

**MEMORANDUM**

**TO:** Board of Trustees

**THROUGH:** Bobby Magee, District General Manager

**FROM:** Kate Nelson, Interim Public Works Director, Jim Youngblood, Utilities Superintendent

**SUBJECT:** Review, Discuss and Possibly Approve the Augmentation and the Appropriation of FY 2023/24 Operating Budget 20002224-7510 in the Amount of \$300,000 from the Utilities Reserve Fund to Cover Costs of Water Main Repairs; **and**, Defunding \$400,000 from the FY 2023/24 CIP #2299DI1702 - Water Pump Sta. 2-1 Improvements, Account Number - 20002299-8120 and Reappropriating \$400,000 to CIP #2299DI2603 - Residential Meter and Electronics Replacement, Account Number - 20002299-7510. to Fund the Procurement of Additional Water Meter Registers and Transponders. (Requesting Staff Member: Interim Director of Public Works Kate Nelson)

**RELATED STRATEGIC PLAN BUDGET INITIATIVE(S):**

**LONG RANGE PRINCIPLE #3 - Finance**

The District will ensure fiscal responsibility and sustainability of service capacities through prudent fiscal management and maintaining effective financial policies for operating budgets, fund balances, capital improvement and debt management.

**LONG RANGE PRINCIPLE #5 – ASSETS AND INFRASTRUCTURE**

The District will practice perpetual asset renewal, replacement and improvement to provide safe and superior long term utility services and recreation venues, facilities, and services.

**RELATED DISTRICT POLICIES, PRACTICES, RESOLUTIONS OR ORDINANCES**

Purchasing Policy for Goods and Services 21.1.0.

**DATE:** March 13, 2024

## **I. RECOMMENDATION**

That the Board of Trustees makes a motion to:

1. Augment and appropriate the FY 2023/24 operating budget 20002224-7510 in the amount of \$300,000 from the utilities reserve fund; and,
2. Defund \$400,000 from the FY 2023/24 CIP #2299DI1702 - Water Pump Sta. 2-1 Improvements, Account Number - 20002299-8120 and reappropriate \$400,000 to CIP #2299DI2603 - Residential Meter and Electronics Replacement, Account Number - 20002299-7510.

## **II. BACKGROUND**

The annual FY 2023/24 operating budget, Utilities Water Transmission Repairs and Maintenance 20002224-7510, appropriated \$190,000. Currently, this FY there have been five water main leaks that have caused substantial damage to either the Washoe County roadways or Nevada State Route 28. During fall 2023, within Nevada State Route 28 right-of-way, a water main leak was repaired by Q & D Construction, which was working on NDOT's SR 28 Reconstruction project and already in the process of paving that section of the highway. The cost of this repair was \$40,175.55. Currently, there is a leaking waterline valve adjacent to the Christmas Tree Village shopping center that will need to be repaired as well. Public Works staff is currently soliciting bids for this work to occur in March 2023 and the reinstatement of the roadway surface will be completed once the asphalt plants start back up for the construction season. The cost of the repair and roadway surface reinstatement is unknown at this time.

There were four other water main leaks within Washoe County roadways. To date, IVGID has paid a total of \$90,437.00 in road cut permit fees for three of the leaks that caused damage to the Washoe County roads. On February 29, 2024, a large water leak in the vicinity of 834 Tyner occurred and damaged a substantial portion of Tyner Way. IVGID will receive a road cut permit fee from Washoe County once the road reconstruction is completed. Each year, Public Works budgets for these types of expenses, but it is unknown what the impact of these repairs will be. These expenditures along with other operating purchases have resulted in insufficient funding in this account. Public Works is requesting a total of \$300,000 be moved from the Utility Reserve Fund and appropriated to Account #20002224-7510.

In the approved FY 2023/24 CIP budget (BOT Meeting May 25, 2023 Item G.7 and G.9), CIP #2299DI1702 Water Pump Station 2-1 Improvements has an amount of \$400,000 appropriated. This project has not been a top priority for the Engineering team to move forward because of changes in staffing levels as well as the pending Utility Masterplan report being completed in FY 2023/24. Based on the findings of the Utility Masterplan, this work may or may not be re-budgeted within the next 5 year CIP.

The approved CIP Expense Budget #2299DI2603, Residential Meter and

Electronics Replacement (Board of Trustees Meeting 5/25/2023, Item G.7 & G.9) appropriated \$150,000. Within that 5 year CIP plan, the project is a multi-year project with an estimated \$250,000 to be allocated in FY 2025, 2026, 2027, and 2028. This project is to replace residential meter registers and transponders that have reached the end of the batteries useful life, which is 10 years. These units are used on a monthly basis to capture the water use reads from the water meters, which are then downloaded into the billing system for billing purposes.

Currently, the District's equipment is experiencing a die off rate of approximately between 70 and 100 units each month. When these units die they no longer transmit, and the meters must be manually read, and manually input into the system. These items have a long lead time and for that reason, Public Works Staff is requesting that the unused funds from the FY 2023/24 CIP #2299D11702 - Water Pump Sta. 2-1 Improvements project be reappropriated to CIP #2299D12603 - Residential Meter and Electronics Replacement project. This will allow staff to purchase enough meter registers and transponders to keep up with the amount of meter registers and transponders that are dying each month.

### **III. BID RESULTS**

All work associated with the waterline leak repairs were completed under Board Policy 21.1.0 Purchasing Policy for Goods and Services; Section 3.1 Exceptions to Competitive Solicitation Requirement A. Emergency contracts required to mitigate or prevent the imminent loss of life or property, or the imminent disruption of business operations.

The material purchase for Badger Meter Mobile AMR Meters and Endpoints that are compatible with the District's existing water meter reading system. Staff brought forward a purchase of 600 residential units at the Board of Trustee's August 30, 2023 (Item G.8) meeting where the Trustees found the purchase to be exempt from competitive bidding for the following reasons: Nevada Revised Statute (NRS) 332.115.1.(d), (i), and (j).

### **IV. FINANCIAL IMPACT AND BUDGET**

The number and severity of waterline leaks during the first 7 months of FY 2023/24 has exhausted the appropriated amount of \$190,000 within operating budget 20002224-7510. The FY is not over and in order to cover additional repairs to water transmission mains, PW Staff is requesting that a total of \$300,000 from the Utility Reserve Fund augment the FY 2023/24 operating budget 20002224-7510.

Staff is requesting that FY 2023/24 CIP #2299D11702 - Water Pump Sta. 2-1 Improvements, Account Number - 20002299-8120 be defended in the amount of \$400,000 and that same amount be reappropriated to CIP #2299D12603 - Residential Meter and Electronics Replacement, Account Number - 20002299-7510 in order to provide the ability to purchase additional meter registers and transponders to keep up with the number of replacements required each month.

### **V. ALTERNATIVES**

The Board of Trustees not approve the defunding of FY 2023/24 CIP #2299DI1702 - Water Pump Sta. 2-1 Improvements, Account Number - 20002299-8120 and reappropriation \$400,000 to CIP #2299DI2603 - Residential Meter and Electronics Replacement, Account Number - 20002299-7510. This would adversely impact the efficiency of meter reading and utility billing.

**VI. COMMENTS**

**VII. BUSINESS IMPACT/BENEFIT**

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

**VIII. ATTACHMENTS**

None

**IX. DECISION POINTS NEEDED FROM THE BOARD OF TRUSTEES**