

TRI GENERAL IMPROVEMENT DISTRICT
DRAFT MINUTES OF THE May 19, 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: May 19, 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 2:01 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, and Debbie Leonard, Legal Counsel for the GID.

GM Shari Whalen requested to hear Item 7 before Item 6.

No public comments. Trustee Mitchell moved and Trustee Gilman seconded the motion to adopt the agenda of May 19, 2022 and to hear Item 7 before Item 6. The motion carried unanimously.

AGENDA ITEM 5: Consent Agenda for Possible Action

- I. Approval of Minutes of April 7, 2022 Meeting
- II. Approval of Voucher Report for the Period of March, 2022

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

AGENDA ITEM 7: Discussion/Possible Action:

Presentation, Discussion and Possible Action to Approve the FY2023 Final Budget, including, but not limited to the Water Fund Final Budget, Sewer Fund Final Budget, Process Water Fund Final Budget, Position Control, Salary Schedule, Organizational Chart, Comprehensive

Five-Year Capital Improvement Plan, and Annual Indebtedness.

GM Whalen summarized the FY2023 Final Budget Hearing Presentation. The overview included a summary of each of the three enterprise funds per the recent resolution approved in April 2022.

GM Whalen noted that the Water Enterprise Fund expects about \$2 million in revenue and \$1.26 million in operation expenses, excluding depreciation, capital, and transfers. The Water Fund will collect \$2.84 million more than it expends, but depreciation, a no-cash transaction, is about \$700,000. Finally capital outlay will be approximately \$152,000.

GM Whalen noted that the Sewer Enterprise Fund expects about \$1.37 million in revenue and \$1.42 million in operation expenses, excluding depreciation and transfers. The Sewer Fund will collect more than it expends, but depreciation is almost \$643,000. Finally, capital outlay will be almost \$600,000, which will be mostly for improvements to the wastewater treatment plant.

GM Whalen noted that the newly created Process Water Enterprise Fund expects about \$354,000 in revenue and \$638,000 in operation expenses. The Process Water Fund will expend \$284,000 more than it collects. Depreciation is significant on a \$100 million project, so depreciation in the amount of \$2 million per year is anticipated over the next 50 years. The District is not funding depreciation, and the capital outlay is very small for this fund.

Position Control is for 9 full-time employees, and salaries and benefits costs are \$1.1 million. This is 33% of the total budget, which is below average for local governments at 41%. The COLA is equal to the 2021 CPI per Tentative Budget hearing.

GM Whalen also outlined the Capital Improvement Plan for Water, Wastewater, and Process Water. The lion's share of the budget will be spent at the wastewater treatment plant and will also gain access to the State Revolving Loan Funding.

GM Whalen explained the Nevada Department of Taxation Budget Summary, including a total of \$3.57 million in revenues and \$6.67 million in operating expenses. She noted that the operating expenses included \$3.35 million in depreciation, which is not a cash transaction, but is required by State Law to be recorded as an operating expense. Cash flow is a total of \$3.7 million in revenue, \$790,000 in capital, and operating expense of \$3.3 million. The total cash needed is \$4.1 million. Savings in the amount of \$334,000 is required, but both fund balances are healthy.

GM Whalen noted that depreciation is not being funded. The District should move toward funding depreciation over the next three to five years. The Five Year CIP is also not fully funded. State Revolving Loan Funding pre-applications have been submitted to Nevada, and the District has a plan for how to fund the CIP.

The new Process Water System coming online in FY23 will further complicate the revenue streams of the District, causing significant reduction in revenues on the water and sewer cost centers. A Rate Study has been completed and will be presented to the Board of Trustees for

consideration on July 7, 2022. Staff has begun the process of notifying customers on the rate study.

The only change from tentative budget is an interfund transfer for startup capital for the newly created Process Water Fund. This loan will be paid equally from the water fund and the sewer fund in the amount of \$319,329. The updated Budget Summary for Taxation was presented with the updated information.

Trustee Mitchell asked about depreciation being reported to Taxation. GM Whalen stated that it is required to be reported, even though it is not funded. GM Whalen explained the difference between the Statement of Net Position and the Statement of Cash Flows on the State Forms.

Trustee Mitchell asked about the “if needed” on the recommended motion. Staff discussed the language and agreed that “if needed” should be omitted.

No public comments. Trustee Mitchell moved to approve the TRIGID Approve the FY2023 Final Budget, including, but not limited to the Water Fund Final Budget, Sewer Fund Final Budget, Process Water Fund Final Budget, Position Control, Salary Schedule, Organizational Chart, Comprehensive Five-Year Capital Improvement Plan, and Annual Indebtedness Report and further moved to direct staff to budget for an interfund loan to the Process Water Fund in the amount of \$638,658. Trustee Gilman seconded the motion. Motion carried unanimously.

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

Shari Whalen, General Manager, reported as follows:

Meeting Schedule

GM Whalen recommended cancelling the June Board of Trustees meeting and to reconvene at the first Thursday in July.

