

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, OCTOBER 20, 2020**

CALL TO ORDER - The meeting was called to order at the Kingsbury General Improvement District office located at 255 Kingsbury Grade, Stateline, Nevada at 4:02 p.m. by Jodie Nelson.

PLEDGE OF ALLEGIANCE

ROLL CALL – Present at the office were Trustees Nelson and Parks. In attendance via Zoom were Trustees Schorr, Vogt and Yanish. Also present at the office were General Manager Cameron McKay, Operations Superintendent Brandon Garden, KGID employees Judy Brewer and Brandy Johns. Public attending via Zoom included General Counsel Chuck Zumpft, Matt Van Dyne of Farr West, Charles Hancock, Wesley Harper and Daniel Corona of Nevada League of Cities & Municipalities, Tim Russell, David King and Donna Zanetti of Ponderosa Park HOA.

PUBLIC COMMENT – There was none.

APPROVAL OF AGENDA – There was no discussion or public comment.

M-10/20/2020-1 - Motion by Parks, seconded by Vogt, and unanimously passed to approve the Agenda.

APPROVAL OF MINUTES – Hancock questioned the location of the discussion regarding McKay’s contract in the minutes. Hancock referenced his email to the board dated September 20, 2020 and the requirements for this discussion to be included in the open meeting law. Amy offered and McKay offered to review this item. The minutes were tabled, and no action was taken.

NO ACTION TOOK PLACE ON THE FOLLOWING ITEMS:

ENGINEER’S REPORT – Schorr questioned the cost associated with new gutters at the bottom of the Andria project and why this isn’t the responsibility of the contractor rather than a new contract. Van Dyne explained that the general design approach to the road project was to salvage and save the existing gutter unless it had severely deteriorated. If the area of existing curb and gutter were determined to be in relatively existing condition, and not included in the removal and construction or correction of the curb and gutter and would not be impeded by construction activity. Discussion with Garden for the next design is to flow with curbs and gutters to identify any drainage or flow contamination issues. This would have identified any problem areas in Andria. This was not undertaken or reviewed in the past because of the general approach to design. Garden has been working with staff on flows for next year’s project and disclosed there is a location on the curb and gutter for Sunflower/Griffin project and we are identifying these items as we move forward.

Nelson questioned the drainage problem and questioned why it was not included. Van Dyne explained that the sub-surface drainage heating and lifting the road was an issue causing drainage and asphalt impact which was included in design. There have not been other existing drainage problems in curbs and gutters. This problem was not identified until there was a substantial flow going down the curb and gutter. As the paving was completed, checks and core samples were prepared, and the drainage issue was identified in the roadway around the corner. This area was milled out two weeks ago that indicated there isn’t adequate drainage to get the water off the roadway, which has been corrected. There was a thickness issue of the asphalt requiring a correction in the project from the contractor. The bottom drainage was the subsurface drainage and noted that the existing curb and gutter cannot handle the higher volume of flows.

Nelson noted that there have been drainage problems at the bottom of this road for years. Van Dyne explained that the subsurface water was an issue known and included in the design. The curb and gutter issues were not known. Garden confirmed he was not aware of curb and gutter issues at this area. He explained that the area where the water was entering the road was thought to be a result of the loss of the crown in the road resulting in

water staying in the roadway and not being pushed into the curb and gutters. In response to her question regarding the bottom of Aspen, Garden explained this should have been addressed in the re-crowning of asphalt. Nelson noted this wasn't corrected in August. Garden explained it was corrected with the repave as there was a huge height difference in the subgrade to the curb, gutters, and drains.

Nelson questioned how this can be fixed prior to engineering. Garden explained that they are now testing the flows for curb and gutters along with the roadway by hooking up to a fire hydrant and diffuser to follow the path of water and determine if the curb and gutter can handle the flow.

Parks confirmed that this should have been performed prior to starting the projects. Garden explained that this is now being corrected as previously intact curbs and gutters were not replaced. McKay explained that the design started over two years ago and design was different and didn't include potholing and flows. Garden explained that ground water was a major problem along with aspects of the curb and gutter. Parks questioned the additional cost and Garden explained that it is performed in house as part of daily operations and they are not paying a sub-contractor or engineer to perform the flow tests. McKay explained that the additional fee on the agenda is to replace the curb and gutter. Nelson noted the concern with paying for the replacement after the fact as opposed to including it as part of the project.

Nelson questioned the rejected work from Aspen and the additional costs of engineering and inspections. Van Dyne explained that any defective work identified by any party associated, including testing, inspection, administration, is reimbursable. Final change orders to correct quantities will identify any deduction of costs for corrective work. Nelson confirmed it will be deducted from final pay. They are aware and project manager acknowledged and expected the adjustment. Van Dyne explained that the separate task is currently at approximately \$10K for work associated with it.

Nelson noted the Task order Sunflower was approved and requested update. Van Dyne explained that it is included in his report as the 2021 waterline and road improvement project which includes Sunflower, Eugene, and Tina. He explained that Brandon and crew located the water, Summit Plumbing did the plumbing, and they have geotechnical investigations identified and modifications. The geotechnical report was submitted to Farr West and the survey is complete. They are already two weeks into design, moving along and hoping for review soon and bids in 2021. Nelson questioned if both the top and bottom of Sunflower have been tested for water drainage. Van Dyne indicated that Garden is flow testing to locate problematic areas. The redesign will review roadway design and corrections of drainage in addition to supplementing information from Garden for additional improvement.

Schorr questioned the sealing construction with Sierra Nevada Construction and confirmed MicroPaver was utilized. Van Dyne explained that any road projects are updated in the GIS and MicroPaver, with current work uploaded. Every couple of years, field investigates are populated and updated. MicroPaver generates the capital improvement plan which is supplemental with field judgement from inspections. Schorr noted that Barrett merges in Drew Court the repaving didn't go into cul-de-sac and questioned why it stopped. Van Dyne noted this would be a result of MicroPaver. He added that additional field inspections are randomly generated to determine the PCI score and there may be roadways that visually look in poor condition, but it depends on the test locations. Drew Court has a higher PCI than Barrett and Maryann. There were no other questions.

