

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, JUNE 15, 2021**

CALL TO ORDER - The meeting was called to order at the Kingsbury General Improvement District office located at 255 Kingsbury Grade, Stateline, Nevada at 5:08pm by Sandra Parks.

PLEDGE OF ALLEGIANCE

ROLL CALL – In attendance were Trustees Vogt, Parks, Nelson and Yanish. Also, present were General Manager Cameron McKay, Operations Superintendent Brandon Garden, KGID employees Judy Brewer and Brandy Johns, General Counsel Chuck Zumpft. Public in the office included Jim Norton of Warren Reed Insurance and Patti Paige. Attending via Zoom included Charles Hancock. Trustee Schorr was not in attendance.

PUBLIC COMMENT – Vogt requested clarification that Yanish is participating. McKay explained that she is currently on the phone listening and would officially join the meeting in an hour. Yanish confirmed she is present. Parks offered for any other public comment.

Hancock stated that he was in shock at the disastrous, unprofessional, dysfunctional KGID meeting to offer a contract to the new proposed KGID manager. The excuse that some members did not have the opportunity to address their concerns with KGID's lawyer was not founded since the proposed contract was basically the same contract as the current General Manager. The most disturbing issue was that after the proposed contract was faxed to Mr. Dion, the Board started changing key issues such as pay, administrative leave and vacation. It was unprofessional to fax Mr. Dion a revised contract with a decrease in every key item. After Mr. Dion stated that he was an experienced and seasoned Manager, and requested that he be paid a starting salary of mid-point with vacation and administrative leave being restored to the original proposal, a motion was made and seconded for these concessions. One board member continued to argue in front of Mr. Dion that until he could prove himself to the Board, he should be started with minimum pay and minimum benefits. The pretense to this argument was that she wanted to be a good steward of KGID's money. Hancock believes this member did a disservice to KGID and perhaps has ulterior motives to sabotage the selection of a qualified seasoned and highly professional candidate. The motion regarding salary and benefits passed 4 to 1, but by then, the damage was done and Mr. Dion concluded that the KGID Board was not the board he would want to work for or with. He stated that every effort should be made to have Mr. Dion reconsider this withdrawal from these negotiations. He thanked the Board.

Parks offered for any other comment from the Board. Parks stated that she was under the impression they were attempting to negotiate. Mr. Hancock restated that it should have been done prior to the meeting. He felt it was very unprofessional and he was shocked. He noted that he sent an email to each of the trustees questioning their actions and added that he doesn't blame Mr. Dion for not coming to work for the Board. This board has more to prove than their actions on June 8, 2021.

Parks offered for further public comments, there was none.

APPROVAL OF AGENDA – McKay requested to move the financial report from 18 to before Item 9 in order for Brandy Johns can provide a quick report and leave. There was no further discussion.

M-6/15/2021-1 - Motion by Yanish, seconded by Vogt, and unanimously passed to approve the Agenda as amended to move the financial report from Item 18 to before Item 9.

APPROVAL OF MINUTES –

M-6/15/2021-2 - Motion by Yanish, seconded by Vogt, and unanimously passed to approve the Regular Special meeting held May 11, 2021 and Special Meeting dated May 28, 2021.

Yanish stated that on May 18, 2021, Page 2, she was encouraging both Trustee Schorr and Trustee Parks to attend. Regarding the General Manager's report, the second to the last sentence, she requested an amendment to say Yanish encouraged participation from others as a support for KGID. She clarified that her intent was to encourage others to participate to ensure that KGID is on the record. McKay agreed to make these changes.

M-6/15/2021-3 - Motion by Yanish, seconded by Vogt, and passed to approve the Regular Meeting held May 18, 2021, as amended. Nelson abstained due to her absence at this meeting.

NO ACTION TOOK PLACE ON THE FOLLOWING ITEMS:

APPROVAL OF CONSENT CALENDAR –

Parks requested to pull Item A, McKay requested to pull Item B, and Nelson requested to pull Item D.

M-6/15/2021-4 - Motion by Nelson, seconded by Parks, and unanimously passed to approve Item C, Customer Support Agreement with Cashman Equipment for Generator Maintenance.

Regarding Item A, List of Claims, Parks questioned check #60300. Brewer explained this is our accounting program and this is an annual expense. Parks stated that in past meetings she has questioned the payments to Manchester and was informed that we are done paying him. She noted there are additional items paid to him. Brewer explained these are duplicate reports from last meeting. Garden explained that the additional storm in April may result in additional invoices. McKay added that the contract is year-round. Parks offered for any other questions for Item A.

M-6/15/2021-5 - Motion by Nelson, seconded by Vogt, and unanimously passed to approve the Consent Calendar Item A: List of Claims in the amount of \$404,196.39 as represented by check numbers 60252 through 60426.

Regarding Item B: Renewal of District Insurance Policies for Fiscal Year 2021/2022, McKay explained Jim Norrton with Warren Reed Insurance was present to explain a new process regarding price increase, noting his figures were outdated.

Jim Norton explained that Warren Reed Insurance is the lesion for the Nevada Public Agency Insurance approval and Worker's Compensation. Hancock stated that he was unable to hear and they suggested Norton move toward a microphone. He explained that they have had the Worker's Compensation Policy and for many years and for some reason they ceased to write a public entity several years ago, but have stayed with KGID. This is good news because the alternative is the Public Agency Compensate Trust which is part of the pool. Due to the rating system, the rates are substantially lower. They have had a really good experience with KGID and our losses have been non-existent. He noted that due to a moderate loss in 2020, the modification rating increased from 80 to 107. Their office is requesting clarification of this number to ensure that the rating is correct. He noted that KGID is still significantly lower than any other rate available by other carriers, noting the separate low rate for clerical. He noted that the new rating is likely correct and we are still lower than other carriers.

Nelson requested clarification regarding the loss in 2020. McKay explained that an employee jumped from a truck and was hurt, resulting in a payout of \$8,850.00. Norton added that this was the first loss since 2015. He explained that KGID's experience modification was as low as it could get last year.

