor's Bid submitted on March 10, 2021 and revised June 30, 2021.
- C. By reference herein, Contractor to follow requirements of the Incline Village Ordinances and the *Standard Specification for Public Works Construction* (aka the Orange Book)

2.2 In order to induce Owner to enter into this Agreement, Contractor makes the following representations:

- A. Contractor has examined and carefully studied the project details and technical specifications, and any other related data identified in the Contract Documents.

- B. Contractor has visited the site and become familiar with and is satisfied as to the general, local, and site conditions that may affect cost, progress, and performance of the Project.
- C. Contractor is familiar with and is satisfied as to all federal, state, and local laws and regulations that may affect cost, progress, and performance of the Project.
- D. Contractor has obtained and carefully studied (or assumes responsibility for having done so) all examinations, investigations, explorations, tests, studies, and data concerning conditions (surface, subsurface, and underground facilities) at or contiguous to the site which may affect cost, progress, or performance of the Project or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor, including applying the specific means, methods, techniques, sequences, and procedures of construction, if any, expressly required by the Contract Documents to be employed by Contractor, and safety precautions and programs incident thereto.
- E. Contractor does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Project at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.
- F. Contractor is aware of the general nature of work to be performed by Owner and others at the site that relates to the work, as indicated in the Contract Documents.
- G. Contractor has correlated the information known to Contractor, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Contract Documents.
- H. Contractor has given Owner's representative written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by Owner's representative is acceptable to Contractor.
- I. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the work.

ARTICLE 3 – INSURANCE REQUIREMENTS

- 3.1 **Commercial Insurance:** Contractor shall procure and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the Contractor, his/her agents, representatives, employees, or subcontractors. Contractor shall purchase General Liability, Auto Liability, Workers' Compensation, and Professional Liability Insurance (if applicable) coverage as required.
- 3.2 **General Liability:** Contractor shall purchase General Liability including appropriate Auto Liability with a \$1,000,000 combined single limit per occurrence, for bodily injury, personal injury and property damage. Contractor shall have a Certificate of Insurance issued to the

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT naming it as additional insured, and indicating coverage types, amounts and duration of the policy.

- 3.3 **Workman's Compensation:** It is understood and agreed that there shall be no Industrial Insurance coverage provided for the Contractor or any Subcontractor by the District; and in view of NRS 616.280 and 617.210 requiring that Contractor comply with the provisions of Chapters 616 and 617 of NRS, Contractor shall, before commencing work under the provisions of this Agreement, furnish to the District a Certificate of Insurance from an admitted insurance company in the State of Nevada.
- 3.4 All certificates shall provide for a minimum written notice of thirty (30) days to be provided to District in the event of material change, termination or non-renewal by either Contractor or carrier.

ARTICLE 4 – CONTRACTOR’S RESPONSIBILITIES

4.1 Equal Employment and Non-Discrimination

In connection with the Services under this Agreement, Contractor agrees to comply with the applicable provisions of State and Federal Equal Opportunity statutes and regulations.

4.2 Licenses

Contractor shall have a Washoe County business license, and all appropriate Contractor’s licenses and certifications for the services to be performed.

4.3 Construction Dumpsters

Contractor is to be aware of District’s Ordinance 1, the Solid Waste Ordinance, and pay specific attention to Section 4.5, Dumpster Use, Location and Enclosure. Any construction dumpster on the job site that is not properly enclosed shall be a fully locking roll-top, and is to remain locked and secured at all times.

4.4 Working Hours

Working hours, including equipment “warm up,” shall occur between 8 a.m. and 7 p.m. Monday through Friday. Only emergency work may occur on Saturdays, with prior approval of Owner.

4.5 Changes and Modifications

The parties agree that no change or modification to this Agreement, or any attachments hereto, shall have any force or effect unless the change is reduced to writing, dated, and made a part of this Agreement. The execution of the change shall be authorized and signed in the same manner as this Agreement.

4.6 Contractor's General Warranty and Guarantee

- A. Contractor warrants and guarantees to Owner that all work will be in accordance with the Contract Documents and will not be defective. Owner's representative and its Related Entities shall be entitled to rely on representation of Contractor's warranty and guarantee.
- B. Contractor's warranty and guarantee hereunder excludes defects or damage caused by:
 - 1. Abuse, modification, or improper maintenance or operation by persons other than Contractor, Subcontractors, Suppliers, or any other individual or entity for whom Contractor is responsible; or
 - 2. Normal wear and tear under normal usage.
- C. Contractor's obligation to perform and complete the Project in accordance with the Contract Documents shall be absolute. None of the following will constitute an acceptance of work that is not in accordance with the Contract Documents or a release of Contractor's obligation to perform the work in accordance with the Contract Documents:
 - 1. Observations by Owner's representative;
 - 2. Recommendation by Owner's representative or payment by Owner of any progress or final payment;
 - 3. The issuance of a certificate of substantial completion by Owner's representative or any payment related thereto by Owner;
 - 4. Use or occupancy of the Project or any part thereof by Owner;
 - 5. Any review and approval of a shop drawing or sample submittal or the issuance of a notice of acceptability by Owner's representative;
 - 6. Any inspection, test, or approval by others; or
 - 7. Any correction of defective work by Owner.

4.7 Correction Period

- A. If within one year after the date of substantial completion (or such longer period of time as may be prescribed by the terms of any applicable special guarantee required by the Contract Documents) or by any specific provision of the Contract Documents, any work is found to be defective, or if the repair of any damages to the land or areas made available for Contractor's use by Owner or permitted by laws and regulations as contemplated in Article 8.5 is found to be defective, Contractor shall promptly, without cost to Owner and in accordance with Owner's written instructions:
 - 1. Repair such defective land or areas; or
 - 2. Correct such defective work; or
 - 3. If the defective work has been rejected by Owner, remove it from the Project and replace it with work that is not defective, and
 - 4. Satisfactorily correct or repair or remove and replace any damage to other work, to the work of others or other land or areas resulting therefrom.

- B. If Contractor does not promptly comply with the terms of Owner's written instructions, or in an emergency where delay would cause serious risk of loss or damage, Owner may have the defective work corrected or repaired or may have the rejected work removed and replaced. All claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such correction or repair or such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid by Contractor.
- C. In special circumstances where a particular item of equipment is placed in continuous service before Substantial Completion of all the Project, the correction period for that item may start to run from an earlier date if so provided in the Specifications.
- D. Where defective work (and damage to other work resulting therefrom) has been corrected or removed and replaced under this Article 4.7, the correction period hereunder with respect to such work will be extended for an additional period of one year after such correction or removal and replacement has been satisfactorily completed.
- E. Contractor's obligations under this Article 4.7 are in addition to any other obligation or warranty. The provisions of this Article 4.7 shall not be construed as a substitute for or a waiver of the provisions of any applicable statute of limitation or repose.

4.8 Indemnification

- A. Indemnification of Owner by Contractor: To the extent permitted by law, Contractor agrees to indemnify and hold Owner and each of its officers, employees, agents, and representatives harmless from any claims, damage, liability, or costs (including reasonable attorneys' fees and costs of defense) stemming from this project to the extent such claims, damage, liability, or costs are caused by Contractor's negligent acts, errors or omissions or by the negligent acts, errors, or omissions of Contractors, subcontractors, agents, or anyone acting on behalf of or at the direction of Contractor.
- B. Contractor's obligation to hold harmless and indemnify Owner shall include reimbursement to Owner of the loss of personnel productivity, incurred as a result of that defense. Reimbursement for the time spent by Owner's personnel shall be charged to Contractor at the then-current rate charged for such services by the private sector.
- E. Nothing herein shall prevent Owner or Contractor from relying upon any Nevada statute or case law that protects Owner or Contractor with respect to liability or damages. This Provision shall survive the termination, cancellation, or expiration of the Agreement.

ARTICLE 5 – OWNER'S RESPONSIBILITIES

- 5.1 Owner shall do the following in a timely manner so as not to delay the services of Contractor:

- A. Designate in writing a person to act as Owner's representative with respect to services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, and interpret and define Owner's policies and decisions with respect to Contractor's services for the Project.
- B. Assist Contractor by placing at Contractor's disposal existing data, plans, reports, and other information known to, in possession of, or under control of Owner which are relevant to the execution of Contractor's duties on the PROJECT. Also, provide all criteria and full information as to Owner's requirements for the Project, including design criteria, objectives, and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations.

ARTICLE 6 – PAYMENT TO CONTRACTOR AND COMPLETION

6.1 Basis and Amount of Compensation for Basic Services

- A. Lump Sum. Owner shall pay Contractor for the Project as follows:
 1. A Lump Sum amount of **Seventy-Two Thousand Six Hundred Seventeen Dollars (\$72,617.00)** ("Contract Price").
 2. In addition to the Lump Sum amount, reimbursement of the following expenses: None.
 3. The portion of the compensation amount billed monthly for Contractor's services will be based upon Contractor's estimate of the percentage of the total services actually completed during the billing period.

6.2 Payment Procedures

- A. Submittal and Processing of Payments:
 1. Invoices shall be sent to invoices@ivgid.org with a copy to rlr@ivgid.org.
 2. Upon final completion and acceptance of the Project, Owner shall pay the Contract Price, as recommended by Owner's representative.

ARTICLE 7 – DISPUTE RESOLUTION

7.1 Arbitration

This Agreement to engage in alternate dispute resolution ("ADR") pursuant to NRS 338.150 and any other Agreement or consent to engage in ADR entered into in accordance herewith as provided in this Article 16 will be specifically enforceable under the prevailing Nevada law in the Second Judicial District Court of the State of Nevada in and for the County of Washoe. Any dispute arising under this contract will be sent to mediation. Any mediation shall occur in Incline Village, Washoe County, Nevada. The mediation shall be conducted through the American Arbitration Association (AAA) and be governed by the AAA's Mediation Procedures.

The mediator is authorized to conduct separate or ex parte meetings and other communications with the parties and/or their representatives, before, during and after any scheduled mediation conference. Such communications may be conducted via telephone, in writing, via email, online, in person or otherwise.

Owner and Contractor are encouraged to exchange all documents pertinent to the relief requested. The mediator may request the exchange of memorandum on all pertinent issues. The mediator does not have the authority to impose a settlement on the parties but such mediator will attempt to help Owner and Contractor reach a satisfactory resolution of their dispute. Subject to the discretion of the mediator, the mediator may make oral or written recommendations for settlement to a party privately, or if the parties agree, to all parties jointly.

Owner and Contractor shall participate in the mediation process in good faith. The mediation process shall be concluded within sixty (60) days of a mediator being assigned.

In the event of a complete settlement of all or some issues in dispute is not achieved within the scheduled mediation session(s), the mediator may continue to communicate with the parties, for a period of time, in an ongoing effort to facilitate a complete settlement. Any settlement agreed upon during mediation shall become binding if within thirty (30) days after the date that any settlement agreement is signed, either the Owner or Contractor fails to object or withdraw from the agreement. If mediation shall be unsuccessful, either Owner or Contractor may then initiate judicial proceedings by filing suit. Owner and Contractor will share the cost of mediation equally unless agreed otherwise.

ARTICLE 8 – MISCELLANEOUS

8.1 Successors and Assigns

- A. The parties hereby bind their respective partners, successors, executors, administrators, legal representatives, and, to the extent permitted by law, their assigns, to the terms, conditions, and covenants of this Agreement.
- B. Neither Owner nor Contractor shall assign, sublet, or transfer any rights under or interest in this Agreement (including, but without limitation, monies that may become due or monies that are due) without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated by law or the effect of this limitation may be restricted by law.
- C. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Contractor from employing such independent professional associates, subcontractors, and Contractors as Contractor may deem appropriate to assist in the performance of Services.
- D. Except as may be expressly stated otherwise in this Agreement, nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than Owner and Contractor, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Contractor and not for the benefit of any other party.

8.2 Severability

In the event any provision of this Agreement shall be held invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties.

8.3 Waiver

One or more waivers by either party of any provision, term, condition, or covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.

8.4 Extent of Agreement

This Agreement, including all Exhibits, and any and all amendments, modifications, and supplements duly executed by the parties in accordance with this Agreement, govern and supersede any and all inconsistent or contradictory terms, prior oral or written representations or understandings, conditions, or provisions set forth in any purchase orders, requisition, request for proposal, authorization of services, notice to proceed, or other form or document issued by Owner with respect to the Project or Contractor's services.

8.5 Controlling Law

This Agreement is to be governed by and construed in accordance with the Laws of the State of Nevada.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and date of the year first set forth above.

OWNER:
INCLINE VILLAGE G. I. D.
Agreed to:

CONTRACTOR:
ARTEC MACHINE SYSTEMS, INC.
Agreed to:

By: _____
Mike Bandelin
General Manager, Diamond Peak

By: _____
Signature of Authorized Agent

Print or Type Name and Title

Date

Date

Reviewed as to Form:

Joshua Nelson
District General Counsel

If Contractor is a corporation, attach evidence of authority to sign.

Date

Owner's address for giving notice:
INCLINE VILLAGE G. I. D.
893 Southwood Boulevard
Incline Village, Nevada 89451
775-832-1267- Engineering Div. Phone

Contractor's address for giving notice:
ARTEC Machine Systems, Inc.
2 Commerce Drive
North Branford, CT 06471
203-484-2002



26 Commerce Drive, North Branford, CT 06471

Quote No: ZPY19361

Tel: (203)-484-2002 E-mail: information@artec-machine.com
www.artec-machine.com

QUOTE

Customer	
Company	Incline Village/Diamond Peak Ski Resort
Address	1210 Ski Way
City	Incline Village State/Prov: NV P code 89451
Phone	775-832-1265
Name	John Olsen
Email	jgo@ivqid.org

Original Date	10-Mar-21
Rev Date	3-Jun-21
	30-Jun-21
Customer ref	Lakeview

Item	Description	Qty	Unit Price	TOTAL
	Lohman GPW 210 SL 138 21800_2390			
1.0	Level one rebuild Kit 1 Year Warranty	1	\$ 32,090.50	\$ 32,090.50
2.0	Set of High Speed Planets (contains 3 planets) 1 year Warranty	1	\$ 12,950.00	\$ 12,950.00
3.0	High Speed Sun Gear Shaft 1 year Warranty	1	\$ 6,360.00	\$ 6,360.00
4.0	Import Shipping and Customs	1	\$ 3,800.00	\$ 3,800.00
4.0	Artec Service estimated 5 ten hour Days Includes all travel expenses.	1	\$ 17,416.50	\$ 17,416.50
<p>***Delivery 16-18 weeks Witten, Germany** 50% Down payment on Parts only All Import Shipping and customs included on this quotation</p>				

SubTotal \$ 72,617.00

Shipping Included

Tax Rate(s) as applicable

TOTAL, USD \$ 72,617.00

Special instructions: _____

Name _____

CC # _____

Exp & Sec code: _____

Signature: _____

Office Use Only

	<p>Payment terms: 50% down payment with order balance net 30</p> <p>Delivery: See quote body for specific delivery dates</p> <p>Prices/Terms: Ex works North Branford, CT USA</p> <p>Packing: Not included unless explicitly mentioned above.</p> <p>Deliveries subject to prior sale. // Validity: 30 days unless specifically mentioned otherwise.</p> <p>Any order arising from this quotation shall be bound by the terms and conditions at the following webpage: http://www.artec-machine.com/downloads/.</p> <p>All prices subject to simultaneous order of all material quoted unless options are explicitly offered.</p> <p>Any repair activity required not explicitly quoted shall be extra and chargeable to purchaser.</p>	

QUALITY THAT BUILDS REPUTATION



Tel: (203)-484-2002
 Fax: (203)-488-2969

26 Commerce Drive, North Branford, CT 06471

E-mail: techsupport@artec-machine.com
www.artec-machine.com

Service Report

Customer	: Diamond Peak	Artec ref	: ZSY19301
Keyword	: Lake View	Report date	: 26-Sep-19
Make/Model	: GPW 210 SL 138	Date of visit	: 26-Sep-19 - 26-Sep-19
Serial Number	: 21800_2390	Service Eng	: Nick Chieppo
Operating hours	: 25,836 hrs since 1996	Reviewer	: Chieppo

This report is **not** a continuation of another report.
 Original report submission date: N/A / Submitted to: n/a

1 Conclusion / Recommendation

- As part of the Diamond Peak Preventative Maintenance Program the Lake View gear box was inspected for safety and reliability.
- Based on hours run and importance of the lift an overhaul is recommended for 2020.
- A borescopic inspection noted indications on the high speed planet gears (photos below).
- Long lead times are typical for some parts, a level 1 rebuild kit AND high speed planets and sun gear are available upon request.

Based on inspections conducted and/or repairs made Artec recommends the unit can be operated in accordance with the manufacturers guidelines. A comprehensive maintenance program should be established.

2 Contact Person

Name: John Olson
 Office #: 775 832 1265
 Mobile #: 530 318 1339
 Email: jgo@ivgid.org

3 Reason for equipment service

Due to the importance of the lift and the Diamond Peak maintenance program several gear boxes were inspected.

4 Situation upon arrival

Oil was drained and qualified personnel ready to assist.



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ISO 9001:2008 Quality

Form Date :28Oct2016
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5 Work executed

- Plugs and inspection covers were removed for an internal visual inspection.
- The service brake was opened and backlash checked.
- The external condition of the gear box was inspected.

6 Findings/Results – General

Casing, shaft and/or gear dimensional checks are are not included on the final page.

- Indications of concern were noted on the high speed planets, typically replaced as a set.
- Some “tracking” was noted on tooth flanks of the low speed planets but need to examine closer before condemning.
- Doppelmayr and Lohmann ZF recommend units are overhauled around 26,000 hrs.
 - This unit has 25,000hrs.
 - Only at a tear down can components be thoroughly examined, however it would be safe to order the HS planet and sun gear and a level 1 rebuild kit prior to a scheduled overhaul for this unit.
- Condensation builds up from heat differentials in terminal which can cause corrosion.
 - Draining about a gallon of oil prior to beginning of season will take out water build up.
- This unit has an internal mechanical backstop that appears functional. The pin is in good condition. OK
- The unit is a top drive with limited downloading.
- The external condition of the unit is good.
 - There are oil leaks reported at the split line, input seal and the APU pulley.
- The lift is important and services the restaurant, runs about 1,200~1,500hrs per year.
- There is an in line oil filter: AMS recommend a 25micron absolute filter be used.

Bevel : (pinion direction of rotation input CW output CCW)

Bevel contact backlash: approximately 0.12mm

7 Findings/Results – Lubrication

Lubrication type : Pressurized Splash
 Sump : Dry Wet
 Lubricant brand and trade name : Chevron
 Lubricant age : 8 Years Hours
 Lubrication analysis performed by customer : Y N

8 Remaining work

Assist with parts delivery and overhaul upon request.

9 Artec – Actions to be taken

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- Assist customer upon request.

10 Customer – Actions to be taken

Please contact Libby for a parts quote “Level 1” AND 3) planet gears and one high speed sun gear.

11 General Remarks

Thank you for the opportunity to provide Diamond Peak this service.

12 Running Test Data

- Artec did not witness startup at customer site.
- Artec witnessed startup at customer site. Details as follows:

13 Documents attached/enclosed

- Photos Tooth contact Offer form Daily log
- Other. Other.

14 Photos

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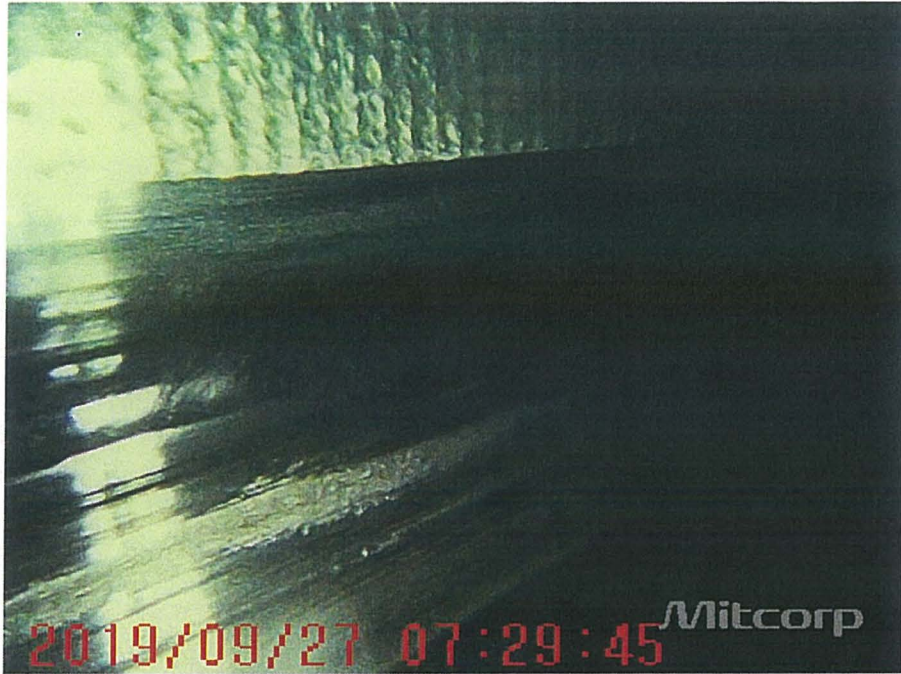
Indications
on the hs
planets



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Hs planet tooth



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Artec is an active member of the American Gear Manufacturers Association.



