

**MINUTES  
MOAPA VALLEY WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
HELD  
THURSDAY, OCTOBER 13, 2016**

**PRESENT:**

Kenneth Staton	Lindsey Dalley
Jon Blackwell (absent)	Ryan Wheeler (absent)
Randy Tobler	
Joe Davis	Susan Rose
Jeannie Poynor	Lon Dalley
Bryan Mortensen	
Vernon Robison, Moapa Valley Progress	Byron Mills
Chad Atkinson, Hinton Burdick	

**ORDER OF BUSINESS:** At 4:00 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 September 8 , 2016 (For Possible Action)**

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 3-0 in favor to approve the minutes of the September 8, 2016 meeting.

**3. Presentation and approval of the FY16 Audit – Chad Atkinson (For Possible Action)**

Chad Atkinson was present at the meeting to go over the FY16 Audit.

Chad said that they were able to get thru the audit earlier this year thanks to Jeannie and her staff. Chad wanted to point out one thing before he forgot. He reminded the Directors about the refunding the District had done last fiscal year. That was on page 21 of the audit. The refunding resulted in an economic gain of \$283,000. The Board made a good economic decision.

The Independent Auditor's Report was on page 1. In the report the auditors did an unmodified opinion on the financial statements which is a clean opinion on the financial statements.

The next report was on compliance and internal control and was on page 37. There were no findings in FY16 so that was good. He said staff did a good job of keeping the same processes, controls, compliance, and all working in the same direction with no deviations. He really appreciated that. Also on the State compliance report, the District is in compliance with NRS. That report is on page 39. There was one prior year finding that was resolved. There was an over expenditure of the budget last year and that was resolved in FY16.

Chad then went to the financial trends. The first slide he showed had our revenue and expense trend. There were also non-operating and operating trends on the slide. Revenues were up a little from FY15. They're up due to the SNWA payment we received for \$200,000. Water revenue fees were down \$11,000 and the main reason was the usage of the water. It looks like some conservation was going on by the customers.

Operating expenses decreased by a \$168,000 and the main reason for the decrease was in FY15 there was a study done by Glorietta Geoscience for around \$60,000. That wasn't repeated in FY16 so that caused our expenses to go down. Materials and supplies went down \$92,000. The majority of that had to do with the flood repairs that were done. Those were the main saving items from FY15 to FY16.

Our operating revenues are above our operating expenses which is a good trend. In FY15 the non-operating revenue (expenses) decreased due to those items of \$5,778 but we actually had a positive result in FY16 of \$185,234. The main reason for that was the interest expense decreased by \$54,000 which is the interest we made on our loans. Vanguard replacement expenses were down \$83,000. Our change in Net Position went up. It was a \$-227,994 and now it's gone up \$320,576.

The Net Position slide had a breakdown of the equity the District holds. The top line shows our net investment in capital projects. That actually bumped up quite a bit. It went from \$12,693,945 last year to \$13,576,042 this year. There were some major purchases of capital assets. There was the Overton Tank recoat for \$400,000, the Gubler line upgrade for \$69,000, a new backhoe purchase for \$81,000 and the purchase of a new 2015 Ram service truck for \$73,000. Those were the major purchases. That adds to the portion of our equity that's invested in capital assets.

The unrestricted amount on the slide is down quite a bit and that's due to some spending that's taken place. There were \$1M in capital purchases in 2016 so those capital purchases came out of the unrestricted balance. That's why the purple line is going down. Also, the two designated and the restricted amounts are on the increase because the reserves set aside by the Board have increased. Those were pull from the unrestricted amounts so the unrestricted is going down and the others are going up because they're being reallocated. On the designated amounts we have arsenic replacement, capital assets, infrastructure replacement, and water resources reserves that are set aside. Chad talked to Jeannie and she went thru FY16 and made a real effort to reconcile those accounts. She has a nice spreadsheet that she sent him that says these are the funds that we have and this is how much we're adding to them each month. The restricted amount on the bottom is on the rise. The auditors added the detail for the restricted amount to the financial statements and that detail can be found on page 18. NV Rural Water wanted it added to our financial statements.

The Cash Trend slide shows that our overall cash position is good. Cash is down \$358,000 from the prior year and the unrestricted cash has also trended down a little bit. This is a situation where the unrestricted cash may have gone down but the restricted and the designated cash have gone up. It's a reallocation of cash. The cash position is still stable.

The Directors had a few questions for Chad which he answered.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 3-0 in favor to approve the Financial Audit for FY16.

#### 4. **Manager's Reports**

**Office Manager** – 1) Jeannie Poynor included the financial dashboard in the binders. It shows the net income from operations, the budget vs actual, and cash and cash flows. We received the \$200,000 from SNWA. Jeannie is in the middle of doing a report that shows our revenues over the past two years but she didn't get it done. She will have it for the next Board meeting. This is the report that Randy asked for last month. The information in the report will be from 2012 to present.

**Assistant General Manager** – 1) **Production** – Lon Dalley said that water production is a little higher than in previous years. Water produced in September was 105,319,544 gallons pulled from Warm Springs. 2) **Arrow Canyon** – There's not much change with the well levels. 3) **Meter Installs** – We didn't install any meters last month. 4) **Training** – Brian, Nick, Vic and Lon attended the TriState Conference so they could the CEU's the need to renew their certifications. 5) **Lead & Copper Samples** – We pulled lead and copper samples every three years. We've never had an issue and we still don't. We had one sample that was higher than the action level but not by much. Lon called the customer and talked to him about it. The tap customers pull samples from can't have been used for at least six hours. The one this customer pulled from had not been used for a few months. Lon explained to the Directors how the lead and copper samples are calculated.

