

TRI GENERAL IMPROVEMENT DISTRICT
DRAFT MINUTES OF THE MARCH 3, 2022 PUBLIC MEETING
OF THE BOARD OF TRUSTEES

Place of Meeting

The meeting was held at 1705 Peru Drive, McCarran, NV and via Zoom Video conference with members of the public able to join a Zoom Meeting at <https://zoom.us/j/7097790662> or by calling the following number:

Phone: +1 669 900 6833 US Meeting ID: 709 779 0662.

Date of Meeting: March 3, 2022, 2:00 p.m.

AGENDA : Introductory Items

1. Call to Order and Roll Call
2. Pledge of Allegiance
3. Public Comments
4. (For Possible Action) Adopt the Agenda as submitted

The meeting was called to order at 2:02 p.m. by President Jay Carmona. GM Shari Whalen took roll call. Present were President Jay Carmona, Trustee Clay Mitchell and Trustee Lance Gilman. Other attendees were Tracy Black, Secretary Treasurer, Ozwald Henke, Technical Services Manager and Debbie Leonard, Legal Counsel for the GID.

No public comments. Trustee Mitchell moved and Trustee Gilman seconded the motion to adopt the agenda of March 3, 2022. The motion carried unanimously.

AGENDA ITEM 5: Consent Agenda (All consent items may be approved together with a single motion, be taken out of order, and/or be heard and discussed individually.)

- I. Approval of Minutes of January 6, 2022 Meeting
- II. Approval of Voucher Report for the Period of December 2021
- III. Approval of Voucher Report for the Period of January 2022

No questions and no public comments. Trustee Mitchell moved to approve, and Trustee Gilman seconded the motion. Motion carried unanimously.

AGENDA ITEM 6: General Manager's Report (Information Only)

Shari Whalen, General Manager reported on the following items:

Budget Update

Discussions today will be for the preliminary budget goals and the Tentative Budget will be discussed at the April Board meeting. The final budget must be considered at a special meeting in the third week of May. GM Whalen recommended that the May meeting be moved to the third Thursday instead of the first Thursday so that all Board business in one meeting during that month.

Staffing

The position for maintenance worker has been filled on a part-time basis.

Project Updates:

TMWRF Pipeline

Pipe installation continues. Over 11 miles has been placed to date. There may be a meeting of the Rainbow Bend Homeowners' Association in March. Staff will inform the Board members if that is going to occur.

TMWRF Pump Station

Work continues at the TMWRF facility but continues to be behind schedule. 88% of contract days have passed but only 56% of construction is complete. Because this is a relatively small piece of the overall project, staff does not expect it to delay completion of pipeline, which is expected in January 2023.

TRIGID Effluent Reservoir

Work is substantially complete for the reservoir, and new monitoring wells should be drilled this month.

Reservoir Pump Stations and On-Site Pipeline

Pipe and other construction materials have been delivered to the reservoir site and work began on February 28th. The Reservoir Complex Blend Tank construction will begin in May. Staff met with Sierra Controls today to finalize plans for the new SCADA system.

Staff will begin Quarterly Operations Planning Sessions for process system coordination and delivery starting in April 2022. Representatives of TMWA, TMWRF, TRIGID and Farr West will be participating.

Water rights change applications to allow for water delivery through the pipeline were submitted to the State of Nevada DWR in February.

Well 7, Well 8, and the Arsenic Treatment Plant at Well 2

Staff is working with Farr West punch list items on Well 7 and then all three projects will be ready to accepted for dedication.

Auxiliary Power and Fencing Projects

The Fencing Project has been delayed 30 days in order to provide site access for the back-up generators. Both projects are going well, overall, and both projects will be done before the end of fiscal year.

WWTP Pond Intake and SBR Project

Simerson mobilized to the WWTP site and began working on the pond intake piping this week. The project should be completed by mid-March, which is well ahead of schedule. Operations staff are working on bringing the old SBR's online at the WWTP to be ready for high flows in the summer. The project is going well and is on schedule to be completed by April 1, 2022.

