MEMORANDUM

TO: Board of Trustees

THROUGH: Steven J. Pinkerton
General Manager

FROM: Joseph J. Pomroy, P.E.
Director of Public Works

SUBJECT: Review, discuss, and possibly authorize Contract Amendment for Federal Legislative Advocacy Services with Marcus G. Faust, P.C. in the amount of $65,000

STRATEGIC PLAN: Long Range Principle #5 Assets and Infrastructure - The District will practice perpetual asset renewal, replacement, and improvement to provide safe and superior long term utility services and recreation activities.

DATE: March 16, 2018

I. RECOMMENDATION

That the Board of Trustees makes a motion to authorize a contract amendment to Marcus G. Faust P.C. in the amount of $65,000 for one year for Federal Legislative Advocacy Services **and** authorize Staff to execute the necessary contract documents.

II. DISTRICT STRATEGIC PLAN

This Contract supports Long Range Principle 5 – Assets & Infrastructure. The District will practice perpetual asset renewal, replacement and improvement to provide safe and superior long term utility services and recreation activities.

III. BACKGROUND

Mr. Faust has provided Federal Legislative Advocacy Services for the District for over 14 years. The primary purpose of the legislative advocacy service is to secure funding for the District's Effluent Export Project and Watermain and Fire Flow Enhancement Improvement Project.

The District's efforts with Mr. Faust have led to receiving $15.5 million dollars through the Water Infrastructure Improvements for the Nation Act (WIIN Act 2016) Section 595 Program for the Effluent Export Project. The WIIN Act was formerly called the Water Resources Development Act. The District has also received $6 million from the Lake Tahoe Restoration Act Section 108 Program for funding Environmental Restoration Projects that was matched with $2 million of State of Nevada Funding for Mill, Incline and Third Creeks Restoration Projects. Mr. Faust has also worked with the legislative advocates for South Tahoe PUD (STPUD) in obtaining water infrastructure funding to improve Lake Tahoe public water systems for fire flow for the critical wildland urban interface communities in Lake Tahoe. The District has received over $3.8 million in this funding from the US Forest Service through STPUD. Lake Tahoe public water systems have received over $17 million in total funding to improve fire flows.

All told, these reimbursements have saved the District's residential and commercial ratepayer $2,140 over 14 years in utility rates plus the restoration projects have improved the stream environment zones (SEZ) of Incline Village and aided in the goal of restoring the clarity of Lake Tahoe.

The Effluent Export Project Phase II will replace the remaining six miles of aging pipeline within the Lake Tahoe basin at a budgeted cost of $23 million. The District has placed in its 10-year capital improvement plan the $23 million in expenditures and has already implemented a 45% total sewer CIP rate increase to collect the funds for this project if Federal Section 595 funding is not available or if it does not come available in time to construct the project.

Mr. Faust has worked with the Nevada Delegation and other western states on raising the authorization of the Section 595 Program of the Water Infrastructure Improvements for the Nation Act (WIIN Act 2016). Nevada will be collaborating on Rural Section 595 with five other states, New Mexico, Montana, Wyoming, Idaho and Utah, who already have projects which qualify under Section 595. The new Section 595 Program increased the authorization limit by $100 million over the previous limit to allow new annual appropriations through the Federal Budget process. Mr. Faust also got new language inserted into Section 595 that clarifies that funding caps do not apply to individual States and that unspent monies can be allocated to priority projects in any state. This was an extremely important piece of language to have added because the US Army Corps was not open to discussing a new Project Cooperation Agreement (PCA) because they had interpreted that Nevada had spent their allocation of funds under Section 595.

In 2017, Staff and Marcus Faust worked with the US Army Corps staff in Sacramento and US Army Corps staff in Washington on having bulletins prepared describing this new language change. This has the potential to allow the District to pursue entering into a new PCA to utilize unspent monies in the current Section 595 Fund Balance.

In 2018, the primary objectives are to, enter into a PCA with Army Corps to utilize unspent funds, appropriate new funds to Section 595 and maintain and increase funding for the watermain and fire flow enhancement funding through the US Forest Service Budget and the newly passed Lake Tahoe Restoration Act.

IV. FINANCIAL IMPACT AND BUDGET

The full amount of the contract is a water and sewer operating expense in the Utility Fund. It is included in the 2017-18 budget and is also in the proposed budget for 2018-19. The current and proposed utility rates are adequate to pay for this expense. The following table provides the recent funding levels received by the District because of efforts of Mr. Faust, Staff, STPUD and the Nevada and California delegations in Congress.

Funding Year	Source of Funds/Project	Amount
2016	USFS/Watermain and Fireflow	$240,000
2017	USFS/Watermain and Fireflow	$70,000
2018	USFS/Watermain and Fireflow	$46,000