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Bevel pinion bearing some wear



Tracking LS planet

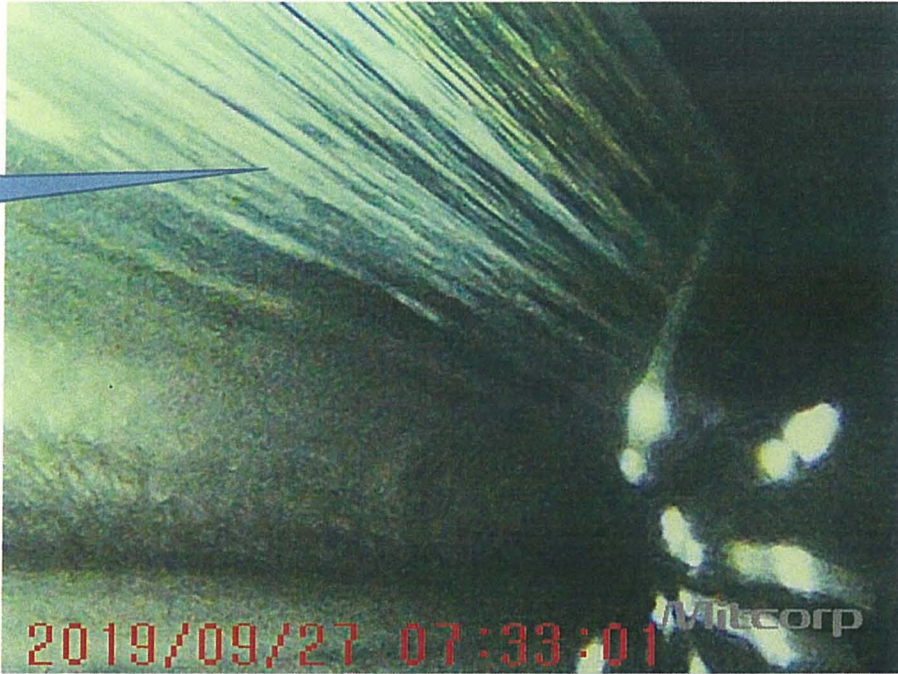




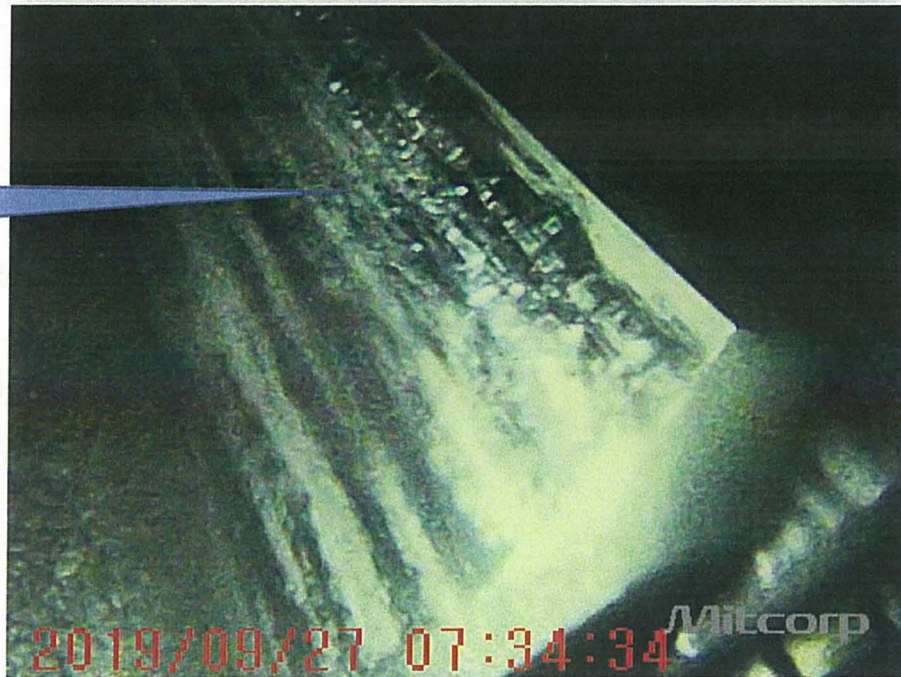
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LS planet



LS planet





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LS planet



LS planet



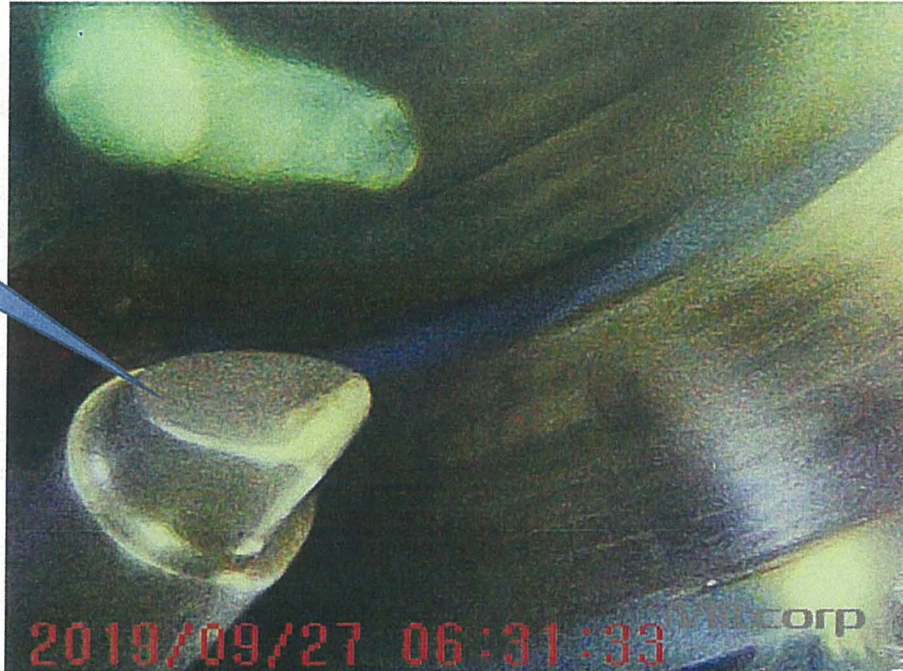


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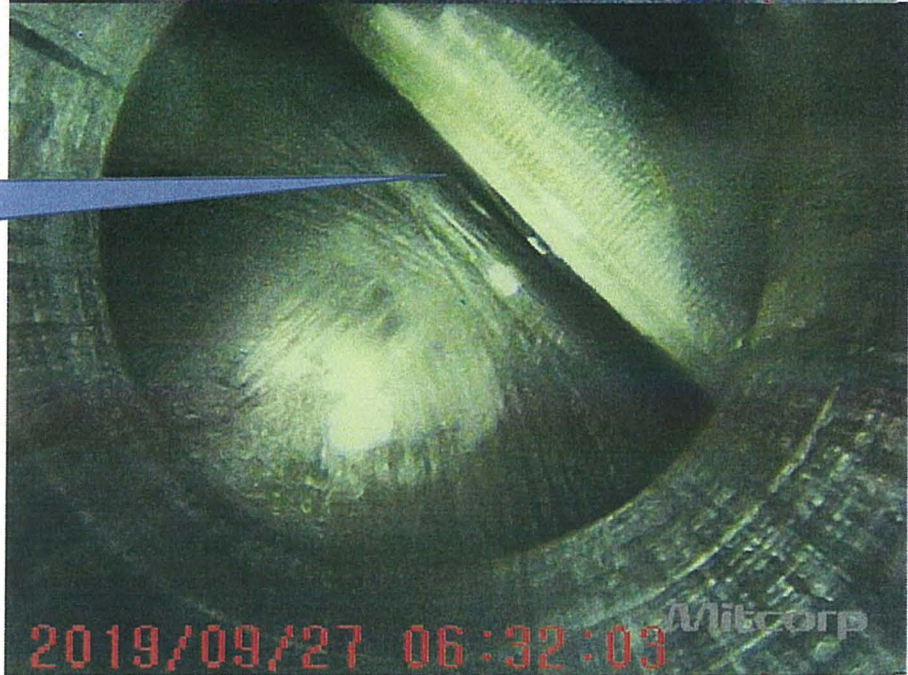
Tel: (203)-484-2002
Fax: (203)-488-2969

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Back stop pin OK



The ratchet of internal backstop



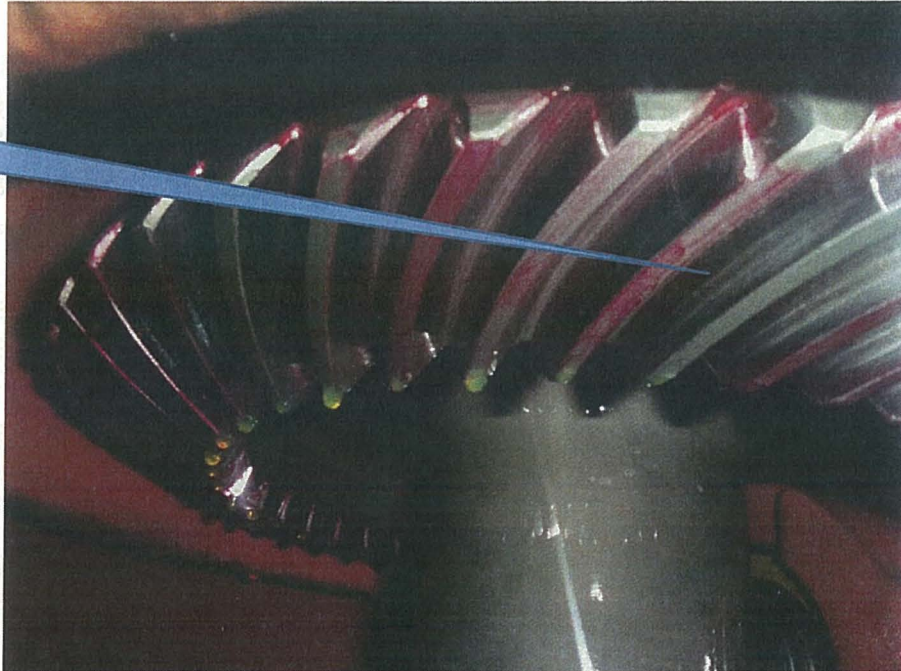


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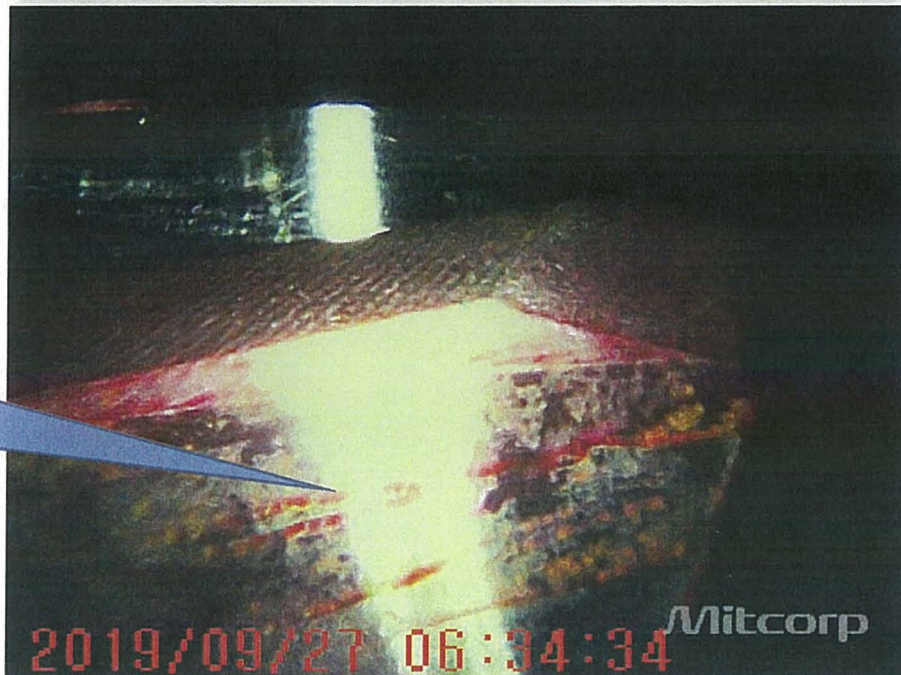
Tel: (203)-484-2002
Fax: (203)-488-2969

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www.artec-machine.com

Bevel gear
OK



Bevel pinion
minor
corrosion from
condensation





Project Summary

Project Number:	3462HE1702
Title:	Lakeview Ski Lift Maintenance and Improvements
Project Type:	E - Capital Maintenance
Division:	62 - Lift Operations
Budget Year:	2022
Finance Option:	
Asset Type:	HE - Heavy Duty Service Equipment
Active:	Yes

Project Description				
The District owns 6 Ariel ski lifts at Diamond Peak Ski Resort. The lifts were generally constructed between 1969, 1979, 1995 and 2003 consisting of fixed grip double chair, fixed grip quad chair and a detachable quad chair. Each lift contains many of the same operating components such as motors, gear reducers, auxiliary engines, fuel tanks, haul ropes, counterweight ropes, line machinery, rope tension systems, braking systems, bull wheels, carriers and haul rope grips, communication lines, safety control systems, drive control systems, switches, conveying systems and loading systems				
Project Internal Staff				
Mountain and Lift operations staff will perform the procurement and installation of the equipment				
Project Justification				
This Project Funds the replacement and maintenance of equipment listed above within the chair lift system. Staff performs inspections and maintenance on the lift system and plans future major upgrades as equipment reaches the end of its useful life. The age of the equipment, the number of operating hours on the lift and other equipment analysis, such as manufacture recommendations, ANSI B-77 standards, inspections and non destructive testing, usage and wear dictate replacement or rehabilitation of the equipment to maintain a reliable ski lift system to our customers.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2022				
Refurbish-Rebuild Gear Reducer	75,000	0	75,000	
Year Total	75,000	0	75,000	
2023				
Replace Seat Cushions	17,000	0	17,000	
Year Total	17,000	0	17,000	
2025				
Replace Loading System Belt	41,000	0	41,000	
Year Total	41,000	0	41,000	
2026				
Replace Carrier Haul Rope Grips	192,000	0	192,000	
Year Total	192,000	0	192,000	
	325,000	0	325,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2013	Jul 1, 2021	Jun 30, 2022	Ski Resort General Manager	



INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

PURCHASE ORDER

P.O. NUMBER	DATE
22-0032	07/07/202

THIS NUMBER MUST APPEAR ON ALL INVOICE PACKING LISTS, LABELS, BILLS OF LADING AND CORRESPONDENCE.

Vendor Name, Address, and Number	Ship To Address And Phone Number	Please Send Invoices To
3901 Maco Machinery CO. Inc. Dba: Artec Machine Systems 26 Commerce DR North Branford, CT 06471	Diamond Peak Ski Resort 1210 Ski Way Incline Village, NV 89451 775-832-1100	Incline Village GID 893 Southwood Blvd. Incline Village, NV 89451 775-832-1100 ap@ivgid.org

***** This is Not an Approved PO *****

LINE NO.	QUANTITY	UOM	ITEM AND DESCRIPTION	UNIT COST	EXTENDED COST	GL Coding
1	1.00	Each	Professional services contract, 2021/2022 capitol improvement project #3462HE1702 Refurbish - Rebuild Gear Reducer - Pending Board of Trustees approval. Vendor: Artec Machine Systems	\$72,617.00	\$72,617.00	340-34-990-8120 Project # 3462HE1702

	TOTAL	\$ 72,617.00
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Comments:
USER ID

The District is granted Tax Exempt Status by the State of Nevada, State ID 88-7600004-K, therefore any goods or services delivered to the District within the boundaries of the State of NV are exempt from NV sales and use tax.

All shipments should be freight prepaid F.O.B. destination. Unauthorized shipments will be returned at the seller's expense Title and risk of loss on all items shipped shall pass to the buyer at the F. O. B. destination.

Payments of all invoices is net 30 unless expressly written and acknowledged in writing by the District's Director of Finance or Controller. IVGID's Federal Tax ID Number is 88-0099974.

CERTIFY THAT THE ABOVE PURCHASE IS FOR AN EXPENDITURE AS DEFINED BY NRS 354.520 OR AN EXPENSE UNDER NRS 354.523 AND THAT THE PURCHASE ORDER HAS BEEN ENCUMBERED AS DEFINED BY NRS 354.516.


Sandra Winqest General Manager

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Windquest
District General Manager

Paul Navazio
Director of Finance and Accounting

FROM: Mike Bandelin
Diamond Peak General Manager

SUBJECT: Review, discuss and possibly approve a Sole Source Finding, **and** review, discuss and possibly authorize a Procurement Contract for a Replacement PistenBully Snow Grooming Vehicle – 2021/2022 Capital Improvement Project; Fund: Community Services; Division: Ski; Project # 3463HE1728; Vendor: Kassbohrer All Terrain Vehicles, Inc. in the amount of \$400,000

DATE: July 1, 2021

I. RECOMMENDATIONS

That the Board of Trustees makes a motion to:

1. Make the following finding:

IVGID's purchase of a replacement PistenBully snow grooming vehicle and associated fleet management system from Kassbohrer All Terrain Vehicles, Inc. is exempt from competitive bidding for the following reasons:

- A. This purchase is for items which may only be contracted from a sole source (NRS 332.115.1.a). Kassbohrer All Terrain Vehicles is the exclusive dealer for PistenBully snow grooming equipment for Northern Nevada.
- B. 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 snow grooming fleet is exclusively PistenBully snow grooming vehicles which are sold exclusively by Kassbohrer All Terrain Vehicles.

- C. 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 snow grooming fleet is exclusively PistenBully snow grooming vehicles.
2. Authorize a procurement contract with Kassbohrer All Terrain Vehicles, Inc. totaling \$400,000.
3. Authorize Staff to execute all purchase documents based on a review by Legal Counsel and Staff.

II. **BACKGROUND**

The general purpose of this project is to maintain District operations through the necessary maintenance and replacement cycles. The contract proposed for award addresses the end of life cycle replacement of one of the Diamond Peak PistenBully snow grooming vehicles. Diamond Peak maintains a fleet of five PistenBully snow grooming vehicles to provide slope grooming, snow management, snowmaking support, chairlift loading and unloading area maintenance, and park features at Diamond Peak Ski Resort. A reliable and well functioning grooming fleet is a critical component to providing a great customer experience at Diamond Peak.

The equipment scheduled for replacement is a 2010 PistenBully 400 – PistenBully #645. This piece of equipment has operated eleven seasons, has over 9,600 operating hours, and has reached the end of its cost effective service life. It is at a point where the District can expect elevated maintenance and repair costs and increased equipment down time.

Snow grooming vehicles are replaced when serviceability, reliability, performance, and economic factors dictate. The District's current program involves keeping each machine for up to ten operating seasons. The District's service records, as well as those of snowcat manufacturers, indicate that the hourly operating cost of a standard grooming snowcat increases by more than 60% after 10 years of

operating. Downtime increases in direct proportion which impacts the quality of Diamond Peak's groomed product. Additionally, major component failure on a snow grooming vehicle may cost more than the actual value of one of these vehicles as its age increases. A replacement engine can cost as much as \$59,000 and a replacement drive assembly cost is over \$10,000 with each vehicle having three or four drive assemblies depending on the type of equipment.

The proposed PistenBully grooming vehicle will come equipped with PistenBully's SNOWsat slope and fleet management system. SNOWsat is an integrated system for guiding and real-time monitoring of snow grooming vehicles. The system uses GPS data to produce a mapped image of the slope including all chairlift towers, grade level snowmaking valve stations, snowmaking hydrants, as well as any potential danger spots and the resort boundaries. It also provides maps of individual runs for grooming with real-time snow depth measurement. The position of the snow grooming equipment is conveyed back to Diamond Peak computers in real-time along with snow depth measurements to support and optimize snowmaking and slope maintenance operations. The SNOWsat system allows greater management and quality control of grooming and snowmaking operations, reduces grooming and snowmaking operating costs by improving operational efficiencies, and improves on-mountain safety of the grooming operations. The snow management functionality provided by SNOWsat has been instrumental in providing a Diamond Peak snow surface standard for the past six years to our community and guests.

The District currently expenses one full time ski vehicle mechanic at the ski shop to maintain the over the snow vehicles as well as the off-season maintenance staff vehicles. The expense of one mechanic has proved sufficient in completing proper equipment maintenance and keeping down time acceptable with the current Districts Capital Improvement Equipment Replacement Program for snow grooming machines.

If the proposed contract is awarded, the District will place its order with Kassbohrer All Terrain Vehicles immediately and will take delivery of the vehicle in the fall in order to accommodate manufacturing lead time. Payment to the vendor does not occur until vehicle delivery.

III. BID RESULTS

The proposed procurement contract, in compliance with NRS 332.115, is a sole source purchase from Kassbohrer All Terrain Vehicles, Inc and Staff did not seek

Review, discuss and possibly approve a Sole Source Finding, and review, discuss and possibly authorize a Procurement Contract for a Replacement PistenBully SnowGrooming Vehicle – 2021/2022 Capital Improvement Project; Fund: Community Services; Division: Ski; Project # 3463HE1728; Vendor: Kassbohrer All Terrain Vehicles, Inc. in the amount of \$400,000

-4-

July 1, 2021

competitive bids for the proposed vehicle. Specific equipment pricing is as listed below:

Description	Amount
PistenBully 600 Park Pro with Snowsat	\$444,000
Trade-in for PistenBully #645	(\$44,000)
Total	\$400,000

IV. FINANCIAL IMPACT AND BUDGET

A total of \$400,000 is included in the 2021/2022 Capital Improvement Program Budget for the replacement of Pisten Bully #645 under Project # 3463HE1728 (see attached data sheet).