Parks confirmed with Norton that these amounts will not increase further. He added that the \$8K loss would not result in this high of an increase.

Norton stated that the Nevada Public Agency Insurance Commission Pool has provided the HR training and risk management. As a representative of the pool, he would like to emphasize the consistency of underwriting and pricing services. He commended the pool and the close proximity in Carson City for discussion, if necessary. Over 25 years, they have had several experiences to do so. The insurance marketplace has affected everyone, noting the property losses nationwide, plus Covid. His son is a catastrophic loss adjuster who has the hardest job.

The average rate increase for this cycle was 8% which equals the district's increase. He stated that Cyber loss is unknown and noted that they paid out \$66K last March. He added that KGID wasn't the only POOL member to experience this and they have other members with loss amounts still undetermined. The POOL has been able to provide coverage up to \$3M at no additional cost similar to a pollution liability several years ago at no additional cost. He added that they have confidence in the POOL and they are familiar with the board members and stay in contact regularly. Wayne Carlson, the Executive Director will offer Risk Management training to the new General Manager of KGID. He offered for any questions.

Nelson clarified that the premium increased 15% this year for Liability and Worker's Compensation increased 66%. Norton explained that Worker's Compensation is based on payroll from 2019/2020 which increased. He noted that the rate difference increased 29% plus payroll expenses.

Norton explained the rental property was added after the renewal application was processed and the premium of \$5K-\$6K was not included last year and is included now. He explained that the new increase is 8%. Nelson verified that the total cost is \$108,888 and we budgeted \$131K. McKay noted the rate matches the 2016 rate for Worker's Compensation, noting the additional savings from 2017 to today. McKay added that the full premium amount of \$108,888.39 should be included in the motion.

Yanish commented that Douglas County has POOL Pact and just cancelled the insurance with them to pursue a different insurer. She questioned if this loss would affect the overall rates, noting the number of members paying in will affect the coverage of losses. She indicated this was noted at the Douglas County Commissioner Meeting. Norton confirmed this and added that Warren Reed is not the agent for the county; therefore, the information is second hand. To the best of his knowledge, pricing wasn't their primary consideration but he is unaware of other issues. He stated that he is not aware of other carriers that can match the POOL's capacity that can provide flood, earthquake, pollution, cyber, etc.

Yanish questioned if the county's departure would affect the POOL Pact rates and Norton speculated no, adding that it is very unusual that insureds leave the POOL. He added that he cannot comment further as he is unaware of the details. Yanish requested verification regarding potential rate increases with the county's departure and Norton confirmed there should be no increase. Yanish thanked him for the clarification.

Parks offered for any other questions. She questioned if the amounts will decrease again and Norton confirmed yes, if there aren't any claims.

M-6/15/2021-6 - Motion by Nelson, seconded by Parks, and unanimously passed to approve the Consent Calendar Item B: Renewal of District Insurance Policies for Fiscal Year 2021/2022 as presented in an amount not to exceed \$108,889.00.

Norton exited the meeting.

Regarding Item D: Acceptance of supplement to the Health Savings Accounts (HSA) for employees insured by the Public Employees' Benefits Program for the fiscal year 2020/2021, Nelson requested more information.

Garden explained that this item is brought forward so that Management Employees required to be part of the PEB insurance receive equal benefit to the other union employees. He provided a comparison of union employees versus non-union employees related to out of pocket expenses. He confirmed that he, Byron and Judy are not part of the union. Garden explained the McKay's HSA is not included, but a line item is included on the spreadsheet for the new General Manger. The HSA insurance runs calendar year based on contributions and our insurance is Fiscal year. There are two contributions into the HSA account, generally January 1 and July 1 each year.

Nelson verified the total contribution is \$16,616.67 for the new General Manager. Parks commented that we don't have to keep up with the union, adding that many GID's aren't union. McKay noted that we have union employees. Nelson noted that this item is brought to the Board for approval annually to remind the Board regarding this funding. Parks stated that the match isn't necessary.

McKay explained that the supervisors don't have a choice to belong to the union; therefore, their insurance doesn't match the union employees. Parks replied that they receive a very large salary. McKay explained that if they do not receive this benefit then it encourages employees to stay with the union in lieu of a promotion. He estimated a \$5K difference for out of pocket expenses. Nelson recalled this situation with Garden and he confirmed that a higher salary would have been a reduction as it did not offset out of pocket medical expenses.

Parks confirmed this was a deciding factor for Garden and commented that a promotion would be beneficial. Garden stated that pay is a consideration. Parks noted that there are other perks with a management position and doesn't feel that the benefits should always be equal.

Parks offered for any comment from Yanish. Yanish stated that she appreciated the comments from the Board. Yanish's audio became unintelligible. McKay confirmed that any votes will need to be clarified due to the audio challenges.

Vogt stated that she supports the request to make things equal between employees. She added that it is important to review this annually. Garden confirmed that it is included in the motion to present this annually.

Parks offered for any public comment.

Hancock noted that he supports this but noted that no other organization fund HSA payments, although some may supplement health insurance. They don't fund HSA payments and noted this is unusual.

Parks questioned the amount or percentage and Garden explained this matches the annual IRS allowance contribution for each employee. He noted the amounts are detailed in his report. The State contributes \$700 for an individual, or \$1300 for family (which includes \$700 for an individual plus \$200 each up to three dependents). The KGID contribution can be \$1,850-\$2,850 for an individual and \$5,400-\$5,840 for a family.

Hancock questioned if KGID supplements the health insurance for employees. McKay replied that KGID pays for employee's insurance. Hancock stated that he changed his opinion and has a problem with paying for insurance premiums plus the HSA. He noted it is unusual to pay for the insurance.

Nelson noted that the supplement was related to the out of pocket expenses as the PEB plan was not as good as the Union plan. McKay agreed. Parks stated that she doesn't agree with making them equal.

Vogt continues to support the equality between the staff and union employees, noting it is not a large sum. She noted this should be reviewed annually to approve the costs which should be presented compared to risks. Given our financial situation, she supports the amount.

