

**Round Hill General Improvement District
Board of Trustees Public Hearing Meeting Minutes
June 21, 2016**

Tuesday

6:00 pm

1. Meeting Called to Order (T-Mark 1)

Meeting was called to order by Chairman Glen Smith.

2. Pledge of Allegiance

Pledge of Allegiance was led by Chairman Glen Smith.

3. Roll Call

Chairman Glen Smith, Vice Chairman Steve Seibel and Trustees Chuck Fagen, Wes Rice & Keith Fertala were present. The District Manager, Administrative Assistant and District Counselor Pat Fagan were present. Resident Dick Hoadley was present.

4. Public Comment

None.

5. Approval of Agenda

Motion to approve the agenda as amended to move item# 7 after item# 8. Rice/Fagen 5-0 approved.

6. Discussion and possible action to adopt Resolution #313; A RESOLUTION DESIGNATED AS THE "2016 ELECTIVE TAX ELECTION RESOLUTION"; DECLARING THE NECESSITY OF LEVYING A SPECIAL ELECTIVE TAX FOR ROAD REPLACEMENT PURPOSES; CALLING AN ELECTION THEREON TO BE HELD IN CONJUNCTION WITH THE GENERAL ELECTION ON TUESDAY, November 8, 2016; PRESCRIBING DETAILS IN CONNECTION WITH THE ELECTION; RATIFYING ACTION PREVIOUSLY TAKEN RELATING THERETO; AND PROVIDING THE EFFECTIVE DATE HEREOF.

The RHGID Board of Trustees adopted Resolution #311 at their meeting on May 17, 2016 which characterized the 1996 transfer of funds from the General Fund to the water and sewer funds as non-interest bearing loans.

The RHGID Board of Trustees adopted Resolution #312 at their meeting on May 17, 2016 which authorized the District Manager to repay the 1996 transfer of funds from the General Fund to the water and sewer funds back into the General Fund.

The District implemented an Ad Valorem (AV) tax in 2015 that is governed by the 3% annual cap. The voter approved AV tax will not be governed by the 3% annual cap. If the District moves forward with the creation of a voter approved AV tax, it could generate up to \$100,000 per year. RHGID has received approval from the Douglas County Debt Management Commission to implement the voter approved AV tax.

To date, the District has implemented the AV tax within the 3% cap and has authorized the repayment of \$700,000 from the water and sewer funds to the general fund. Therefore, we now have \$1,067,000 in available funds in the GF to use for road paving projects. The \$1,067,000 will be used for the next two rounds of road reconstruction beginning in 2017. Therefore, implementation of a voter approved AV tax is not warranted at this time. It is prudent to conduct a paving project in 2017 and another project in

2020 and reassess the District's GF finances at that time. Manager Reed recommended that the Board reject Resolution #313. Motion to table the item at this time. Fagen/Seibel 5-0 approved.

7. Discussion and possible action on the potential dissolution of Douglas County Sewer Improvement District #1 by Douglas County.

Manager Reed reported that on May 23, 2016, Douglas County District Attorney Mark Jackson made a presentation to the Douglas County Board of Commissioners regarding the operations of Douglas County Sewer Improvement District #1 (DCSID) on May 23, 2016. At that meeting, Mr. Jackson noted that there were irregularities in the election of Board members for DCSID. Mr. Jackson indicated that he would introduce an ordinance to the County Commissioners asking for the dissolution of DCSID. Such an ordinance was introduced on June 16, 2016.

District staff met with representatives from Kingsbury GID, Tahoe Douglas District (TDD) and DCSID to discuss possible strategies in preventing the dissolution of DCSID. District staff prepared and presented the following to the County Commissioners at their meeting in consideration of the dissolution of DCSID:

Mr. Chairman and members of the Commission, my name is Greg Reed. I am the District Manager at Round Hill General Improvement District (RHGID).

RHGID provides sewage collection services to approximately 480 homes and businesses in the Round Hill area of Zephyr Cove, Nevada. We then transport that waste to Douglas County Sewer Improvement District #1 (DCSID) for treatment and ultimate disposal outside the Tahoe basin as mandated by law. RHGID has no alternatives to DCSID, and DCSID has provided RHGID and Round Hill residents with reliable, competent and capable sewer treatment services since at least 1965. Since 1999, RHGID has invested \$1,016,000 in capital improvements for required upgrades at DCSID. Those funds have been provided by Round Hill residents, for Round Hill residents, and should stay local. In addition, there may be reserves held by DCSID to fund future capital improvements which must be maintained strictly for the benefit of users of DCSID's sewer services.