V. ALTERNITIVES

The Board could not authorize the procurement contract and defer or eliminate replacement of the proposed snow grooming vehicle. Doing so puts the District at risk of high maintenance expenses and increased equipment down time or complete loss of equipment usage during Diamond Peak's operating season.

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

VII. ATTACHMENTS

- A. Procurement Agreement - IVGID and Kassbohrer All Terrain Vehicles Inc.
- B. EJCDC P-700 Standard General Conditions For Procurement Contracts
- C. Kassbohrer All Terrain Vehicle – Agreement To Purchase
- D. IVGID – Capital Improvement Program – replace snow grooming machine history
- E. IVGID - Project Summary #3463HE1728 data sheet
- F. Distric Equipment #645 Snow Grooming Machine Cost Analiysis
- G. District Purchase Order

PROCUREMENT AGREEMENT

THIS AGREEMENT is dated as Date by and between the **Incline Village General Improvement District** (“Buyer”) and **Kässbohrer All Terrain Vehicles, Inc.** (“Seller”). Buyer and Seller, in consideration of the mutual covenants set forth herein, agree as follows:

ARTICLE 1 - GOODS AND SPECIAL SERVICES

The Goods and Special Services (Equipment) to be provided under these Procurement Contract Documents are generally described as follows:

A 2021 PistenBully 600 Park Pro with SNOWsat V3, including delivery, solid tires, vehicle fenders, SwitchBlade and hydraulic tiller wings, per Seller’s exclusive proposal dated May 2021.

ARTICLE 2 - POINT OF DESTINATION

The place where the Equipment is to be delivered is defined in the Procurement General Conditions as the Point of Destination and is designated as:

Diamond Peak Ski Resort
1210 Ski Way
Incline Village, Nevada 89451

ARTICLE 3 - CONTRACT TIMES

Time of the Essence: The delivery of Equipment as stated in the Procurement Contract Documents are the essence of the Contract.

Date for Submittal of Shop Drawings: All Shop Drawings and Samples required by the Procurement Contract Documents shall be submitted to Buyer for review and approval within two (2) weeks of the date of Notice to Proceed.

Days to Achieve Delivery of Equipment: Based on mutual agreement, the Equipment is to be delivered to the Point of Destination no later than **Date**. Delivery shall be made between the hours of 7:30 a.m. and 3:30 p.m., Monday through Friday, excluding holidays, and coordinated with Buyer.

Liquidated Damages: Buyer and Seller recognize that time is of critical importance in the execution of this Agreement and that Buyer will suffer financial loss if the Equipment is not delivered at the Point of Destination and ready for receipt of delivery by Buyer within the times specified in this Article 3, plus any extensions thereof allowed. The parties also recognize the delays, expense, and difficulties involved in proving the actual loss suffered by Buyer if complete acceptable Equipment is not delivered on time. Accordingly, instead of requiring such proof, Buyer and Seller agree that as liquidated damages for delay (but not as a penalty) Seller shall pay Buyer \$500.00 for each day that expires after the time specified in this Article 3 for delivery of Equipment in accordance with the Procurement Contract Documents. However, no liquidated damages will be assessed against Seller unless Seller is late in delivering Equipment according to the mutually agreed upon delivery schedule and Seller’s late delivery adversely impacts Buyer’s overall project critical path schedule. Payment of liquidated damages shall be Seller’s

sole liability and Buyer's sole remedy for late delivery. In no event shall the total liquidated damages amount pertaining to late delivery exceed ten percent (10%) of the Contract Price.

ARTICLE 4 - CONTRACT PRICE

Buyer shall pay Seller for furnishing the Equipment in accordance with the Contract Documents in current funds as follows: A Lump Sum of **Four Hundred Thousand Dollars (\$400,000.00)**. This amount includes a trade-in allowance of \$44,000 for a 2010 PistenBully 400.

ARTICLE 5 - PAYMENT PROCEDURES

Submittal and Processing of Payments: Upon delivery of Equipment, seller shall submit an invoice for full payment to invoices@ivgid.org, with a copy to mlb@ivgid.org. Invoices will be processed by Buyer based on submittals by the Seller.

ARTICLE 6 - SELLER'S REPRESENTATIONS

In order to induce Buyer to enter into this Procurement Agreement, Seller makes the following representations:

- Seller has examined and carefully studied the Procurement Contract Documents
- If specified or if, in Seller's judgment, any local condition may affect cost, progress or the furnishing of the Equipment, Seller has visited the Point of Destination and become familiar with and is satisfied as to the local conditions that may affect cost, progress or the furnishing of the Equipment.
- Seller is familiar with and is satisfied as to all local federal, state and local Laws and Regulations that may affect cost, progress and the furnishing of the Equipment.
- Seller has carefully studied and correlated the information known to Seller, and information and observations obtained from Seller's visits, if any, to the Point of Destination, with the Procurement Contract Documents.
- Seller has given Buyer written notice of all conflicts, errors, ambiguities, or discrepancies that Seller has discovered in the Procurement Contract Documents, and the written resolution thereof by Buyer is acceptable to Seller.
- The Procurement Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for furnishing Equipment.

ARTICLE 7 – PROCUREMENT CONTRACT DOCUMENTS

The Contract Documents consist of the following:

- This Procurement Agreement;
- Procurement General Conditions;
- Exhibits to this Procurement Agreement (enumerated as follows):
 - Seller's Exclusive Proposal dated May 2021

The documents listed above are attached to this Agreement, and there are no Contract Documents other than those listed above.

The Contract Documents may only be amended, or supplemented as provided in Paragraph 3.04 of the Procurement General Conditions.

ARTICLE 8 - MISCELLANEOUS

Successors and Assigns: Buyer and Seller each binds itself, its partners, successors, assigns and legal representatives to the other party hereto, its partners, successors, assigns and legal representatives in respect to all covenants, agreements and obligations contained in the Procurement Contract Documents.

Severability: Any provision or part of the Procurement Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken and all remaining provisions shall continue to be valid and binding upon Buyer and Seller. The Procurement Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

Other Provisions: In the event of a dispute regarding interpretation, enforcement of, or a parties' performance under the Contract, the parties shall first engage in mediation, initiated by the written request of any part. The parties agree to share equally the cost of any such mediation process; however, they agree to assume the expense of their own counsel. Venue for any mediation shall be within Washoe County, Nevada. Commencement of mediation shall not affect any of the rights or obligations of either party hereunder, all of which shall continue to be performed on a timely basis. If the dispute(s) is (are) not resolved through mediation, and is (are) litigated, the prevailing party shall be entitled to reasonable attorney fees and costs. In the event that any action is filed in relation to this Contract, the unsuccessful party in the action shall pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's attorney fees.

IN WITNESS WHEREOF, the parties hereto have set their hands the day and date of the year first set forth above.

BUYER:
INCLINE VILLAGE G. I. D.
Agreed to:

SELLER:
Kässbohrer All Terrain Vehicles, Inc.
Agreed to:

By:

Mike Bandelin
General Manager, Diamond Peak Ski Resort

By:

Signature of Authorized Agent

Print or Type Name and Title

Date

Date

Reviewed as to Form:

Joshua Nelson
District General Counsel

If Contractor is a corporation, attach evidence of authority to sign.

Date

Owner's address for giving notice:
INCLINE VILLAGE G. I. D.
893 Southwood Boulevard
Incline Village, Nevada 89451
775-832-1267- Engineering Div. Phone

Contractor's address for giving notice:
Kässbohrer All Terrain Vehicles, Inc.
8850 Double Diamond Parkway
Reno, Nevada 89521
775-636-4290

EJCDC STANDARD GENERAL CONDITIONS FOR PROCUREMENT CONTRACTS

ARTICLE 1 – DEFINITIONS AND TERMINOLOGY

1.01 Defined Terms

A. Whenever used in the Bidding Requirements or Contract Documents and printed with initial capital letters, the terms listed below will have the meanings indicated which are applicable to the singular or plural thereof. In addition to terms specifically defined, terms with initial capital letters in the Contract Documents include references to identified articles and paragraphs, and the titles of other documents or forms.

1. *Addenda*--Those written or graphic instruments issued prior to the opening of Bids in accordance with the Bidding Requirements which clarify or change the Bidding Requirements or the proposed Contract Documents.

2. *Agreement*--The written instrument signed by both Buyer and Seller covering the Goods and Special Services and which lists the Contract Documents in existence on the Effective Date of the Agreement.

3. *Application for Payment*--The form acceptable to Buyer which is used by Seller in requesting progress and final payments and which is accompanied by such supporting documentation as is required by the Contract Documents.

4. *Bid*--An offer or proposal submitted on the prescribed form setting forth the prices for the Goods and Special Services to be provided.

5. *Bidder*--A person who submits a Bid directly to Buyer.

6. *Bidding Documents*--The Bidding Requirements and the proposed Contract Documents (including all Addenda).

7. *Bidding Requirements*--The Advertisement or Invitation to Bid, Instructions to Bidders, Form of Bid security, if any, and Bid Form with any supplements.

8. *Buyer*--The person or public entity purchasing the Goods and Special Services. The words "Buyer" and "Owner" are used interchangeably.

9. *Change Order*--A document recommended by Engineer which is signed by Seller and Buyer and authorizes an addition, deletion, or revision to the Contract Documents or an adjustment in the Contract Price or the Contract Times, issued on or after the Effective Date of the Agreement.

10. *Claim*--A written demand or assertion by Buyer or Seller seeking an adjustment of Contract Price or Contract Times, or both, or other relief with respect to the terms of the Contract.

11. *Contract*--The entire and integrated written agreement between Buyer and Seller concerning the Goods and Special Services. The Contract supersedes prior negotiations, representations, or agreements, whether written or oral.

12. *Contract Documents*--Those items listed in the Agreement. Only printed or hard copies of the items listed in the Agreement are Contract Documents. Files in electronic media format of text, data, graphics, and the like are not Contract Documents, and may not be relied on by Seller. Approved Shop Drawings and other Seller's submittals are not Contract Documents.

13. *Contract Price*--The moneys payable by Buyer to Seller for furnishing the Goods and Special Services in accordance with the Contract Documents as stated in the Agreement.

14. *Contract Times*--The times stated in the Agreement by which the Goods must be delivered and Special Services must be furnished.

15. *Drawings*--That part of the Contract Documents prepared or approved by Engineer which graphically shows the scope, intent, and character of the Goods and Special Services to be furnished by Seller.

16. *Effective Date of the Agreement*--The date indicated in the Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.

17. *Engineer*--The person designated as such in the Agreement.

18. *Field Order*--A written order issued by Engineer which requires minor changes in the Goods or Special Services but which does not involve a change in the Contract Price or Contract Times.

19. *General Requirements*--Sections of Division 1 of the Specifications. The General Requirements pertain to all sections of the Specifications.

20. *Goods*--The tangible and movable personal property that is described in the Contract Documents, regardless of whether the property is to be later attached to realty.

21. *Laws and Regulations; Laws or Regulations*--Any and all applicable laws, rules, regulations, ordinances, codes, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

22. *Milestone*--A principal event specified in the Contract Documents relating to an intermediate completion date or time prior to the Contract Times.

23. *Notice of Award*--The written notice by Buyer to the apparent Successful Bidder stating that upon timely compliance by the apparent Successful Bidder with the conditions precedent listed therein, Buyer will sign and deliver the Agreement.

24. *Notice to Proceed*-- A written notice given by Buyer to Seller fixing the date on which the Contract Times commence to run and on which Seller shall start to perform under the Contract.

25. *Point of Destination* --The specific address of the location where delivery of the Goods shall be made as stated in the Agreement.

26. *Project*--The total undertaking of which the Goods and Special Services to be provided under the Contract are a part.

27. *Project Manual*--The bound documentary information prepared for bidding and furnishing the Goods and Special Services. A listing of the contents of the Project Manual, which may be bound in one or more volumes, is contained in the table(s) of contents.

28. *Samples*--Physical examples of materials, equipment, or workmanship that are representative of some portion of the Goods and which establish the standards by which such portion of the Goods or Special Services will be judged.

29. *Seller*--The person furnishing the Goods and Special Services.

30. *Shop Drawings*--All drawings, diagrams, illustrations, schedules, and other data or information which are specifically prepared or assembled by or for Seller and submitted by Seller to illustrate some portion of the Goods or Special Services.

31. *Special Services*--Services associated with the Goods to be furnished by Seller as required by the Contract Documents.

32. *Specifications*--That part of the Contract Documents consisting of written technical descriptions of materials, equipment, systems, standards and workmanship as applied to the furnishing of the Goods and Special Services, and certain administrative details applicable thereto.

33. *Successful Bidder*--The lowest responsible Bidder submitting a responsive Bid, to whom Buyer makes an award.

34. *Supplementary Conditions*--That part of the Contract Documents which amends or supplements these General Conditions.

35. *Written Amendment*--A written statement modifying the Contract Documents, signed by Buyer and Seller on or after the Effective Date of the Agreement and normally dealing with the administrative aspects of the Contract Documents.

1.02 Terminology

A. *Intent of Certain Terms or Adjectives*

1. The Contract Documents include the terms "as allowed," "as approved," "as ordered," "as directed" or terms of like effect or import to authorize an exercise of professional judgment by Engineer. In addition, the adjectives "reasonable," "suitable," "acceptable," "proper," "satisfactory," or adjectives of like effect or import are used to describe an action or determination of Engineer as to the Goods or Special Services. It is intended that such exercise of professional judgment, action or determination will be solely to evaluate, in general, the Goods or Special Services for compliance with the requirements of and information in the Contract Documents and conformance with the design concept of the completed Project as a functioning whole as shown or indicated in the Contract Documents (unless there is a specific statement indicating otherwise). The use of any such term or adjective shall not be effective to assign to Engineer any duty or authority to supervise or direct the furnishing of Goods or Special Services or any duty or authority to undertake responsibility contrary to any other provision of the Contract Documents.

2. Unless stated otherwise in the Contract Documents, words or phrases which have a well-known technical or construction industry or trade meaning are used in the Contract Documents in accordance with such recognized meaning.

3. The word "non-conforming" when modifying the words "Goods" or "Special Services", refers to Goods or Special Services that fail to conform to the Contract Documents.

4. The word "receipt" when referring to the Goods, shall mean the physical taking and possession by the Buyer under the conditions specified in Paragraph 8.01.B.3.

B. *Day*

1. The word "day" shall constitute a calendar day of 24 hours measured from midnight to the next midnight.

ARTICLE 2 - PRELIMINARY MATTERS

2.01 Delivery of Bonds

A. When Seller delivers the executed Agreements to Buyer, Seller also shall deliver such bonds as Seller may be required to furnish.

2.02 Copies of Documents

A. Buyer shall furnish Seller up to five copies of the Contract Documents. Additional copies will be furnished upon request at the cost of reproduction.

2.03 Commencement of Contract Times; Notice to Proceed

A. The Contract Times will commence to run on the thirtieth day after the Effective Date of the Agreement or, if a Notice to Proceed is given, on the day indicated in the Notice to Proceed. A Notice to Proceed may be given at any time within 30 days after the Effective Date of the Agreement. In no event will the Contract Times commence to run later than the sixtieth day after the day of Bid opening or the thirtieth day after the Effective Date of the Agreement, whichever date is earlier.

2.04 Designated Representatives

A. Buyer and Seller shall each designate its representative at the time the Agreement is signed. Each representative shall have full authority to act on behalf of and make binding decisions in any matter arising out of or relating to the Contract.

2.05 Before Starting Fabrication/Assembly of Goods

A. *Seller's Review of Contract Documents:* Before commencing performance of the Contract, Seller shall carefully study and compare the Contract Documents and check and verify pertinent requirements therein and, if specified, all applicable field measurements. Seller shall promptly report in writing to Buyer and Engineer any conflict, error, ambiguity or discrepancy which Seller may discover and shall obtain a written interpretation or clarification from Engineer before proceeding with any work affected thereby.

2.06 Progress Schedule – *Not Applicable*

~~A. Within 15 days after the Contract Times start to run, Seller shall submit to Buyer and Engineer an acceptable progress schedule of activities, including at a minimum, Shop Drawing and Sample submittals, tests, and deliveries as required by the Contract Documents. No progress payment will be made to Seller until an acceptable schedule is submitted to Buyer and Engineer.~~

~~B. The progress schedule will be acceptable to Buyer and Engineer if it provides an orderly progression of the submittals, tests, and deliveries to completion within the specified Milestones and the Contract Times. Such acceptance will not impose on Buyer or Engineer responsibility for the progress schedule, for sequencing, scheduling, or progress of the work nor interfere with or relieve Seller from Seller's full responsibility therefor. Such acceptance shall not be deemed to acknowledge the reasonableness and attainability of the schedule.~~

~~2.07 Preliminary Conference~~

~~A. Within 10 days after the Contract Times start to run, a conference attended by Seller, Buyer, Engineer and others as appropriate will be held to establish a working understanding among the parties as to the Goods and Special Services and to discuss the schedule referred to in Paragraph 2.06.A., procedures for handling Shop Drawings and other submittals, processing Applications for Payment, and maintaining required records.~~

ARTICLE 3 - CONTRACT DOCUMENTS: INTENT AND AMENDING

3.01 Intent

A. The Contract Documents are complementary; what is called for by one is as binding as if called for by all.

B. Any labor, documentation, services, materials, or equipment that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result will be provided, whether or not specifically called for, at no additional cost to Buyer.

C. Clarifications and interpretations of, or notifications of minor variations and deviations in, the Contract Documents, will be issued by Engineer as provided in Article 9.

3.02 Laws and Regulations, Standards, Specifications and Codes

A. Reference to standards, specifications, manuals, or codes of any technical society, organization, or association, or to Laws and Regulations, whether such reference be specific or by implication, shall mean the standard, specification, manual, code, or Laws and Regulations in effect at the time of opening of Bids (or on the Effective Date of the Agreement if there were no Bids), except as may be otherwise specifically stated in the Contract Documents.

B. No provision of any such standard, specification, manual or code, or any instruction of a supplier shall be effective to change the duties or responsibilities of Buyer or Engineer, or any of their subcontractors, consultants, agents, or employees from those set forth in the Contract Documents, nor shall any such provision or instruction be

effective to assign to Buyer or Engineer, or any of their consultants, agents, or employees any duty or authority to supervise or direct the performance of Seller's obligations or any duty or authority to undertake responsibility inconsistent with the provisions of the Contract Documents.

3.03 Reporting and Resolving Discrepancies

A. *Reporting Discrepancies:* If, during the performance of the Contract, Seller discovers any conflict, error, ambiguity, or discrepancy within the Contract Documents or between the Contract Documents and any provision of any Law or Regulation applicable to the performance of the Contract or of any standard, specification, manual or code, or of any instruction of any supplier, Seller shall promptly report it to Buyer in writing for Engineer's review. Seller shall not proceed with the furnishing of the Goods or Special Services affected thereby until an amendment to or clarification of the Contract Documents has been issued. Seller shall not be liable to Buyer or Engineer for failure to report any such conflict, error, ambiguity, or discrepancy unless Seller knew or reasonably should have known thereof.

B. *Resolving Discrepancies:* Except as may be otherwise specifically stated in the Contract Documents, the provisions of the Contract Documents shall take precedence in resolving any conflict, error, ambiguity, or discrepancy between the provisions of the Contract Documents and:

1. the provisions of any standard, specification, manual, code, or instruction (whether or not specifically incorporated by reference in the Contract Documents); or
2. the provisions of any Laws or Regulations applicable to the furnishing of the Goods and Special Services (unless such an interpretation of the provisions of the Contract Documents would result in violation of such Law or Regulation).

3.04 Amending and Clarifying Contract Documents

A. The Contract Documents may be amended to provide for additions, deletions, and revisions to the Goods or Special Services or to modify the terms and conditions thereof by a Written Amendment or a Change Order.

B. The requirements of the Contract Documents may be supplemented, and minor variations and deviations in the Goods or Special Services not affecting Contract Price or Contract Times may be authorized, by one or more of the following ways: 1) a Field Order; 2) Engineer's approval of a Shop Drawing pursuant to Paragraph 5.06.D.2; or 3) Engineer's written interpretation or clarification.

ARTICLE 4 - BONDS AND INSURANCE

Not applicable.

