

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
WEDNESDAY, OCTOBER 8, 2014**

PRESENT: Kenneth Staton
Randy Tobler
Jon Blackwell

Joe Davis
Lon Dalley
Jeannie Poynor

Vernon Robison, MV Progress

Scott Carson
Lindsey Dalley

Susan Rose
Bryan Mortensen

Ryan Wheeler, Forsgren Associates
Samuel Sims, Forsgren & Associates

ORDER OF BUSINESS: At 4:01 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)

Ryan Wheeler introduced a new employee of Forsgren Associates named Samuel Sims.

Samuel explained that he's been in Mesquite for three years and was just hired on at Forsgren. He graduated from New Mexico State in 1975 and worked for Black & Veach in Kansas City for about 13 years. After that he went back to New Mexico and worked with his father and brother for four years and then moved to Chicago for 23 years. He has also worked in Delta, Utah for six years on a power project so he knows the area. His background is in hydrology, water distribution and supply, wastewater treatment, civil engineering, surveying, environmental assessment and alternative energy. He's acutely aware of the challenges in this area especially with water rights, water demand and supply and delivery. He's really happy to be here and looking forward to being able to assist the District with the water challenges we're going to face in the future. He thinks it's definitely going to get tougher.

Ryan said that Samuel has lived in Mesquite for three years and he is familiar with the area. He also has a brother that is a geohydrologist who has do quite a bit of work with wells. According to Ryan Forsgren has been talking with Virgin Valley Water District about their wells issues. Forsgren now has two PE's. Samuel is a PE in Nevada, New Mexico, Utah as well as some eastern states. He is also working on getting his PE in Arizona.

2. Approval of the Minutes of the previous meeting held September 11, 2014 (For Possible Action)

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the minutes of the previous meeting held September 11, 2014.

3. MVHS Booster Club - Donation – Richard Jones (For Possible Action)

No one was present at the meeting to request a donation.

4. MVHS Boys Soccer Team - Donation – Jared Bushman (For Possible Action)

No one was present at the meeting to request a donation.

5. Move to accept the bid for a 2014 ½ ton pickup from Ford Country in the amount of \$20,989 (For Possible Action)

Joe Davis informed the Directors that we advertised for six weeks and sent out seven requests for quotes for a 2014 ½ ton pickup. Only two dealerships responded to our requests. That was Chapman Dodge and Ford Country. Joe was surprised at Chapman's price since they had called Joe quite a few

times and on the State Purchasing website they were \$5,000 less than what they quoted us. Both quotes were for a 2014 model. We could wait for a 2015 model but the cost would be higher. Even the quotes from State Purchasing are on 2014 models. This is a vehicle that we rely on heavily. The current truck has high mileage on it but we're not going to sell it. We are going to sell the 1998 truck instead and put it out for bid. The 2005 truck will be used as a backup vehicle.

Randy Tobler said that we had it in the 2012-2013 & the 2013-2014 budgets so he asked why we decided to replace it now.

Joe explained that we've been spending a lot of money on maintenance on it. We had to have the frame straightened. A past employee hit something so the frame keeps wearing out on it. That causes the tires to wear out faster and causes a lot of other problems also. The 1998 truck actually has more maintenance issues so that's why we're getting rid of it.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to accept the bid for a 2014 ½ ton pickup truck from Ford Country in the amount of \$20,989.

6. Review the MVIC Facilities Lease Agreement for 2625 N. Moapa Valley Blvd. in Logandale, NV (For Discussion Only)

Joe said that this was in the Director's packets to give them a chance to review it before the meeting. SNWA let their lease go and wants MVIC to pick it up. The lease actually expired in May 2014. Joe and Scott Millington have been going back and forth on it. MVIC would like to stay in the building until they can actually build their own building up by the reservoir. Joe and Scott basically copied the same lease that we had with SNWA. It would for a five year term, with a five year extension if they need it. It gives them an opportunity if they decide to build to get out of the lease or if we need to get out of the lease we can get out of it also. This has been dragging on since July so Joe wanted to get it on our agenda to make sure that what's in the agreement is what the Board wants to see. One of the big issues that we had is that the 25,000 lease amount is considerably less than what we were leasing it to SNWA for. MVIC is fine with the \$25,000. Joe has had our legal counsel look at it and MVIC is having theirs look at it also. Joe feels that he and Scott have a pretty good working relationship. He thinks this agreement is good for us and MVIC. Besides that we don't have anyone else we can lease it to because of the zoning. MVIC needs to have a presence at the reservoir and since they have a lot of land up there, they really want to build there. One of the hurdles they will have is the improvements the County will want done.