BOARD REPORTS – Vogt noted the Sewer Authority is working on the replacement project at Summit and Terrace View. They have received a grading season exemption from TRPA, and they hope to be finished by the second week of November. She noted Agenda Item 14 opportunity to save \$8K by replacing the water pipe during this project. She added it is fortunate there is a good relationship with them and noted the benefit of performing this work while the road was open.

Yanish stated that she offered for the Nevada League of Cities presentation as scheduled on the Agenda.

STAFF REPORTS –

GENERAL MANAGER'S REPORT – In response to Nelson's question, McKay indicated that Brittney prepares the board packets. Nelson requested additional tabs for larger items. She questioned access to old drop box items which indicates additional GB is necessary to access and questioned if an upgrade to the plan is necessary. McKay offered to look into this.

Schorr questioned future changes in the standard bid documents and requested clarification. McKay explained that changes include Geotech work in the roadway and waterline instead of the shoulder of the road which does not provide an accurate portrayal of the road condition. He noted this is the major change and offered for Van Dyne to note any other changes. McKay added that there are bidding differences depending on the paving project, i.e. tonnage or feet, for thickness of pavement, noting Andria was bid on the ton for pavement thickness. Farr West is highly qualified and considers KGID in reducing costs. In response to Schorr's question, McKay confirmed there were verbiage changes in the construction document for the Juniper project.

Van Dyne added that the past direction was successful in projects. We have learned from recent incidents in the Juniper project and have worked with Zumpft to identify and improve bidding documents, including "not to exceed" amounts on certain lump sum items. This helps contractors not frontload projects and reduce unbalanced bids from contractors. This was the driving force for Juniper that there was firm ground based on the contract as written but detected nuances resulting in a need for change. These changes haven't happened often in the past, but recent incidents have resulted in changes to protect the district even more moving forward.

Vogt questioned McKay regarding time with engineer on The Beach Club plans and review. McKay explained that Beach Club made additional changes to waterlines and Farr West time is passed onto them. This has been agreed to and their changes result in additional engineer review for the protection of KGID for NDEP.

Vogt questioned the old pump pedestal responsibility. McKay explained that he could not find anything in writing in the 1960's as documentation is limited. McKay explained that after discussion with Zumpft, it was determined is not KGID's responsibility to remove it as it was in plain sight and was in place when the property was purchased. McKay offered to ask TRPA to use Memorandum of Understanding for grading limitations to perform the work, which would be performed by The Beach Club. He noted the proximately to the creek is a concern as the pipe goes out to the edge of the waterline and there is a safety hazard. Approval from TRPA is pending.

Vogt noted the office hour changes. McKay noted that having employees absent for one day per week wasn't ideal. The crew hours will be adjusted for daylight savings and summer and winter hours may be reviewed in the future. Vogt appreciated reducing the monthly bills to one page.

Schorr noted HR changes and questioned the moral around the office. McKay explained there is a good attitude between staff for work around the office, the new staff is fitting in well and the new staff is relieving work from McKay and Garden.

Nelson noted staffing changes and questioned tasks performed indicated in the report. Brandy confirmed she reconciles the reports, bank reconciliations, fixed assets, and investments. McKay noted he reviews investments, there is not a secondary signer because everything is in the LGIP, and there is \$100 left in US Bank. The LGIP is wire transfer only and Brandy has signing authority to wire and transfer with no limits. The transfers are only allowed to US Bank and McKay receives notice for each transfer. Journal entries, payroll & payroll taxes are all completed by Brandy. Nelson noted her job description includes items in addition to AP.

Nelson offered for any other questions. She offered for public comment. There was none.

McKay noted that the job descriptions and backup material had to be recreated from memory and there wasn't as much quality control included. He explained that all of the documents in the folder for job description changes were missing. He noted that the documents were edited in September and all of the files were gone. McKay explained that he had to retrieve the job descriptions as approved two years ago. McKay added that the documents were not available on the server.

Nelson confirmed that these items are not to be approved by the board but are provided for comments. She noted the General Manager's description requires a bachelor's degree or 5 years aggressively responsible managerial experience. She noted this is minimal and questioned certifications and other requirements. McKay explained that additional classes and training will be achieved in the two years. He explained that the experience and training verbiage were obtained from Pool/Pact.

Parks questioned Pool/Pact recommendations. Garden explained that Alice Campos was consulted for the personnel policy. McKay explained that a minimum is better and during a hiring process, standards can be improved. He added that if the standard is too high, no one will apply. Nelson noted she expected specific certifications.

Charles Hancock commented that the job descriptions were well written and greatly improved. He disagreed with the degrees and stated that the five-year minimum requirement should be increased. He had editorial comments and Nelson and McKay thanked Hancock for his written suggestions.

Vogt thanked McKay and Garden for working on this as she previously supported a lead operations position in order to get these descriptions sorted. Nelson confirmed all of the office staff has job descriptions, and McKay and Garden are in progress. Vogt questioned if there should be a different job description for the lead operations which McKay confirmed was approved at the August meeting. Vogt recalled the discussion and not the approval. Garden confirmed the job description was approved and Nelson has noted the comments between the overlap between the Operations Superintendent and Lead position. This limits the overlap to the needed overlap for absences. Parks confirmed Phil is the lead position and Garden stated he touched on it in his report.

Yanish noted that we should be flexible with the job description regarding education and experience. She noticed one of the descriptions stated the General Manager would be available at all times for emergencies and questioned if that is possible should be more flexible, noting personal time.

Regarding certifications, licenses, and general requirements of the General Manager, Nelson noted the Utility Operations Superintendent requires the driver's license, Grade III Certification and Water Distribution and Treatment. She questioned if these certifications are necessary in the General Manager as well. McKay confirmed that if Garden is on vacation, a Grade III Operator is required to be on site. He agreed this is an easy amendment and noted that he already has this certification and Joe will be getting it as part of his promotion. Parks supported three of them holding the verification. McKay and Garden explained that the operator has to be accessible by phone within 2 hours and accessible on site within 4 hours. Nelson suggested that these certification requirements be included in the description which will provide guidance to future board members.

Zumpft commented that if we are discussing the policy that this should be added as an agenda item. Nelson noted they were included in the report and McKay offered to make improvements and bring the items back to the board.