~~A. Seller shall furnish performance and payment bonds, each in an amount at least equal to the Contract Price, to Buyer. The bonds shall be delivered in accordance with Paragraph 2.01 and shall remain in effect at least one year after the date final payment is due, except as provided otherwise by Laws or Regulations.~~

~~B. The bonds shall be issued in the form prescribed by the Contract Documents except as provided otherwise by Laws or Regulations and shall be executed by a surety named in the current list of "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies" as published in Circular 570 by the Financial Management Service, Surety Bond Branch, U.S. Department of the Treasury. Bonds signed by an agent must be accompanied by a certified copy of such agent's authority to act.~~

~~C. If the surety on a bond is declared bankrupt or becomes insolvent or its right to do business is terminated in the state where the Project is located or it ceases to meet the requirements of Paragraph 4.01.B, Seller shall provide another bond and surety which comply with those requirements within 20 days, at Seller's expense.~~

4.02 Insurance

~~A. Seller shall provide insurance of the types and coverages and in the amounts stipulated in the Supplementary Conditions.~~

ARTICLE 5 - SELLER'S RESPONSIBILITIES

5.01 Supervision and Superintendence

A. Seller shall be solely responsible for the means, methods, techniques, sequences, and procedures used in performing its obligations. Seller shall be responsible to see that the completed Goods and Special Services conform to the Contract Documents.

5.02 Labor, Materials and Equipment

A. Seller shall provide competent, qualified and trained personnel in all aspects of its performance of the Contract.

B. All equipment, products and material incorporated into the Goods shall be as specified, or if not specified, shall be new, of good quality and protected, assembled, used, connected, applied, cleaned and conditioned in accordance with the original manufacturer's instructions, except as otherwise may be provided in the Contract Documents.

5.03 Compliance with Laws and Regulations, Standards, Specifications and Codes

A. Seller shall comply with all Laws and Regulations applicable to the furnishing of the Goods and Special Services.

5.04 Or Equals

A. Whenever an item of material or equipment to be incorporated into the Goods is specified or described in the Contract Documents by using the name of a proprietary item or the name of a particular supplier or manufacturer, the specification or description is intended to establish the type, function, appearance, and quality required. Unless the specification or description contains or is followed by words reading that no like, equivalent, or “or-equal” item is permitted, other items of material or equipment or material or equipment of other suppliers or manufacturers may be submitted to Buyer for Engineer’s review.

1. If in Engineer’s sole discretion, such an item of material or equipment proposed by Seller is functionally equal to that named and sufficiently similar so that no change in related work will be required, it may be considered by Engineer as an “or-equal” item.

2. For the purposes of this paragraph, a proposed item of material or equipment may be considered functionally equal to an item so named if:

a. in the exercise of reasonable judgment, Engineer determines that: 1) it is at least equal in quality, durability, appearance, strength, and design characteristics; and 2) it will reliably perform at least equally well the function imposed by the design concept of the completed Project as a functioning whole; and

b. Seller certifies that: 1) there is no increase in any cost including capital, installation or operating to Buyer; and 2) the proposed item will conform substantially, even with deviations, to the detailed requirements of the item named in the Contract Documents.

B. *Engineer’s Evaluation:* Engineer will be allowed a reasonable time within which to evaluate each proposal or submittal made pursuant to Paragraph 5.04.A. Engineer will be the sole judge of acceptability. No “or-equal” will be ordered, manufactured or utilized until Engineer’s review is complete, which will be evidenced by an approved Shop Drawing. Engineer will advise Buyer and Seller in writing of any negative determination. Notwithstanding Engineer’s approval of an “or-equal” item, Seller shall remain obligated to comply with the requirements of the Contract Documents.

C. *Special Guarantee:* Buyer may require Seller to furnish at Seller’s expense a special performance guarantee or other surety with respect to any such proposed “or-equal.”

D. *Data:* Seller shall provide all data in support of any such proposed “or-equal” at Seller’s expense.

5.05 Taxes

A. Seller shall be responsible for all taxes and duties arising out of the sale of the Goods and the furnishing of Special Services. All taxes are included in the Contract Price.

5.06 Shop Drawings and Samples

A. Seller shall submit Shop Drawings and Samples to Buyer for Engineer’s review and approval in accordance with the schedule required in Paragraph 2.06.A. All submittals will be identified as required and furnished in the number of copies specified in the Contract Documents. The data shown on the Shop Drawings will be complete with respect to quantities, dimensions, specified performance and design criteria, materials, and similar data to show Engineer the services, materials, and equipment Seller proposes to provide.

B. Where a Shop Drawing or Sample is required by the Contract Documents, any related work performed prior to Engineer’s approval of the pertinent submittal will be at the sole expense and responsibility of Seller.

C. Submittal Procedures

1. Before submitting each Shop Drawing or Sample, Seller shall have determined and verified:

a. all field measurements (if required), quantities, dimensions, specified performance criteria, installation requirements, materials, catalog numbers, and similar information with respect thereto; and

b. that all materials are suitable with respect to intended use, fabrication, shipping, handling, storage, assembly, and installation pertaining to the furnishing of Goods and Special Services.

2. Seller shall also have reviewed and coordinated each Shop Drawing or Sample with the Contract Documents.

3. Each submittal shall include a written certification from Seller that Seller has reviewed the subject submittal and confirmed that it is in compliance with the requirements of the Contract Documents. Both Buyer and Engineer shall be entitled to rely on such certification from Seller.

4. With each submittal, Seller shall give Buyer and Engineer specific written notice of any variations that the Shop Drawing or Sample may have from the requirements of the Contract Documents. This notice shall be both in a written communication separate from the submittal and by specific notation on each Shop Drawing or Sample.

D. Engineer’s Review

1. Engineer will review Shop Drawings and Samples within 1 week.

2. Engineer's approval of Shop Drawings or Samples will be subject to the standard of Paragraph 1.02.A.1. Engineer's approval will not relieve Seller from responsibility for any variation from the requirements of the Contract Documents unless Seller has in writing called Engineer's attention to each such variation at the time of each submittal as required by Paragraph 5.06.C.1. and Engineer has given written approval of each such variation by specific written notation thereof incorporated in or accompanying the Shop Drawing or Sample approval.

E. Resubmittal Procedures

1. Seller shall make corrections required by Engineer and shall return the required number of corrected copies of Shop Drawings and submit as required new Samples for review and approval. Seller shall direct specific attention in writing to any revisions other than the corrections called for by Engineer on previous submittals.

5.07 Continuing Performance

A. Seller shall adhere to the progress schedule established in accordance with Paragraph 2.06.A., and the Goods shall be delivered and the Special Services furnished within the Contract Times specified in the Agreement.

B. Seller shall carry on the work and adhere to the progress schedule during all disputes or disagreements with Buyer. No work shall be delayed or postponed pending resolution of any disputes or disagreements.

5.08 Seller's Warranties and Guarantees

A. Seller warrants and guarantees to Buyer that the title to the Goods conveyed shall be proper, its transfer rightful, and free from any security interest, lien, or other encumbrance.

B. Seller warrants and guarantees to Buyer that all Goods and Special Services will conform with the Contract Documents, including any Samples approved by Engineer, and the Goods will be of merchantable quality. Engineer shall be entitled to rely on representation of Seller's warranty and guarantee.

C. Seller's warranty and guarantee hereunder excludes defects or damage caused by:

1. abuse, improper modification or improper maintenance or operation by persons other than Seller, or
2. normal wear and tear under normal usage.

D. Seller's obligation to furnish the Goods and Special Services in accordance with the Contract Documents shall be absolute. None of the following will constitute an

acceptance of Goods or Special Services that are non-conforming, or a release of Seller's obligation to furnish the Goods and Special Services in accordance with the Contract Documents:

1. observations by Buyer or Engineer;
2. recommendation by Engineer or payment by Buyer of any progress or final payment;
3. use of the Goods by Buyer;
4. any acceptance by Buyer (subject to the provisions of Paragraph 8.02.D.1) or any failure to do so;
5. the issuance of a notice of acceptance by Buyer pursuant to the provisions of Article 8;
6. any inspection, test or approval by others; or
7. any correction of non-conforming Goods or Special Services by Buyer.

E. Buyer shall within a reasonable time notify Seller of any breach of Seller's warranties or guarantees. If Buyer receives notice of a suit or claim as a result of such breach, Buyer also may give Seller notice in writing to defend such suit or claim. If Seller fails to defend such suit or claim, Seller will be bound in any subsequent suit or claim against Seller by Buyer by any factual determination in the prior suit.

5.09 Indemnification

A. To the fullest extent permitted by Laws and Regulations, Seller shall indemnify and hold harmless Buyer, Engineer, and their officers, directors, shareholders, partners, employees, agents, consultants, contractors and subcontractors from any and all claims, costs, losses, and demands or judgments for damages for claims (including but not limited to fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) caused by, arising out of or relating to a negligent act or omission or the breach of any obligation under this Contract by Seller, or its officers, directors, shareholders, partners, employees, agents, consultants, contractors or subcontractors, or anyone for whom Seller is responsible, provided that any such claim, cost, loss, or damage;

1. is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Goods or Special Services themselves), including the loss of use resulting therefrom; and
2. is caused in whole or in part by any negligent act or omission of Seller or any individual or entity directly or indirectly employed to furnish any of the Goods or Special Services or anyone for whose acts Seller may be liable, regardless of whether or not caused in part by any

negligence or omission of an individual or entity indemnified hereunder or whether liability is imposed upon such indemnified party by Laws and Regulations regardless of the negligence of any such individual or entity.

B. The indemnification obligations of Seller under paragraph 5.09.A shall not extend to the liability of Engineer and Engineer's consultants or to the officers, directors, partners, employees, agents, and other consultants and subcontractors of each and any of them arising out of:

1. the preparation or approval of, or the failure to prepare or approve, maps, Drawings, opinions, reports, surveys, Change Orders, designs, or Specifications; or
2. giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.

ARTICLE 6 - SHIPPING AND DELIVERY

6.01 Shipping

A. Seller shall select the carrier and bear all costs of packaging, transportation, insurance, special handling and any other costs associated with shipment and delivery.

6.02 Delivery

A. Seller shall deliver the Goods F.O.B. the Point of Destination in accordance with the Contract Times set forth in the Agreement, or other date agreed to by Buyer and Seller.

B. Seller shall provide written notice to Buyer at least 15 days before shipment of the manner of shipment and the anticipated delivery date. The notice shall also include any instructions concerning special equipment or services required at the Point of Destination to unload and care for the Goods. Seller shall also require the carrier to give Buyer at least 24 hours notice by telephone prior to the anticipated hour of delivery.

C. Buyer will be responsible and bear all costs for unloading the Goods from carrier.

D. Buyer will assure that adequate facilities are available to receive delivery of the Goods during the Contract Times set forth in the Agreement, or another date agreed by Buyer and Seller.

E. No partial deliveries shall be allowed, unless permitted or required by the Contract Documents or agreed to in writing by Buyer.

6.03 Risk of Loss

A. Risk of loss and insurable interests transfer from Seller to Buyer upon Buyer's receipt of the Goods.

B. Notwithstanding the provisions of Paragraph 6.03.A, if Buyer rejects the Goods as non-conforming, the risk of loss on such Goods shall remain with Seller until Seller corrects the non-conformity or Buyer accepts the Goods.

ARTICLE 7 - CHANGES: SCHEDULE AND DELAY

7.01 Changes in the Goods and Special Services

A. Buyer may at any time, without notice to any surety, make changes in the Contract Documents within the general scope of the Contract.

B. If any such change or action by Buyer affects the Contract Price or Contract Times, Seller shall notify Buyer within 15 days after the occurrence of the event giving rise thereto, and written supporting data will be submitted to Buyer within 45 days after such occurrence. If Seller fails to do so, Seller waives any Claim for such adjustment.

C. Seller shall not suspend performance while Buyer and Seller are in the process of making such changes and any related adjustments.

7.02 Changes in Laws and Regulations

A. Changes in Laws or Regulations not known at the time of opening of Bids (or, on the Effective Date of the Agreement if there were no Bids) having an effect on the cost or time of furnishing the Goods and Special Services shall be the subject of an adjustment in Contract Price or Contract Times. If Buyer and Seller are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment, a Claim may be made therefor as provided in Paragraph 9.06.A.

7.03 Changing Contract Price or Contract Times

A. The Contract Price or Contract Times may only be changed by:

1. a Change Order;
2. a Written Amendment; or
3. a written unilateral order of Buyer, in which case Seller shall be entitled to an equitable adjustment in Contract Price or Contract Times for any reasonable and necessary costs or delays incurred by Seller to accommodate such a change.

B. If Seller is prevented from delivering the Goods or performing the Special Services within the Contract Times for any unforeseen reason beyond its control and not attributable to its actions or inactions, then Seller shall be entitled to an adjustment of the Contract Times to the extent attributable to such reason. Such reasons include fire, floods, epidemics, abnormal weather conditions, acts of God, acts of war, directions by government authority, and other like matters. If such an event occurs and delays

Seller's performance, Seller shall notify Buyer in writing within 15 days of the beginning of the event causing the delay, stating the reason therefor.

C. Contract Times will not be modified for delays within the control of Seller, including labor strife, transportation shortages or delays at Seller's facilities. Delays attributable to and within the control of Seller's subcontractors or suppliers shall be deemed to be delays within the control of Seller.

D. If Seller is prevented from delivering the Goods or furnishing the Special Services within the Contract Times due to the actions or inactions of Buyer, Seller shall be entitled to any reasonable and necessary additional costs arising out of such delay to the extent directly attributable to Buyer.

E. Neither Buyer nor Seller shall be entitled to any damages arising from delays which are beyond the control of both Buyer and Seller, including but not limited to fires, floods, epidemics, abnormal weather conditions, acts of God, acts of war, direction by government authority, and other like matters.

ARTICLE 8 - BUYER'S RIGHTS

8.01 Inspections and Testing

A. General

1. Buyer shall have the right to perform, or cause to be performed, reasonable inspections and require reasonable tests of the Goods at Seller's facility, and at the Point of Destination. Seller shall allow Buyer a reasonable time to perform such inspections or tests.

2. Seller shall bear all expenses, except for travel, lodging and subsistence expenses of Buyer's representatives, for inspections and tests at Seller's facility, but Buyer shall be entitled to reimbursement from Seller of travel, lodging and subsistence expenses of Buyer's representatives if the Goods are non-conforming.

3. Buyer shall bear all expenses, except for travel, lodging and subsistence expenses of Seller's representatives, for inspections and tests at the Point of Destination, but Buyer shall be entitled to reimbursement from Seller for Buyer's expenses for reinspection or retesting if, on the basis of an initial inspection or testing, the Goods are determined to be non-conforming.

4. Seller shall provide Buyer 30 days written notice of the readiness of the Goods for all inspections, tests, or approvals which the Contract Documents specify are to be observed by Buyer prior to shipment.

5. Buyer will give Seller timely notice of all specified tests, inspections and approvals of the Goods which are to be conducted at the Point of Destination.

6. If, on the basis of any inspections or testing, the Goods appear to be conforming, Buyer will give Seller prompt notice thereof. If on the basis of said inspections or testing, the Goods appear to be non-conforming, Buyer will give Seller prompt notice thereof and will advise Seller of the remedy Buyer elects under the provisions of Paragraph 8.02.

7. Neither payments made by Buyer to Seller prior to any tests or inspections, nor any tests or inspections shall constitute acceptance of non-conforming Goods, or prejudice Buyer's rights under the Contract.

B. Inspection on Delivery

1. Buyer or Engineer will inspect the Goods upon delivery solely for purposes of identifying the Goods and general verification of quantities and observation of apparent condition in order to provide a basis for a progress payment. Such inspection will not be construed as final or as receipt of any Goods and Special Services that, as a result of subsequent inspections and tests, are determined to be non-conforming.

2. Within ten days of such inspection, Buyer shall provide Seller with written notice of Buyer's determination regarding conformity of the Goods. In the event Buyer does not provide such notice, it will be presumed that the Goods appear to be conforming.

3. If, on the basis of the inspection specified in Paragraph 8.01.B.1, the Goods appear to be conforming, Buyer's notice thereof to Seller will acknowledge receipt of the Goods.

C. Final Inspection

1. After all of the Goods have been incorporated into the Project, tested in accordance with such testing requirements as are specified, and are functioning as intended, Buyer or Engineer will make a final inspection.

2. If, on the basis of the final inspection, the Goods are conforming, Buyer's notice thereof will constitute Buyer's acceptance of the Goods.

3. If, on the basis of the final inspection, the Goods are non-conforming, Buyer will identify the non-conformity in writing.

8.02 Non-Conforming Goods or Special Services

A. If, on the basis of inspections and testing prior to delivery, the Goods appear to be non-conforming, or if at any time after Buyer has acknowledged receipt of delivery and before the expiration of the correction period described in Paragraph 8.03, Buyer determines that the Goods are non-conforming, Seller shall promptly, without cost to Buyer and in response to written instructions from Buyer, either

correct such non-conforming Goods, or, if rejected by Buyer, remove and replace the non-conforming Goods with conforming Goods, including all work required for reinstallation.

B. Buyer's Rejection of Non-Conforming Goods

1. If Buyer elects to reject the Goods in whole or in part, Buyer's notice to Seller will describe in sufficient detail the non-conforming aspect of the Goods. If Goods have been delivered to Buyer, Seller shall promptly, and within the Contract Times, remove and replace the rejected Goods.

2. Seller shall bear all costs, losses and damages attributable to the removal and replacement of the non-conforming Goods as provided in Paragraph 8.02.E.

3. Upon rejection of the Goods, Buyer retains a security interest in the Goods or to the extent of any payments made and expenses incurred in their testing and inspection.

C. Remedying Non-Conforming Goods or Special Services

1. If Buyer elects to permit the Seller to modify the Goods to remove the non-conformance, Seller shall promptly provide a schedule for such modifications and shall make the Goods conforming within a reasonable time.

2. If Buyer notifies Seller in writing that any of the Special Services are non-conforming, Seller shall promptly provide conforming services acceptable to Buyer. If Seller fails to do so, Buyer may delete the Special Services and reduce the Contract Price a commensurate amount.

D. Buyer's Acceptance of Non-Conforming Goods

1. Instead of requiring correction or removal and replacement of non-conforming Goods discovered either before or after final payment, Buyer may accept the non-conforming Goods. Seller shall bear all costs, losses, and damages attributable to Buyer's evaluation of and determination to accept such non-conforming Goods as provided in Paragraph 8.02.E.

E. Seller shall pay all claims, costs, losses, and damages, including but not limited to all fees and charges for re-inspection, retesting and for any engineers, architects, attorneys and other professionals, and all court or arbitration or other dispute resolution costs arising out of or relating to the non-conforming Goods or Special Services, including the correction or removal and replacement of the non-conforming Goods and the replacement of property of Buyer and others destroyed by the correction or removal and replacement of the non-conforming Goods, or the obtaining of conforming Special Services from others.

8.03 Correction Period

A. Seller's responsibility for correcting all non-conformities in the Goods will extend for a period of one year after the earlier of the date on which Buyer has placed the Goods in continuous service or the date of final payment, or for such longer period of time as may be prescribed by Laws or Regulations or by the terms of any specific provisions of the Contract Documents.

ARTICLE 9 - ROLE OF ENGINEER

9.01 Duties and Responsibilities

A. The duties and responsibilities and the limitations of authority of Engineer are set forth in the Contract Documents.

9.02 Clarifications and Interpretations

A. Engineer will issue with reasonable promptness such written clarifications or interpretations of the Contract Documents as Engineer may determine necessary, which shall be consistent with or reasonably inferable from the overall intent of the Contract Documents. Such written clarifications and interpretations will be binding on Buyer and Seller. If either Buyer or Seller believes that a written clarification or interpretation justifies an adjustment in the Contract Price or Contract Times, either may make a Claim therefor.

9.03 Authorized Variations

A. Engineer may authorize minor deviations or variations in the Contract Documents by: 1) issuance of approved Shop Drawings when such change or deviation was duly noted by Seller as required in Paragraph 5.06.C.4, or 2) a Field Order.

9.04 Rejecting Non-Conforming Goods and Special Services

A. Engineer will have the authority to disapprove or reject Goods or Special Services which Engineer believes to be non-conforming.

9.05 Decisions on Requirements of Contract Documents

A. Engineer will be the initial interpreter of the Contract Documents and judge of the acceptability of the Goods and Special Services. Claims, disputes and other matters relating to the acceptability of the Goods and Special Services or the interpretation of the requirements of the Contract Documents pertaining to Seller's performance will be referred initially to Engineer in writing with a request for a formal decision in accordance with this paragraph.

B. When functioning as interpreter and judge under this Paragraph 9.05, Engineer will not show partiality to Buyer

or Seller and will not be liable in connection with any interpretation or decision rendered in good faith in such capacity. The rendering of a decision by Engineer pursuant to this Paragraph 9.05 with respect to any such Claim, dispute, or other matter (except any which have been waived by the making or acceptance of final payment as provided in Paragraph 10.07) will be a condition precedent to any exercise by Buyer or Seller of such rights or remedies as either may otherwise have under the Contract Documents or by Laws or Regulations in respect of any such Claim, dispute, or other matter.

9.06 Claims and Disputes

A. *Notice:* Written notice of each Claim, dispute or other matter relating to the acceptability of the Goods and Special Services or the interpretation of the requirements of the Contract Documents pertaining to Seller's performance shall be delivered by the claimant to Engineer and the other party to the Agreement within 15 days after the occurrence of the event giving rise thereto, and written supporting data will be submitted to Engineer and the other party within 45 days after such occurrence unless Engineer allows an additional period of time to ascertain more accurate data.

