

TRI General Improvement District Board of Trustees Meeting

DRAFT Minutes

August 1, 2024, 2:00 pm
440 USA Parkway Suite 105, McCarran, NV 89437
And by Zoom

1. Call to Order and Roll Call

The meeting was called to order at 2:00 p.m. by President Jay Carmona. GM Shari Whalen took roll call. Present were President Jay Carmona, and Trustee Clay Mitchell. Other attendees were Shannon McKnight, Clerk/Treasurer; Debbie Leonard, Legal Counsel; and members of the public. Trustee Gilman was absent.

2. Pledge of Allegiance

3. Public Comment (No Action)

No public comment.

4. Discussion/Possible Action:

Adoption of Agenda

No public comment.

Trustee Mitchell moved to adopt the agenda as presented. President Carmona seconded. Motion passed unanimously.

5. Consent Agenda for Possible Action:

- I. Approval of Minutes of May 30, 2024, Meeting
- II. Approval of Voucher Report for the Period of May 2024
- III. Approval of Voucher Report for the Period of June 2024
- IV. Ratification of amendment to Sierra Controls FY24 Annual Contract for SCADA integration for Emergency Temporary Treatment (RO Plant) in the amount of \$28,477.62
- V. Ratification of Emergency Repair for Well 7 Motor replacement to Carson Pump LLC in the amount of \$57,060
- VI. Approval of Emergency Repair for Well 5 Motor replacement to Carson Pump LLC in the amount of \$63,780
- VII. Ratification of Emergency Replacement for Well 6 HVAC System to Sierra Air in the amount of \$13,996
- VIII. Approval of Amendment to FY25 Annual Engineering Support Services Contract with DOWL in the amount of \$72,500 for a total contract amount of \$192,500, for staff augmentation, including, but not

limited to, development review and inspection support services, NAC 445A waiver application support services, and operator in responsible charge support services

- IX. Approval of Sewer Infrastructure Master Plan Contract with DOWL in the amount of \$75,000
- X. Approval of Change Order for the Well 3 Rehabilitation Project to Carson Pump for well swaging and additional video survey in the amount of \$21,000
- XI. Approval of Amendment to Lumos and Associates Contract for the Well 3 Rehabilitation Project for additional inspections related to swaging and additional video surveys in the amount of \$5,000
- XII. Approval of Contract with Shaw Engineering for Process Water System Improvements Infrastructure Dedication Submittal Review in the amount of \$26,000

No public comment.

Trustee Mitchell moved to approve the consent agenda of August 1, 2024. President Carmona seconded. Motion passed unanimously.

6. Discussion Only (No Action):

General Manager's Report

Budget Update

Staff is working on closing out FY24 and the Final Budget Summary for FY24 will be presented at the next meeting. There is a new policy on the agenda today, which clarifies responsibilities related to budget preparation, operating reserves, authorization for mid-year budget changes, and augmentations.

General/Admin

The Deputy General Manager position has remained unfilled for several months with no applicants. Senior Staff has been brainstorming alternatives, such as contracting some in-house services and/or District reorganization due to difficulty in filling the position. These items are presented on the consent and regular agenda today.

Last month, Titan Electric drilled into a sewer line on Innovation Way. TRIGID mobilized Q&D construction for an emergency repair. Staff has not received an invoice from Q&D to date, but staff will include the payment on the next agenda for ratification and will forward the invoice to Titan for reimbursement.

A lid from a water valve service can become dislodged in USA Parkway. The metal lid was hit by a vehicle traveling on USA Parkway and caused significant tire and rim damage. TRIGID will be paying the cost of damage, which was \$1,616, as our insurance deductible is \$1,000. TRIGID Operations staff special ordered locking lids and have replaced some valve can lids already. Staff will continue to purchase additional locking lids each year out of the operating budget to systematically replace the lids that seem to be dislodged easily (especially in USA Parkway and Electric Avenue).

Project Updates:

Substantially Complete Portions of the Process Water System:

Final Dedication Packages have been prepared by DOWL, acting as the Engineer-of-Record for Tahoe-Reno Industrial Center (the Master Developer), for review and consideration for acceptance by TRIGID of about \$1

million in new process water infrastructure. Packages have been provided for the following projects: TMWRF Pipeline (including induction wells), TMWRF Pump Station, Asamera Reservoir Construction, Reservoir Pumping Facilities, Sydney Process Line, and Existing Process System Testing and Commissioning. Two of the seven submittal packages are incomplete, but Staff plans to initiate review on the five complete packages first. Staff understands that the last leak on the existing effluent system was completed yesterday and expects the last two project dedication packages to be complete by DOWL within the next two weeks. In addition, staff is waiting on a cathodic protection report on the 30-inch line between the Reservoir and the 3 million gallon reclaim tank to be completed and submitted to TRIGID for review. Staff has included a contract with Shaw Engineering on today's consent agenda in order to expedite this review, as DOWL, acting as the District Engineer, cannot check its own work. Based on today's consent agenda approval, Shaw will have initial comments back to DOWL within one month.