Allowing RHGID only three minutes during public comment to address an issue as important as dissolution of the only wastewater treatment option available to the District as we understand the District Attorney's proposed ordinance will do is not in the best interests of the residents who RHGID represents.

While Douglas County may have concerns about the operations at DCSID, the dissolution of DCSID seems to us to be a draconian solution. Dissolution should be undertaken only with a thorough understanding of the implications to all affected Douglas County residents in the Lake Tahoe basin from Glenbrook all the way to the state line. Moreover, there may be alternatives such as discussing solutions to the alleged problems outlined by the District Attorney during his May 23rd presentation to this Commission.

According to Douglas County's District Attorney, there are 21 General Improvement Districts and one Local Improvement District within Douglas County. Is the dissolution of all of those Districts the ultimate goal of the County? Whenever the County has a disagreement with an Improvement District or a NRS 318 General Improvement District, will dissolution be the County's answer to dealing with such disagreement? Improvement Districts in Douglas County provide vital public services for our resident's at the most local level available.

Typically, when an issue arises between two parties, those two parties sit down together and attempt to work through a solution. There should be an attempt to reconcile those differences before the problems escalate to any discussion of dissolution. It is our understanding based on limited information received to

date that neither the County nor DCSID has analyzed the potential cost impact on RHGID ratepayers should DCSID be dissolved, yet here we are today discussing dissolution. If there is an appetite to consider replacing DCSID with another sewer provider, there should be some assurance that service offered by another provider will be better than that provided by DCSID and that rates will not be raised.

As an affected stakeholder, RHGID requests the opportunity to work with the County and DCSID to discuss the advisability of creating a new sewer service provider that meets the needs of all of the residents of Douglas County in the Tahoe basin. In fact, RHGID has already met with DCSID to begin those discussions. We deserve the opportunity to continue those discussions.

Douglas County and DCSID do not exist in a vacuum. Any decision by Douglas County with regard to DCSID will have wide ranging implications to all Lake Tahoe residents within the County. RHGID respectfully requests that the Commissioners vote against this ordinance for dissolution of DCSID and we request that RHGID be included as an affected stakeholder in any discussions regarding the future operations of DCSID. Alternatively, we request that a vote on the proposed ordinance be delayed at least one month to allow the board members of RHGID and its staff to analyze the potential impact of the proposed ordinance and alternative solutions offered not only by the District Attorney at your May 23, 2016 meeting, but other solutions which may be offered by stakeholders such as RHGID.

Motion to establish a sub-committee to include Manager Reed, Chairman Glen Smith and Vice Chairman Steve Seibel. Also to authorize Manager Reed to communicate with DCSID on all activities in the interest of the Round Hill rate payers. Smith/Fagen 5-0 approved.

8. Discussion and possible action to submit a pre-application to the Nevada state revolving fund (SRF) for a \$500,000 loan with principal forgiveness to replace the water lines and install individual meters within Castle Rock.

Manager Reed continues to work with Castle Rock to consider an approach to replace the water lines within Castle Rock. The Nevada Department of Environmental Protection has indicated that RHGID is eligible for a principal forgiveness state revolving fund loan to fund up to \$500,000 to replace Castle Rock's water lines.

An estimate for the costs of the main replacement and installation of meters provided by a local contractor is \$428,000. Engineering and inspection costs are likely to bring this project in at slightly over \$500,000. Any costs above \$500,000 will have to be covered by an SRF loan or cash on hand by Castle Rock Homeowners' Association.

NDEP has asked that Round Hill submit a pre-application for an SRF loan to get us on the priority list. Once we are on the list, NDEP can allocate the money for us and we can move forward in securing the principal forgiveness funds.

Motion authorizing Manager Reed to submit a pre-application to the Nevada state revolving fund (SRF) for a \$500,000 loan with principal forgiveness to replace the water lines and install individual meters within Castle Rock. Seibel/Rice 5-0 approved.

9. Consent Calendar

Motion to approve the consent calendar as amended. Rice/Fertala 5-0 approved.