B. *Engineer's Decision:* Engineer will render a decision in writing within 30 days after receipt of the last submittal of the claimant or the last submittal of the opposing party, if any. Engineer's written decision on such Claim, or dispute, or other matter will be final and binding upon Buyer and Seller unless:

1. an appeal from Engineer's decision is made within the time limits and in accordance with the dispute resolution procedures set forth in Article 13; or

2. if no such dispute resolution procedures have been set forth, a written notice of intention to appeal is delivered by Buyer or Seller to the other and to Engineer within 30 days after the date of such decision, and a formal proceeding is instituted by the appealing party in a forum of competent jurisdiction within 60 days after the date of such decision (unless otherwise agreed to in writing by Buyer and Seller), to exercise such rights or remedies as the appealing party may have with respect to such Claim, dispute, or other matter in accordance with applicable Laws and Regulations.

C. If Engineer does not render a formal decision in writing within the time stated in Paragraph 9.06.B., a decision denying the Claim in its entirety shall be deemed to have been issued 31 days after receipt of the last submittal of the claimant or the last submittal of the opposing party, if any.

ARTICLE 10 - PAYMENT

Not applicable; see Contract Agreement.

~~10.01 Applications for Progress Payments~~

~~—A. Seller shall submit to Buyer for Engineer's review Applications for Payment filled out and signed by Seller and accompanied by such supporting documentation as is required by the Contract Documents and also as Buyer or Engineer may reasonably require. The timing and amounts of progress payments shall be as stipulated in the Agreement.~~

- ~~1. The first application for Payment will be submitted after review and approval by Engineer of all Shop Drawings and of all Samples required by the Contract Documents.~~

- ~~2. The second Application for Payment will be submitted after receipt of the Goods has been acknowledged in accordance with Paragraph 8.01.B and will be accompanied by a bill of sale, invoice or other documentation satisfactory to Buyer warranting that Buyer has rightfully received good title to the Goods from Seller and that the Goods are free and clear of all liens. Such documentation will include releases and waivers from all parties with viable lien rights. In the case of multiple deliveries of Goods, additional Applications for Payment accompanied by the required documentation will be submitted as Buyer acknowledges receipt of additional items of the Goods.~~

- ~~3. The third Application for Payment will be submitted after review and approval of the Operation and Maintenance Manual.~~

~~10.02 Review of Applications for Progress Payments~~

~~—A. Engineer will, within ten days after receipt of each Application for Payment, either indicate in writing a recommendation of payment and present the Application to Buyer, or return the Application to Seller indicating in writing Engineer's reasons for refusing to recommend payment. In the latter case, Seller may make the necessary corrections and resubmit the Application.~~

- ~~1. Engineer's recommendation of payment requested in the first Application for Payment will constitute a representation by Engineer, based on Engineer's review of the Application for Payment and the accompanying data, that the Shop Drawings and Samples have been reviewed and approved as required by the Contract Documents and Seller is entitled to payment of the amount recommended.~~

- ~~2. Engineer's recommendation of payment requested in the Application for Payment submitted upon Buyer's acknowledgment of receipt of the Goods will constitute a representation by Engineer, based on Engineer's review of the Application for Payment and the accompanying data Seller is entitled to payment of the amount recommended. Such recommendation will not constitute a representation~~

~~that Engineer has made a final inspection of the Goods, that the Goods are free from non conformities, acceptable or in conformance with the Contract Documents, that Engineer has made any investigation as to Buyer's title to the Goods, that exhaustive or continuous inspections have been made to check the quality or the quantity of the Goods beyond the responsibilities specifically assigned to Engineer in the Contract Documents or that there may not be other matters or issues between the parties that might entitle Seller to additional payments by Buyer or Buyer to withhold payment to Seller.~~

~~3. Engineer may refuse to recommend that all or any part of a progress payment be made, or Engineer may nullify all or any part of any payment previously recommended if, in Engineer's opinion, such recommendation would be incorrect or if on the basis of subsequently discovered evidence or subsequent inspections or tests Engineer considers such refusal or nullification necessary to protect Buyer from loss because the Contract Price has been reduced, Goods are found to be non conforming, or Seller has failed to furnish acceptable Special Services.~~

~~10.03 Amount and Timing of Progress Payments~~

~~—A. Subject to Paragraph 10.02.A., the amounts of the progress payments will be as provided in the Agreement. Buyer shall within 30 days after receipt of each Application for Payment with Engineer's recommendation pay Seller the amount recommended; but, in the case of the Application for Payment upon Buyer's acknowledgment of receipt of the Goods, said 30 day period may be extended for so long as is necessary (but in no event more than 60 days) for Buyer to examine the bill of sale and other documentation submitted therewith. Buyer shall notify Seller promptly of any deficiency in the documentation and shall not unreasonably withhold payment.~~

~~10.04 Suspension of or Reduction in Payment~~

~~—A. Buyer may suspend or reduce the amount of progress payments, even though recommended for payment by Engineer, under the following circumstances:~~

~~1. Buyer has reasonable grounds to conclude that Seller will not furnish the Goods or the Special Services in accordance with the Contract Documents;~~

~~2. Buyer has requested in writing assurances from Seller that the Goods or Special Services will be delivered or furnished in accordance with the Contract Documents, and Seller has failed to provide adequate assurances within ten days of Buyer's written request.~~

~~—B. If Buyer refuses to make payment of the full amount recommended by Engineer, Buyer will provide Seller and Engineer immediate written notice stating the reason for such action and promptly pay Seller any amount remaining after deduction of the amount withheld. Buyer shall~~

~~promptly pay Seller the amount withheld when Seller corrects the reason for such action to Buyer's satisfaction.~~

~~10.05 Final Application for Payment~~

~~—A. After Seller has corrected all non conformities to the satisfaction of Buyer and Engineer, furnished all Special Services, and delivered all documents required by the Contract Documents, Engineer will issue to Buyer and Seller a notice of acceptability. Seller may then make application for final payment following the procedure for progress payments. The final Application for Payment will be accompanied by all documentation called for in the Contract Documents, a list of all unsettled claims and such other data and information as Buyer or Engineer may reasonably require.~~

~~10.06 Final Payment~~

~~—A. If, on the basis of the review of the final Application for Payment and accompanying documentation, Engineer is satisfied that the Goods and Special Services have been furnished in accordance with the Contract Documents, and that Seller's other obligations under the Contract Documents have been fulfilled, Engineer will, within ten days after receipt of the final Application for Payment, recommend in writing final payment subject to the provisions of Paragraph 10.07 and present the Application to Buyer. Otherwise, Engineer will return the Application to Seller, indicating the reasons for refusing to recommend final payment, in which case Seller shall make the necessary corrections and resubmit the Application. If the Application and accompanying documentation are appropriate as to form and substance, Buyer shall, within 30 days after receipt thereof, pay Seller the amount recommended by Engineer.~~

~~10.07 Waiver of Claims~~

~~A. The making and acceptance of final payment will constitute:~~

~~1. a waiver of all Claims by Buyer against Seller, except Claims arising from unsettled liens and Claims, from non-conformities in the Goods or Special Services appearing after final payment, from failure to comply with the Contract Documents or the terms of any special guarantees specified therein, or from Seller's continuing obligations under the Contract Documents; and~~

~~2. a waiver of all Claims by Seller against Buyer other than those previously made in accordance with the requirements herein and expressly noted in writing by Seller as still unsettled in its final Application for Payment.~~

ARTICLE 11 - CANCELLATION, SUSPENSION, AND TERMINATION

11.01 Cancellation

A. Buyer has the right to cancel the Contract, without cause, at any time prior to delivery of the Goods by written notice. Cancellation pursuant to the terms of this paragraph shall not constitute a breach of contract by Buyer. Upon cancellation:

1. Buyer shall pay Seller for Goods, specially manufactured for the Project, plus any documented reasonable direct and indirect costs incurred by Seller in producing such Goods not recovered by payment for the reasonable value of the Goods.

2. For Goods which are not specially manufactured for the Project, Seller shall be entitled to a restocking charge of 10 percent of the unpaid Contract Price of such Goods.

11.02 Suspension of Performance by Buyer

A. Buyer has the right to suspend performance of the Contract, without cause, by written notice. Upon suspension under this paragraph, Seller shall be entitled to an increase in the Contract Times and Contract Price caused by the suspension, provided that performance would not have been suspended or delayed for causes attributable to Seller.

11.03 Suspension of Performance by Seller

A. Subject to the provisions of Paragraph 5.07.B, Seller may suspend the furnishing of the Goods and Special Services only under the following circumstance:

1. Seller has reasonable grounds to conclude that Buyer will not perform its future payment obligations under the Contract. ("Reasonable grounds" shall not include a pending dispute or disagreement with Buyer) and,

2. Seller has requested in writing assurances from Buyer that future payments will be made in accordance with the Contract, and Buyer has failed to provide such assurances within ten days of Seller's written request.

11.04 Breach and Termination

A. Buyer's Breach

1. Buyer shall be deemed in breach of the Contract if it fails to comply with any material provision of the Contract Documents, including but not limited to:

a. wrongful rejection or revocation of Buyer's acceptance of the Goods,

b. failure to make payments in accordance with the Contract Documents, or

c. wrongful repudiation of the Contract.

2. Seller shall have the right to terminate the Contract for cause by declaring a breach should Buyer fail to comply with any material provisions of the Contract. Upon termination, Seller shall be entitled to all remedies provided by Laws and Regulations.

a. In the event Seller believes Buyer is in breach of its obligations under the Contract, Seller shall provide Buyer with reasonably prompt written notice setting forth in sufficient detail the reasons for declaring that it believes a breach has occurred. Buyer shall have seven days from receipt of the written notice declaring the breach (or such longer period of time as Seller may grant in writing) within which to cure the alleged breach.

B. Seller's Breach

1. Seller shall be deemed in breach of the Contract if it fails to comply with any material provision of the Contract Documents, including, but not limited to:

a. failure to deliver the Goods or perform the Special Services in accordance with the Contract Documents,

b. wrongful repudiation of the Contract, or

c. delivery or furnishing of non-conforming Goods or Special Services.

2. Buyer may terminate Seller's right to perform the Contract for cause by declaring a breach should Seller fail to comply with any material provision of the Contract Documents. Upon termination, Buyer shall be entitled to all remedies provided by Laws and Regulations.

a. In the event Buyer believes Seller is in breach of its obligations under the Contract, and except as provided in Paragraph 11.04.B.2.b, Buyer shall provide Seller with reasonably prompt written notice setting forth in sufficient detail the reasons for declaring that it believes a breach has occurred. Seller shall have seven days from receipt of the written notice declaring the breach (or such longer period of time as Buyer may grant in writing) within which to cure the alleged breach.

b. If and to the extent that Seller has provided a performance bond under the provisions of Paragraph 4.01, the notice and cure procedures of that bond, if any, shall supersede the notice and cure procedures of Paragraph 11.04.B.2.a.

ARTICLE 12 - LICENSES AND FEES

12.01 Intellectual Property and License Fees

A. Unless specifically stated elsewhere in the Contract Documents, Seller is not transferring any intellectual

property rights, patent rights, or licenses for the Goods delivered. However, in the event the Seller is manufacturing to Buyer's design, Buyer retains all intellectual property rights in such design.

B. Seller shall pay all license fees and royalties and assume all costs incident to the use or the furnishing of the Goods, unless specified otherwise by the Contract Documents.

12.02 Seller's Infringement

A. Subject to Paragraph 12.01.A, Seller shall indemnify and hold harmless Buyer, Engineer and their officers, directors, partners, employees, agents, consultants, contractors, and subcontractors from and against all claims, costs, losses, damages, and judgments (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any infringement or alleged infringement of any United States or foreign patent or copyright by any of the Goods delivered hereunder.

B. In the event of suit or threat of suit for intellectual property infringement, Buyer will notify Seller within a reasonable time of receiving notice thereof.

C. Upon written demand from Buyer, Seller shall be given the opportunity to defend the claim or suit, including negotiating a settlement. Seller shall have control over such claim or suit, provided that Seller agrees to bear all expenses and to satisfy any adverse judgment thereof.

1. If Seller fails to defend such suit or claim after written demand by Buyer, Seller will be bound in any subsequent suit or claim against Seller by Buyer by any factual determination in the prior suit or claim.

2. If Buyer fails to provide Seller the opportunity to defend such suit or claim after written demand by Seller, Buyer shall be barred from any remedy against Seller for such suit or claim.

D. If a determination is made that Seller has infringed upon intellectual property rights of another, Seller may obtain the necessary licenses for Buyer's benefit, or replace the Goods and provide related design and construction as necessary to avoid the infringement at Seller's own expense.

12.03 Buyer's Infringement

A. Buyer shall indemnify and hold harmless Seller, and its officers, directors, partners, employees, agents, consultants, contractors, and subcontractors from and against all claims, costs, losses, damages, and judgments (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any infringement or alleged

infringement of any United States or foreign patent or copyright caused by Seller's compliance with Buyer's design of the Goods or Buyer's use of the Goods in combination with other materials or equipment in any process (unless intent of such use was known to Seller and Seller had reason to know such infringement would result).

B. In the event of suit or threat of suit for intellectual property infringement, Seller must within a reasonable time after receiving notice thereof notify Buyer.

C. Upon written demand from Seller, Buyer shall be given the opportunity to defend the claim or suit, including negotiating a settlement. Buyer shall have control over such claim or suit, provided that Buyer agrees to bear all expenses and to satisfy any adverse judgment thereof.

1. If Buyer fails to defend such suit or claim after written demand by Seller, Buyer will be bound in any subsequent suit or claim against Buyer by Seller by any factual determination in the prior suit or claim.

2. If Seller fails to provide Buyer the opportunity to defend such suit or claim after written demand by Buyer, Seller shall be barred from any remedy against Buyer for such suit or claim.

12.04 Reuse of Documents

A. Neither Seller nor any other person furnishing any of the Goods or Special Services under a direct or indirect contract with Seller shall: (1) acquire any title to or ownership rights in any of the Drawings, Specifications, or other documents (or copies of any thereof) prepared by or bearing the seal of Engineer or its consultants, including electronic media versions; or (2) reuse any of such Drawings, Specifications, other documents, or copies thereof on any other project without written consent of Buyer and Engineer and specific written verification or adaptation by Engineer. This prohibition will survive termination or completion of the Contract. Nothing herein shall preclude Seller from retaining copies of the Contract Documents for record purposes.

ARTICLE 13 - DISPUTE RESOLUTION

13.01 Dispute Resolution Method

A. Disputes between Buyer and Seller will be resolved as set forth in the Supplementary Conditions. If no method and procedure has been set forth, and subject to the provisions of Paragraphs 9.05 and 9.06, Buyer and Seller may exercise such rights or remedies as they have under Controlling Law.

ARTICLE 14 - MISCELLANEOUS

14.01 Giving Notice

A. Whenever any provision of the Contract Documents requires the giving of written notice, it will be deemed to have been validly given if delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended, or if delivered at or sent by registered or certified mail, postage prepaid, to the last business address known to the giver of the notice.

14.02 Controlling Law

A. This Contract is to be governed by the law of the state in which the Point of Destination is located.

14.03 Computation of Time

A. When any period of time is referred to in the Contract Documents by days, it will be computed to exclude the first and include the last day of such period. If the last day of any such period falls on a Saturday or Sunday or on a day made a legal holiday by the law of the applicable jurisdiction, such day shall be omitted from the computation.

14.04 Cumulative Remedies

A. The duties and obligations imposed by these General Conditions and the rights and remedies available hereunder to the parties hereto are in addition to, and are not to be construed in any way as a limitation of, any rights and remedies available to any or all of them which are otherwise imposed or available by Laws or Regulations, by special warranty or guarantee, or by other provisions of the Contract Documents, and the provisions of this paragraph will be as effective as if repeated specifically in the Contract Documents in connection with each particular duty, obligation, right, and remedy to which they apply.

14.05 Survival of Obligations

A. All representations, indemnifications, warranties and guarantees made in, required by, or given in accordance with the Contract Documents, as well as all continuing obligations indicated in the Contract Documents, will survive final payment, completion and acceptance of the Goods or Special Services and termination or completion of the Agreement.



KÄSSBOHRER ALL TERRAIN VEHICLES, INC.

8850 Double Diamond Parkway
Reno, Nevada 89521
P:: (775) 857-5000 F:: (775) 857-5010

PistenBully

Beach Tech

Ref. #: Diamond Peak / 2021

P.O. Number: _____

Delivery Date: **October 2021**

Agreement to Purchase

Billing Address

Company IVGID/ Diamond Peak Ski Resort
Address 893 Southwood Blvd.
Incline Village, Nevada
89451

Deliver To

Company Diamond Peak Ski Resort
Address 1210 Ski Way
Incline Village, Nevada
89451

Qty.	Part # / Item	Description	New	Used	Price
1	828.06.2.V.0000XXX	2021 PistenBully 600 Park	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$420,000.00
1	819.00.00.008.56.0	Park front mount	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1	819.00.00.008.70.0	Comfort tiller with hydraulic wings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1	819.00.00.008.61.0	4.6M Park Blade	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1	826.29.27.070.61.0	Set of Kombi six belt tracks	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1	817.03.10.000.03.0	V3 Snow Depth upgrade from V2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$24,000.00
			<input type="checkbox"/>	<input type="checkbox"/>	

Notes: Price includes delivery to Diamond Peak and Snowsat installation

Sub-Total	\$444,000.00
Trade-In Value	(\$44,000.00)
Misc. Charge / (Discount)	
Total Price (Excludes Applicable Federal, Local and State Tax)	\$400,000.00

Trade-Ins

Qty.	Description	Serial Number	Value
1	2010 PB 400	WKU5824CQAL010456	\$44,000.00
Total Trade-In Value			\$44,000.00

Terms F.O.B.: Diamond Peak

Payment Schedule: The trade in vehicle will be considered the down payment, the balance is due net 30 after delivery

(See following pages for Terms and Conditions)

Customer Name _____

Representative _____

Auth. Signature _____

Auth. Signature _____

Title _____ Date ____/____/____

Title _____ Date ____/____/____

Agreement to Purchase Contract Addendum

Item 1:

Item 2:

Item 3:

Item 4:

Item 5:

TERMS AND CONDITIONS

1. All prices stated in this Agreement are subject to change to conform to prices of Kässbohrer All Terrain Vehicles, Inc., hereinafter called the "Seller", in effect at the time the vehicle(s) ordered under this Agreement are shipped, and will be increased or decreased if Seller changes its prices before shipment. Seller shall give Buyer written notice of any such increase or decrease in prices, and Buyer shall have the privilege of terminating this order within ten (10) days thereafter for any increase in the sales price only. If this Agreement is terminated because of a sale price increase, Seller shall return Buyer's cash deposit, if any.
2. This Agreement will not be binding on Seller until approved and accepted by Seller in writing indicated by an authorized signature.
3. This Agreement is not assignable or transferable, without Seller's consent.
4. If payment of any part of the price is deferred until after delivery, Buyer shall execute prior to delivery a security agreement and financing statement in a form required by Seller to evidence and secure that amount deferred. Alternatively, Seller may choose to retain title to the vehicles until Buyer pays the full purchase price.
5. If the Buyer fails to accept or take delivery of the equipment within 30 days after the date that the vehicle is available for delivery, at Seller's option the Buyer shall be obligated to pay interest, at Seller's maximum current rate of interest on conditional sales contracts, on the unpaid balance commencing on the thirty-first day after the date on which the vehicle became available for delivery. The Seller, at its option, by notice in writing to the Buyer, may terminate this Agreement and retain the deposit or trade-in as liquidated damages and, not as a penalty, and the Seller may take what other additional remedies that it may have at law.
6. This Agreement shall not be subject to termination by either Buyer or Seller, except as provided herein.
7. Buyer shall be in default under this Agreement if it (1) becomes bankrupt, insolvent, or unable to meet its financial obligations as they materialize during the term of this Purchase Agreement, or (2) is unable to pay Seller the purchase price for the vehicle(s) at the time and place provided that such changes do not adversely affect quality, but the Seller shall have no obligation to make changes or improvement either prior to or after delivery.
8. Without notice to Buyer, Seller may at any time make changes or improvements in the model and/or design of the vehicle(s) or any part thereof, provided that such changes do not adversely affect quality, but Seller shall have no obligation to make changes or improvement either prior to or after delivery.
9. Seller represents that it is the lawful owner of and has full right to sell the vehicle(s) sold under this Agreement, and that it has good title to the vehicle(s), free and clear of any and all liens and encumbrances.
10. Seller shall not be liable for any damages resulting from, and Buyer shall not have the right to terminate this Agreement for Seller's nonperformance or delay in performance due in whole or in part to any causes beyond Seller's control, including without limitation, acts of God, acts of the public enemy, acts of the Government, fires, floods, windstorms, tornadoes, wars, riots, insurrections, strikes, lockouts, sitdowns, slowdowns, or other labor trouble causing cessation or interruption of operations, or inability to procure labor or materials. This Agreement shall be deemed suspended so long as and to the extent that any such cause prevents or delays Seller's performance.
11. Risk of loss to each vehicle sold hereunder shall pass from the Seller to Buyer at the time that each such vehicle is accepted by Buyer. Title to each vehicle sold hereunder shall likewise pass from Seller to Buyer at the time that each such vehicle is accepted by Buyer, unless, however, either Seller shall not then have received the full and entire purchase price due for each such vehicle or unless Buyer shall have executed or be required to execute a security agreement of the nature described in paragraph 4 hereof. Buyer agrees to execute a suitable document on a form approved by Seller evidencing its acceptance of each vehicle sold hereunder.
12. The price stated herein shall be subject to an additional charge to cover any existing or future sales, use or similar tax or other charge which Seller must collect under applicable law.
13. This Agreement shall be governed by and shall be construed in accordance with the laws of the State of Maine.