Patti Paige verified that KGID is still with the Union insurance, noting the additional cost. McKay explained that they have attempted to renegotiate the terms with the Union and it hasn't been accepted. Vogt added that she was on the committee and confirmed the hours and weeks spent attempting to renegotiate. They offered packages of \$10K annually to compensate for the difference with flexibility of how the funds could be used. McKay explained that the Union voted against it and confirmed that the employees would not accept a comparable insurance plan. Paige verified that the employees would not accept another insurance plan. Vogt added that after a diplomatic negotiation process, the employees turned down the offer. Amy confirmed that it is Patti Paige speaking for the record.

M-6/15/2021-7 - Motion by Nelson, seconded by Vogt, and unanimously passed to approve the Consent Calendar Item D: Acceptance of supplement to the Health Savings Accounts (HSA) for employees insured by the Public Employees' Benefits Program for the fiscal year 2020/2021.

ACCOUNTANT REPORT – Johns offered for any questions. Nelson stated that the reports are dated as of March and she has already reviewed them thoroughly with Johns. Parks confirmed that Yanish did not have any questions.

In response to Vogt's question, Johns stated that she has been in her current position for one year and was bookkeeper for six months prior, noting the similarities. Johns stated she is confident, but working with the rental properties is challenging. Nelson questioned if there are any supplemental reports for the rental properties, and McKay noted it is included in Brewer's report. Johns exited the meeting.

NEW BUSINESS

DISCUSSION ON PURCHASE OF LIQUID OXYGEN FOR STATION #1 FROM LINDE INC.: Garden reported in writing: *Liquid oxygen is the main component used for disinfection at KGID's treatment plant. The oxygen is vaporized to convert it from liquid into gas. The ozone generators use the vaporized oxygen to produce ozone which in turn is injected into the raw water to disinfect all organic contaminants.*

When the treatment plant originally went online the liquid oxygen supplier guaranteed a price for four years. When the agreement expired the supplier notified KGID that production costs along with transportation costs had experienced significant increases. Linde Inc. is the only supplier for liquid oxygen in our area.

The current contracted price is \$5.26 per centum cubic foot (CCF). The prior contracted price was \$0.74 per CCF. The first delivery under the new contracted price came to a total of \$7,079.43 for 1,314 CCF with net 10 day pay terms.

Previous purchases had never gone over the purchasing authority of the General Manager. Under the new pricing and with the net 10 day pay terms a purchase order was issued so payment could be made to alleviate any additional charges for late payment.

Garden noted the background information provided. He stated that liquid oxygen is the main disinfectant used at the treatment plant. When the plant originally went online, we had a 4-year contract with PaxAir who has been bought out by Linde who has a monopoly on the market. Our contract at the time per centum cubic foot was \$0.74. Upon expiration, Garden discussed the terms with the Regional Manager for the area who indicated that they were losing a large amount of money and have since increased costs. The current contract is \$5.26 per centum cubic foot which is more than a 600% increase. Our first order come in was for 1,314 centum cubic feet for \$7K, this goes beyond the purchasing authority of the General Manager. Based on the current purchasing authority documentation, he is requesting approval of the invoice which has already been paid to avoid severe penalties for late payment. He is also requesting to provide the General Manager or Operations Superintendent in absence of the General Manager, to approve future purchases for this product.

In response to Parks' question regarding timing, Garden explained that we receive 3-4 deliveries per year. This is based on tank level to fill up, which varies. We try to budget the amount in the tank converted to fill at 20% and they don't anticipate a large variance in orders. He confirmed he is requesting the General Manager to authorize future purchases of this product from this company.

Garden explained that net 10-day terms are included in the contract and the contract was necessary to avoid losing service. He added there is no other supplier in our region. Parks questioned the term for the current price and Garden estimated that it is in place for 5 years, but he could not confirm the exact terms. He offered to provide additional information to the Board, if requested. He noted the contract is provided.

Nelson questioned if we have other agreements for other chemical suppliers. McKay explained that they have a supplier for bisulfate, with no contract.

Nelson questioned if there were other supplies with permission or direction to purchase above \$5K and McKay confirmed no. He noted that other chemicals come in less than the threshold, noting they are starting to get close. Nelson commented that this is a low threshold and McKay noted the amount hasn't changed during his employment at KGID.

M-6/15/2021-8 - Motion by Vogt, seconded by Nelson, and unanimously passed to approve payment of Linde Inc. invoice #63563627 in the amount of \$7,079.43 and allow General Manager, or the Utility

Operations Superintendent in the absence of the General Manager, to approve future purchases from Linde Inc.

Parks offered for Board comments; there were none. She offered for public discussion; there was none.

DISCUSSION ON MANAGEMENT CONTRACT FOR 160 PINERIDGE AND 298 KINGSBURY

GRADE: Brewer presented in writing: *The current management company is not efficient when it comes to managing our rental properties. RE/MAX is not up at the Lake, and they do not seem to check on our properties that often. The landscaping is a mess, and they cannot find anyone to take on the challenge. I feel they are providing us with an unsatisfactory service.*

Brewer explained that she would like to change the management of the properties to Tahoe Property Management, a local company. We are currently with Remax in Carson City. There have been complaints from the public regarding property condition and landscaping and Remax doesn't seem to have the time to address these concerns. The new management company has landscapers and maintenance and is slightly less expensive charging 7.5% of rent instead of 8%. Landscaping will be additional with either company.

Brewer explained that a benefit is they will let Johns pay the bills. Remax currently pays bills which require correction by Johns.

Vogt confirmed complaints regarding 298 Kingsbury. She questioned the parking signs. Brewer confirmed this was done by KGID because other tenants were parking there. McKay stated that parking was used up by the restaurant patrons for the coffee shop. Parks confirmed that we own the parking lot. McKay explained that they were receiving complaints regarding available parking on our property.

Nelson requested clarification regarding the accounting. Brewer explained that Johns prefers to have full control over paying the bills, but they will still collect rents. Nelson noted they agree to negotiate minimum one-year leases and other lease terms. Nelson questioned future leasing and wants to make sure they understand that KGID will want to occupy the building in the future. McKay confirmed that they will negotiate on our behalf, but all future leases will be approved by KGID.