ACCOUNTANT REPORT – Nelson questioned if we have been reimbursed for costs from the technology company associated with the data breach and Brittney confirmed we have been reimbursed for a portion. McKay explained that he received an email from Donna Squires, and he is setting a meeting with her and John to settle up all expenses. McKay explained that insurance has not fully reimbursed us yet as some items came in that were not reimbursable and all items will be reviewed. Nelson requested a report on the status of the reimbursement. McKay estimated reimbursement of \$24K-\$28K to date. In response to Parks' question, McKay explained that the expenses need to be reviewed. He explained that some items were added such as monitors. The cyber expenses will be covered, less the deductible.

Nelson noted the 6/30 Statement of Revenue and Expenses and questioned Other Revenue of \$77K versus the budgeted amount of \$140K. Brittany offered to research this item, speculating it could be related to the water system update of \$100K (received in September) and the sweeper. McKay offered to return with this information. Garden and McKay noted that the sweeper is split between Douglas County and NDEP. Nelson questioned additional funds expected. Brittany confirmed \$100K was received for the water system update.

Nelson questioned the office payroll is close to budget and questioned if there will be a budgetary shortfall. McKay noted that the payroll included the temporary staff used for documents which ended in August. He confirmed it was not accounted for in the budget and added there isn't a concern as the General Fund is the only budget concern for augmentation.

Nelson questioned the rents possibly recorded in expense and questioned how it was accounted. Brittany explained that the rent for 160 Pineridge is in fund code 70 and 298 Kingsbury is in fund code 80. Nelson noted the rental sheets for Pineridge should have been \$8,600 instead of \$4,300 and Kingsbury should have been \$45,000 and only \$13,000 is noted. She stated property taxes, insurance and management expense aren't noted. Brittany explained that these began in July and added that some items are pending clarification from the auditor. Nelson questioned the missing items and requested these entries be verified. McKay explained that clarification is still pending from the auditor. Regarding classification, Brittany explained that utilities are reported under utilities; rental income is reported as such. She noted that we aren't charging other fees such as garbage for May or June. McKay added is included in rent.

In response to Nelson's question, Brittany explained the building was purchased in April and some rental income was credited toward the property tax and security deposits was credited toward the purchase of the property at closing. Nelson confirmed we received rents for the last two months which was approx. \$19K (other than that recorded in escrow). Nelson suggested reviewing property taxes for the rented portion of the building. McKay confirmed property insurance is included on the current policies. Nelson suggested allocating these amounts. For water and sewer, McKay indicated some agreements include these utilities. If not, they are charged for water, sewer, gas, and power. Each unit has its own expenses based on allocated rent space as not all units are metered. Nelson confirmed KGID pays the water and sewer and the amounts need to be allocated. Repairs and maintenance are being charged back to KGID for unleased portions and general area. Nelson confirmed there are only some entries for gas and electric and McKay offered to check with Beth regarding these items. Nelson stated that this will be additional work and must be requested. Nelson noted the amounts are below materiality and would not be reviewed by the auditor and McKay will have to request it. Brittany confirmed the snow removal contract is with F&B will be billed separately. McKay confirmed the contract was not approved as it was assumed and there is no advance payment.

Nelson confirmed that insurance and other revenue will be reviewed and reported back with corrections. Nelson noted the rental income may be correct if it was for only two months, but the amounts from escrow must be allocated.

Nelson offered for any other questions and she offered for public comment. There was none.

UTILITY OPERATIONS SUPERINTENDENT'S REPORT – Nelson noted the improvement to the water loss and questioned the water loss report and access to the past data. Garden explained that the past data for June was not available and many accounts had to be estimated; therefore, he was not comfortable using those figures. She requested comparison 2019 or 2018 and he offered to research this data. This report was previously handled by the Business & Contracts Manager.

She offered for any other questions.

Garden thanked Schorr and Yanish for attending the tank diving at Tank 4. Nelson apologized for missing it and requested notice on any further events.

She offered for any public comment. There was none.

ADMINISTRATIVE AND HUMAN RESOURCES REPORT – Nelson appreciated the report on Pineridge and Kingsbury. Vogt appreciated the final comment regarding positive work at KGID.

Nelson confirmed Judy is overseeing the rental agency report and Nelson suggested reviewing a monthly report. She confirmed she is working on it and direction from the auditors is needed. It was recommended to post

expenses to miscellaneous expenditures until advised otherwise. Brandy stated that the Auditor suggested General Ledgers for the adjustments.

Judy noted that the auditors recommended acknowledgement forms for trustees for Ethical Standards. This was sent via email and response has not been received. She offered to resend the email and form to the trustees requiring signature.

ATTORNEY'S REPORT – Zumpft stated that he and Garden have been discussing a Firehouse issue. He noted that he is not prepared to make a recommendation on the Ponderosa agreements noted later on the agenda and apologized. He had nothing else to report.

Nelson questioned the potential liability on 104 Meadow for Protell. Zumpft confirmed we have been corresponding, information has been provided and their response is needed. Sewer was backed up into the house and we advised our position hasn't changed as the insurance company has indicated its' position. McKay explained that the documents requested by the attorney were supplied.

Nelson questioned if Ponderosa should be discussed, but not approved. Zumpft recommended discussion and indicated he is not prepared to approve it as is.

Nelson offered for any other questions. She offered for any public comment.

Ponderosa's attorney Donna Zanetti stated she was present to answer any questions. Nelson noted her expertise will be utilized shortly and thanked her for attending.

There was no other public comment.

CORRESPONDENCE – Nelson requested an update on Virginia Toy. McKay confirmed they attempted to contact her at the property the one time and there has not been any further correspondence to her since the offer was made. Nelson noted that 4 or 5 letters have been received with one stating that she cannot pay \$5K and McKay explained that the letters do not warrant response. Nelson suggested writing a letter requesting a meeting. McKay noted that one letter from Toy requested starting payments at a zero balance. McKay added there will be a Public Hearing next month to add past due amounts to tax rolls.

Parks questioned if the letters indicate if she is at the residence. McKay replied that it is hard to tell and noted the letters are mailed locally. Parks recalled a neighbor stating that they see her walking often.

There were no other comments regarding correspondence.

APPROVAL OF CONSENT CALENDAR – Nelson requested to pull Item A, List of Claims.