Jon Blackwell came into the meeting at 4:15 PM.

Randy asked what management and staffs perspective is on this property. Is it beneficial? We do have a conflict on renting it out to just anybody.

Joe explained that we tried to sell the property in the past but it always fallen though. It's zoned as a public facility so we are going to put a drop box down there for Logandale residents. We already have one in Moapa so this will be good for the customers in Logandale.

Randy asked why we're holding this asset. What will we do if the irrigation company decides to get rid of it? How are we going to get revenue from it?

Joe said that we tried to sell it but no one was interested in buying it and that was 10 years ago when the economy was strong.

Scott said they'd have to do improvements and that would cost them a fortune. It's also zoned wrong for anyone else in the valley to use.

Lindsey asked about changing the zoning.

Scott said good luck with that. Any zoning changes will require offsite improvements.

The general consensus was that the agreement was good.

7. Approval to modify the previously voted on policy regarding the leasing of our MVIC water shares (For Possible Action)

Joe said that this is basically the same agreement that we discussed last month. However it's an action item this time. We currently lease out our irrigation shares. One of the things that we do right now is collect some information for MVIC. Staff thought it would be beneficial to clean the process up & do a little clarification so that what's in it are our parameters for leasing water and as long as someone can meet those parameters then on a first come, first serve basis they can lease our water as it becomes available. They will then have to go to MVIC and have them approve it. This way we won't be trying to enforce they're rules and they won't be enforcing our rules. It's the exact same verbiage that was presented to the Directors last month.

Chairman Staton asked if MVIC is ok with the agreement.

Joe has been discussing this with them for awhile. It's one of those things that has been drugged out for quite some time. One of the parameters that MVIC has is that you have to be a shareholder and that will be up to them to verify. There was another parameter that was put in there when the program was originally created back in 2005 which was that you couldn't have sold shares after January 2005. Joe thought that was unfair. The rule should apply to everyone so Joe removed that from our criteria.

Randy thinks this really cleans it up and Lindsey thinks it takes away any of the water districts involvement. It will be MVIC responsibility to accept or deny it. They are a private company so they can do what they want.

On motion of Lindsey Dalley and seconded by Scott Carson, the Board voted 4-0 in favor to approve the modified application requirements for the leasing of the District's irrigation shares in the Muddy Valley Irrigation Company. Randy Tobler abstained.

8. **Move to approve invoice #910535 and #240838 from Scholzen Products in the amount of \$22,497.54 (For Possible Action)**

Joe explained that when the first flood came through it washed out a lot of 14" pipe and a ¼ of the line that goes up to the NDOT yard. The day after the flood we ordered in the 14" pipe and Scholzen's delivered it on the 10th. A couple weeks after that Joe got the 6" pipe ordered. Crews are out repairing the 6" line and the 14" line has already been repaired. Since it's over the \$10,000 limit we needed to have it on the agenda to be approved by the Board. Both invoices are for flood repairs and hopefully we'll be able to receive some reimbursement from the County for it.

Lindsey asked if we are doing the labor on it if State will reimburse us for it.

Joe explained that since the State Yard is a private line we will do the repairs and they will have to reimburse us for it. When we get the line installed, if the County won't reimburse us for the repairs then NDOT & BLM will have to pay us for it. It will actually be divided 50/50 between the two of them.

Lindsey asked if Weiser Wash had washed out. Joe said that it did and Lindsey asked where we were going to place the line since there's now 15' of sediment in there. Joe said that we'll go as deep as the excavator will dig. We will have to taper it back because it's sand. It's going to take awhile to dig. We're going to change the alignment of the wash to keep it from washing out in the future. It use to hug all the way down and go right down next to the highway and then went across the top of the box culverts. It was only buried about two feet there. We've also moved the line back to the fence so it will be about 100' from the highway. If we ever have to do any work on it, it will be a lot safer.

