

**MINUTES  
MOAPA VALLEY WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
HELD  
THURSDAY, MAY 22, 2018**

**PRESENT:**      Kenneth Staton  
                      Jon Blackwell  
                      Randy Tobler

Lindsey Dalley  
Ryan Wheeler

Joe Davis  
Jeannie Poynor  
Lon Dalley

Susan Rose  
Bryan Mortensen

Byron Mills

**ORDER OF BUSINESS:** At 4:03 p.m., Chairman Ken Staton called to order the regular meeting of the Moapa Valley Water District Board of Directors. The agenda items were addressed in the following order:

**1. Public Comment (May be limited to five minutes)**

None

**2. Approval of the Minutes of the Previous Meeting Held April 5, 2018 (For Possible Action)**

On motion of Ryan Wheeler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the minutes of the April 5, 2018 meeting.

**3. Approval of the FY19 Final Budget (For Possible Action)**

Joe explained that the final budget is the same as the tentative budget that was presented at the April meeting.

There were a few questions from Directors which Jeannie and Joe answered.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 5-0 in favor to approve the FY19 Final Budget.

**4. WaterWorth (For Discussion Only)**

Joe and Jeannie had a couple of grafts for the Directors to look at. They've been working in the WaterWorth program for quite a few weeks now. One of the grafts showed the base scenario with bonding, rate increases and no tanks just the Logandale Tank recoat, the A/C #3 well and the A/C 20" Line replacement. The other graft was just a base scenario.

Our revenues have been down since NV Power shut down. We've tried to entice some businesses to come into the valley but we haven't had any luck with that. We know we're going to have to do a rate increase in FY19. We can plug into WaterWorth what the Board thinks we absolutely have to do and that we have money to do. Grant money, bond money, all of that stuff is kind of an out layer. If we get down to the brass tacks of what we have to do, then that what tell us what we do for bonding. There might even be some matching grant money but we need to know what the absolute worst outcome is and what the board is going to do and what we have money to do.

Randy said that if you change the growth rate to 1%, it really changes the figures up there. It was interesting to see how it quickly changed. If you delay a rate increase, it does the same thing with the cash balance. We need to stay on course with our rate increases with the goal to find a high water user to make up the difference. Joe has said that bonding is an option that would help our cash level out a little bit. Growth like that project that's coming in is huge for our community. It could change our picture but at the same time we still have to deal with what we have now.

Joe explained that the 10 Year Capital Improvement Plan was in their budget packet. When you look at the base scenario sheet that was handed out it has small main and other small items on it. Also on that sheet were the big ticket items like the Logandale Tank Recoat which is budgeted for \$420,000, Arrow Canyon Well #3 has been estimated by the engineers to cost \$3,200,000 and the Arrow Canyon 20" Line Replacement was estimated to cost \$1M. Other things in the CIP are water main replacement, meter replacement, & valve replacement. We think we need to have all of these things but we don't have the money to pay for them. Some of the things that we know we need to have are equipment, vehicles and men to repair the lines.

Joe wanted to make sure that we started out with the worst case scenario so staff spent a lot of time making sure that the starting figure was a good solid number. We need to identify what projects we need to get done. We need to see what we can do to cover those costs and then that will indicate what we're going to do on anything else that's out there. It's going to take some effort from the board to give feedback on what we are willing to make sure that we do and that we have the money to do it and figure out how we are going to reach that goal.

Randy said that he's for trying to get bonding, for rate increases and for not doing any of the tanks. He feels like Arrow Canyon Well #3 is a necessity. It's a huge purchase. Hopefully Arrow Canyon Well #1 will last four years. It's our major source so we have to do it. Randy thinks the tanks need to be taken out of the budget (Warm Springs and the Narrows). We don't have the money. Also when we put a tank up, we have to recoat it. That would add a million to the budget for the two tanks.

Ryan said that the Narrows tank would cost \$2M to \$3M for a risk that happens every 100 years or more. That's a risk that you roll the dice on. He agrees with Randy. Throw the tanks out as well as the Warm Springs tank. We have a PSV up there and its operating well. It gets pressure to the residents up there in the Warm Springs area. He's not even sure about the Arrow Canyon 20" line replacement. There are things in the CIP that would be nice to have but aren't essential.