Nelson questioned check #59446 payable to Remax. Brandy explained that they hold the security deposits. McKay added that it simplifies the process for when a tenant leaves, the management company inspects the property and releases deposits as applicable. Nelson confirmed Remax holds the funds and McKay added a small amount of interest may accrue.

Nelson offered for any other questions or public comment; there were none.

M-10/20/2020-2 - Motion by Vogt, seconded by Parks, and unanimously passed to approve the Consent Calendar Item A: List of Claims in the amount of \$1,390,949.95 as represented by check numbers 59392 through 59616.

There was a ten-minute recess. Brandy Johns left the meeting.

UNFINISHED BUSINESS

NEW BUSINESS

PRESENTATION ONLY BY WESLEY HARPER, EXECUTIVE DIRECTOR, AND DANIEL CORONA, PRESIDENT, OF LEAGUE OF CITIES AND MUNICIPALITIES:

Yanish stated that she is traveling during the meeting and was only available for a short time. She has been the representative of the League for KGID and commended the work of Westley Harper and Daniel Corona on issues for the local municipalities of the State of Nevada.

Wesley Harper, the Executive Director for the League of Cities was present and explained that Daniel Corona, their President, could not attend due to a council meeting. He offered to relay Yanish's comments and noted his appreciation for the invitation to attend the meeting.

Harper stated that the purpose of the League is to empower the cities, towns and GID's of Nevada. He confirmed that 25 cities and towns are members. Their annual conference will be held on November 9-10, 2020, at a cost of \$30 per person and it will be virtual. There will be a robust agenda of topics and information that is insightful to all attendees. He explained that from an operational standpoint they are actively engaged in things that provide benefits to municipalities. They are developing a strong relationships and robust agenda for the upcoming general session regarding changes in property tax in order to stabilize local government going forward to address the potential shocks to the system with the economic shutdowns of Covid-19. He referenced the recent stimulus legislation, the Cares Act, which has passed. He explained that the League will be speaking to every member of the organization regarding compliance and use of funds consistent with federal regulations for audit compliance. They also lobbied the sub-subcommittee regarding equitable distribution of the funds and discuss with members frequently regarding how to govern powerfully and effectively. They have access to resources including city sharing and affiliation with the National League of Cities and relationships with congressional delegates.

Harper explained that this March, Mr. Corona led a delegation of leaders and elected officials from Nevada cities to Washington, he met with all six representatives: two senators and four representatives of the House, to discuss issues important to us. Doug Sheridan, Trustee of the Gardnerville Ranchos, serves on the League's executive board discussed. Mr. Sheridan discussed issues specifically relevant to the Ranchos with the representatives and created a relationship and established direct communication for follow-up. Harper explained that KGID's participation is powerful as it provides connection with other cities, along with resources and solutions for KGID can take advantage of. He noted the importance to help each other as resources is key to minimizing unnecessary work. He encouraged everyone to go to their website: nvleague.com for important information and conference registration information. He offered for any questions.

McKay commented that the information provided since his appointment has increased and is appreciated. Harper added that their intent is to empower every member by providing information and they strive to be a valuable resource. Harper thanked the board for their time and encouraged them to attend the conference on November 9-10, 2020. He noted that the elections could result in changes to direct funding for Nevada cities, towns and GID's which will need to be sorted out at the federal and state levels.

Nelson thanked Harper and questioned the potential changes and implications regarding funding. Harper explained that congress has passed 4 stimulus packages since the beginning of the pandemic in order to help deal with the spread and economic impact of the virus. There has been discussion of providing more robust funding for every town in the country which is on hold until after the elections. Depending on the election results, it may give a boost to that effort to get direct funding from the Federal Government, the amount to be determined. Changes in congress and other changes at the federal level can also affect the funding at the state level. Potentially there are things that can line up to provide financial support to cities and towns suffering due to the economic shut-down, which will be shaped based on the election results.

Nelson offered for any other questions and public comment. There was none. She thanked him for this attendance and the work performed on behalf of KGID. McKay also thanked Harper. Yanish echoed the sentiment and added that the conference for the Nevada League of Cities will be an accessible online and she hopes other trustees will be able to attend.

Harper and Trustee Yanish exited the meeting.

DISCUSSION ON POSSIBLE WATER SYSTEM CONSOLIDATION AGREEMENT WITH PONDEROSA PARK OWNERS ASSOCIATION:

McKay reported in writing: *The Ponderosa Park Owners Association (Association) has come back and requested to have KGID assume ownership and maintenance responsibility for the park. While the water mains are not in terrible condition, the service lines are corroding and can be very difficult to access. The Association has had numerous meetings and has voted to continue with consolidation to the KGID system.*

The Nevada State Revolving Fund has a program that supports this type of consolidation. While the program does not grant funds to facilitate this, they give out loans for the project and then forgive the capital payment. No interest is charged on any of the SRF loans until the project is completed essentially turning a loan into a grant. The manner in which this would take place would be that Lumos Engineering would draft a Preliminary Engineering Report on the project and submit it to the Board for Financing Water Projects. With approval and acceptance of the PER, KGID would apply for the loan. Once the loan is approved by the Board for Financing Water Projects, Lumos would begin the design process, facilitate the competitive bid process, manage and inspect the project and complete all final paperwork to ensure KGID is the owner of the infrastructure. Any costs incurred by KGID would be included in the total cost.

The previous attempt to have this ownership change did not materialize due to the amount of funds available from the Nevada State Revolving Fund was only \$500,000. This amount has now been increased to \$1,000,000 giving the Association room to complete the project without going into debt to complete.

The Association has requested Lumos & Associates be their engineer for this project. Tim Russell will attend the meeting along with the Association attorney, Donna Zanetti and two Ponderosa Park Board members. If agreed to continue, the next meeting of the Board for Financing Water Projects has now been moved to January 2021.