Lindsey asked if we could use BLM and the State as leverage for disaster reimbursement.

Joe explained that the State is on board 100%. They are the liaison with BLM since it's inside their right-of-way. We've had the tortoise individuals show up and NDOT told us to tell them to talk to them because they need to have the line fixed. We don't have to mess with anyone. NDOT is taking all the heat. Todd Palmer works for NDOT and he's a standup guy. He's sent equipment down and also a loader to knock down a path for us so were working really hard to get that line repaired.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve invoices #910535 and #240838 from Scholzen Products in the amount of \$22,497.54.

9. **Manager's Reports**

Office Manager – Automatic Pay with Credit Card - Jeannie Poynor explained that we now have 54 people signed up for automatic pay with credit cards. Awhile back we talked about getting setup with electronic payments rather than having them send checks. The credit union gave us the name of a company called Fivserv that handles that kind of stuff. We are about 50% done with that process. As soon as we get that going we can start accepting electronic payments. It probably won't be available through every bank though.

Itech Las - Itech is still working on the server migration. Jeannie spoke with them the other day and we are going to try do it on a slow afternoon to try to get everybody on Pelorus moved over. It will be a 4-5 hour process so we don't want to interrupt business too much if we can help it. Hopefully by mid-November it should be done.

Budget vs. Actual - The budget is looking good. Lindsey asked why employee costs were 77.9% in July and 98% in August. Jeannie thought it's because it was a three pay period month but she was going to look into it.

Randy asked the rest of the Directors and management about the surplus we have from last year's budget. He would like to decide what everyone wants to do with it. He has a couple ideas. He would like everyone to think it over and come up with something for next month meeting. He thinks it would be great to start paying off debt with that extra money.

Lindsey asked how much surplus Randy was talking about.

Randy didn't know because Jeannie just got it finalized. There are also the bonuses he would like to continue to do because Staff has continued to cut costs. Randy wanted to know how much the arsenic media cost. Staff has said that the cost has gone down to replace it and we have the extended life of it also.

Joe said that we still haven't done a change out yet.

Randy asked how much it will cost to do another change out.

Bryan said that it was \$250,000 to change out all seven vessels. We have enough media to change out all of them right now. That would probably give us another six years. There are about six or seven companies that have approached us about buying their media so it's driving the cost down. It's probably gone down 10% - 15%.

Randy said that we have that \$250,000 sitting there which we probably won't use for a couple more years. When the Board first got on, they shrunk the financials down and all the categories because there were a lot of them. We could add one for infrastructure. That way it's a little more clarified and we could throw that in there for some other projects. We also have this extra money we could throw into it or we could do a mix of it. He thinks we need to have a plan for it.

Lindsey asked if Randy was anxious to spend it.

Randy isn't but he thinks bonuses are a good thing because we switched directions from where we were going and Staff continues to cut costs. He thinks that needs to be rewarded. Debt would be good to get paid off because as we sat down to do future planning there are some things that we need to do when we see how things settle with SNWA. We could have infrastructure in there for a rainy day. We do put that in our yearly budget but we could have it there if we wanted to. Randy wants a purpose he doesn't want it to just sit there.

Joe reminded the Directors that two years ago we talked about the narrows line and making sure that we took the money we were getting back for the capital improvements on the 340A and putting it into a special account that was to replace that line. We know that we're at capacity and it's going to have to be replaced in the near future. Instead of just having a lump sum sitting there, we talked about having another fund which would show us exactly what we have in it in order to do that. We also talked about the replacement of the pump and a tank at Arrow Canyon. That was just some of the things Randy and Joe talked about when they were talking about the base rate. If you look at some of the things we could put money into that we already have, what we need in there we can start moving over to other infrastructure and then paying off some debt. Then we can actually turn around and do what Randy would like to do which is ultimately lower the base rate to something that would be reasonable. If we're paying off our debt we're moving in the right direction.

Randy said that by creating an infrastructure account, one of the concerns we have is that the SNWA contract ties up capacity. If we want to go down that road we'll have to put in a big pipe. The money will be in there for that and we won't have to float out a big bond. We need to think about what we want to do with the surplus instead of throwing it into an account that has no purpose. Maybe we can talk about it at the next month's meeting and then put it on the January agenda.