MATERIAL AND WORKMANSHIP WARRANTY

14. WARRANTY

Seller warrants to the Buyer the products sold by it to be free from defects in material and workmanship under normal use and service. Seller's obligation under this warranty shall be limited to the repair or exchange of any part or parts which prove defective under normal use and service as follows:

a. New Tracked Vehicles: within one (1) year from the date of purchase by the Buyer or within the first one thousand (1000) hours of use whichever comes first;

b. New Equipment: within ninety (90) days from the date of purchase or date of first use by Buyer whichever comes first;

Seller's obligation under this warranty shall be limited to those parts which its examination shall disclose as defective. Should any failure to conform to this warranty become apparent during the warranty period, Seller shall, upon prompt, written notice and compliance by the Buyer with such instructions as Seller shall give with respect to the return of defective products or parts, correct such non-conformity by repair or replacement of the defective part or parts. Correction in the manner provided above shall constitute a fulfillment of all liabilities of Seller with respect to the quality of the products.

Seller will reimburse Buyer for labor needed for removal and installation and/or repair of warranted parts. Labor costs will be paid in accordance with the hourly rate and repair time guidelines as set forth by Seller at time of failure.

LIMITATIONS

THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES EXPRESSED OR IMPLIED INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR USE AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON SELLER'S PART AND SELLER NEITHER ASSUMES, NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR SELLER ANY OTHER LIABILITY IN CONNECTION WITH THE SALE OF THIS PRODUCT. SELLER MAKES NO WARRANTY WHATSOEVER IN RESPECT TO ACCESSORIES OR PARTS NOT SUPPLIED BY IT. THE TERM "ORIGINAL BUYER" AS USED IN THIS WARRANTY SHALL BE DEEMED TO MEAN THAT PERSON WHO PURCHASES THIS PRODUCT FROM SELLER OR ITS AUTHORIZED DEALER.

Seller shall not be liable for any loss or damage resulting directly or indirectly, from the use or loss of use of the Seller's product. Without limiting the generality of the foregoing this exclusion from liability embraces the Buyer's expenses for downtime or for making up downtime, damages for which the Buyer may be liable to other persons, damages to property, and injury to or death of any persons.

Seller is not responsible for tow charges or related expenses to transport vehicle and/or equipment to Buyer's repair site.

EXCLUSIONS

Seller does not warrant normal maintenance items, which includes filters, ignition and tune up parts, belts, lubricants, light bulbs and sealed beam units, antifreeze, repainting or touch-up etc. unless contaminated or damaged by failure of warranted part. Seller does not warrant this machine to meet the requirements of any safety code of any state, municipality, or other jurisdiction, and Buyer assumes all risk and liability whatsoever resulting from the use thereof whether used singly or in combination with other machines or apparatus.

This warranty shall not apply to any of Seller's products, or parts thereof, which have been repaired or altered without Seller's written consent, outside Seller's factory or altered in any way so as, in the judgment of Seller to affect adversely the stability of reliability of the Seller's product, or has been subject to misuse, negligence, or accident, or has not been operated in accordance with Seller's printed instructions or has been operated under conditions more severe than, or otherwise exceeding, those set forth in the specifications for such product. Seller is not responsible for failures resulting from the use of parts not approved by Seller. Seller reserves the right to alter or to improve its products to maintain a "state-of-the-art" product line, without admitting that alteration or improvement admits a product defect.

SERVICE

Authorized Seller's dealers will usually provide Seller's authorized warranty service. When possible, Buyer should have warranty service accomplished by Sellers selling dealer.

Upon requesting Seller's warranty service, Buyer must substantiate date of delivery of the equipment. Buyer shall assume all charges for service calls and transportation of the equipment to and from the location of the selling dealer or Seller if a selling dealer does not perform the repair.

NOTICE

Buyer must notify Seller by registered mail or certified mail, return receipt requested, of a breach of warranty within thirty (30) days after discovery thereof, but not later than the warranty period; otherwise, such claims shall be deemed waived. No allowance will be granted for any repairs or alterations made by Buyer without Seller's prior written consent.

15. USED EQUIPMENT & MATERIAL

USED EQUIPMENT OR MATERIAL IS SOLD AS IS UNLESS OTHERWISE STATED IN WRITING BY SELLER AT THE TIME OF THE SALE.

CUSTOMER ACCEPTANCE OF TERMS AND CONDITIONS

Auth. Signature _____ Initials _____

Title _____ Date _____

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT
CAPITAL IMPROVEMENT PROGRAM HISTORY - SNOW GROOMING MACHINE REPLACEMENT

YEAR		MANUFACTURER	MODEL	EXPENSE	
1981-1982					
1982-1983	Purchase	Pisten Bully	200	\$95,000	
1983-1984	Purchase	Pisten Bully	200	\$100,000	
1984-1985	Purchase	Pisten Bully	200D - Winch	\$100,000	
1985-1986	Purchase	Pisten Bully	270	\$130,000	
1986-1987					
1987-1988					
1988-1989	Purchase	Pisten Bully	240D	\$115,000	
1989-1990					
1990-1991					
1991-1992					
1992-1993	Purchase	Pisten Bully	240D	\$135,813	
1993-1994					
1994-1995	Purchase	Pisten Bully	260D	\$140,048	
1994-1995	Purchase	Pisten Bully	260D -Winch	\$182,150	
1995-1996	Purchase	Pisten Bully	160 X/C	\$95,000	
1996-1997	Purchase	Pisten Bully	280D	\$157,000	
1997-1998					
1998-1999	Purchase	Pisten Bully	300	\$194,000	
1999-2000					
2000-2001	Purchase	Pisten Bully	300	\$205,000	
2001-2002					
2002-2003	Purchase	Pisten Bully	300 - Winch	\$239,800	
2003-2004					
2004-2005	Purchase	Pisten Bully	300 -Park	\$208,000	
2005-2006					
2006-2007	Purchase	Pisten Bully	300	\$229,100	
2007-2008					
2008-2009	Purchase	Pisten Bully	400	\$239,850	
2009-2010					
2010-2011	Purchase	Pisten Bully	400 - Park	\$241,000	
2011-2012					
2012-2013					
2013-2014					
2014-2015	Purchase	Pisten Bully	400 - Park Pro	\$333,632	
2014-2015	Purchase	Pisten Bully	400 - Winch	\$342,829	
2015-2016					
2016-2017					
2017-2018	Purchase	Pisten Bully	400 - Park Pro	\$328,500	
2018-2019					
2019-2020	Purchase	Pisten Bully	400 - Park Pro	\$374,500	
2020-2021					
2021-2022	Proposed	Pisten Bully	600 Park Pro	\$400,000	
2022-2023					
2023-2024	Planned	Pisten Bully	600 Park Pro		\$415,000
2024-2025					
2025-2026	Planned	Pisten Bully	600 - Winch		\$425,000
				\$4,586,222	



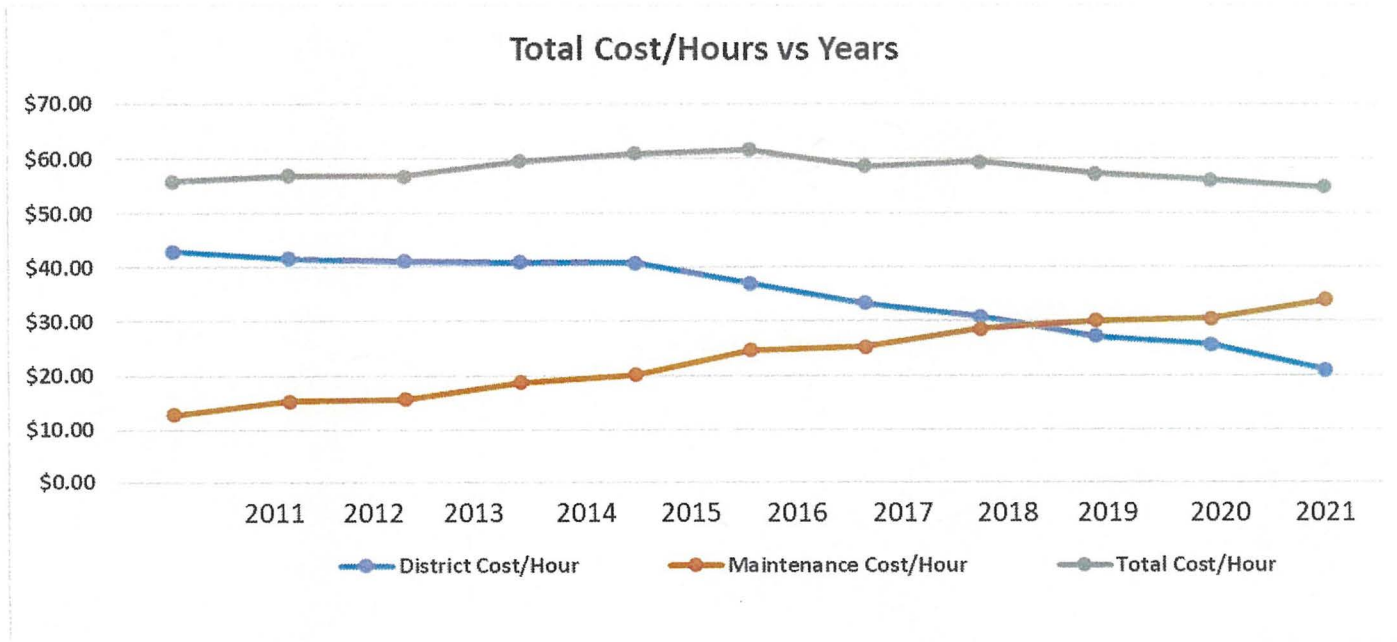
Project Summary

Project Number:	3463HE1728
Title:	Replacement of 2011 Grooming Vehicle # 645
Project Type:	F - Rolling Stock
Division:	63 - Slope Maintenance
Budget Year:	2022
Finance Option:	Lease Eligible
Asset Type:	HE - Heavy Duty Service Equipment
Active:	Yes

Project Description				
This project funds the scheduled replacement of one of Diamond Peak's snow grooming vehicles. This snow cat is on a 10-year replacement cycle subject to operating hours, accrued maintenance cost, oil analysis reports, visual inspection and overall condition. Currently, Diamond Peak operates grooming machines on the mountain. The capital improvement plan identifies the replacement of a grooming vehicle every other fiscal year for the total of five machines included in the grooming fleet. This snow cat will be moved back in the CIP replacement program if indicators reveal no increased equipment down time or elevated maintenance costs as a result of deferring the replacement date.				
Project Internal Staff				
Fleet Maintenance Staff will manage this project				
Project Justification				
It is necessary to continue the routine replacement of our grooming equipment so that it is replaced prior to major component failure and to continue to stay abreast of industry changes and improvements to provide the best quality product for our skiing guests. Major component failure can cost more than the actual value of these vehicles as their age increases. These components can cost as much as \$25,000 for an engine or \$20,000 for a drive pump and motor set. There are 3-sets to each grooming vehicle. Grooming vehicles will only be replaced if serviceability, reliability, performance and economic factors dictate. Our records, as well as those of snow cat manufacturers, indicate that the hourly operating cost of a snow cat increases by more than 60% once they pass the 8000 to 9000 hour operating range. Additionally, downtime increases in direct proportion, diminishing the quality of our grooming product.				
Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2022				
Replace Grooming Vehicle	400,000	0	400,000	
Year Total	400,000	0	400,000	
2032				
Replace Grooming Vehicle	425,000	0	425,000	
Year Total	425,000	0	425,000	
	825,000	0	825,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2012	Jul 1, 2021	Oct 31, 2021	Fleet Superintendent	Municipal Lease Eligible

Life Cycle Cost Analysis District Equipment #645 Snow Grooming Machine

Year	Cumulative Hours	OWNERSHIP					OPERATION		Total Cost/Hour	Cumulative Cost
		Purchase Price	Trade-in Value	Misc.	Total District Cost	District Cost/Hour	Cumulative Maint. Cost	Maintenance Cost/Hour		
2011	982 hrs	\$241,000	\$201,720	\$2,920	\$42,200	\$42.97	\$12,547	\$12.78	\$55.75	\$54,747
2012	1,831 hrs	\$241,000	\$167,760	\$3,066	\$76,306	\$41.67	\$27,915	\$15.25	\$56.92	\$104,221
2013	2,659 hrs	\$241,000	\$134,640	\$3,219	\$109,579	\$41.21	\$41,385	\$15.56	\$56.77	\$150,965
2014	3,649 hrs	\$241,000	\$95,040	\$3,380	\$149,340	\$40.93	\$67,890	\$18.61	\$59.53	\$217,231
2015	4,322 hrs	\$241,000	\$68,120	\$3,549	\$176,429	\$40.82	\$86,794	\$20.08	\$60.90	\$263,223
2016	5,433 hrs	\$241,000	\$43,680	\$3,727	\$201,047	\$37.00	\$133,912	\$24.65	\$61.65	\$334,959
2017	6,525 hrs	\$241,000	\$27,040	\$3,913	\$217,873	\$33.39	\$164,356	\$25.19	\$58.58	\$382,229
2018	7,132 hrs	\$241,000	\$25,000	\$4,109	\$220,109	\$30.86	\$202,928	\$28.45	\$59.32	\$423,037
2019	8,238 hrs	\$241,000	\$21,000	\$4,314	\$224,314	\$27.23	\$247,338	\$30.02	\$57.25	\$471,652
2020	8,808 hrs	\$241,000	\$20,000	\$4,530	\$225,530	\$25.61	\$267,959	\$30.42	\$56.03	\$493,489
2021	9,624 hrs	\$241,000	\$44,000	\$4,756	\$201,756	\$20.96	\$325,352	\$33.81	\$54.77	\$527,108





**INCLINE VILLAGE GENERAL
IMPROVEMENT DISTRICT**

**PURCHASE
ORDER**

P.O. NUMBER	DATE
22-0030	07/07/2022

THIS NUMBER MUST APPEAR ON ALL INVOICE PACKING LISTS, LABELS, BILLS OF LADING AND CORRESPONDENCE.

***** This is Not an Approved PO *****

Vendor Name, Address, and Number	Ship To Address And Phone Number	Please Send Invoices To
1004 Kassbohrer All Terrain Vehicles, Inc. 8850 Double Diamond Parkway Reno, NV 89521	Diamond Peak Ski Resort 1210 Ski Way Incline Village, NV 89451 775-832-1100	Incline Village GID 893 Southwood Blvd. Incline Village, NV 89451 775-832-1100 ap@ivgid.org

LINE NO.	QUANTITY	UOM	ITEM AND DESCRIPTION	UNIT COST	EXTENDED COST	GL Coding
1	1.00	Each	Procurement purchase, 2021/2022 capital improvement project #3463HE1728 replace snow grooming equipment - pending Board of Trustees approval. Vendor: Kassbohrer All Terrain Vehicles, Inc.	\$400,000.00	\$400,000.00	340-34-990-8120 Project #: 3463HE1728

TOTAL	\$ 400,000.00
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Comments:
JSER ID

The District is granted Tax Exempt Status by the State of Nevada, State ID 88-7600004-K, therefore any goods or services delivered to the District within the boundaries of the State of NV are exempt from NV sales and use tax.

All shipments should be freight prepaid F.O.B. destination. Unauthorized shipments will be returned at the seller's expense Title and risk of loss on all items shipped shall pass to the buyer at the F. O. B. destination.

Payments of all invoices is net 30 unless expressly written and acknowledged in writing by the District's Director of Finance or Controller. IVGID's Federal Tax ID Number is 88-0099974.

CERTIFY THAT THE ABOVE PURCHASE IS FOR AN EXPENDITURE AS DEFINED BY NRS 354.520 OR AN EXPENSE UNDER NRS 354.523 AND THAT THE PURCHASE ORDER HAS BEEN ENCUMBERED AS DEFINED BY NRS 354.516.


Sandra Winquest General Manager

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Erin Feore
Director of Human Resources

Paul Navazio
Director of Finance

SUBJECT: Review, discuss and possibly approve the District's pay grade(s)/salary matrix, and hourly pay rates for FY2021/22, in accordance with Nevada Revised Statutes 318.185

DATE: July 13, 2021

I. RECOMMENDATION

That the Board of Trustees review, discuss and possibly approve the District's salary and wage ranges for Fiscal Year 2021/2022.

II. BACKGROUND

At the Board of Trustees meeting on May 26, 2021, the Board of Trustees approved the District's Final Budget for FY2021/22. Included in the agenda packet for the budget adoption action(s) were the schedules that establish the salary ranges and pay grades the District utilizes for each Union and Non-Union position. Also included was a schedule presenting the District's part-time and on-call (PT/OC) seasonal positions and respective hourly pay ranges.

In consultation with the District's General Counsel, Staff is comfortable that the agenda item, as noticed for the May 26, 2021 meeting, was prepared so as to meet the NRS requirements for action related to Board approval of employee compensation, as presented in the budget. However, in order to address any concerns as to the Board action taken on May 26, 2021 relative to approval of the salary and wage information include in the budget adoption materials, Staff has prepared this agenda item in order for the Board of Trustees to take specific action, in conformity with NRS 318.185 and Resolution No. 1480. Under Resolution No. 1480, while the Board has delegated authority to the General Manager to set wages for temporary or part-time employees, the Board must approve salary ranges for full-time employees. The General Manager has the authority to place individual full-time employees within those established ranges.

In the event the General Manager adjusts hourly wages for the part-time, on-call, seasonal non benefitted positions, communication to the Board of Trustees will be provided through the General Manager's monthly report.

Provided as attachments to this Board memo are the same schedules presented to the Board in conjunction with their approval of the FY2021/22 Final Budget. These include:

- 2021-2022 Salary Grade Matrix (for non-union and salaried union employees)
- 2021-2022 General Grade Matrix (for hourly union employees); and
- Part Time, On-Call Seasonal Non-Benefitted Positions

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Standard Salary Ranges

Effective July 1, 2021

*Top of Ranges Increased 3%
from previous year.
Min to Max 40%*

GRADE	HOURLY			BI-WEEKLY			ANNUAL		
	Minimum	Mid	Max	Minimum	Mid	Max	Minimum	Mid	Max
16	\$19.22	\$23.06	\$26.90	\$1,537	\$1,845	\$2,152	\$39,971	\$47,965	\$55,959
17	\$20.17	\$24.21	\$28.24	\$1,614	\$1,937	\$2,259	\$41,960	\$50,353	\$58,745
18	\$21.19	\$25.43	\$29.66	\$1,695	\$2,034	\$2,373	\$44,072	\$52,887	\$61,701
19	\$22.24	\$26.69	\$31.14	\$1,779	\$2,135	\$2,491	\$46,261	\$55,513	\$64,765
20	\$23.35	\$28.02	\$32.69	\$1,868	\$2,242	\$2,615	\$48,571	\$58,286	\$68,000
21	\$24.52	\$29.43	\$34.33	\$1,962	\$2,354	\$2,746	\$51,004	\$61,205	\$71,406
22	\$25.75	\$30.90	\$36.05	\$2,060	\$2,472	\$2,884	\$53,560	\$64,272	\$74,984
23	\$27.03	\$32.44	\$37.84	\$2,162	\$2,595	\$3,027	\$56,223	\$67,467	\$78,712
24	\$28.38	\$34.06	\$39.74	\$2,271	\$2,725	\$3,179	\$59,038	\$70,846	\$82,654
25	\$29.80	\$35.76	\$41.73	\$2,384	\$2,861	\$3,338	\$61,992	\$74,390	\$86,789
26	\$31.30	\$37.56	\$43.82	\$2,504	\$3,005	\$3,505	\$65,098	\$78,118	\$91,138
27	\$32.86	\$39.43	\$46.00	\$2,629	\$3,154	\$3,680	\$68,343	\$82,011	\$95,680
28	\$34.50	\$41.40	\$48.30	\$2,760	\$3,312	\$3,864	\$71,755	\$86,106	\$100,457
29	\$36.23	\$43.47	\$50.72	\$2,898	\$3,478	\$4,057	\$75,351	\$90,422	\$105,492
30	\$38.04	\$45.64	\$53.25	\$3,043	\$3,651	\$4,260	\$79,116	\$94,939	\$110,762
31	\$39.94	\$47.93	\$55.92	\$3,195	\$3,834	\$4,473	\$83,079	\$99,695	\$116,311
32	\$41.94	\$50.32	\$58.71	\$3,355	\$4,026	\$4,697	\$87,226	\$104,672	\$122,117
33	\$44.03	\$52.84	\$61.65	\$3,523	\$4,227	\$4,932	\$91,588	\$109,905	\$128,223
34	\$46.24	\$55.49	\$64.74	\$3,699	\$4,439	\$5,179	\$96,178	\$115,414	\$134,650
35	\$48.55	\$58.26	\$67.97	\$3,884	\$4,661	\$5,438	\$100,984	\$121,180	\$141,377
36	\$50.97	\$61.16	\$71.36	\$4,078	\$4,893	\$5,709	\$106,018	\$127,222	\$148,425
37	\$53.53	\$64.24	\$74.94	\$4,282	\$5,139	\$5,995	\$111,344	\$133,612	\$155,881
38	\$56.20	\$67.44	\$78.68	\$4,496	\$5,395	\$6,295	\$116,899	\$140,278	\$163,658
39	\$59.01	\$70.81	\$82.62	\$4,721	\$5,665	\$6,609	\$122,744	\$147,293	\$171,842
40	\$61.96	\$74.35	\$86.75	\$4,957	\$5,948	\$6,940	\$128,881	\$154,657	\$180,433
41	\$65.06	\$78.07	\$91.08	\$5,205	\$6,246	\$7,287	\$135,323	\$162,388	\$189,452
42	\$68.31	\$81.97	\$95.64	\$5,465	\$6,558	\$7,651	\$142,087	\$170,504	\$198,922
43	\$71.73	\$86.08	\$100.43	\$5,739	\$6,886	\$8,034	\$149,203	\$179,043	\$208,884
44	\$75.32	\$90.38	\$105.44	\$6,025	\$7,230	\$8,435	\$156,655	\$187,986	\$219,317
45	\$79.08	\$94.90	\$110.71	\$6,327	\$7,592	\$8,857	\$164,490	\$197,388	\$230,287

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Union Salary Ranges
Effective July 1, 2021

Uncertified Scale

*Top of Ranges Increased 3%
from previous year.
Min to Max 40%*

GRADE	HOURLY			BI-WEEKLY			ANNUAL		
	Minimum	Mid	Max	Minimum	Mid	Max	Minimum	Mid	Max
G3	\$ 20.51	\$ 24.61	\$ 28.71	\$1,640	\$1,969	\$2,297	\$42,652	\$51,182	\$59,713
G4	\$ 21.55	\$ 25.86	\$ 30.17	\$1,724	\$2,069	\$2,414	\$44,827	\$53,792	\$62,757
G5	\$ 22.63	\$ 27.15	\$ 31.68	\$1,810	\$2,172	\$2,534	\$47,063	\$56,476	\$65,888
G6	\$ 23.40	\$ 28.08	\$ 32.76	\$1,872	\$2,247	\$2,621	\$48,679	\$58,414	\$68,150
G7	\$ 25.98	\$ 31.18	\$ 36.37	\$2,078	\$2,494	\$2,910	\$54,037	\$64,845	\$75,652
G8	\$ 28.47	\$ 34.17	\$ 39.86	\$2,278	\$2,733	\$3,189	\$59,225	\$71,070	\$82,915
G9	\$ 31.06	\$ 37.28	\$ 43.49	\$2,485	\$2,982	\$3,479	\$64,615	\$77,538	\$90,461
G10	\$ 33.60	\$ 40.32	\$ 47.03	\$2,688	\$3,225	\$3,763	\$69,880	\$83,856	\$97,832
G11	\$ 36.14	\$ 43.36	\$ 50.59	\$2,891	\$3,469	\$4,047	\$75,161	\$90,194	\$105,226
G12	\$ 38.70	\$ 46.44	\$ 54.18	\$3,096	\$3,715	\$4,334	\$80,489	\$96,587	\$112,684

Note: Each Grade has been set at amount relative to the Position assigned to that Grade.