Well 6

This major repair project has been added to the list as the well has been offline for several months and it has been difficult to get a contractor to mobilize to the site to replace the pump and motor. This well is relatively new, being brought online in 2019, but has been a constant problem. It has been offline due to pump and motor issues for more months than it has been in service. If this is not resolved by the summer, there could be operational challenges during peak demand.

Water Rights:

There are currently two water agreements with potential customers, one for non-potable and one for potable water.

New Development:

There are currently seven projects in plan review and six projects under construction within the service area.

Easements:

Nothing to report.

Other Updates:

Operations staff has participated in two on-site training intensives during the last quarter in order to enhance operations standard operating procedures. The trainings were facilitated by Farr West's Operations Personnel and Technical Support from Western Nevada Supply.

There were no questions from any of the Trustees regarding the GM's Report.

AGENDA ITEM 7: Discussion/Possible Action:

Presentation, Discussion and Possible Action to Approve TRIGID Mid-Year Financial Report

GM Shari Whalen explained that the Resolution 2021-005 created the Sewer Fund beginning in FY22 to track water and sewer revenues independently. In order to implement the allocations as

outlined in the resolution, transfers into the Sewer Service Fund and transfers out of the Water Service Fund were required.

The Total Revenue, minus transfers, in both funds are higher than anticipated with 63 and 68 percent collected as of December 31, 2021 in the Water Service Fund and the Sewer Service Fund, respectively.

Overall, operating expenditures (minus depreciation, capital outlay, and transfers) are at 43 and 44 percent in the Water Service Fund and the Sewer Service Fund, respectively.

Connection fees are lower than anticipated, but those are difficult to predict, and the District does not depend on those for operations.

Based on this information, Staff expects to finish the year at or below budget. There is some variability in line items within the Operating Expenses and Staff has provided explanations in the staff report; however, even though some account numbers are higher than expected, the overall expense should be under budget at year end.

Trustee Mitchell asked if all the activity that is going on right now is a direct correlation to the connection fees or will the connection fees be a trailing indicator after the permit work has been done? GM Whalen responded some projects that are in process have not paid connection fees yet. GM Whalen offered to track down information on the status of the current projects for the current fiscal year and associated connection fees.

Trustee Gilman requested a recap of the projects and their various status, and to keep the board up to date going forward.

President Carmona agreed that this report would be very helpful to stay up to date with the development in the park each month.

No more questions and no public comments. Trustee Mitchell moved to approve, and Trustee Gilman seconded the motion. Motion carried unanimously.

AGENDA ITEM 8: Discussion and Possible Action

Presentation, Discussion and Possible Action to Direct Staff regarding the FY2023 Tentative Budget

GM Whalen requested feed-back on adopting the TRI GID Mission Statement as a part of our budget process. Board members expressed that the proposed Mission Statement would be acceptable. Staff indicated it would send the proposed mission statement out to stakeholder customers for their feedback.

GM Whalen provided a summary Power Point presentation of the preliminary Tentative Budget requests and some of the major changes for FY23. With the process water system

slated to come on line in the third quarter FY 23, it is anticipated that there will be a drop in revenue due to the ways the water and wastewater will be used in the system. Conversion from temporary potable water to non-potable for process water uses will reduce revenue from potable water use. In addition, the termination of temporary industrial discharges as those customers go to zero liquid discharge will reduce sewer fund revenue but will be good for capacity at WWTP. Operating expenses for both potable water system and sewer system, however, will remain more or less the same. Depreciation expense will increase due to dedication of additional infrastructure.

Staff is currently engaged in a rate study. that the rate structure for water and sewer will need to be modified, and new rates will need to be developed for process water. Overall, combined rates may increase due to these changes. Rate Study recommendations will be brought back during the board meeting in May and incorporated into tentative budget.