Yanish did not have any questions. Parks thanked Brewer for the research.

Parks offered for additional Board discussion; there was none. She offered for public comment; there was none.

M-6/15/2021-9 - Motion by Vogt, seconded by Parks, and unanimously passed to change the property management company to Tahoe Property Management.

DISCUSSION ON FARR WEST TASK ORDER #54 SEWER MASTER PLAN: Garden presented in writing: *The Sewer Master Plan (SMP) will provide a comprehensive assessment of the wastewater collection system. The SMP will also generate a 10-year capital improvement plan and provide analysis of the financial status of the system to allow for future development and capital planning. This task order will provide all the necessary components to develop the SMP. Staff will work closely with Farr West during the development of the Plan.*

Garden explained that this was mentioned during the budget workshop. It is important to develop a Master Plan for the sewer for the timing of capital improvements and analysis of financial of the system. He stated that there hasn't been much work put into the sewer system and we will need to start doing this to keep it working efficiency and effectively. This will help with GIS and FarrWest has prepared the task order and offered for Van Dyne to comment. He offered for any questions.

Van Dyne added that they are approaching this Master Plan as a complete Master Plan in lieu of a Preliminary Design Review report (PDR). The benefit is that it is all encompassing and they will consider all conditions and improvements of the sewer system. He explained that a PDR is project specific on deficiencies defined by modeling or staff. He added they will look at potential reconfigurations outside of deficiencies and current KGID Board Meeting Minutes 6/15/2021

problems. The Master Plan is a complete document utilized for potential funding opportunities. He referenced the sewer lift station adjacent to the office that is at high risk because it doesn't have emergency storage and plumbing is concern as it is next to Edgewood Creek. He added the cost is a high dollar to replace and this document will identify the cost along with identifying potential funding opportunities in the form of loans and grants. Without this document, KGID cannot be on list for funding opportunities. He added that the GIS would benefit to include a full understanding of the sewer collection system including flows to the Sewer Authority. This will explain the characteristics of the sewer system.

Parks questioned how long the project will take. Van Dyne explained that they will approach it in tech-memo fashion, with fieldwork, calibration and modeling. The field documents generally take one year, depending on coordination of staff.

Parks questioned if the Master Plan would be good for many years and Van Dyne confirmed adding that they will develop a Capital Improvement Plan (or 10 year CIP) to identify the point of action which can be utilized for budgeting for future years to come. The District could use this information to determine the impacts on rates, connection fees, etc.

Parks questioned if KGID could utilize the GIS on their own. Van Dyne explained that they are assisting with GIS on separate task orders which are monumental tasks for the entire system of sewer, water, roads, etc. to be brought to a point that he can be fully utilized and contain the documents and asset information. The tool we need GIS for this is for the hydraulic modeling. The prior GIS built prior to Farr West is complete but if you zoom in, manholes do not connect to pipes, and therefore cannot be quantified for queries and cannot be used for modeling. They will be correcting data and sharing with the GIS task order. He added that assistance and direction will be needed from Garden and his crew. They will be doing dips on the manholes for accurate invert elevations to understand slopes of pipe confirming diameter and material of pipe. They have records, but the old system has data gaps. He explained that any federal stream for funds will require State Historic Preservation Office. He noted that any system 50 years or older requires additional studies and management practices, noting material types can be hazardous. This field work and updating the GIS will be a starting point of building master plan for the district to use, adding the GIS is work horse data base to hold any and all knowledge of the system.

Parks verified it will update the GIS. Garden explained the budget includes \$200K as approved and this request is for an amount not to exceed \$170K, including contingency.

Vogt commented this is necessary and we have unusual conditions with mountains, etc. Parks noted the age of the system. Vogt added the environment is also a concern and we wouldn't want to be responsible for contamination into the lake. She added that it is time to do this as we have been discussing it for some time.

Nelson stated she could not locate the funds allocated in the budget. Garden confirmed it was included in Capital Outlay in the Budget that was approved. Nelson questioned if it was in the budget she received. McKay stated it was included in the final to budget to the State. He offered to double check and stated there shouldn't be any changes. She requested that changes from the Tentative to the Final Budget be reviewed. McKay stated that it should still be approved and would be included in the enterprise fund and not an issue for augmentation. Nelson noted that the budget should be submitted properly. Garden confirmed that it is included in the budget submitted to the State that Johns also works off and it's noted in the Capital Outlay. Garden speculated that the worksheets may have come from a working final budget worksheet which wasn't the true final budget worksheet. Nelson stated that the tentative budget approved should be the same. Garden noted that it was added from the tentative to the final, approved and it is not included in the worksheets. McKay offered to verify and noted it can still be approved.

Nelson addressed Task No. 6 Financial Analysis and requested additional information from Van Dyne. Van Dyne explained that it is not a rate study. They will be looking into recommended projects, alternatives and connection fees. They are reviewing financial impacts of the projects and Capital Improvement Plan, future needs impacting user fees, development and connection fees.

Nelson verified the Capital Improvement plan will cost \$11,920 and separately in financial analysis is \$17K to determine costs. Van Dyne explained this is to review connection fees, capital improvement impacts to financial considerations. They will explore potential funding opportunity with USDA and SRF. The funding terms will be identified and alternatives for district to identify rate impacts for user and connection fees for the district to understand projects in the master plan.

Nelson questioned Task No. 9 for Owner Direct Services. Van Dyne replied this is a contingency. He explained that with assumptions within task order, master plans can take different direction and surveys or analysis may be needed. Assistance from the district is also included but may not be available if they are busy. The target of \$150K was provided by McKay and Garden with remaining 10% contingency which is not utilized unless directed in writing from leadership of KGID.

Nelson requested verification of how the Master Plan was requested with the dollar amount. Van Dyne explained that they built a Master Plan with a smaller range of prices based on the number of connections and size of the system. Based on his various experience with these, he estimated \$135K-\$140K, which was increased to include contingency which provides safety for unanticipated items. Master plans include hydraulic modeling and sewer review. Based on unknowns they recommend contingency He explained the option of a budget amount with contingency added or a budget not to exceed including contingency.