Ryan said that some of our costs like water main replacement is a cost that will happen year after year. The same happens with valve replacement and meter replacement. Those are things that we automatically need to budget for because we think they are important. What if we call it a miscellaneous project fund because things just come up unexpectedly. It's like a rainy day project fund. We could also have a large project fund that we pay into. We have the equipment fund and we just plan for that very year. We do the same thing for water resources and arsenic media. We can come up with a number that we want to budget for every year and see where our rates are at.

There was quite a lot of discussion on the 20' line and the general consensus was that we could probably let that go for awhile.

Randy said that budgeting is a moving process. It's always changing. Six years ago things were different. recoated tank cost almost twice as much as we expected. You can only go off what you had. What Randy thinks he's hearing is that we keep the accounts we already have and setup those other accounts so we're funding when we can. For now we go with this scenario without the Arrow Canyon line. The board wants staff to continue that process because they are exploring other options on the Arrow Canyon Well. Randy feels like we need to have a rate increase. We usually do one in July so it needs to be on the June agenda. He would be comfortable with 6% - 8%.

Ryan agreed with that. He thinks we need to definitely keep funding the water main replacement fund, the valve replacement and the meter replacement funds because those all lead to a healthy system. The other things can be negotiated.

There was quite a lot of discussion on the budget.

##### **5. Discussion on changes in ownership on banked meters (For Discussion Only)**

Joe explained that we have 39 meters that were banked before we changed our policy on meter purchases. The policy states that any uninstalled meter has to come before the board for approval to change ownership. Joe's had several calls from individuals inquiring about banked meters. Right now we aren't getting any revenue from those banked meters. If those meters are sold, they will have to be installed as soon as they change ownership and we will at least be able to start collecting the monthly base rate on them. Joe feels like the policy should read, "The transferring of an uninstalled service connection from one piece of property to

another must be approved by the General Manager/Assistant General Manager of the District provided all requirements of the District's Water Rights dedication Ordinance have been met". It can be reported to the board at the next Director's meeting. This is a policy so the change does have to be approved by the board.

Joe explained that request for installed meters to be moved from one property to another will always come to the board for approval. That policy also needs to be revised because there are some gray areas there. Joe's going to have Byron take a look at it.

Chairman Staton asked that the revision to the policy be on next month's agenda for approval.

## 6. **Manager's Reports**

**Office Manager** – Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their packets. Everything looks ok. Revenues are up and we're at about 75% of the fiscal year and that's about where expenditures are at also so that's good news. We're still watching things pretty close and trying to keep everything flowing. Jeannie thinks our cash is going to come in where staff estimated it would be at the end of the fiscal year. The revenues from the rate increase are up so we're seeing an increase from that.

Natasha Ortiz is back. She was our summer help last year and she did a good job.

**Assistant General Manager – 1) Production** - Lon Dalley explained that production was a little lower than it has been. We pumped 46,725,901 gallons out of Arrow Canyon #2 and 21,956,000 out of Baldwin for a total of 68,681,901 gallons. A/C #1 has been off but we started it back up last week.

**2) Arrow Canyon Well #1 Well Level** – The well level was at static water level at the time of measurement. **3) Meter Installs** – One meter was installed in April. That's makes four meters installed this year. We've had a lot of inquiries but not a lot of people are buying meters because of what it costs to get the infrastructure to the property. **4) Crampa Limited** – Staff has been having discussions with them since last June on a parcel that they want to develop on Swapp, Lyman and Cottonwood. The owner is pushing thru the county and finally got back to us about a month ago and said he was ready to do it. He's paid the money and signed a construction agreement. It's up to us to get things going. He's already paid a 3<sup>rd</sup> of the project. We're just doing a portion right now. We still have to get the plans drawn up by Sunrise Engineering and then we have to get NDEP's and the county's permitting done. The parts have already been ordered. We may be able to start next month.