Trustee Gilman asked if this rate study will be incorporating the predicted growth and the demand. GM Whalen stated that the growth will help rates and explained that the study is difficult to predict because of the type of customers that are in the District - generally, industrial customers – could impact the revenue substantially. Major growth can occur with a single new customer.

Trustee Gilman noted that regional economic development organizations have tended to discourage high-demand water users asked whether that message should change. Trustee Gilman also asked about rates for the non-potable system.

GM Whalen responded that rates for the non-potable system are being studied right now at the same time as rates for the potable water and sewer systems are being studied. GM Whalen noted that rates charged by TMWA and TMWRF will be included within the non-potable rate structure, and the geographic expanse of the system plus low number of customers make rate-setting difficult. Water-wise development will stretch the water resource over more customers. The District is concerned with the affordability of the water/sewer rates. There are a lot of moving parts and there is more information coming. The District will be keeping the Board advised in the coming weeks.

Trustee Gilman stated that he agrees that there are some challenges but there is some opportunity that comes with the benefit of this being an industrial park with no residential uses allowed. Customers understand that there is a price associated with that benefit.

Trustee Mitchell asked how serious the concerns are with the changes that are associated with the reuse system and rate increases. GM Whalen stated that customers seem to understand that increases are going to happen and there doesn't seem to be much alarm but is still concerned about deterring future development if the rates are too high.

Trustee Mitchell also reiterated that customers still see the value of the park and that in order to be sustainable, it is not the responsibility of the GID to shoulder the burden entirely.

GM Whalen continued with summarizing the preliminary requests for staffing and salary schedule adjustments. Trustee Gilman agreed that the salary adjustment needs to be looked at, and a salary study needs to be conducted.

President Carmona noted the unique work-force environment that the GID needs to address for recruitment and retention. The GID needs to strike a balance to ensure it does not invest in training only to lose employees to competitors.

Trustee Mitchell inquired about the benefits package and how competitive the GID is. GM Whalen stated that the district is very competitive on benefits, although it may not be as competitive with dependent benefits. The real expense for becoming more competitive is salaries.

Trustee Mitchell expressed concern that increased salary costs will coincide with supply chain issues and a new rate structure.

The Board members indicated that salary adjustments need to be looked at and evaluated further.

GM Whalen went over other topics, including cell phone allowance. Board members generally supported a \$40 per month allowance for employees who use their personal cell phone for business purposes.

Regarding capital improvements, GM Whalen noted that staff have pared down the number of capital improvement projects. Staff is looking at extensive improvements at the WWTP rather than a new plant and is looking at ways to achieve arsenic compliance and installing additional potable water sampling stations.

Trustee Mitchell asked whether with substantially reducing flows through WWTP, what was the initial thought for the need for a new WWTP. GM Whalen responded that it was cost of operation of the existing WWTP because of maintenance and repair that is required. Operating costs do not entirely correlate to reduced flows because will have certain costs that still exist.

Trustee Gilman asked if grant funds are available for these types of capital improvement projects. GM Whalen responded that staff has been in touch with the State Revolving Loan Fund Program and is in the process of drafting applications for preliminary engineering studies. Staff is also in touch with the State Treasurer's Office to discuss funding opportunities with State Infrastructure Bank.

GM Whalen also discussed equipment requests, including to address communications needs, a boat for the effluent reservoir, and ATV for reservoir maintenance and a vehicle for a new hire.

GM Whalen also discussed existing vendor contracts, to which there are no anticipated increases.

There were no additional questions and no public comments.

Trustee Mitchell moved to accept the preliminary requests presented in the FY23 Tentative Budget power point presentation. Trustee Gilman seconded the motion. Motion carried unanimously.

AGENDA ITEM 9: PUBLIC COMMENT. There were no public comments.

AGENDA ITEM 10: ADJOURNMENT. With no further business to come before the Trustees, the meeting was adjourned at approximately 3:18pm.