Below is a timeline suggested by Tim Russell:

- 1. HOA and KGID need to finalize an agreement (I believe this is in the HOA's hands to push along and get KGID a draft for review/comment and subsequent approval by the KGID board).*
- 2. Once agreement is in place, KGID/Lumos/HOA will prepare an application to the State Board for financing water projects to fund the PER for the project (next meeting is in October so I don't know if we can make that one unless the agreement is pushed)*
- 3. Once funded Lumos will contract with KGID to prepare the PER*
- 4. Once PER is completed and accepted by all parties, another application to State for funding of the project will need to be prepared (date pending of when that meeting might be in the future).*
- 5. With funding in place Lumos will contract with KGID to complete the design, bidding, etc.*
- 6. Construction most likely 2022.*

McKay noted that Tim Russell and Donna Zanetti were in attendance. McKay explained that they are working on legal agreements with attorneys to move forward. He offered for Zanetti to provide an update and explanation regarding the consolidation.

Zanetti noted that McKay's meeting with the board today may be more current. She explained that Ponderosa is an older community with a private water line system that is essentially falling apart. Working with Lumos Engineers and Zanetti's law firm, they have been made aware that the State Revolving Fund may provide funds toward replacing the water lines provided that Association deeds the line back to KGID which applies for the grant or loan in the KGID's name. The board is interested in pursuing this arrangement with KGID to tap the State Revolving Fund to replace the water lines and convey the water lines to KGID, with the understanding that additional expense (above funds received by the fund) would be the responsibility of the association.

Zanetti has worked with another HOA in Douglas County some years ago on a replacement project and provided that agreement to KGID's attorney. Before completing this agreement, the association would have to vote to

convey the common elements and in order to vote, the overall costs would have to be provided, including the funds available from the revolving fund.

McKay added that the State Revolving Fund will lend money for the repair and replacement of the existing system up to \$1MM plus they will also give \$150K for engineering on the project. They will lend funds to KGID and not to Ponderosa Park HOA, as this must be lent to the purveyor that will assume ownership of the water lines. When the project is complete, there is a principal forgiveness clause in the loan that changes the loan to a grant. There is no interest paid on funds until 6 months after the project closes. KGID would take control of the project, work with Loomis to design, take to bid and costs are reimbursed from the State. When the project is complete and a Notice of Completion is provided, the principal is forgiven. Tim Russell confirmed this process.

In response to Parks' question, McKay confirmed that any costs above \$1M would be the responsibility of the park. McKay explained that if estimated costs were upwards of \$1.5M, the project would not likely commence as it is unlikely that the HOA has \$500K in additional funds. He added that KGID would own the asset and each unit would have their own meter and be billed monthly at the standard rates.

Nelson questioned if there are any rough estimates on the costs. McKay estimated \$850K. He added that this is an easier area than Juniper to dig. This would be a main water system with meters to each unit; 74 units plus a house. The lines would be installed under roads and an access easement would be provided. The road reconstruction for the area disturbed would also be included in the cost.

Nelson confirmed that staff time would be included. McKay explained that the cost to cover McKay, Garden & Brandy's time is billed at 3% to cover this.

Vogt questioned if the costs of additional meters would increase or decrease. McKay informed everyone at the meeting today of the new costs. He explained to Parks that this is water service only and snow and sewer are not included as they are outside our GID boundaries.

Schorr questioned the estimated cost of \$\$1.150M. McKay explained that this is a very rough cost that includes engineering. He stated Russell will revamp the costs.

Nelson offered for public comment.

Hancock questioned the location of Ponderosa Park, which McKay explained is one block up the hill from KGID's office, on the left about 200-300 yards from Kingsbury Grade. Hancock questioned the advantage of this modification to KGID. He commented that downsides offset the benefits, noting the costs aren't guaranteed and neither is a grant. He questioned the roads and snow removal and stated that he doesn't understand the upside.

McKay explained that they are our neighbors and are in our water service area. We don't have anything to do with their road or sewer, as they are outside of our GID area. He explained that a new fully functional complete water system would be installed and dedicated to KGID and become part of our asset. The system except for the meters will have a 60-80-year lifespan. The lines will not likely need repair in the near future and the residents, (our neighbors), will also receive a new brand-new water system. He noted that it will increase the fire protection for this area as it will include a loop system. Fire protection flows will increase on Pineridge Drive and within the park. Parks noted there will be increased revenue for the new services and concluded many advantages.

Schorr questioned the determination of the loan amount which McKay explained is determined by the Board of Water Projects as a set amount of \$1M. McKay explained that we get reimbursed for all expenses. Schorr noted the costs of performing the project and questioned the amount requested. McKay explained that the invoices from the engineer, KGID timecards and contractor invoices will be included. Schorr questioned if there is a Farr West engineering bid to complete this project. McKay explained that Lumos & Associates is the engineer for this project. Schorr questioned if they do a fixed contract bid, to which McKay explained it would be similar to Farr West as it is a public contract and will follow the same rules and regulations. Schorr verified the maximum loan is \$1M. Nelson confirmed that they provide additional \$150K for engineering. Parks noted that any excess cost would be paid by Ponderosa and McKay confirmed that the agreement would address this. Parks stated there isn't

much exposure to KGID and McKay confirmed there are milestones that would allow for cancellation of the project if the costs were too high.

Attorney Zanetti stated that the agreements will include provisions that KGID is paid in full. The association would be required to pay for any amount above the fund. If Ponderosa cancels the project, then they are required to reimburse KGID for funds expended for facilitation before cancellation. With Castlerock HOA, the GID wasn't at risk for money expended. It would be paid back by the loan from the State or overages paid by the HOA.

Schorr questioned the capacity of the association to pay any overages and the status of the balance sheet of the HOA. Zanetti admitted that she is not familiar with the balance sheet as of today but the HOA has the ability to assess for capital improvements for reserve items. Once the reserve item is replaced, the association would deed the water line and an easement to the streets to KGID. The association would consider this a reserve expenditure which is required to be set aside funds in a separate fund. If reserves are insufficient at the time funds become due, State law provides the board to levy an assessment to the owners without seeking approval. They would be able to raise the money to pay KGID for the cost for replacing the water line. She acknowledged Schorr's concern and noted she hopes to address these issues in order to move forward.

Schorr questioned if the reserves have been set aside in anticipation of moving forward. She confirmed that a portion has been set aside monthly to the reserve account as required; however, the amount isn't sufficient to fund a \$1M project. Schorr questioned if they have funded their depreciation. She could not confirm if reserves are sufficient to replace the items. She confirmed that they have the ability to raise the funds in the event the reserves are insufficient.