These projects represent only a portion of the process water system, and the system as currently built by the Master Developer cannot deliver process water at the flow rates or at the water quality committed by the Master Developer to process water users. TRIGID has informed the Master Developer that its acceptance of any process water infrastructure or property needed for the process water system will be subject to a reservation of TRIGID's rights to have the Master Developer construct, acquire and dedicate all additional elements necessary to meet all its obligations to TRIGID.

The 2017 Effluent Agreement, between TRIGID and the Cities of Reno and Sparks, provides that the Cities must complete a rate study to establish a base fee and shortage fee related to operation of the TMWRF pump station. As previously reported, the rate study has not been completed, but TRIGID has provided the 2022 Rate Study, prepared by DOWL, to the Cities. This 2022 TRIGID Rate Study included an exhibit with a possible rate methodology for the TMWRF base rate for the Cities. There was an unanswered question regarding a methodology to calculate the shortage rate; however, it appears that the question has been resolved internally and the Cities have a draft rate agreement that incorporates the 2022 DOWL recommendations with an "annual true-up" clause related to actual volume delivered annually. TRIGID Staff have not seen the final document at this time but anticipates receipt in a few weeks and will include this item for consideration on the September 5, 2024 Board of Trustees agenda.

Well 9

The landowner has preliminarily denied the Master Developer permission to complete well exploration on their property. The Master Developer has requested a meeting with Staff and DOWL to discuss options moving forward.

Comstock Valley Process Extension

The project design is complete and construction has not proceeded at this time. Redwood has been investigating alternative funding strategies, including State Infrastructure Bank Funding. Staff met with Redwood and the State Infrastructure Bank team to discuss this approach. Redwood has obtained EDAWN's sponsorship for this project, which allows them to be eligible for SIB funds. Redwood provided a presentation on the project to the State Infrastructure Bank Board of Trustees on July 26, 2024 regarding project funding. Staff has rescinded the existing letter regarding Redwood's failure to act in good faith and has administratively extended the project completion deadline to October 2025, which is the date Redwood has indicated the project will be delivered to TRIGID.

WWTP Effluent Pump Upgrades

This was a Process Water Project managed by the Master Developer, but TRIGID purchased the pumps and was reimbursed by the Master Developer in order to accelerate the project schedule. If you recall, there have been

significant problems with both of the new pumps. However, both effluent pumps have been repaired under warranty at the Cornell Factory and are now operating at the duty point. In addition, the electrical work has been completed to connect the pumps to the existing emergency back-up generator (for which the Master Developer has committed to reimbursing the district).

Well 3 Rehabilitation

The well rehab is underway and is expected to be complete next week. Parts to rebuild the pump and convert it to water cooled (instead of oil cooled) will be delivered and installed in July. There is a change order for Carson Pump and Lumos on the consent agenda today related to repairing two sections of casing that are not properly joined.

Emergency Treatment:

The last change order for the civil improvements project, for SCADA integration, was on today's consent agenda. The total project amount to date for Capital Outlay is \$1,484,280.

Water Rights:

Staff issued one consent on assignment in July. Staff has been informed that DOWL is working with the Master Developer to move the final surface water rights to the induction wells at this time.

Easements:

Staff accepted a utility easement in the newly dedicated portion of Pittsburgh Road from Storey County. Once the easement issue was resolved, TRIGID administratively accepted the new water line on Pittsburgh Avenue.

Staff is working with a new customer on several easements near the Reservoir for their development, but the easements are not finalized at this time. In addition, DOWL and the Master Developer are working on the Small Reclaim Tank easement adjacent to the Reservoir, as well as the on-site Tesla easements.

The Sydney relocation easement is complete and the small change at the end of the line due to the contractor connecting to the wrong line on the Tesla site will be addressed as part of the main Tesla easement project headed up by the Master Developer.

Operations:

Water System:

The water system Sanitary Survey was April 23, 2024. During the Sanitary Survey, and in follow-up correspondence, NDEP has notified TRIGID that they consider a water hot-tap (a new service connection by means of a tapping saddle to an existing, in-service and pressurized water main) to be a water project requiring NDEP design review and approval. Hot-taps are common at TRI Center, and most new services are hooked up to the TRIGID water system by means of a hot-tap. This additional review requested by NDEP could considerably extend the design review and approval timeline for new projects at TRI Center. Staff completed research and discovered that TRIGID may be eligible for a waiver of NDEP BSDW design review of hot-taps, which would allow TRIGID to continue to expedite design reviews and will-serve issuance. Staff has compiled all the documents necessary to accompany a waiver request, but we learned that our existing Operation and Maintenance Plan

does not meet newly adopted NDEP standards. Staff has asked DOWL for a price to update the plan for TRIGID and that fee was included on today's consent agenda as part of the amendment to the DOWL annual contract for staff augmentation. Staff plans to submit the waiver application in September.