Nelson questioned the budget amounts, noting the recommended action includes an amount not to exceed \$172.5K but \$150K is needed and no funds are budgeted. Garden explained that \$200K was budgeted and this amount was discussed prior to receiving task order. An estimated range was provided to request certain services. The additional contingency is provided for added data collection expense in lieu of requesting additional funds.

Parks questioned how bills are tracked. McKay explained that invoices are received monthly and each invoice is reviewed with the task order and budget.

Yanish requested additional information regarding financial risk if this isn't addressed. Van Dyne stated that Farr West has been involved in the district over 10+ years and has performed one evaluation on Palisades and Easy Street Lift Station and they have reviewed the Market Street Lift Station twice as a potential project. Outside of GID, they have not reviewed the sewer system, which has been maintains, but there hasn't been any replacements or condition assessments. He noted sewer videos can identify potential problems, but the collection system is old, noting the environmental risks.

Van Dyne stated that they are currently working with North Tahoe PUD to analyze their collection system for two of their lift stations with effects leaking into the Lake. They are replacing lift stations under emergency projects. He is aware of Kings Beach force mains leaking with environmental impacts. KGID has a force main with a condition unknown that has to be addressed and is a concern of McKay and Garden. He confirmed the analysis of the system will allow us to plan and stay ahead of reactive situations. The water PDR performed last year provided benefits and they were able to re-allocate projects from the Master Plan performed in 2002. He acknowledged that planning documents are labor intensive and expensive but the benefit and value will save money in the long run via proactive planning.

Vogt noted the vulnerability of being in Lake Tahoe and noted the liability of not reviewing the system. She supports the action and made a motion for the recommended action. Parks offered for further Board discussion.

Nelson stated she has concerns with the high amount of contingency, since Van Dyne estimated the costs at \$135K. With a 15% contingency, she estimated this cost at \$155K. She added there is no reason to exceed the proposed amount. Parks stated she would be more comfortable lowering the amount to a 10% contingency.

Yanish recalled a 15% contingency on engineering contracts. McKay explained that smaller contracts include 15% and larger are 10%. He explained that there are many unknowns and additional research may be necessary. This would need to be determined during the project and it would cause delays to request additional funds. Garden stated that he doesn't anticipate utilizing all of the funds, but the estimate is higher to cover contingencies which would save on mobilization costs.

Parks offered for public comments.

Hancock stated that he is concerned about double contingency. He questioned review of contingency and requested a report back. He questioned how much contingency is spent, noting it shouldn't be spent unless absolutely necessary. He questioned if the Board is reviewing costs and contingency spent and added there would be a problem if more than 50% of contingency is spent. Parks agreed with his concerns.

Garden stated that in the past 5 years for larger projects they have minimally utilized contingency. He noted recently the Andria Drive project required additional work and didn't recall any other contingencies used.

Hancock requested a report for the last two years to include project budgets, actual costs and contingency utilized. He added that he has no reason to be suspicious and would like contingency reviewed. He would like someone on the Board to request 2 years of data as due diligence.

Van Dyne thanked Hancock and noted he is happy to respond. He explained that the Sewer Master Plan is the first task order with a built-in contingency. Usually they build in their scope and fee based on actual work and at Board approval, the District will add contingency of 10%-15%. He offered to provide a report and he confidently replied that projects over the last 7 years, very few projects exceeded the amount. The Andria construction project had defects resulting in over budget, but they stayed within contingency. He explained these were warranted claims and the defective work cost was deducted from the contractor's payment. This is identified in the General Conditions as identified by working with staff. The billing system identified separate line items to track corrective work to allocate those hours and differentiate between actual estimated time of work. This was utilized to submit to the contractor for defaulted claim compensation which was not paid by KGID. Task orders are time and materials and there are no lump sum contracts with the district. Most projects come in under task amounts, noting some projects with unanticipated items. Geotech reports will indicate unsuitable conditions requiring amending designs. He explained that they take pride in adhering to the budgets for the District and all of their clients. They have a long-standing relationship with the District and take pride on their budgets and efficiency. He offered to provide reports and hoped this addresses questions and concerns.

Hancock thanked him and suggested the Board review this information as due diligence. He commented that this should be considered prior to approving large funds. Van Dyne appreciated the question and added that they work closely with McKay, Garden & Johns monthly. Budgets are reviewed discussed again when they reach 75% to verify amounts and unknowns. He added that they are working with the office daily and or weekly regarding the status of the projects and budget items. He is often present at the meetings to discuss the status of ongoing projects and is available to answer any questions. Parks offered for additional comments, noting there is a motion and a second on the table.

Vogt added that Farr West joined KGID about the same time she joined the Board. She has confidence in their company, has never received complaints regarding their invoices and feels they stay on budget. She acknowledged Hancock's comment and confirmed that she is pleased with Farr West's performance and she appreciates the working relationship.

Parks closed public comment.

M-6/15/2021-10 - Motion by Vogt, seconded by Yanish, and unanimously passed to approve Farr West Task Order #54 Sewer Master Plan in the amount of \$150,000.00 with a 15% contingency of \$22,500.00 for a total not to exceed \$172,500.00.

DISCUSSION ON FARR WEST TASK ORDER #55 2021 PAVER UPDATE: Garden reported in writing: *This update to PAVER will assist in keeping our streets throughout the District in top condition. As noted in the Task Order, KGID will perform all road inspections and will forward the inspection reports on to Farr West. Farr West will enter all of the information into the PAVER program which will determine which roads fall below the CPI threshold of 75 and will give a recommendation of which streets will need maintenance this year. We*

have budgeted \$800,000 for sealing and road rehabilitation in the Fiscal Year (FY) 21-22 budget. This determination will allow us to go out to bid early in the FY to get better prices.

Garden noted this task order is brought forward annually to update the paver system with new documentation from street inspections. Farr West will input the inspection and field information into MicroPaver to provide heat map indexes for the areas requiring maintenance, rehabilitation or construction. We have \$800K budgeted for road sealing and rehabilitation annually and we will plan to go to bid early in fiscal year to obtain the best prices. This task order is only for Farr West to update the paver software with the most current field inspection reports.