Hancock agreed with Schorr's question and stated that the finances should be reviewed. He noted that in Texas, the HOA may not assess unless it is agreed on by vote argued that the assessments may not be permitted. He was concerned that HOA funds are insufficient there will be liability to KGID. He offered for a confidentiality agreement to review finances.

McKay added that HOA's can raise funds via other avenue, such as the USDA Rural Development which provides loans to HOA's on a 40-year loan, instead of a 20-year loan. He noted this is an option.

Hancock stated his concern as to why the HOA hasn't performed already. He noted that he lives in an HOA in Texas and added that they would not let their facilities deteriorate. He stated that by leaving the HOA dues low, they have allowed their facilities to deteriorate. He cautioned pursuing this project noting that he opposes this. He reiterated the need of reviewing the financial capability of the HOA to repay the costs.

Schorr questioned KGID's other obligations with the State Revolving Fund and requested clarification regarding this additional debt for KGID and debt service requirements. McKay confirmed that KGID is nowhere near the limit to request additional funds from the State Revolving Fund. The loans are funded by bonds and we would not be affected. If the cost is under \$1M we will be made whole for all costs. He reminded the board that this is the same process for the emergency repair, with a loan and capital forgiveness.

Parks noted that if the costs come in too high, the project will not likely move forward. She confirmed there isn't any risk to KGID at this time.

Hancock added if they are bankrupt, they may not be responsible anymore. He reiterated his concerns regarding the ability for the HOA to actually pay.

David King, Trustee of the Ponderosa Park Subdivision explained that the association has \$200K-\$250K in reserves for capital improvements to cover the overages. He stated they are not going to pursue a project that would bankrupt their organization. The water lines are not in a state of repair that they need to replace them. The board is pursuing this project because they were offered \$600K-\$1M to improve the water infrastructure and they feel it is a good opportunity for the HOA and KGID. They feel this is a good opportunity to upgrade their lines. They currently pay \$35 per month per house, which will increase to \$100-\$110 per house. This will cause

residents that use excess water to take their water usage into consideration. King confirmed he is an owner of two properties. He estimated that if the project costs ran over \$500K, it would be an assessment of \$6,666 per home and the owners would have 12 months to pay it back.

Vogt addressed the planning level cost estimate and questioned if the bids are reviewed and the estimate could be revised. Russell explained that this preliminary estimate was completed a year ago is a conceptual estimate based on potential work. After an agreement is reached, they would have to apply for the engineering report to include conservative cost estimates for the entire project. That final recommended project will be submitted to the state for the loan/principal forgiveness amount. Once the state approves the design and construction of the project, it would go out to public bid. He would expect five to six contractors to bid on the project. The low contract bid would be presented to the board for approval; therefore, the actual cost would be provided before the project commences. He confirmed there are many checkpoints of review of the costs prior to approving any expenses.

Vogt noted the recommended action references an agreement for approval and stated this may be amended to include "or disapproval". She provided the recommended action with this change. She noted the important issues have been discussed and the costs will need to be reviewed for risk to KGID.

Nelson questioned if the revolving fund loan is fairly guaranteed. McKay explained yes that is part of the loan process. She confirmed with McKay that if the HOA obtains engineering and it is determined the costs are too expensive, that we could apply for the loan for the engineering costs for reimbursement. She confirmed we can apply for engineering costs even if the project doesn't go through. He explained that funds have to be expended in order to be reimbursed. Based on previous experience, he noted that reimbursement is 30-60 days for engineering costs only. He noted the engineering costs are applied for first.

Nelson offered for additional questions.

Schorr commented that he is supportive in concept. He requested a year-end financial statement for review, noting the capacity is his main concern for the project. Nelson suggested that McKay work with Ponderosa to obtain year end financials.

Zumpft explained that a majority of the board must approve the recommended action. McKay confirmed the vote passed three to one, with Vogt, Nelson, and Parks approving, with Schorr opposed.

M-10/20/2020-3 - Motion by Vogt, seconded by Parks, and passed to authorize staff to work with the Ponderosa Park Owners Association for the consolidation of their water system into the KGID water system and to bring back to the KGID Board of Trustees an agreement between the two parties for approval or disapproval. Vogt, Nelson, Parks approved. Schorr opposed. Yanish had exited the meeting.

Russell and Zanetti exited the meeting.

DISCUSSION ON PROCUREMENT CONTRACT WITH PSI WATER TECHNOLOGIES FOR A MICROCLOR MC-40 ON SITE HYPOCHLORITE GENERATION SYSTEM AND SELECTION OF CONTRACTOR FOR INSTALLATION AT STATION #1: Garden reported in writing: *At the May 19, 2020 board meeting there was approval for Task Order #51 with Farr West Engineering to assist with the procurement of a new chlorine generation system for Station 1.*

M-5/19/2020-10 - Motion by Yanish, seconded by Vogt, and unanimously passed to approve Farr West Engineering Task Order #51 – KGID Chlorine Generation Unit Replacement Management in the amount not to exceed \$15,000.00.

On August 13, 2020 Farr West held a bid opening and only one bid was received. The bid was from PSI Water Technologies with a bid price of \$84,300.00. After the bid opening PSI recalculated their costs and revised the contract price for a bid price of \$80,000.00. The costs associated with removal and installation was provided by a contractor, SB Water Services Co., that PSI uses regularly and is very familiar with the Microclor systems. The removal and installation costs were broken down two ways, one being solely on SB for removal and installation

for a cost of \$10,000.00 and the other having PSI staff available to assist SB for a cost of \$8,000.00. The preferred path is to have PSI staff assist with installation and PSI has assured us that they will assist, but I have requested that the maximum amount be approved to cover any unforeseen costs during installation. Once installed the new system will be turnkey and ready to use.

Farr West has evaluated PSI and has determined their bid to be “responsive” and that PSI is a “responsible” Bidder and has recommended awarding the Procurement Contract to PSI Water Technologies.

If approved the project time is anticipated to be three days at the most with minimal down time for the system. During this down time there will be sufficient sodium hypochlorite in the storage tank to provide for adequate injection for the treatment process without the need to use the emergency backup system at Station 1.