**General Manager – 1) Arrow Canyon #2 VFD** – We blew up the #2 VFD at Arrow Canyon #2. Three fuses had blown out. They ordered the new fuses, installed them and as soon as they turned them on it blew sparks out of it. It was ugly. Rod got it traced back to a ground fault somewhere in the VFD so we have to get the company to come out and look at it. It cost \$18,500 to replace it the last time. The warranty is up but we are working with the company to get it fixed. **2) NDEP State Revolving Loan Fund** – We have the \$4.2 million that is on the list. We're #43. Just because we're at #43 doesn't mean that we will have to wait a long time to get approved. We could move up sooner if we are shovel ready and have all of our plans ready to go. It also helps that we have our capital improvement plan done. It could come up pretty quick. **3) FY19 Vehicle Replacement** – We called and talked to all the vendors for vehicles that were on the State Purchasing list. None of them would accept any bidding on ½ ton pickup trucks. They would only honor the quad cab that we need for the GIS/Engineering department. That was going to expire on April 26<sup>th</sup> so we ordered the pickup truck thru them. It should be delivered in mid July. It will be on July's agenda for approval. **4) Wildlife Application Filings Denial** – The State Engineer denied our wildlife applications. We have 30 days to file an appeal. What the appeal will do if you win is there will be a judicial review where the judge would tell us that the State Engineer will have to hold a hearing and we will have an opportunity to present our case. Joe has Greg Morrison working on this for us. He will talk about this some more during closed door. **5) Arrow Canyon Test Hole** – We've been looking at all the options with all of the costs that are out there. There's just enough room that we might be able to drill another test hole inside our existing fence which would reduce the cost. Anytime you're dealing with the wildlife people and anyone else out there, we know that we will be dealing with opposition to stuff so there could still be opposition to it. Joe will also talk about this in closed door. **6) Arrow Canyon Certificate for Permit 52520** – The only good news Joe had was that certificate #52520 was approved by the State Engineer's office. It was the original application for Arrow Canyon for 2 cfs. Almost five years ago Stanka Consulting filed for the certificate and we finally got a letter from the State Engineer's office asking for \$350 because they're finally ready to move on it. We might be getting a certificate for that. We've had extensions on this certificate since 1989. If we can get that changed to a certificate it will put us in good standing with the State Engineer's office. **7) BLM Land Disposal** – Lon and Joe met with Marci Henson and Kimberly Jenkins from the Clark County Desert Conservation District and Andrew Burns from SNWA. Joe asked Marci to have someone from SNWA there because anything outside our service territory is supposed to be serviced by SNWA. Marilyn Kirkpatrick really wants to make sure that the disposal lands that were promised to us out here are held onto pretty tight. BLM wants to pull those out of the disposal place because they say that there has already been harm done to vegetation and endangered species up there so if there's disposal land up there no one has water to service them anyway. Joe let them know that is not the facts so Marilyn made sure that they called us. When that was conveyed to BLM they said that they want us to do

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what they do over in Nye County. Because Nye County is over appropriated with so many domestic wells, the State Engineer stepped in and said that anything that's being done, people have to put water back into the system. They told Marci that they need to do the same thing out here before they move forward with it. Nye County came up with a process that if you subdivide your land you have to give back 2 acre-foot of water which is the amount for a domestic well. If you divide that into 10 lots, then you have to give back 20 acre-foot. It has potential in Nye County because they have individuals bidding on homes & trying to build homes and there's no infrastructure over there. It's going to drive the cost of water up because they have to go out and buy water in order to service their homes that were actually under construction and they didn't grandfather them in. Now they're in limbo because the don't have water. Staff took the stance that we can work out deals with the State Engineer but it's not BLM's job. Joe made it very clear that we have multiple agreements out there with BLM and F&W concerning endangered species and it's not their job to dictate if water should be given back or go into a bidding war to drive the prices up for water anywhere out here. SNWA has the same stance. There are places that are over appropriated and that's the State Engineers job to worry about that. He's already weighed in when we did the 1169 test pump, he's already made rulings, he understands the dynamics of it and it's not BLM's business. That's the stance we took.

**7. Public Comment**

None

**8. Director's Preference**

- Review Monthly Expenditures
- Litigation (Closed-Door Session)

Randy Tobler disclosed that he has an interest in a small business that is on the monthly expenditures list.

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to call a closed-door session at 5:23 pm.

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to reconvene the open-door session at 6:27 pm.

**9. Personnel**

**10. Approval of the June 14, 2018 Board Meeting**

The general consensus was to hold the next Board meeting on June 14, 2018 at 4 pm.

**11. Public Comment (May be limited to five minutes)**

None

**12. Adjournment**

The meeting adjourned at 6:29 pm.

<h1>Approved</h1>
Date: <u>6/15/18</u>
Approved <u>5</u> to <u>0</u>
Those Opposing: <u>0</u>
Those Abstaining: <u>0</u>