<u>Location</u>	<u>Dept</u>	<u>Division</u>	<u>Position</u>	<u>Status</u>	<u>YR or seasonal</u>	<u>Current Rate (hrly or salary)</u>	<u>Notes</u>
Admin	General	Varies	Weekend Boardroom Sprvsr	OC	YR	\$25.00/hr	
Admin	General	IT	IT Generalist	PT	YR	\$17.50/hr	
Admin	General	Varies	Special Projects	T	YR	varies based on project	
Comm Svcs	*Multi	F&B	Snack Bar Attendant	*All	Seasonal	\$10.50 - \$11.00/hr	Stats incl FT, PT & OC; services Golf, Beaches & Ski
Comm Svcs	DP	Ski	Lift Operator/Ticket Checker	*All	Seasonal	\$10.50 - \$13.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Golf	F&B	Grille Host	*All	Seasonal	\$11.50/hr	Status includes: S-FT & S-PT
Comm Svcs	Golf	F&B	Busser	*All	Seasonal	\$11.00 - \$14.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Golf	F&B	Bar Cart Attendant	*All	Seasonal	\$10.50 - \$11.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Rec	Assistant Parks & Rec Clerk	*All	YR	\$12.00 - \$20.00/hr	
Comm Svcs	Rec	Beaches	Beach Host	*All	Seasonal	\$11.00-\$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Rec	Beaches	Lead Beach Host	*All	Seasonal	\$15.00-\$19.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Rec	Beaches	Parking & Boat Ramp Attendant	*All	Seasonal	\$11.00 - \$28.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Rec	*Multi	Lead Lifeguard	*All	YR	\$14.50 - \$16.50/hr	Stats incl: FT, PT & OC; services Rec & Beaches
Comm Svcs	Rec	*Multi	Lifeguard	*All	YR	\$13.00 - \$13.50/hr	Stats incl: FT, PT & OC; services Rec & Beaches
Comm Svcs	Rec	Rec	Child Care Leader	*All	YR	\$11.00 - \$13.00/hr	Status includes: FT, PT, LPT & OC
Comm Svcs	Rec	Rec	Fitness Facility Rover	*All	YR	\$11.00 - \$16.00/hr	Status includes: FT, PT, LPT & OC
Comm Svcs	Rec	Rec	Fitness Instructor	*All	YR	\$24.00 - \$33.00/hr	Status includes: FT, PT, LPT & OC
Comm Svcs	Ski	F&B	F&B Cashier	*All	Seasonal	\$10.50 - \$12.00/hr	Status includes: FT, LPT & OC
Comm Svcs	*Multi		Revenue Office Clerk	*Multi	Seasonal	\$12.00 - \$17.00/hr	Possible ACA Benefits; Status includes: S-FT, S-PT
Comm Svcs	Parks	Parks	Maintenance Worker	*Multi	Seasonal	\$11.00 - \$13.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Rec	Rec	Personal Trainer	*Multi	YR	Commission Only	Status includes: LPT & OC
Comm Svcs	Rec	Rec	Recreation Leader	*Multi	YR	\$11.00 - \$12.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Rec	Senior Child Care Leader	*Multi	YR	\$12.00 - \$13.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Rec	Senior Recreation Leader	*Multi	YR	\$13.00 - \$17.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Rec	Sports Site Supervisor	*Multi	YR	\$12.50 - \$13.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Rec	Swim Coach	*Multi	YR	\$14.00 - \$18.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Rec	Youth Recreation Leader	*Multi	YR	\$10.50 - \$12.00/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Tennis	Head Tennis & Pickleball Pro	*Multi	Seasonal		Status includes: FT, LPT & OC
Comm Svcs	Rec	Tennis	Tennis & Pickleball Instructor	*Multi	Seasonal	\$18.00-\$19.05/hr	Status includes: FT, LPT & OC
Comm Svcs	Rec	Tennis	Tennis & Pickleball Coach	*Multi	Seasonal		Status includes: FT, LPT & OC
Comm Svcs	Rec	Tennis	Tennis & Pickleball Host	*Multi	Seasonal		Status includes: FT, LPT & OC
Comm Svcs	Rec	Tennis	Tennis & Pickleball Court Washer	*Multi	Seasonal		Status includes: FT, LPT & OC
Comm Svcs	Rec	*Multi	Swim Instructor	*Multi	YR	\$14.00 - \$18.00/hr	Stats incl: FT, PT & OC; services Rec & Beaches
Comm Svcs	Ski	CSC	CSC Guest Services	*Multi	Seasonal	\$12.00 - \$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	CSC	CSC Rental Technician	*Multi	Seasonal	\$12.50 - \$14.25/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	CSC	Jr. CSC Instructor	*Multi	Seasonal	\$10.50/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Mktg	Receptionist/Snow Reporter	*Multi	Seasonal	\$15.00 - \$18.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Base Ops	Parking Attendant	*Multi	Seasonal	\$10.50 - \$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Base Ops	Shuttle/Tram Driver	*Multi	Seasonal	\$15.00-\$19.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Base Ops	Tram Driver	*Multi	Seasonal	\$14.00-\$15.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Base Ops	Maintenance Property Ops	*Multi	Seasonal	\$14.00-\$15.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Rentals	Rental Technician	*Multi	Seasonal	\$13.00 - \$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Rentals	Rental Attendant	*Multi	Seasonal	\$10.50 - \$13.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Rentals	Rental Technician	*Multi	Seasonal	\$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Patrol	Dispatcher	*Multi	Seasonal	\$14.00-\$14.50/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Patrol	Ski Patroller	*Multi	Seasonal	\$14.00 - \$16.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	SRC	Ski/Snowboard Instructor	*Multi	Seasonal	\$13.00-\$19.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Revenue	Lead Cashier	*Multi	Seasonal	\$14.00-\$15.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Revenue	Cashier	*Multi	Seasonal	\$13.00-\$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Ski	Revenue	Mountain Host	*Multi	Seasonal	\$13.00-\$14.00/hr	Status includes: S-FT & S-PT
Comm Svcs	Rec	Rec	Sr Fitness Instructor	LPT	YR	\$25.00 - \$35.00/hr	
Comm Svcs	Rec	Rec	Sr. Aquacise Instructor	LPT	YR	\$32.00/hr	
Comm Svcs	Chateau	Banquets	Banquet Bartender	OC	YR	\$10.00 / hr	
Comm Svcs	Chateau	Banquets	Banquet Captain	OC	YR	\$10.00 / hr	
Comm Svcs	Chateau	Facilities	Facilities Operations Assistant	OC	YR	\$15.00 - \$16.00 / hr	
Comm Svcs	Facilities	F&B	Banquet Bar Captain	OC	YR	\$10.00 / hr	
Comm Svcs	Facilities	F&B	Banquet Server	OC	YR	\$10.00 / hr	
Comm Svcs	Facilities	F&B	Banquet Cook	OC	YR	\$10.25 - \$17.00/hr	
Comm Svcs	Facilities	F&B	Banquet Dishwasher	OC	YR	\$12.00 - \$14.00/hr	
Comm Svcs	*Multi	*Multi	Hyatt Shop Staff	PT	Seasonal	\$12.00 - \$14.00/hr	Position serves Golf & Ski
Comm Svcs	*Multi	*Multi	Lead Hyatt Shop Staff	PT	Seasonal	\$12.00 - \$16.00/hr	Position serves Golf & Ski
Comm Svcs	Facilities	Chateau	Chateau Receptionist Clerk	PT	YR	\$14.00 - \$16.00/hr	
Comm Svcs	Parks	Parks	Parks Admin Assistant	PT	YR	\$12.00-\$18.00/hr	
Comm Svcs	Rec	Rec	Parks & Recreation Clerk	PT	YR	\$15.00 - \$18.00/hr	
Comm Svcs	*Multi	*Multi	Irrigation Technician	S-FT	Seasonal	\$18.00 - \$20.00/hr	Position serves Parks & Golf

<u>Location</u>	<u>Dept</u>	<u>Division</u>	<u>Position</u>	<u>Status</u>	<u>YR or seasonal</u>	<u>Current Rate (hrly or salary)</u>	<u>Notes</u>
Comm Svcs	*Multi	F&B	Cook	S-FT	Seasonal	\$14.00 - \$19.00/hr	<i>Position serves Ski & Golf</i>
Comm Svcs	*Multi	F&B	Prep Cook	S-FT	Seasonal	\$12.00 - \$18.00/hr	<i>Position serves Ski & Golf</i>
Comm Svcs	*Multi	F&B	On Duty F&B Supervisor	S-FT	Seasonal	\$20.00/hr	<i>Position serves Ski & Golf</i>
Comm Svcs	*Multi	F&B	Bartender	S-FT	Seasonal	\$10.50 - \$14.00/hr	<i>Position serves Ski & Golf</i>
Comm Svcs	DP	Ski	Lead Lift Operator	S-FT	Seasonal	\$10.50/hr	
Comm Svcs	DP	Ski	Lift Maintenance Laborer	S-FT	Seasonal	\$10.50 - \$16.00/hr	
Comm Svcs	DP	Ski	Snowmaker	S-FT	Seasonal	\$15.00-\$17.00/hr	
Comm Svcs	DP	Ski	Snowmaking Crew Leader	S-FT	Seasonal	\$16.00-\$17.00/hr	
Comm Svcs	DP	Ski	Grooming Crew Leader	S-FT	Seasonal	\$16.00-\$19.00/hr	
Comm Svcs	DP	Ski	Senior Groomer	S-FT	Seasonal	\$16.00-\$19.00/hr	
Comm Svcs	Golf	Mtn	Outside Services Supervisor	S-FT	Seasonal	\$11.00 - \$13.00/hr	
Comm Svcs	Golf	Mtn	Merchandise Sales Staff	S-FT	Seasonal	\$11.25 - \$12.00/hr	
Comm Svcs	Golf	Champ	Teaching Professional	S-FT	Seasonal	\$10.50 - \$14.00/hr	
Comm Svcs	Golf	F&B	Dishwasher	S-FT	Seasonal	\$14.00 - \$15.00/hr	
Comm Svcs	Golf	F&B	Server	S-FT	Seasonal	\$10.50 - \$11.00/hr	
Comm Svcs	Golf	*Multi	Outside Services	S-FT	Seasonal	\$10.50 - \$10.75/hr	<i>Position serves Mtn & Champ</i>
Comm Svcs	Golf	*Multi	Golf Shop Staff	S-FT	Seasonal	\$11.00 - \$12.50/hr	<i>Position serves Mtn & Champ</i>
Comm Svcs	Golf	*Multi	Lead Golf Shop Staff	S-FT	Seasonal	\$13.00 - \$16.00/hr	<i>Position serves Mtn & Champ</i>
Comm Svcs	Golf	*Multi	Starter/Ranger	S-FT	Seasonal	\$11.00 - \$12.00/hr	<i>Position serves Mtn & Champ</i>
Comm Svcs	Golf	*Multi	Maintenance Grounds Worker	S-FT	Seasonal	\$13.00 - \$20.00/hr	<i>Position serves Mtn & Champ</i>
Comm Svcs	Parks	Parks	Senior Maintenance - Parks	S-FT	Seasonal	\$15.50/hr	
Comm Svcs	Ski	CSC	CSC Supervisor	S-FT	Seasonal	\$1,440 - \$1,920/pp	
Comm Svcs	Ski	Base Ops	Base Ops Supervisor	S-FT	Seasonal	\$18.00/hr	
Comm Svcs	Ski	Slopes	Mountain Maint. Worker	S-FT	Seasonal	\$15.00-\$18.00/hr	
Comm Svcs	Ski	Rentals	Assist Rental Shop Manager	S-FT	Seasonal	\$1,440 - \$1,920/pp	
Comm Svcs	Ski	Rentals	Lead Rental Technician	S-FT	Seasonal	\$14.50/hr	
Comm Svcs	Ski	Slopes	Groomer	S-FT	Seasonal	\$15.00-\$17.00/hr	
Comm Svcs	Ski	Slopes	Terrain Park Attendant	S-FT	Seasonal	\$15.00-\$17.00/hr	
Comm Svcs	Ski	Slopes	Winch Cat Operator	S-FT	Seasonal	\$17.00-\$18.50/hr	
Comm Svcs	Ski	Revenue	Ticket Office Supervisor	S-FT	Seasonal	\$15.00/hr	
Comm Svcs	Golf		Horticulturist	S-PT	Seasonal	\$16.00/hr	
Comm Svcs	Rec	Beaches	Assistant Beach Host	S-PT	Seasonal	\$10.50/hr	
Comm Svcs	Ski	CSC	CSC Lead Guest Services	S-PT	Seasonal	\$15.00 - \$16.00/hr	
Public Works	*Multi	*Multi	Sign Maker	PT	YR	\$15.00 - \$20.00/hr	<i>Position serves internal svcs</i>
PW	Utility		Wetlands Hunting Coordinator	OC	YR	\$16.00/hr	

RESOLUTION NO. 1480

A RESOLUTION ADOPTING A
PERSONNEL MANAGEMENT POLICY

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

WHEREAS, the Board of Trustees of the Incline Village
General Improvement District desires to establish a framework for
the Board and General Manager to use in addressing personnel
matters within IVGID;

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

The Policy Statement titled "Personnel Management" attached
hereto as Exhibit A, is adopted as Policy and Procedure Resolution
No. 105.

* * * * *

I hereby certify that the foregoing is a full, true and
correct copy of a resolution duly passed and adopted at a regular-
ly held meeting of the Board of Trustees of the Incline Village
General Improvement District on the 29th day of November
1984, by the following vote:


AYES, and in favor thereof, Trustees:

Jane Maxfield, Bob Wolf, Bob Jones, Syd Brosten

NOES, Trustees: None

ABSENT, Trustees: None

ABSTENTION, Trustee: Tom Duggan


Secretary

Resolution Number 1480
Adopted November 29, 1984

Policy Statement
PERSONNEL MANAGEMENT
Incline Village General Improvement District

I. PURPOSE

The Incline Village General Improvement District (IVGID) is committed to maintaining a dedicated and motivated work force, while developing its Staff's technical and professional standards to meeting changing demands for services with the Village. This policy statement establishes a framework which the Board of Trustees and the General Manager will use in addressing personnel matters within IVGID.

II. ROLES

The District operates under a Board-Manager form of government which places the Board of Trustees in the role of establishing overall IVGID policy direction. IVGID Staff is appointed to administer and execute day-to-day operations. The Manager is responsible for supervising these operations and providing general administrative direction.

With regarding to IVGID personnel, it is the Board's responsibility to establish overall guidelines governing IVGID's approach to personnel matters. The Manager's role is to put these guidelines into the day-to-day practice of hiring, firing, motivating, promoting, demoting, compensating, and training individual employees.

III. GENERAL OBJECTIVES

The Board hereby establishes the following general personnel objectives for IVGID.

- Employee Development. IVGID will motivate and train existing employees to become more productive and proficient in their current jobs. Where appropriate, IVGID will encourage employees to develop new skills which might lead to job advancement. Where appropriate, IVGID will cross-train employees to cover temporary vacancies on related jobs.

EXHIBIT A

Resolution Number 1480
Adopted November 29, 1984

Policy Statement
PERSONNEL MANAGEMENT
Incline Village General Improvement District

- Attrition Management. IVGID will evaluate alternatives to filling positions which become vacant, as a means to reduce costs. These alternatives may include changes in work routines, job descriptions, work hours, or scope of services. They may include combining positions or reassigning work or personnel from one department to another.
- Recruitment. When vacancies must be filled from outside the ranks of the existing work force, IVGID will recruit and hire the most qualified candidates for the job, based strictly upon merit. Merit selection implies that anyone may apply, and that candidates are evaluated fairly by the appointing authority, based upon job-related criteria established in advance. In general, local recruitment is sufficient for clerical positions, semiskilled laborer positions, lower level technical positions, and all part-time or temporary positions. A larger recruitment area may be required for more highly skilled positions. Where local and non-local candidate are being considered which have equal or nearly equivalent qualifications, the local candidate will be preferred.
- Performance Standards and Evaluations. IVGID will establish clear standards for employee performance, and encourage employees to maintain these standards through ongoing communication with supervisors, performance evaluations, and where necessary, disciplinary procedures, demotion or termination.
- Longevity. IVGID will ensure the longevity of loyal and hard-working employees which have provided many years of faithful service to the community.
- Management. IVIGD will develop senior department heads as a management team which can work with the General Manager in addressing overall IVGID administrative needs and assist the Board of Trustees in policy development.

EXHIBIT A

Resolution Number 1480
Adopted November 29, 1984

Policy Statement
PERSONNEL MANAGEMENT
Incline Village General Improvement District

- Guidelines. IVGID will develop a uniform set of guidelines to direct the administration of the District's personnel matters.
- Planning. IVGID will develop a strategic approach to personnel administration which will diagnose long-term problems, anticipate future needs, and develop a stable framework for addressing these problems and needs in an orderly fashion.
- Unions. IVGID will maintain a cooperative relationship with collective bargaining units and their representatives, which establishes a clear understanding of the proper roles for both unions and management.

IV. PROCEDURES

The General Manager is accountable to the Board of Trustees for the fair and efficient execution of these guidelines, as well as the overall performance of IVGID. In order to maintain this accountability, the General Manager must be given the authority to administer personnel matters without direct Trustee intervention or influence.

The following procedures shall govern the personnel practices of IVGID:

- The General Manager shall maintain direct, day-to-day supervision over all District employees, with the exception of the Attorney. Supervision includes the power to hire, fire, motivate, discipline, evaluate, promote, demote, transfer, and train employees, subject to established personnel guidelines, union contracts, Board policy, and generally accepted personnel practices.
- The General Manager will keep the Trustees informed about the status of all major personnel actions relating to department head positions. Department head appointments and terminations shall be discussed with the Trustees in advance. Information on personnel actions relating to non-department head positions will be provided on an as-requested basis.