Water Distribution Superintendent – 1) Hwy 168 Project – Lon Dalley said that this project has been pushed back due to the flooding we had in September. The latter part of last week we were finally able to move some guys back over to this project. Hopefully this project will be completed by the third week of October. **2) Catherine Lane Project** - The engineer has reviewed the plans and sent them back to us. We have reviewed the changes he made to the plans and they have been sent back to him to get his wet stamp. Once we get the wet stamped plans back we can begin the permitting

process. Lon hopes that will happen in the next week or so. **3) County Right-of-Way Report**—Lon is a little behind on the report. He received January through June reports back. They rejected it because we didn't have compaction reports on 19 sites that were turned in. None of them had compaction reports. Some of them had flowable fill which has to be County approved. Actually all material have to be approved by the County. We are going to have to re-cut some of the asphalt so it's to their liking. Next time we will use cold mix and let them mark it out before we put it back. We do try to do it right. Once we figure out what they want it will go much smoother.

Water Production Superintendent — Bryan Mortensen wanted to let the Directors know what a great job the guys did out in the field during the flood and after.

There were no meter installs in September but a couple are planned for this month. The guys will start on meter change outs soon.

Most of the customer service requests for this month were flood related. Those were the ones that were officially recorded. There were probably hundreds more that office staff fielded that didn't get recorded on the report.

We replaced the vfd drive at Arrow Canyon #2 and started testing it this month. We'll see how that goes.

There was some lightening damage up at Coyote Springs. That's been repaired.

We've been pushing the guys to get more certifications and we're happy to report that Mica Leatham was able to be reclassified as a Maintenance Worker II. That bumps his pay scale up a little bit. He's doing a great job. He's learned a lot since he's been here.

The field employees are continuing to cross train and are reporting to one supervisor. That's seems to be going well.

We also assisted Eagle View with a 16" leak up at NV Energy that was kind of related to the flood but not really.

There was a long list of leaks that the guys worked on last month and they're still doing repairs on things affected by the flood. Bryan's really proud of the guys. They've been out there at all hours of the day working. We have a schedule lined out for the week and then we get calls on leaks and they get pulled of what they're doing to fix the leaks.

Bryan had a list of all of the leaks and washouts we had to deal with from the September 8th flood. Below that list was a list for the 2nd flood that occurred on September 26th. That flood exposed some of the 14' line at Arrow Canyon. It also caused a big wash out by the Moapa Elementary school and it exposed the 8' line on Lee Street.

There is infrastructure between Glendale and Hidden Valley that we haven't even got to yet. We've looked at it and taken pictures but we can't get vehicles or equipment in there because it's still too wet.

There were 25 customers out the first night of the September 8th flood and by the 3rd day we had one customer that couldn't officially drink the water. That's amazing. The guys jumped in and did whatever they were asked to do. Bryan thinks that's an amazing record for what we lost and the infrastructure that was affected. The school district's superintendent reported in the paper that no one had telephone, power or water for days. There were a lot of rumors going around but that's all they were.

Lindsey Dalley asked how the District handles it when something like this happens.

Bryan explained that the guys were on four separate projects when SCADA sent out an alarm in the afternoon that said we had low pressure at the Moapa Tank. That doesn't always mean something but Bryan was in Moapa doing some customer service so he started snooping around. We received a couple of other alarms that confirmed that there was low pressure in the area. We found that the 14' line had blown out up at Arrow Canyon. Bryan called the supervisors that report to him which are Brian Greig and Kiley Bradhsaw and they started pulling guys off other projects. Some of them headed down to the shop to get parts, others headed up to Arrow Canyon to start isolating the leak and coning off the area. Within an hour we had guys up there working on it. The guys instinctively know what needs to be done. Joe received a call from a customer about a leak last weekend and he passed that down the chain of command. A lot of the times when the guys are out in the field they find leaks. When that happens they call the supervisor over them and let them know. The guys know the system well enough that they know what they're supposed to do. We have some really good employees.