Parks questioned if an engineer is required to update this information. Garden explained that staff would not be able to update this information. McKay added that these are huge complex programs and it is cheaper to contract to an engineer to perform these tasks. Parks questioned if this is hourly based on the length of roads. McKay replied that it is a random check of roads to determine conditions. He explained that Farr West is knowledgeable of our system resulting in an accurate estimate. Parks questioned if this is approved annually for \$20K and Garden confirmed it has only been for the last 2-3 years.

Nelson questioned the location within the budget and McKay noted it is classified as Maintenance in the General Fund for \$800K.

Vogt commented that this process keeps our roads in good condition and she receives compliments from drivers from other areas. She added it is best to be proactive to maintain roads and noted a reduction in car maintenance costs.

Yanish questioned if entries are required in both GIS and MicroPaver. Garden explained that they are separate programs that do interface.

Parks questioned if it was necessary for Farr West to do this on behalf of KGID. McKay explained that they review the data and the road conditions, but Farr West enters the data. He added that they also have the program. Park questioned Van Dyne if he updates this for other districts and he confirmed. He explained that for KGID, they update every two years and this is the 5th installment. The more information is better as it is a random field generator for field inspections. The District staff performs field inspections reducing costs significantly. He explained that they restore many utilities and larger metropolitan areas that maintain their roadways utilize PCI scores. He recalled several years ago when the district restored the roadway to Quaking Aspen for \$1M and Frontier cut the new road to repair and install communication line. The district had no means to justify a road cut fee because we didn't have justification for it. We now have for road cut fees that are very high for newly installed roads to deter utilities from cutting a newly installed road. They utilize GIS to work projects inhouse which is more user friendly than Paver, but they are used together. They utilize GIS to prepare the locations, exhibits and final results by exporting and importing between the two programs. MicroPaver is proprietary as it was developed by the Army Corps of Engineers. It is the cleanest brand of program available and produces a good product, develops its own CIP. They just renewed the program software for \$7K for the latest version, noting that they do not offer support for prior versions. In response to Parks' question, Van Dyne explained that Farr West pays for it on behalf of their clients and does not charge for its use or licensing. Van Dyne explained that they have 113 field inspection locations and estimates are built from there. He noted a decrease in hours for task orders over the years as they continue to refine and improve deficiencies.

Parks offered for other discussion from the Board; there was none. She offered for public comment.

Hancock clarified that his concerns are not regarding Farr West's integrity. He noted that he feels the Board should be aware of the amount of contingency spent on these projects in regards to Board's requirement to review budget items.

Parks offered for any other questions; there were none.

M-6/15/2021-11 - Motion by Yanish, seconded by Vogt and unanimously passed approve Farr West Task Order Task Order #55, 2021 PAVER Update Project for \$19,992 plus a 15% contingency of \$2,998.80 totaling \$22,990.80.

There was a five-minute recess at 6:48 p.m. The meeting resumed 6:53 p.m.

DISCUSSION ON FARR WEST TASK ORDER #56 RIDGE AT TAHOE METER RELOCATION:

Garden reported in writing: *By relocating the Ridge meter two factors will be addressed.*

- 1. Individual shut off valves to isolate the Ridge and Stagecoach Lodge without impacting each other.*
- 2. Meter located within KGID/Douglas County Right of Way to provide an accurate end of responsibility for KGID.*

In the provided snapshots from the KGID GIS you will see the current location of the isolation valves for both the Ridge at Tahoe and the Heavenly Stagecoach Lodge. Also included is the approximate area where the Ridge at Tahoe waterline is connected and runs to the existing Ridge meter.

Currently if there was a leak on the Ridge waterline and a shutdown was needed for repairs it would also put the Heavenly Stagecoach Lodge out of water. In the past when the Stagecoach Lodge had its water off due to KGID repairs, KGID incurred costs for fire watch services that Heavenly needed to perform due to the fire suppression system being out of service due to the water being off. By relocating this meter it will also assist in finding potential leaks that would otherwise not be accounted for in the current configuration.

Garden noted this was previously discussed at budgeting time and noted the images provided. He noted the KGID valve for Stage Coach and The Ridge is located on Quaking Aspen. There is a service line into Stage Coach Lodge and noted their isolation valve indicated by a red dot on the image. The green line out in the road is the current location of The Ridge tie in point. This is all approximate, noting the line running to the current meter.

Garden explained that one problem is the individual shut off valve to isolate The Ridge would also put the Stage Coach Lodge out of water and shut down the fire suppression system. When necessary, Heavenly has provided fire watch with a security team hourly and charges are forwarded to KGID. Due to the current location of the meter, crews have to enter The Ridge property. It is located in a vault and two men are required. The air must be tested, requiring the air be evacuated out of the vault which in total is a 30-45 minute process to read three meters. Another problem is regarding water loss. If there is a leak we would not know about it unless it surfaced. If the meter is at the point of connection, they can identify a leak and notify them earlier.

Garden explained that we are asking for FarrWest to begin engineering for this task order to have a contractor install the vault and meters. In response to Parks' question, he explained there is a three-meter configuration; 8" line for fire flow and a combination of a ¾" and 2-inch meter for the bypass, which provides the domestic water. All three are located in the vault and will be moved down to the right of way of Quaking Aspen near the Stage Coach Lodge. This will only affect The Ridge and State Coach's meter will not be moved. A new vault will be excavated and the meter installation will be configured inside. This vault will be accessible for personnel to stand up as required for maintenance services. In addition, service may require for large equipment and space is needed. Parks questioned the rights and McKay and Garden confirmed it will be in the right of way.

Vogt questioned if this project was newly identified. Garden explained that it has been on the list for some time and with water loss concerns and age of the pipe in the ground this will provide safer operations and accountability for our water. The last instance with this was approximately 7-8 years ago. While performing maintenance, a valve broke, resulting the line shut off and fire watch. The total repair was 36-hour repair until service was restored.