Sewer System:

Because the effluent pumps are now operating at their duty point, Operations staff has finally been able to demobilize the rental bypass pump that we relied on for the past several years while the Process Water Projects were under construction. This is a major operational change and, although staff now expects to see an increase in electricity costs at the plant, there should be a significant decrease in diesel and rental costs for Sewer this year.

Process System:

Switch is now connected to the Process Water System, but Tesla is having some on-site challenges and should be able to connect within the next week. Staff understands that an alternative commissioning specification was accepted by the Cities of Reno and Sparks in order to commission the TMWRF pump station and, due to the Veolia RO plant being taken offline due to an emergency safety issue on July 4, 2024, the TMWRF line is delivering between 0.5 and 1 million gallons per day. Staff expects this to continue through August.

Emergency Treatment:

There have been ongoing and significant cost overruns on this project since commissioning and Veolia has failed to operate the plant at the contract flow rate of 533 gpm on a consistent basis. Veolia has had difficulty dealing with cold water temperatures and subsequent inefficient coagulation, the presence of algae near the bottom of the Reservoir, prematurely clogged filters cartridges and fouled RO membranes, and most recently, hydrogen sulfide gas.

Veolia continues to troubleshoot and pilot different mitigation strategies. They have requested that TRIGID consider mobilizing a floating surface intake and rental diesel pump to see if they have better luck treating effluent taken from the surface of the Reservoir, instead of utilizing the existing Lower Booster Pump Station and taking effluent from about 7 feet above from the bottom of the Reservoir. Because this approach will significantly add to operating costs and would warrant additional capital outlay in the Process Wastewater cost center of the Process Water Enterprise Fund, Staff continues to request that Veolia work with the existing infrastructure, as set forth in the Veolia contract.

Veolia has billed \$669,664.22 in operating contract services, through June 2024. Between March and June 2024, Veolia has billed TRIGID \$52,080 in extra manpower charges for commissioning and troubleshooting related to operations. Additionally, TRIGID anticipates that Veolia will be billing approximately \$43,000 for RO membranes that were prematurely fouled after only weeks of operation.

These are costs over and above the contract daily rental rate of \$3,883 per day and commodity charges for proprietary chemicals already being charged by Veolia to TRIGID. In addition, the RO plant has been offline since July 4, 2024, due to the detected presence of hydrogen sulfide gas at the plant. This issue has not been resolved to date, and although Veolia continues to trouble shoot and complete additional testing, TRIGID continues to incur daily rental and manpower charges while the plant is shut down.

If this issue is not resolved by August 4th (one month from the date the plant was shut down), TRIGID Staff expects it may notify Veolia that they have failed to meet their contract obligations.

Engineering:

Staff have initiated a small contract with Resource Concepts, Inc, the same firm who completed the Storey County Integrated Sourcewater Protection Plan, to assist with Industrial Discharge Program Management. Currently, RCI is getting up to speed on existing permits, double checking that all DMRs for Permit Year 2024 have been properly submitted, and reviewing permit modification requests for this year. They will also assist staff with noticing and permit writing for the upcoming permit cycle this fall.

GCW has submitted the Wastewater Treatment Plant Preliminary Engineering Report to the Office of Financial Assistance at NDEP as part of our SRF Project. We also met with GCW to discuss scoping of a 50 percent design which would include a constructability analysis and a value engineering analysis in attempt to drive the total estimated project cost down. The scope of work and contract will be brought to the Board of Trustees for consideration as early as September 2024.

DOWL, Kimley Horn, and TRIGID Staff continue to meet regularly for Comstock Valley and South Valley infrastructure modeling and planning purposes. Development is occurring very quickly in the southern half of the Service Area and the lack of master planning documents is posing unique challenges for the District, engineers, and developers. Staff hopes that this collaboration initiative will help customers in these areas understand what infrastructure will be required to serve these parcels in a more timely fashion. Staff and DOWL held a Process Water and Water Master Plan kick-off meeting this week, and the Sewer Master Plan Contract is today's consent agenda. If approved, our hope is to have draft Water, Sewer, and Process Water Masterplans ready for review by the end of the year.

New Development:

There are three developer projects currently under construction at this time, with seven additional projects in design review.