This expense is budgeted for the current fiscal year.

Garden explained that Farr West has gone through their procurement documents, this project went out to bid and one bid was received. The bid was received from PCI Water Technologies for \$84,300. In discussions with Van Dyne, they wanted a turn-key unit, ready to go with minimal work performed in house. That required the addition of a sub-contractor with PCI to perform installation. Two separate prices were submitted: \$10K to solely be responsible and \$8K if PCI was on-site and available to assist. The CEO and other PCI representatives assure KGID that they will have people on site to assist with all aspects of construction. Since the proposal was drafted, there was a failure and emergency on the unit requiring chlorine injection. They were able to get the unit running again with random spare parts. The unit will not last much longer and if the emergency system is utilized for an extended period of time, it would result in Signiant price increases from the additional cost of chlorine. They are familiar with the system even though the name is different than the current operation.

Van Dyne added that even though several companies reached out regarding the bid, with only one bid received. The contractor is highest regarded companies in this realm, and they are pleased to be working with them. They are working to get unit replaced so that the treatment plant can operate on a higher level.

Nelson confirmed that it is on the capital budget for \$90K. Garden explained that a small percentage of engineering started on last year’s fiscal budget to get the process started. The original motion is for an amount not to exceed \$15K for Task Order #51. A portion of this has been paid out and there is a remainder. Task Order #51 can have a reduction of costs because it included onsite construction management by Farr West which may not be necessary. He noted that the full amount of the \$15K may not be used. Van Dyne added that \$4K will be used, if needed. They will assemble and submit a detailed submittal on this unit and utilize and submit a site plan that Farr West will submit to NDEP Bureau of Safe Drinking Water for their approval prior to allowing KGID to install. The budget is \$3K of the \$4K for on call support which hopefully will not be needed. He commended the contractor.

Nelson confirmed that \$90K is budgeted this year and the project should be close within budget. She offered for any other questions.

Parks questioned if approved this will commence immediately and McKay and Garden confirmed the purchase order will go out tomorrow. Garden confirmed he will complete the purchase order this evening to commence immediately.

Nelson offered for further discussion, there was none.

M-10/20/2020-4 - Motion by Vogt, seconded by Nelson, and unanimously passed to approve Procurement Contract with PSI Water Technologies for a Microclor MC-40 on site hypochlorite generation system for an amount not to exceed \$80,000.00 and approve selection of SB Water Services Co. along with additional manpower provided by PSI for removal and replacement of the existing chlorine generation equipment for a price not to exceed \$10,000.00 for a total project cost not to exceed \$90,000.00.

McKay confirmed this will take place at Station 1.

DISCUSSION ON PURCHASE OF CATHODIC PROTECTION RECTIFIER FOR TANK #3: Garden reported in writing: *During the annual cathodic protection inspections for all steel water tanks in the district, Corpro found the cathodic protection for Tank #3 was non-operational. This is due to the rectifier for the cathodic protection being bad and unable to supply the proper power to correctly provide cathodic protection for the tank.*

With the system being non-operational this leaves the tank susceptible to corrosion ultimately creating water quality issues and a shortened life expectancy for the interior coating and steel tank structure.

The cost for the new rectifier includes the following.

- *Removal of old unit*
- *Installation of new unit*
- *Calibration*
- *And proper suspension for the cathodic hoop system*

This was approved at a prior meeting. Garden explained that a full inspection was performed by a third-party company. The cathodic protection stops cathodic erosion within the steel tanks. They have a rectifier on the outside of the tank that provides an electrical current that goes through a buoy system on the water level to provide small electrical current to inhibit corrosion. During the annual service and checks it was determined the rectifier on Tank #3 is inoperable and cannot be corrected, therefore, a new rectifier is necessary.

He noted the life expectancy of the interior coating of the tanks and water quality, and in addition to the chlorine generator, are important aspects of water infrastructure that needs to be purifier that is required. In response to Parks' question, he confirmed that we don't know why the technical components failed. The last company to maintain and service has gone out of business. The rectifier has a 10-15-year lifespan, and it is assumed the current one was installed in the 1990's.

There was no further discussion or public comment.

M-10/20/2020-5 - Motion by Parks seconded by Schorr and unanimously passed to approve purchase for cathodic protection rectifier for Tank #3 for the amount of \$6,000.00 with Aegion/Corpro.

DISCUSSION ON SELECTION OF CONTRACTOR FOR CURB AND GUTTER REMOVAL AND REPLACEMENT ON ANDRIA DRIVE: Garden reported in writing: *When the initial paving was completed for the Andria Dr. Reconstruction project, we had a pressure event while setting the pressure standards for the new pressure reducing vault installed during the project at Andria and Bradbury. With this event it caused a pressure relief to discharge sending water down the curb and gutter on the downhill/south bound lane of Andria. This led us to see there is a section of curb and gutter that is unable to keep water in the gutter pan allowing water to exit the gutter and flow into the road. This will cause major freezing and ice issues if not addressed and is a major safety concern during the winter months. This is right before the hard corner at the bottom of Andria near the intersection with N. Benjamin.*

The cause of this issue is due to the grade/slope of the gutter pan sloping back to the road and not to the gutter. The area needing replacement is 55 linear feet. We have verified that the grade for this area of the curb and gutter is at zero percent/flat. Ideally most curb and gutter sections call for a 1.5 -2 percent slope from the edge of curb to the gutter face. Curb and gutter removal and replacement was not part of this project. If approved, we will be working with the selected contractor to slope the curb section to a minimum of 3 percent. This will allow all water flowing down the gutter to stay in the gutter and not enter into the roadway.

The past protocol when doing road projects was to not remove and replace curb and gutter unless it was chipping and failing. Flow tests of curb and gutters was also not done before hand in an attempt to save money with project development. From now on we will flow test curb and gutters beforehand, in house by our field crews, to see if there are areas of concern that can be addressed during construction to alleviate water flowing over roadways creating freezing and icing issues.