Joe said that a lot of maintenance workers are getting paid a minimal amount but they went out and got they're certifications so we can have them go out and work on things themselves without supervision. They know the system well enough that they know what needs to be done, how many guys it's going to take and what materials and equipment they're going to need. We have a lot of maintenance workers that got they're certifications so we can rely on them to make good decisions in the field. That's why the Maintenance Worker II position was created.

Only four service laterals were done. They weren't planned ones. They were leaks that we just took care of.

The following leaks weren't flood related. Maybe they could have been since the ground was saturated and everything shifts when that happens.

- 8' leak @ between NV Energy and Hidden Valley (split pipe).
- 8' leak @ NV Energy near main parking lot (split pipe).
- 12' leak @ Glen and Saddle (bell joint).
- 1" leak @ 4220 Skyline St (meter lateral); Upgraded meter setter.
- 1" leak @ 1120 Crosby Ave (meter lateral).
- 1" leak @ 1125 Crosby Ave (meter lateral).
- 1" leak @ 1917 MV Blvd (meter lateral).
- 1" leak @ 685 Simplot Rd (meter setter); Upgraded meter setter.
- 1" leak @ 281 Robbin (meter lateral); Upgraded meter setter.

Bryan said that we probably have another month and a half of cleanup. It might even take longer than that.

General Manager – 1) Cottonwood Reimbursement Area – Joe's been compiling all of the numbers for the Cottonwood Reimbursement area. Anytime we do a small main upgrade in an area with parcels that have large acreage that wouldn't have been able to get water before the upgrade, we do a reimbursement area. There are a lot of undeveloped parcels in that area that will now be able to get water because of that 12' upgrade. The approval of this reimbursement area should be on next month's agenda. **2) NDOT Main Line** - We have started to lay pipe up there. Hopefully we'll be able to get down thru Weiser Wash and bury the line enough that it won't cause us anymore problems. If we get far enough away from the freeway it usually fills in so it doesn't erode. From leaks that we've had in there in the past, that's where we're going to lay that line this time. **3) Backup Power Supply** – We had our SCADA system and the Moapa tank go down. We now have a backup power supply for them. Joe picked them up the day after our last Board meeting so they're up and ready to go. We can actually run 11 hours at the Moapa Tank. He doesn't think we're going to have a power outage any longer than that. It can actually run longer than that. It came with some solar panels but they haven't been installed yet. We have all of our backup power supplies ready to go. **4) Weiser Wash**—We have hauled in 1,600 tons of large riprap to help secure the main line. In four days we hauled in 1400 tons. That's a lot of rock for a small company. We were able to rely on McCormick Enterprises to help us with that. They are in our emergency response plan. Whenever we have a catastrophe or a problem we call either LJ or Bobby and they drop whatever they're doing and they drain all of their resources for us. They even worked on Saturday and Sunday. Anything we need they will do no matter what the time. They have been great to work with. **5) Lewis Lane** – This is the one area where we've always had large flooding events & it always washes out the same waterline so we hauled in around \$24,000 in riprap. Joe was happy to say that when it flooded again on the 26th we didn't have any damage. All of the stuff that we hauled in held up. The guys did a great job getting that line repaired so that the one customer on that line didn't have to go without water for very long. **6) McCormick Enterprises** – Joe can't commend them enough. They're local boys and they know what it takes to get it done.

10. Director's Preference

- Review Monthly Expenditures (For Information Only)

Chairman Staton called a closed-door session at 5:15 pm. This was seconded by Jon Blackwell.

- Litigation
- Discussion on SNWA's proposed contract modifications

Chairman Staton reconvened the open-door session at 6:47 pm. This was seconded by Jon Blackwell.

11. Personnel – Closed Door Session

12. Approval of the November 13, 2014 Board Meeting

The general consensus was to hold the next Board meeting on November 13, 2014 at 4 pm.

13. Public Comment (May be limited to five minutes)

Jon Blackwell brought up the fact that he saw our loader in a flooded wash with water over the tires. He never wants to see that happen again. They cost way too much to do that kind of stuff.

Bryan explained that the guys were called off of that job to go to the leak at Arrow Canyon. They had no idea that that wash would have water run down it like it did. In the future we will make sure that no equipment is left in a wash where it can be damaged. We were lucky that it was ok.

14. Adjournment

The meeting adjourned at 6:52 pm.