**General Manager**- 1) **BLM/RMP**- BLM has had quite a few meetings. One of the big things for us is that we have Marilyn Kirkpatrick helping us out. She has been a big asset to us. She has held BLM to the commitments they've made. Crescent Hardy and Dean Heller have also helped us quite a bit. There has been a lot of meetings that have gone back and forth and now the RMP process has come to a halt while they reassess the stuff that's out there. BLM has been notifying us of the meetings so we have a seat at the table. Marilyn has a meeting scheduled between the State Engineer's office, BLM and us because it's in our service territory. BLM has cut back on the acreage in Moapa that was open for disposal and BLM says it's because there's not enough water to do it. We have water that we can sell and the land is in the

most perfect place for us because our 14" and 24" lines run right next to it and we wouldn't have to get any permitting or anything if it would go to disposal because we can service it. SNWA has offered us a lot of the backup material that will solidify that the resources are there. They also called and asked Joe if he would be comfortable with them being at the table. **2) Servline Insurance** – One of the things that Joe learned when he was at the National Rural Water Conference is that they've been fighting EPA about changing the Waters of the US rules. Because of that the National Rural Water Association's annual fees have gone up from \$10,000/year to around \$22,000/year. They are suing the EPA because of their broad over reach. The EPA is trying to tell States what they can and can't do with their own water. To offset that cost they are trying to sell insurance to homeowners, which pays for waterline repairs. The State of Kentucky or Tennessee has this program for their customers and it pays for all of their National Water Resource Association dues. Most of the dues go towards lobbying fees. Joe explained that there are three options. The information on the insurance was in the Director's packets. Joe explained to them the different options the program has. Joe asked the Directors to think about it. Since the NRWA has lobbyist that lobby for us, he would like the Board to think about donating \$100/year to them for the lobbying costs. NRWA donates money to the campaign fund of anyone that is voting for the rural districts. Joe also asked the Directors if they would like to go to the NVRWA's conference next year just for the day. Joe thinks it would help them understand what it takes to keep the system running. Ken & Lindsey thought it would be beneficial.

**3) Lost/Unaccounted Water** – We ordered new insertion meters and were hoping that they would be here this week. We're going to put it in at the Moapa Tank then we can start figuring out where the water is going. We put in a new meter at Arrow Canyon. Our lost and unaccounted for water has dropped to almost nothing compared to what it was. Unfortunately we don't have an answer yet as to why we had such a huge amount of lost and unaccounted for water. We're still trying to figure it out. Bryan's father had a stroke so we haven't gone into town to test anymore of the meters that we've been replacing. We'll get that going again. We're going to send the production meter that was at Arrow Canyon that back to Badger so they can test it and let us know if that was what our problem was to begin with. We're still working on this issue. When we get the insertion meters installed and the test results back from Badger we should have some answers.

**4) Capital Improvement Plan** – We had a kickoff meeting with Joe Phillips from Sunrise Engineering. We've given them all the information they requested. They needed three years history on all of our meters so they can put that information into the water model. The water model can accurately predict where all the water is being used in the system thru meter sells. Jeannie got that all compiled which took a lot of her time. Sunrise has a timeline that they should have a report to the Board by December with some levels. The final report should be done by the beginning of February. **5) Drought Forum/Legislative Subcommittee** – Joe included both of those reports with his manager's report. There's nothing that's drastic that affects the District. There are some bill draft requests that Joe has printed off in his office that he'll be keeping a close eye on as they come up to the committee. They just don't have any substance of what they're physically looking for but once they actually get some substance to them then we'll be able to decide how much they're going to affect the District. There are 13 bills out there have "Water" in the title. We're keeping an eye on all of them. Eight of them actually have some bearing on us. The others are just clarifying putting water in a barrow type of thing. Lindsey had some questions for Joe about the Drought Forum Recommendations report which Joe answered. **5) Donations** - Joe had a chance to talk to Richard Jones and Richard said that the Booster Club gave \$1,200 to the MVHS Baseball Team. Joe thinks we just need to give to the Booster Club because they are giving money to other school activities. Randy Tobler doesn't like us giving \$100 towards advertising. More people are catching on to that and Randy thinks we need to stop paying for advertising when we're making a donation especially since we just raised rates. Chairman Staton asked Susan to put this on the January agenda.

**5. Public Comment (Maybe Limited to Five Minutes)**

None

**6. Director's Preference**

Randy had a couple of things he wanted to talk about. He asked what would cause a meter to be locked by the District. Staff said usually it's for non-payment or the customer asks us to put a lock on it. Randy asked if there was a fee if the customer asks us to put a lock on their meter. Staff explained that we don't charge a fee for that.

Randy also asked if Staff could fix any deficits while we're waiting for the Capital Improvement Plan to be completed. He doesn't want to wait too long to discuss this if we're still losing money. He just wants Staff to keep an eye on that so we're being proactive.

- **Review Monthly Expenditures**

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

- **Litigation (Closed-Door Session)**
- **Water Rights Discussion (Closed-Door Session)**

7. **Personnel (Closed Door Session)**  
- **December 2, 2016 Christmas Social**

8. **Approval of the November 10, 2016 Board Meeting**

The general consensus was to hold the November Board meeting on the 17<sup>th</sup>.

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

None

10. **Adjournment**

The meeting adjourned at 5:31 p.m.