Budget Update

GM Whalen noted the Final Budget was heard today. At the next meeting the third quarter budget report will be presented. This report is going to be presented later than usual due to operational emergencies that have taken staff away from some of the routine administrative activities of the District.

Project Updates:

TMWRF Pipeline (16-mile 24 inch diameter pipeline from TMWRF to TRI Center)

Pipe installation continues. Over 13.5 miles has been placed to date. The high point tank construction in Lockwood is complete, but the tank still needs to be painted. TRI, TRIGID and Farr West are still working with RBHOA to resolve the easement issue in the RV Storage Yard.

TMWRF Pump Station

Work continues at the TMWRF facility and is finally ahead of schedule. 81% of contract days have passed and 95% of construction is complete.

TRIGID Effluent Reservoir (2000 AF)

Work is substantially complete for the reservoir, the new monitoring wells are drilled, and the only outstanding items are minor punch list items and the boat dolly for the boat access ramp.

Reservoir Pump Stations and On-Site Pipeline

Construction of piping, access road and pump station building are underway.

Staff had our first Quarterly Operations Planning Sessions for process system coordination and delivery in April 2022. Representatives of TMWA, TMWRF, TRIGID and Farr West participated in a site tour. The next quarterly meeting with focus on the proposed cloud-based SCADA system.

Water rights change applications to allow for water delivery through the pipeline were submitted to the State of Nevada DWR in February. The Pyramid Lake Paiute Tribe Protested the applications, and TMWA is drafting an answer to be submitted this month.

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

All punch list items are finally resolved and staff is working to document acceptance of dedication for all three projects.

Auxiliary Power and Fencing Projects

Work continues on both projects. All change order requests to date have been within the awarded contingency amount, and both projects will be done before the end of the fiscal year.

WWTP Pond Intake and SBR Project

The main portion of this project is complete, but the new wet well configuration has created challenges with screw press operation. Simerson is completing a modification project under a separate contract to resolve this issue. All work should be completed by the end of fiscal year.

Well 6

This well had been offline for several months and staff was having serious difficulty getting a contractor to mobilize to the site to replace the pump and motor. If staff cannot resolve this issue by the summer, the District will face operational vulnerabilities during peak demand. GM Whalen reported that the well was brought successfully back online and has been functioning properly for several weeks.

Water Rights:

We currently have two water agreements in the works with potential customers for non-potable and potable water.

New Development:

There is one project in plan review and nine projects under construction within our service area.

Easements:

TRIGID recently executed two easements for NV Energy related to the process water projects at the induction wells and reservoir complex.

Other Updates:

Staff continues to deal with the impacts of the incident that occurred at the Wastewater Treatment Plant on April 7. Staff hopes to have temporary bypass pumping operational this week that should allow normal treatment capabilities. Over the last six weeks, staff has been working diligently to facilitate repairs and implement emergency measures in order to avoid a discharge or spill of untreated effluent from the plant. This includes

hauling a portion of influent wastewater to a neighboring municipality and creating temporary on-site storage with frac tanks. There is still not a complete final accounting of the total cost of this incident; however, a claim was submitted to our insurance carrier on April 7. At our next Board of Trustees meeting, Staff hopes to have a complete summary, including after-incident action items and an agenda item for ratification of emergency expenses.

Also, on the morning of Sunday May 15, 2022, TRIGID received several reports of low water pressure. Personnel were immediately dispatched to the area and discovered that a six-inch stub to a private fire hydrant had failed overnight and completely drained Tank 2 and partially drained Tank 1. Staff estimates this failure discharged over 1 million gallons of drinking water into a nearby undeveloped area. The responsible party will be charged for the water and the tanks were filled to meet fire protection criteria in the lower zone by 9 pm on Sunday evening.

For both of these emergencies, GM Whalen thanked operations personnel for stepping up and showing up at all hours of day and night. For example, when the WWTP went down on April 7th, three field personnel manned the plant for 24 hours a day for the next six days. On Sunday, five of the District's 6.5 employees were dispatched to the site as part of our emergency response, and one person stayed on site to observe the tank filling for 15 hours. These employees continue to be the District's greatest asset.

GM Whalen offered to answer any questions. President Carmona thanked all District Staff for their hard work and asked if there was a ballpark figure of the cost. GM Whalen stated that all the invoices have not been submitted, so there is not a complete cost accounting. So far, she estimates about \$100k in expenses, with more coming. She explained there are still major outstanding expenses related to hauling wastewater and renting pumps.

Trustee Gilman inquired about alarm systems on tanks. GM Whalen stated that the District has been working with the SCADA integrator on functionality of alarms. Trustee Gilman inquired about a large hotel looking to develop on the lake. GM Whalen deferred to Oz Henke. Mr. Henke stated the hotel has completed the plan review and paid their will serves and have completed a portion of the work.

Trustee Mitchell thanked Staff for their hard work.

Trustee Gilman logged off of the meeting.

AGENDA ITEM 11: PUBLIC COMMENT. There were no public comments.

AGENDA ITEM 12: ADJOURNMENT. With no further business to come before the Trustees, the meeting was adjourned at approximately 2:38 pm.