10. Staff Reports

District staff met with representatives of A to Z Insurance to renew insurance contracts for 2016. District staff attended the quarterly meeting of the Water and Wastewater Operator's Forum.

Manager Reed met with representatives of the Tahoe Keys Property Owners' Association (TKPOA) to discuss the potential introduction of herbicides to the Keys to fight invasive weeds. In 2011, the TKPOA conducted a dye study in the Keys to determine the possible flow of the dye out of the Keys and into Lake Tahoe proper. RHGID is concerned about chemicals leaving the Keys and entering the Lake as a whole and potentially working their way to our intakes. The 2011 dye study was conducted near the ends of dead end channels within the Keys. With input from RHGID, TWSA and other affected stakeholders, TKPOA has agreed to conduct a second dye study that will incorporate a dye addition at the mouth of the channel leading out into the Lake proper. They will also include a dye attrition that is enclosed within impermeable barriers to determine if the dye can be encapsulated. TKPOA continues to work with stakeholders at the same time that they continue to push for the use of herbicides. It is likely that TKPOA will apply to add herbicides on a test basis during the summer of 2017.

L/P Insurance made a presentation to District staff regarding the new health insurance plan that was approved at the May 2016 Board meeting in conjunction with the collective bargaining agreement. The new insurance is a high deductible health plan with a health savings account. The interest bearing health savings accounts will be established at Mutual of Omaha Bank.

District staff attended Tahoe Water Suppliers' Association's aquatic invasive species subcommittee meetings and the regular quarterly meeting of the Board. TWSA continues to oppose the introduction of herbicides into Lake Tahoe. TWSA was originally created to produce annual watershed protection surveys and reports for the Lake water systems that had ozone treatment and exemptions to the USEPA filtration requirements. Since then, the organization has grown to be an advocate for the protection of the watershed. The TWSA bylaws state that a member must use Lake Tahoe as source water in order to be eligible to join. Recently, the TWSA has been approached by South Tahoe Public Utilities District for full membership. STPUD utilizes only groundwater. TWSA has created a subcommittee to consider revisions to the bylaws.

The Lake Tahoe Fire Protection Partnership is the entity that allows the District to receive 50/50 matching funds from the USDA for fire protection projects. RHGID has used those funds to offset the costs of constructing our two new 500,000 gallon welded steel water tanks. In 2016 and 2017, we will use those funds to replace aging fire hydrants within the system. There are multiple small, private water systems that have voiced an interest in joining the partnership. Some current members desire to be able to defer their participation in the program for a number of years, and then be able to use those funds in a later year. Currently, the monies in the partnership are allocated based on the size of the utility. In order to incorporate the projects of the smaller utilities and to allow some utilities to opt out for a period of time and "bank" their funds, a new structure for allocating those funds needs to be developed. A committee has been established to develop a new methodology in determining those allocations.

RHGID has received and executed the 2016 Intergovernmental Grant Administration Agreement from South Tahoe Public Utilities District for the 2016 USFS Fire Protection Partnership 50/50 matching grant. RHGID will receive \$10,873 in 2016 and we will be using those funds to replace fire hydrants within the District.

RHGID created a request for bids for sealing McFaul Way and Elks Point Rd. District staff has contacted the owners of the private access road off Kent Way to see if they are interested in sealing their driveway at the same time that the District is sealing McFaul and Elks Point. Bids are due June 24th.

On June 4, 2016, the hydrant at the triangle at the intersection of McFaul Way and Elks Point Rd. was backed into and severely damaged. RHGID has ordered parts for repair of the hydrant. We are pursuing the damage as an insurance claim with the driver of the vehicle.

District staff has been cleaning pine needles and cones from the yard at the District offices in preparation for the upcoming second annual neighborhood luncheon. Tahoe Douglas Fire has agreed to let us borrow

some tables and chairs for the event and staff implemented other suggestions from last year's inaugural event.


No attorneys Report.

No association Reports.

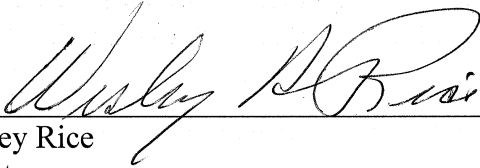
11. Adjournment

Move to adjourn. Seibel/Fagen 5-0 approved.

Attest:



Glen Smith
Chairman



Wesley Rice
Secretary