Nelson noted that certified payroll isn't anticipated as construction costs are under \$100K. She questioned if this amount seems sufficient to complete before November. McKay commented that luckily concrete is needed and not wood, adding that Bing's is now closed for concrete.

Van Dyne stated that they continue to see shortages and price hikes. They recently had two projects with zero bidders as contractors are very busy. His recent discussions with contractors indicated that they are busy but laying off staff due to material delays resulting in project delays. They have installed price hikes from Western Nevada Supply and feel it should be under \$100K public project threshold. He noted this may be a project for with contingencies. He added that a Round Hill project with construction projected under \$100K, but there are concerns that construction costs will be elevated. They will do their best to manage costs and time and if needed, they will revise the task order for a public bid. He stated that this is a single line and should remain under \$100K.

Nelson noted the bidding for August 2021 and verified if it can be approved in time. Van Dyne explained that they will begin discussion with contractors immediately to determine if the amount is sufficient. They will provide a memo with three bids. They will have discussions with contractor as they are designing to provide information. They will also discuss the project with material suppliers. He noted that they are soliciting bids in Olympic Valley currently and the contractor will purchase pipe material ahead of time. He suggested this option for KGID to reduce potential delays and costs to the contractor, reducing the threshold amount. The bottom line will be the same to the District. Farr West will be proactive when they begin this project. Nelson noted the importance of lead time to purchase materials to complete the project before snow. McKay noted this project is out of the basin.

Garden has discussed purchasing meters from the suppliers which would also avoid paying markups from contractors. Nelson supported this process.

Yanish disclosed that she owns a timeshare at the Ridge Tahoe. She questioned Zumpft if that is a conflict and he noted the disclosure is adequate. She verified with Garden that the meters are owned by KGID and one meter is at Tahoe Village on Ridge property and not in the right of way. Garden confirmed KGID owns the meters, not the line or the vault. She questioned if the Ridge would be required to run their line out to the relocated area. Garden explained that we would connect to their current system line at the Lodge. She questioned if the connection would be severed. Garden explained that if we had to shut The Ridge line down, it would put the Stage Coach Lodge out of water because of the current configuration of the isolation valves. She questioned ownership and responsibility for The Ridge. He noted the red valve on the images as the end of KGID's responsibility for both properties. She noted that we have a meter up the line that is our responsibility and he provided an example of meters located in crawl spaces of multi-unit homes. He confirmed the meter is owned by KGID, but not the piping. Garden explained the shut off valve is enclosed in the vault. She commented that she doesn't feel this is a conflict to vote on this item as she would not be gaining anything monetarily.

Parks offered for further discussion from the Board and public comment. There was none.

M-6/15/2021-12 - Motion by Nelson, seconded by Vogt, and unanimously passed to Approve Farr West Task Order #56 Ridge at Tahoe Meter Relocation Project in the amount of \$27,004.00 with a 15% contingency of \$4,050.60 for a total not to exceed \$31,054.60.

DISCUSSION ON FARR WEST TASK ORDER #57 FY22 GIS: Garden reported in writing: *The GIS system is running flawlessly and has provided staff with a tool that is used daily both by office staff and field crews for identifying and updating the water, sewer, stormwater, road, and sign facilities.*

This next year there will continue to be valuable additions to the GIS system like linking all sewer inspection videos to the corresponding sewer line segments. Adding the rest of the meters to the database that were not previously gathered in the field. Providing real time water modeling and flow data. All record drawings for old and new projects will be put into the database. Also, all road PCI scores will be updated with current and upcoming projects.

The work associated with the GIS both by Farr West and the KGID field crews are labor intensive. It will take many years to get the GIS system to the point of requiring less time and money to keep updated. This work has been accounted for in the upcoming fiscal year 21/22 budget.

Garden explained that over the years, they have been working with FarrWest to implement better data in GIS which is invaluable to staff in the office along with on the field for located valves, fire hydrants, etc. This amount would be split from water and sewer among user fees. Without the GIS system, it would be impossible for staff to update. FarrWest has done a commendable job to keep this updated and GIS is one of the best tools used at KGID. He feels they should be able to increase the amounts for separate funds next year. There is more work to finalize this and we should see a decrease next year. Last year \$40K and an additional \$10K is needed to update Paver into GIS. The crew is out shooting assets into the systems. Garden & FarrWest review the data and implement it into GIS. They finish with meters data that was not collected in the past and this is done in house.

In response to Parks' question, Garden explained that we had GIS in-house 4 or 5 years, but it was not progressing and information entered was not accurate. The sewer lines didn't match up to manholes which caused issues when querying data. Farr West has been updating the GIS for 3 years. McKay confirmed the cost of \$40K each year. Parks noted this is a large amount and questioned if this amount will be needed in the future.

Van Dyne stated that this was reviewed and noted prior examples with vast extents of GIS usage. Based on having water, sewer and roads, the district chose an accelerated path to build this useable tool to for the staff to utilize. He explained that some districts have a 10-year plan. He noted prior records that can be digitized and loaded to eliminate paper. He agrees with Garden that reductions can be made starting next year. At that time, the district can upload information, noting the information collected last year with water. Future service can include maintenance at a minimal scale or include incorporating records. The office/admin staff can query the meters for billing usage and the possibilities are endless.

Nelson noted that this is an ongoing project and not a Capital Improvement project. She requested reviewing this with our financial auditor to reallocate this as regular expense. She noted this for the record and requested Brewer to make a note of it. This is a material amount at \$50K and should be reviewed as it is not an ongoing expense. McKay agreed. Yanish questioned if the digitizing of the records would be a Capital Improvement. McKay agreed with reallocating this to operating as the digitizing drawings would be a minor part of the project. Nelson stated there isn't much reason to capitalize, noting Generally Accepted Accounting Practices.

Parks offered for further discussion, public comment, none.

M-6/15/2021-13 - Motion by Nelson, seconded by Vogt, and unanimously passed to approve Farr West Task Order #57 Fiscal Year 2020-2021 GIS Services for an amount not to exceed \$50,000.00.