I have requested pricing for the removal and replacement of the 55 LF of curb and gutter from two contactors, the first request is from White Rock Construction (WRC) who was contracted for the Juniper Waterline and Road project and is currently doing work on Terrace View for the sewer force main replacement for Douglas County Lake Tahoe Sewer Authority (DCLTSA), and the other request is from Impact Construction (IC) who has worked with the District in the past and is currently working with Douglas County on the Brautovich Park project. Both prices are reasonable and both companies are capable to perform the work. WRC's proposal is \$9,450.00 with \$2,300.00 of that being for contractor supplied traffic control. KGID crews can provide the traffic control reducing the price from WRC to \$7,150.00. IC's proposal is \$8,220.00 with KGID providing traffic control. The only area of concern is timing to complete the work before there is a chance of weather impacting our area. WRC is in contract with DCLTSA and that project takes precedence over this proposed work creating the possibility for the work not to be completed until sometime in December. IC has said they can perform and complete the work the week of October 26th. The choice to be made is to complete the work for a lower price or complete the work before there is a chance for weather to impact our area.

Garden explained that this was discussed in some detail earlier in the meeting. He noted the picture of the small section of curb and gutter creating this issue. It has been extended to catch as much water as possible to direct it into the gutter. It is desired to catch higher up and increase the grade from the asphalt and gutter, which is almost flat currently and slightly dipped into the road. By changing the angle towards the right towards the gutter pan, it should direct it correctly and alleviate the water entering the roadway which creates icy and dangerous conditions. It is one of the most dangerous corners in the district.

Garden stated that he received two quotes as detailed in his report. White Rock construction was cheaper and has done a great job in the past. They have also worked with Impact Construction. He is requesting recommendation from the board, noting that White Rock Construction cannot commence the project until after work from the Sewer Authority. Impact Construction can commence the project immediately. Impact Construction is currently working at Brodevich Park. In response to Parks' question, McKay identified Aspen Construction as a non-preferred company to work with.

Schorr confirmed they are both responsible bidders. Garden confirmed they have both worked for the district with minimal complaints and are responsible and responsive bidders, in good standing. McKay added both companies do quality work. Garden confirmed that the project can begin after October 15, 2020 as it falls within our MOU and it is important to complete before the snow falls. Parks confirmed that White Rock cannot start right away. Garden explained that it would be less money to do later and more money to do it now. Garden confirmed that traffic control would be reduced \$2,300 because KGID would be doing it in house. White Rock Construction without traffic control is \$7,150 and the other Impact is \$8,220 for a difference of approximately \$1,100.

Vogt recommended going with Impact Construction, noting a safety concern and bad weather could result in many accidents. Nelson confirmed they can perform the work during cold and icy weather. Garden explained they can blanket the concrete while it cures and add an accelerant to help it cure at a faster rate while still meeting specifications. Parks questioned construction guaranty on this work which Garden confirmed it will include a 1-year warranty. Vogt commented that the difference is immaterial noting the safety concerns.

Nelson offered for further discussion and public comment. There was none.

M-10/20/2020-6 - Motion by Vogt, seconded by Parks, and unanimously passed to move forward with Impact Construction's price of \$8,220.

DISCUSSION ON EXTRA COST TO PURCHASE 8-INCH PIPE IN LIEU OF 6-INCH PIPE FOR USE AT TERRACE VIEW WATERLINE REALIGNMENT DONE BY OTHERS: Garden reported in writing: *This item is being brought forward as a formality because it was not specifically called out in the budget and would cause concerns during next year's audit.*

In the preliminary stages of Douglas County Lake Tahoe Sewer Authorities' sewer force main replacement project there was a separation issue with KGID's waterman and the force main where the two pipes were too

close to each other. In this area the pipes were less than 2 feet apart. State and federal requirements require a minimum separation of 10 feet between water and sewer lines. In order to achieve the minimum separation, 260 feet of watermain needed to be relocated. The cost to relocate this line was solely the responsibility of DCLTSA and they would only need to replace with like material and size, but they were kind enough to inquire if we would be interested in installing any additional infrastructure or make any changes while the work was being done by their contractor, White Rock Construction.

This section of main was 6-inch steel and is part of the 5-year plan for waterline replacements. The cost savings to have this section upsized to 8-inch while the force main work is underway is quite substantial. KGID is saving on all construction costs for this section and is only paying for the difference in price to replace the 6-inch pipe with 8-inch pipe. It is a cost savings of nearly \$8,000.00. When the entire waterline is replaced the new section that was installed during the force main replacement will not need to be done.

All aspects of the installation of the new section meets all specifications KGID has in place for new line installations. Both connection points are restrained and new service lines from the main to the meter pits have been replaced.

Garden noted Vogt's comments in her board report regarding the Sewer Authority's line work. He added that White Rock Construction and the Sewer Authority contacted KGID regarding a separation conflict between the freshwater line and the sewer force main that had minimal separation. For ease of construction, the Sewer Authority moved the line with all costs born to the Sewer Authority. Before moving, they contacted KGID regarding future plans to replace this line and preferred size. This was discussed in-house and with Farr West. It was determined it would be upsized to an 8" water line. This item is being brought forward as a formality as this item was not budgeted. He explained that the cost of the pipe is \$3,879.09. He noted the cost of project to replace the line on Terrace View would be extensive due to the length of the line. He explained that a prior project on Juniper had a linear footage the cost of replacing the line, including engineering of \$445 per square foot. The cost for 260 feet pipe with engineering and construction with similar pricing of Juniper would cost \$115K to replace. It was decided to move forward with this project and White Rock Construction has already installed the line. This cost is being presented as a formality for approval. McKay added that this decision had to be made to keep their project moving. Garden added that they were waiting for pipe to arrive and had a week in between to install this line. The line is completed and back in service and operational.

Nelson noted this was a good decision to upsize the line with this opportunity. She offered for any questions or public comment.

M-10/20/2020-7 - Motion by Nelson, seconded by Vogt, and unanimously passed to approve the cost to purchase 8-inch pipe in lieu of 6-inch pipe for use at Terrace View waterline realignment in the amount of \$3,879.09.

Nelson offered for any other review of reports, there was none.

PUBLIC COMMENT – There was no public comment.

ADJOURNMENT

M-10/20/2020-8 - Motion by Vogt, seconded by Parks, and unanimously passed to adjourn the meeting at 6:58 p.m.

Respectfully submitted,

Jodie Nelson, Chairman

Attest:

Sandra Parks, Secretary