EXHIBIT A

Resolution Number 1480
Adopted November 29, 1984

Policy Statement
PERSONNEL MANAGEMENT
Incline Village General Improvement District

- Trustees are encouraged to express their opinion and/or concerns on any personnel matter to the General Manager in private. Trustees, individually or as a body, will refrain from directly intervening in or publicly influencing any personnel matter within the jurisdiction of the General Manager.
- Trustees will exercise their authority to direct Staff, collectively, through the General Manager, at Board meetings. Individual Trustees shall refrain from directing or attempting to directly supervise Staff. This policy statement is not intended to prevent individual Trustees from occasionally making suggestions to supervisor Staff, when such suggestions do not imply supervisory direction.
- All union matters, other than overall negotiation strategy, will be handled by the General Manager. The Board will maintain responsibility for establishing overall negotiation strategy and approving final union contracts.
- The General Manager shall be responsible for coordinating the work of the Attorney with the activities of IVGID Staff, and the Board of Trustees.
- The General Manager shall recommend, and the Board of Trustees shall establish, salary ranges for all non-contract, full-time permanent employment classifications. Salary ranges shall be based upon objective criteria not specific to individual employees, relating to union contracts, market conditions, cost of living, budgetary guidelines, legal considerations, and job descriptions.
- The General Manager shall set a specific salary for each employee within the salary range established by the Board of Trustees. Specific salaries shall be based upon employee-specific information, including qualifications, experience, longevity, and performance evaluations.

EXHIBIT A

Resolution Number 1480
Adopted November 29, 1984

Policy Statement
PERSONNEL MANAGEMENT
Incline Village General Improvement District

- The Board of Trustees shall exercise its exclusive power to create full-time permanent employment positions, considering the recommendations, if any, of the General Manager. The General Manager shall establish, and as deemed necessary, amend detailed job descriptions for positions of employment. The General Manager may create temporary, seasonal and part-time positions of employment, and the wages and terms of employment thereof, subject to general personnel and budgetary guidelines, Board policies, and union contracts.
- The General Manager shall have the authority to establish and revise chains of command, reporting relationships among personnel, organization charts, and other structural matters pertaining to the organization of the District, provided that the Board of Trustees shall exercise the exclusive power to create or abolish operating departments of the District. The Board's power shall be exercised by resolution.
- The General Manager may eliminate positions, combine positions, lay off personnel, or reduce work hours, as deemed necessary to maintain a balanced budget, improve efficiency, or accomplish other administrative objectives, subject to general personnel guidelines, union contracts, legal considerations, or Board policy. Where such actions pertain to full-time permanent personnel, the General Manager shall notify the Board of Trustees of the actions in advance, and the Board may, by majority vote, override such proposals.

EXHIBIT A

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winquest
District General Manager

FROM: Brad Underwood, P.E.
Director of Public Works

SUBJECT: Review, discuss, and possibly authorize a Professional Services Agreement for the Sewer Pump Station No.1 Improvements Project – 2599DI1703 – Fund: Utility; Division: Sewer; Vendor: Jacobs Engineering, Inc., in the amount of \$49,660 for the Sewage Pump Station No.1 Electrical Improvements Bid Documents Revisions and Bid Phase Services.

DATE: July 13, 2021

I. RECOMMENDATION

That the Board of Trustees moves to:

1. Review, Discuss, and Possibly Authorize a Professional Services Agreement for the Sewer Pump Station No.1 Improvements Project which is a design contract amendment for the Board-approved CIP 2599DI1703 – Fund: Utility; Division: Sewer; Vendor: Jacobs Engineering, Inc., in the amount of \$49,660 for the Sewage Pump Station No.1 Electrical Improvements Bid Documents Revisions and Bid Phase Services.
2. Authorize Staff to execute the contract documents.
3. Authorize Staff to execute additional service requests up to approximately 10% of the original contract (\$5,000.00).
4. Authorize carry-over of FY2020-21 capital project budget appropriations (\$54,660) for this purpose.

II. BACKGROUND

In March of 2018, IVGID entered into a professional services agreement with Jacobs Engineering (Task Order No. 21 – PO# 18-0238) to prepare engineering drawings, specifications, and construction documents for the modernization of Sewer Pump Station #1. The electrical equipment has reached the end of its useful life and needs to be upgraded. The proposed project upgrade includes removing and replacing pump adjustable frequency drives, programmable logic controller and the SCADA system. Structural and mechanical improvements are also required for implementing the electrical improvements and updating to code compliance.

In 2019, IVGID solicited and received bids for the Sewage Pump Station No. 1 Electrical Improvements project. The Board elected not to award the project as the low bid exceeded the amount budgeted for the construction project.

Public Works Staff has requested that Jacobs provide engineering services to revise and repackage bid documents with a solution better representing current and anticipated system needs in preparation for bid advertisement and provide bid phase services (see Short Form Agreement - Attachment A).

The scope of work includes evaluating historical pump data to determine the allowable pump motor downsizing and associated electrical and motor control center modifications, replacement of pump impellers and seals. Jacobs will revise drawings and specifications as required, provide an updated construction cost estimate, and prepare the bidding documents, with bid alternates if necessary.

III. BID RESULTS

This item is not subject to competitive bidding within the meaning of Nevada Revised Statute (NRS) 332.115 as described in subsection (b) Professional Services.

Additionally, per NRS 625.530, selection of a professional engineer or registered architect to perform work on public works projects (where the complete project costs exceed \$35,000) is to be made solely on the basis of the competence and qualifications of the engineer or architect and not on the basis of competitive fees.

Review, discuss, and possibly authorize a Professional Services Agreement for the Sewer Pump Station No.1 Improvements Project– 2599DI1703 – Fund: Utility; Division: Sewer; Vendor: Jacobs Engineering, Inc. in the amount of \$49,660 for the Sewage Pump Station No.1 Electrical Improvements Bid Documents Revisions and Bid Phase Services.

-3-

July 13, 2021

Jacobs previously completed the design and contract documents for this project. This agreement is to modify the project scope of work to be in alignment with the project budget.

IV. FINANCIAL IMPACT AND BUDGET

Funding for the professional engineering services in the amount of \$49,660 for the Sewage Pump Station No. 1 Electrical Improvements Bid Documents Revisions and Bid Phase Services will be funded from the 2021/2022 CIP carry-over budget Project #2599DI1703 (see attached data sheet – Attachment B).

Engineering Staff time will also be billed to the project to manage the design and bidding phase of the project.

V. ALTERNATIVES

Not proceed with the project understanding the risk of continued operation of a sewage pump station where the electrical infrastructure has outlived its useful life.

Re-bid the original project, without modifying the project design, understanding that construction, labor, and material costs have increased since 2019.

VI. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

Attachments:

A – Short Form Agreement (Jacob's Proposal)

B – CIP Data Sheet(s)

Incline Village General Improvement District Sewage Pump Station No. 1 Electrical Improvements: Bid Document Revisions and Bid Phase Services

This Exhibit is to the Agreement, between Jacobs Engineering Group, Inc. (Consultant), and Incline Village General Improvement District (District), for engineering and consulting services related to the SCADA software evaluation for Sewage Pump Station No. 1 Electrical Improvements Bid Document revisions and bid phase services.. The official name for the project will be the Sewage Pump Station No. 1 Electrical Improvements Bid Document Revisions, hereinafter referred to as the "Project".

Background and Project Need

In 2019, IVGID advertised for bid Sewage Pump Station No. 1 Electrical Improvements bid documents where existing end-of-life pump motor variable frequency drives (VFDs) were to be replaced with new VFDs. IVGID elected to not award the bid as the estimated amount would exceed available budget. IVGID has requested that ENGINEER provide engineering services to revise and repackage bid documents with a solution better representing current and anticipated system needs in preparation for bid advertisement and provide bid phase services.

Scope of Professional Services

ENGINEER will provide the following engineering services:

- Facilitate a kickoff meeting at IVGID to confirm proposed design changes, discuss potential bid alternates, and participate in site walkthrough to collect additional information.
- Review pump data provided by IVGID to determine allowable pump motor downsizing and document in revised preliminary design memorandum.
- Revise drawings and specifications as required for replacement of pump impellers, pump seals, and appurtenances.
- Electrical and motor control center (MCC) design for modified improvements at SPS 1.
- Perform electrical engineering revisions to drawings associated with the site plan and provisions for backup power connections.
- Incorporate applicable addenda items from the 2019 bid.
- Update construction cost estimating from existing bid documents.
- Revise and update the specifications.

Deliverables

Deliverable include the following:

- Revised Preliminary Design Memorandum

- 95% Construction drawings, technical specifications, and construction cost estimate
- One complete digital set of Final Bid Documents comprising drawings and specifications in PDF format.
- Responses to prospective bidder questions
- Addendums as needed during the bid phase

Assumptions

The following assumptions were made to develop the scope of engineering services and estimated fee for this Project:

- One-day site visit for kickoff meeting to confirm design changes and collect supplemental measurements.
- Minor revisions will be required to the mechanical plans and sections, one-line diagram, MCC lineup and elevations, and panel schedule.
- Provide one set of bid documents and does not include owner-furnished equipment or other separate packages.

Compensation

Compensation by OWNER to ENGINEER will be as follows:

Cost Reimbursable Per Diem (Time and Expense)

For services defined in this Task Order, at the Per Diem Rates referenced below, plus Direct Expenses, plus a service charge of 10 percent of Direct Expenses and 10 percent of subcontracts and outside services, plus applicable sales, use, value added, business transfer, gross receipts, or other similar taxes.

Budget

A time and materials budgetary amount of \$49,660, excluding taxes, is hereby established for services in this Agreement. ENGINEER will make reasonable efforts to complete the work within the noted budgets and will keep OWNER informed of progress toward that end so that the budgets or work effort can be adjusted if found necessary. ENGINEER will give prompt notice to OWNER whenever ENGINEER observes or becomes aware of any significant development that affects the scope or timing of ENGINEER's services.

ENGINEER is not obligated to incur costs beyond the indicated budgets, as may be adjusted, and OWNER is not obligated to pay ENGINEER beyond these limits.

When any budget has been increased, ENGINEER's excess costs expended prior to such increase will be allowable to the same extent as if such costs had been incurred after the approved increase.

Per Diem Rates

Per Diem Rates are those hourly rates charged for work performed on the Project by ENGINEER's employees of the indicated classifications. These rates are subject to revision for other projects and annual calendar year adjustments; include all allowances for salary,

overheads, and fees; but do not include allowances for Direct Expenses, subcontracts, and outside services.

Direct Expenses

Direct Expenses are those necessary costs and charges incurred for the Project including, but not limited to: (1) the direct costs of transportation, meals and lodging, mail, and supplies; (2) ENGINEER's current standard rate charges for reproduction services; and (3) ENGINEER's standard project charges for special health and safety requirements of OSHA.

Renegotiation of Compensation

The estimate is based on the assumptions listed in this Task Order and timely completion of the Project. If the Project progresses under different conditions than the assumptions listed in this Attachment or if project timing deviates from the assumed schedule for causes beyond ENGINEER's control, ENGINEER reserves the right to request renegotiation of those portions of the fee affected by the time change.

Invoicing

Amount invoiced each month will be based on time and expenses expended to date. Invoices shall be accompanied by a listing of charges that make up the invoice total, including employee names, billing rates, and hours of project staff, plus direct expenses.

Schedule

The period of performance for this task order shall be through December 31, 2021. Anticipated milestones are presented below:

- Authorization/NTP: May 1, 2021
- Bid Documents Transmitted to IVGID: Two months after NTP

It is agreed that the ENGINEER cannot be responsible for delays occasioned by factors beyond ENGINEER's control, or factors which would not reasonably have been foreseen at the time this Task Order was executed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend to be legally bound thereby.

OWNER:

ENGINEER:

**INCLINE VILLAGE GENERAL
IMPROVEMENT DISTRICT**

JACOBS ENGINEERING GROUP, INC.

Agreed to:

Agreed to:

By:

By:

Date: _____, 2021

John Schoonover
Designated Manager

Date: _____, 2021

Address for Giving Notice:

Address for Giving Notice:

**INCLINE VILLAGE G.I.D.
893 Southwood Boulevard
Incline Village, Nevada 89451**

**JACOBS ENGINEERING GROUP, INC.
50 West Liberty Street, Suite 205
Reno NV 89501**



Project Summary

Project Number:	2599DI1703
Title:	Sewer Pump Station #1 Improvements
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2018
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description			
<p>The District owns 18 sewer pumping stations in Incline Village and Crystal Bay. Sewer Pump Station #1 collects and transports 50% of the raw sewage and transports it to the WRRF on Sweetwater Road. If something were to happen to Sewer Pump Station #8 there is a direct bypass that would send all of the raw sewage to Sewer Pump Station #1, thus accounting for 75% of the raw sewage in the District. Constructed in the early 1970s this station has provided reliable service. The station contains the mechanical and electrical equipment to pump sewage to the WRRF. The equipment in the station to be replaced as a part of this project are the variable frequency drives and motor control centers for the three pump sets plus instrumentation and controls. This will enhance the condition and reliability of our aging infrastructure to collect and pump sewage to the WRRF and to protect the environment.</p>			
Project Internal Staff			
Staff involvement is the coordination and contracting of the removal, procurement, and replacement of equipment with rebuilt or new equipment.			
Project Justification			
<p>This project funds the replacement of the equipment listed above at sewer pumping station #1. The age of the equipment, the number of hours of operation and other equipment analyses dictate replacement or rehabilitation of the equipment to maintain this reliability to provide continuous service. The project was bid in the summer/fall 2019 and one bid was received that was substantially above budget. All bids were rejected. The design team will make some modifications to the design for simplification and rebid the project in summer 2020. The construction estimate is based on the received bid. There will be carry forward funds from 2019-20 CIP.</p>			
Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2018			
Construction	155,000	0	155,000
Year Total	155,000	0	155,000
	155,000	0	155,000
Year Identified	Start Date	Est. Completion Date	Manager
2017	Jul 1, 2020	Jun 30, 2021	Principal Engineer
			Project Partner



Project Summary

Project Number:	2599DI1703
Title:	Sewer Pump Station #1 Improvements
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2019
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description			
<p>The District owns 18 sewer pumping stations in Incline Village and Crystal Bay. Sewer Pump Station #1 collects and transports 50% of the raw sewage and transports it to the WRRF on Sweetwater Road. If something were to happen to Sewer Pump Station #8 there is a direct bypass that would send all of the raw sewage to Sewer Pump Station #1, thus accounting for 75% of the raw sewage in the District. Constructed in the early 1970s this station has provided reliable service. The station contains the mechanical and electrical equipment to pump sewage to the WRRF. The equipment in the station to be replaced as a part of this project are the variable frequency drives and motor control centers for the three pump sets plus instrumentation and controls. This will enhance the condition and reliability of our aging infrastructure to collect and pump sewage to the WRRF and to protect the environment.</p>			
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Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2019			
Construction	100,000	0	100,000
Year Total	100,000	0	100,000
	100,000	0	100,000
Year Identified	Start Date	Est. Completion Date	Manager
2017	Jul 1, 2020	Jun 30, 2021	Principal Engineer
			Project Partner



Project Summary

Project Number:	2599DI1703
Title:	Sewer Pump Station #1 Improvements
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2020
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description			
<p>The District owns 18 sewer pumping stations in Incline Village and Crystal Bay. Sewer Pump Station #1 collects and transports 50% of the raw sewage and transports it to the WRRF on Sweetwater Road. If something were to happen to Sewer Pump Station #8 there is a direct bypass that would send all of the raw sewage to Sewer Pump Station #1, thus accounting for 75% of the raw sewage in the District. Constructed in the early 1970s this station has provided reliable service. The station contains the mechanical and electrical equipment to pump sewage to the WRRF. The equipment in the station to be replaced as a part of this project are the variable frequency drives and motor control centers for the three pump sets plus instrumentation and controls. This will enhance the condition and reliability of our aging infrastructure to collect and pump sewage to the WRRF and to protect the environment.</p>			
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Forecast			
Budget Year	Total Expense	Total Revenue	Difference
2020			
Construction	250,000	0	250,000
Year Total	250,000	0	250,000
	250,000	0	250,000
Year Identified	Start Date	Est. Completion Date	Manager
2017	Jul 1, 2020	Jun 30, 2021	Principal Engineer
			Project Partner



Project Summary

Project Number:	2599DI1703
Title:	Sewer Pump Station #1 Improvements
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2021
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description				
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Forecast				
Budget Year	Total Expense	Total Revenue	Difference	
2021				
Construction	550,000	0	550,000	
Construction Phase Management and Engineering 10%	50,000	0	50,000	
Construction Reserve Fund 10%	50,000	0	50,000	
Year Total	650,000	0	650,000	
	650,000	0	650,000	
Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2017	Jul 1, 2020	Jun 30, 2021	Principal Engineer	



Project Summary

Project Number:	2599DI1703
Title:	Sewer Pump Station #1 Improvements
Project Type:	D - Capital Improvement - Existing Facilities
Division:	99 - General Administration - Sewer
Budget Year:	2022
Finance Option:	
Asset Type:	SS - Sewer System
Active:	Yes

Project Description				
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Year Identified	Start Date	Est. Completion Date	Manager	Project Partner
2017	Jul 1, 2020	Jun 30, 2021	Principal Engineer	

Project Actual vs Budget - 5 Year History

Budget Year 2022 by GL Account

Project Number: 2599DI1703

Title: Sewer Pump Station #1 Improvements

Description: The District owns 18 sewer pumping stations in Incline Village and Crystal Bay. Sewer Pump Station #1 collects and transports 50% of the raw sewage and transports it to the WRRF on Sweetwater Road. If something were to happen to Sewer Pump Station #8 there is a direct bypass that would send all of the raw sewage to Sewer Pump Station #1, thus accounting for 75% of the raw sewage in the District. Constructed in the early 1970s this station has provided reliable service. The station contains the mechanical and electrical equipment to pump sewage to the WRRF. The equipment in the station to be replaced as a part of this project are the variable frequency drives and motor control centers for the three pump sets plus instrumentation and controls. This will enhance the condition and reliability of our aging infrastructure to collect and pump sewage to the WRRF and to protect the environment.

	2018		2019		2020		2021		2022	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Expense										
Capital Expenditure										
8120 - Capital Improvements	155,000	0	100,000	0	250,000	0	650,000	0	0	0
Total Capital Expenditure	155,000	0	100,000	0	250,000	0	650,000	0	0	0
Total Expense	155,000	0	100,000	0	250,000	0	650,000	0	0	0

MEMORANDUM

TO: Board of Trustees

THROUGH: Indra Winqest
District General Manager

FROM: Michael Gove
Director of Information Technology

SUBJECT: Review, discuss, and possibly authorize Staff to execute SHI Quote #20696904 for the one time purchase of a Microsoft Windows Server Data Center License in the amount of \$56,546.64 to be expensed in approved FY21/22 budget

DATE: July 13, 2021

I. RECOMMENDATION

That the Board of Trustees make a motion to authorize Staff to execute the included quote for \$56,546.64 to SHI for the purchase of a Microsoft Windows Server Data Center License.

II. BACKGROUND

The District's Information Technology Department is responsible for operating, installing, configuring, and maintaining all of the district's digital assets as well as supporting the technical needs of the District's Staff 7 days a week, 24 hours a day. The Department operates 71 virtual servers across two datacenters. These 71 virtual servers operate various digital services for the District ranging from Point of Sale software to email. Out of the 71 virtual servers, 55 of them operate on a Microsoft Windows Operating System.

In January of 2020, Microsoft ended support for its Windows Server 2008 operating system. In addition, in August of 2020, the Board of Trustees approved the purchase of Microsoft Windows Server Data Center license for the 1st of the District's two Data Centers. This purchase would allow the purchase of the 2nd license needed for the parity Data Center. This purchase was also discussed, with the Board of Trustees, during the presentation made in August of 2020.

There are currently two license models that are offered by Microsoft: Standard and Data Center. Under the Data Center licensing model - the District would purchase a single license to cover the amount of processing cores available to each virtual

server; each datacenter has 108 cores available for its associated virtual servers. Whereas with the Standard License, Staff would need to purchase an individual license for each Virtual Server's available cores, in our case 108 regardless of whether it is configured to use them or not. Standard is tailored more towards smaller virtual environments or in cases where physical servers are being used.

District Staff weighed the costs of the two models in the previous memorandum and determined that the Data Center License model is significantly less expensive, allows parity between the datacenters, and consolidates support efforts allowing one operating system version across all virtual servers.

This purchase is outside of the General Manager's spending authority as such Staff are requesting the Board of Trustees provide their approval.

III. FINANCIAL IMPACT AND BUDGET

This purchase is budgeted in the approved FY21/22 budget.

IV. ALTERNATIVES

Not authorize Staff to make this purchase allowing the Server hardware to become further out of support potentially leading to extended down time due to billable support related to Operating System bugs or exploits.



Pricing Proposal
Quotation #: 20696904
Created On: 7/2/2021
Valid Until: 7/30/2021

Incline Village General Improvement District

Victor Gutierrez
893 Southwood Blvd
Incline Village, NV 89451
United States
Phone: 775 832 1185
Fax:
Email: victor@ivgid.org

Inside Account Executive

Lauren Budzinski
290 Davidson Ave.
Somerset, NJ, 08873
Phone: 732-652-0813
Fax: 732-652-3099
Email: Lauren_Budzinski@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 WinSvrDCCore 2019 SNGL MVL 2Lic CoreLic Microsoft - Part#: 9EA-01073	108	\$523.58	\$56,546.64
		Total	\$56,546.64

Additional Comments

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

The Products offered under this proposal are resold in accordance with the [SHI Online Customer Resale Terms and Conditions](#), unless a separate resale agreement exists between SHI and the Customer.