DISCUSSION ON ANNUAL WAGE INCREASE FOR EXEMPT EMPLOYEES: McKay reported in writing: *All of the exempt employees received a 3 or higher on their annual review. In keeping with the increases offered to the union employees, this should mean that they will receive a 2% merit increase on top of their 2% increase for CPI increase. The CPI increase was 3% but the union agreement was capped at 2%.*

McKay explained this is presented annually for review. He explained the Union employees receive a 2% cost of living increase and a 2% merit increase based on their review. He noted this is to maintain equality among the staff.

Nelson questioned raises in regards to retroactive dates. McKay noted that there is a six-month evaluation after hiring then it is changed to July 1. In response to Vogt's question, McKay replied that Union negotiations will begin next February. McKay noted it was a four-year contract that took a year to negotiate.

Nelson clarified that this affects Garden and Brewer. She questioned the percentages and McKay noted the cap is 2% for CPI.

Parks offered for any Board discussion and public comment; there was none.

M-6/15/2021-14 - Motion by Vogt, seconded by Nelson and unanimously passed to approve a 2% cost of living increase plus a 2% merit increase for exempt employees beginning July 1, 2021.

DISCUSSION ON COMPENSATION PACKAGE FOR CAMERON MCKAY DURING TRANSITION TO NEW GENERAL MANAGER:

Nelson stated that she asked McKay to prepare a proposal to cover timing issues with a new General Manger. She suggested a with a two-week transition period for consulting of the new General Manager. McKay has already put into PERS to retire and cannot stay on as an employee. She requested a proposal and questioned if there is new information. He noted more information will be available tomorrow and he noted Schorr would likely be present as well.

Parks confirmed it is an Open Meeting tomorrow. Parks requested further information regarding the item for discussion. McKay explained that he has other commitments that he may be able to postpone to continue service to KGID. Nelson noted this is not a full-time commitment. Nelson is willing to table the item until tomorrow.

Yanish confirmed it is on the agenda for tomorrow. McKay explained it was included tonight as this agenda was already published. Parks stated she can address her comments tomorrow. Nelson suggested the trustees keep their papers. She noted the information has changed and will be reviewed.

Vogt confirmed the meeting is at 1:30 p.m. Parks confirmed there will be no action and the item is tabled.

BOARD REPORTS –

Yanish will be attending the Nevada League of Cities meeting in Elko tomorrow and will report back. She offered to gather any information for the trustees. Vogt clarified that Yanish will be available during the meeting and she stated she will be available by phone or Zoom as long as she has service.

Vogt indicated there was nothing of significance at the Sewer Authority.

STAFF REPORTS -

GENERAL MANAGER’S REPORT – McKay noted that his report is short because he was gone quite a bit and offered for any questions. He noted that Ponderosa Park is not ready to move forward. Nelson noted that construction prices were much lower last year and they could have benefited from commencing then. McKay explained that the estimated cost is now up to \$1.3M and by the time it goes out to bid, it could be significantly higher. The USDA is leery about taking some of the costs due to ownership issues and cannot give a loan for these reasons. A package will be difficult because there aren’t capital forgiveness funds of \$1M, only \$500K, resulting in debt of \$800K.

Parks questioned a potential catastrophe. McKay explained that their current leaks are coming from service lines affecting multiple properties. He explained that one service line can damage another property. He confirmed there is one meter for the entire park. The advantage to KGID is to loop the system for better fire protection within the park. A fire in the park could be catastrophic if it spreads to nearby homes.

McKay noted that he had interesting lunch with League of Cities director Wesley Harper regarding funds. It would benefit KGID to apply for funds for infrastructure. The counties are starting to receive funds, but the towns such as Minden/Gardnerville may not see funds. Harper is negotiating will notify KGID of available funds. There may be USDA Grant Funds available of \$250K for other projects. Parks noted that important information such as this must be made available after McKay’s departure. Brewer confirmed that she is familiar with these items.

McKay commented that communications with Cheryl Couch at USDA and other relationship are essential. Vogt questioned if that is separate from NV Legislature comments in his report. McKay explained that other Bills passed with potential impact to KGID. He noted that the intent of laws doesn’t necessarily represent the initial intention. He added that the Nevada League of Cities reviews these Bills and their service is invaluable.

Yanish stated that she provided testimony at the Douglas County Commissioner’s Meeting regarding the ARPA funds accepted. She praised KGID’s involvement and noted we should receive funding. She noticed the Fire District attended the next meeting to make similar comments. She will continue to provide information or coordinate if possible, especially through Wesley.

McKay offered for any other questions; there were none.

UTILITY OPERATIONS SUPERINTENDENT’S REPORT –

Garden added that they repaired a leak at Station 3 at our meter vault pumping up the hill. It was a minor repair located late last night that repaired early today. He offered to answer any questions.

Vogt verified that the leak was located after hours and questioned how it was located. Garden was personally called by a resident with close to proximity of Station 3. Garden inspected the leak and determined it was not pressing so he contacted Joel this morning to resolve it.

ADMINISTRATIVE AND HUMAN RESOURCES REPORT – Brewer offered for any questions. Nelson appreciated her time to research rental property manager.

ATTORNEY’S REPORT – Zumpft noted McKay’s report regarding the Beach Club on Page 12. He stated the recorder rejected the documents claiming they were color copies and McKay the stated signer insists it is the original signature. This will be resent for signing with direction to use a ball-point pen.

Zumpft questioned the status of utility liens to be potentially collected by the treasurer. McKay explained that Brewer is working on this and it may be addressed in July or August at a Public Hearing. Parks offered for any further questions; there were none.

CORRESPONDENCE –

UNFINISHED BUSINESS

FINAL PUBLIC COMMENT – Hancock commented that he has a hard time hearing Yanish and requested a microphone be placed in front of her. In addition, Zumpft is difficult to hear. Garden has researched microphones for each station for July 1. Parks confirmed this is being addressed.

ADJOURNMENT

M-6/15/2021-15 - Motion by Yanish, seconded by Vogt, and unanimously passed to adjourn the meeting at 7:38 p.m.

Respectfully submitted,

Sandra Parks, Vice-Chairman

Attest:

Darya Vogt, Secretary