There have been some challenges with flushing and fire flow testing at 1200 USA Parkway, which has resulted in the District modifying inspection protocol to attend on-site flushing and fire flow testing with the Fire Department and the on-site development team from now on.

Due to ongoing staffing challenges, staff is engaging the District Engineer to assist with plan review and field inspections, with a budget adjustment on today's consent agenda for DOWL to continue this service through the end of the year. Staff also updated the TRIGID website with a "new development" tab, where our customers can initiate requests for plan reviews and field inspections, and where they can access the forms and standard details that they need for submittal. We also added a new email address to streamline the process for developers: newdevelopment@tri-gid.org.

7. Discussion/Possible Action

Discussion and Possible Direction to Staff related to Switch Ltd.'s Proposed Alternative Process Wastewater Rate Proposal.

GM Whalen requested that the Chair allow public comments to exceed three minutes.

GM Whalen gave a brief history of the process followed to date, provided background on the issues, and recommended that no Board action be taken at this time.

David Rigdon, with Taggart and Taggart LTD, representing SWITCH, presented a power point “Alternative Rate Schedule” for the Board’s consideration.

Luke Tipton, with the District’s Engineer, DOWL LLC, stated that DOWL recommends staying with the currently adopted rates because basing all proportionality on historical discharges is not appropriate and DOWL anticipates that all water being charged for will be treated during the three-year period.

Trustee Mitchell asked if under the previous rate model, the previous wastewater that comes into the system then becomes process supply water within the system. GM Whalen answered affirmatively.

Trustee Mitchell asked Mr. Rigdon regarding Switch’s timeframe for construction of the permanent wastewater treatment solution. Mr. Rigdon said there is dispute over the long-term solution, and a mediation is scheduled for later this month and he could not comment on that at this time.

Cindy Gagliano, with the Master Developer, said they had no comment and appreciated the discussion.

David Rigdon asked if the RO Plant is treating all the water in the Reservoir. GM Whalen responded that the RO Plant is only going to treat the past and future discharges of Switch and Tesla. The process water rate that was approved in 2022 addresses rates for the water that goes into the process water system. David Rigdon asserted that the process wastewater charge should only be charged when water is treated. Mr. Rigdon made additional comments regarding Switch’s position..

Luke Tipton indicated that, if directed, DOWL can analyze the non-fixed aspects of the rate but reiterated DOWL’s position that the rate is cost-based, proportional, and there is a rational nexus between the customers involved – Switch and Tesla – and the cost of the RO facility.

Additional discussion between Mr. Tipton, Mr. Rigdon, Trustees, and GM Whalen.

No additional public comment.

Trustee Mitchell moved to instruct staff and DOWL to evaluate and to bring back potential alternatives regarding the proportionality of fixed costs assignments between Customer 1 and Customer 2 and, secondly, to evaluate and bring back a potential alternative on the way that the commodity charge is being assessed related to the timing of how it is incurred. President Carmona seconded. Motion passed unanimously.

8. Discussion/Possible Action:

Discussion, and Possible Action to Approve the TRI General Improvement District Financial Policy 2-3, Related to Budget, including Budget Development and Approval, Budget Changes, and Enterprise Fund Operating Reserve Amounts

GM Whalen presented background and the policy to the Board.

No public comment.

Trustee Mitchell moved to approve the TRI General Improvement District Financial Policy 2-3, Related to Budget, including Budget Development and Approval, Budget Changes, and Enterprise Fund Operating Reserve Amounts. President Carmona seconded. Motion passed unanimously.

9. Discussion/Possible Action:

Discussion and Possible Action to modify the FY25 Position Control and Organizational Chart to add a Foreman Position and remove the Deputy General Manager Position

GM Whalen presented the item to the Board.

Trustee Mitchell asked if it was possible to leave the Deputy General Manager position on the organization chart but leave it unfunded.

No public comment.

Trustee Mitchell moved to modify the FY25 Position Control and Organizational Chart to add a Foreman Position and to leave the Deputy General Manager Position unfunded for this fiscal year. President Carmona seconded. Motion passed unanimously.

10. Discussion/Possible action:

Discussion and Possible Action Related to the General Manager's Annual Performance Review and Associated Personnel Action Form.

Trustee Mitchell and President Carmona both stated their appreciation for GM Whalen and the job she does.

Cindy Gagliano, with the Master Developer, enjoyed working with Shari and looks forward to continuing to do so.

No additional public comment.

Trustee Mitchell moved to approve the General Manager's annual self-performance review and associated Personnel Action Form. President Carmona seconded. Motion passed unanimously.

11. Public Comment (No Action)

No public comment.

12. Adjournment

President Carmona adjourned the meeting at 3:29 pm.