

MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, FEBRUARY 18, 2018

PRESENT: Kenneth Staton
Jon Blackwell
Randy Tobler (Absent)

Lindsey Dalley
Ryan Wheeler

Joe Davis
Jeannie Poynor
Lon Dalley

Susan Rose
Bryan Mortensen

Byron Mills

ORDER OF BUSINESS: At 4:02 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 January 18, 2018 (For Possible Action)

On motion of Ryan Wheeler and seconded by Lindsey, the Board voted 3-0 in favor to approve the minutes of the January 18, 2018 meeting.

Jon Blackwell came into the meeting at 4:05 PM

3. Warren Hardy BDR Update (For Discussion Only)

Warren Hardy explained that between August and the first of the year it's a real slow time for him. His business is kind of an interesting business. He represents us during the legislative session and otherwise he's interacting with legislators. There's a six or seven month period where he basically works for politicians doing fund raisers, sponsoring politicians, raising money and he's right in the middle of that right now. That's very germane because that's how he ultimately has access to them when it comes to do the legislature sessions.

Warren talked to Joe about a regulatory session he attended. The Colorado River Commission is readjusting the regulations for the distribution of power as people drop out. Apparently we don't have an allocation in the Colorado River but we applied. The reason he communicated with Joe is he doesn't know if the Commission anticipates people dropping out so we might want to keep our eye on that. Warren's main reason for being there is to make sure that how they come up the allocation is fair and equitable.

Also, the subcommittees are really starting to heat up now. He attended the committee on public lands. Last session, leading up to all that crazy legislation that we got from some of the rural well folks up north, they had a specific interim committee on water. There is no specific designated interim committee on water this session. The committee on public lands will be taking the water portion of the interim studies. Warren suspects there's going to be another effort to bring some of those things back that sort of benefit the northern water ground users. He will continue to track that.

He also attends regularly the Southern Nevada Legislators Forum which was put together by Marilyn Kirkpatrick, when she was a member of the legislature, for interested parties in southern Nevada. Warren wanted to see if there was anything there that pertained to water. There didn't seem to be anything that pertained to water. Big policy changes aren't usually good for Southern Nevada.

The main reason he wanted to come was to see if we had any bill draft requests. He would like to get any potential concepts at least in the form of a placeholder so that he can get a bill introduced. We don't have a bill

draft request so we go thru the legislators. Warren said that Pete Goicoechea represents us so Warren will more than likely go to him with any bill draft requests.

Lindsey said that he had a few things he would like to talk about. One is that Pete said that there is a Public Lands committee meeting coming up in April or May in Laughlin. Pete had called Lindsey because he's involved with PIC and Pete had said he (Lindsey was paraphrasing what he thought Pete said) wants PIC at that meeting to do some kind of presentation on the RMP because he thought that the chairman would probably be more open to that so when Pete said that, it was like a light bulb went on. Joe has been equally involved dealing with the RMP because it's kicking our behind. Lindsey was wondering if there could be some benefit there to bring the State on Board for support in the things we're trying to do. We need to get the State to recognize that there's an issue here for rural water users that doesn't exist in Las Vegas or Henderson and we need some horsepower behind it. He doesn't know how that's going to happen but maybe we could weave that into it whether it's thru a PIC presentation or we go for a settlement. Strategically he's not so concerned but he thinks we need to close the loop on that because it's a natural nexus between PIC and the water district or any utilities.

Warren said we would do it either way. His biggest job is reminding policy makers that just because we're in Clark County doesn't mean we have the same issues they have. You have to balance that because we're a small community in a big county. Probably a dozen times every session he's looking for an amendment for VVWD and now MVWD because he has to remind everyone that we're different than everyone else. He thinks that it's a big enough issue that we should ask for an opportunity to appear and make a presentation based on the needs of small water companies throughout the State or just the ones in Clark County. Warren is going to Pete and Heidi to see if there's an opportunity for us to do a presentation for that committee. It would be great having PIC do the presentation on issues in rural Clark County. Warren said that he will try to get that meeting setup. The other thing Warren said was that if Elise is having a problem getting people to respond to us, he'll make some phone calls to see what he can do. They shouldn't be ignoring us.

Lindsey said that to kind of lump this under that same thing, he was looking at the packet and he made some notes under Warren's agenda item. One of the issues that we're having is getting a right of way for our tank and also a right of way for a fire line in Warm Springs. We're looking for SNWA funding. He doesn't know if we should use those for examples. He thinks we need to get together and strategize about that. We need to inject these issue discussions in either the public lands committee or to our politicians whether they're federal or state. Maybe we want a BDR to support BLM turning over public row's to utilities so it's just a done deal. Then we'll have horsepower going in talking to the federal legislators. Lindsey was just throwing ideas out. That's a big issue for us, Mesquite and OPD. We need to convince our federal legislators that that's a big problem.

Warren said that might be an area where we want to go during public testimony and make a presentation. Depending on what we decide to ask for, it could be part of the standard presentation. That's fairly general. They had an initial meeting on the fire service out there and he thinks there's further dialog that needs to happen. He would actually like to try to find a piece of legislation even though it probably, given the budgetary situation, might never have the opportunity to pass. He almost thinks they need to introduce a bill that would seek funding for the fire protection as an opportunity to publicly explain the problem. That would put some heat and pressure on them. That's what he came away with from that meeting. If we can find matching funds for that it would be great but he doesn't know that that's really our responsibility. We need to put some political pressure on them. One way to do that is to introduce a bill, have a hearing and have legislators asking questions about the fires out there.

Joe spoke with Zane Marshall (SNWA) and he was pretty excited about it. Zane sent Joe his engineer's probable cost for it. Joe told Zane that we were getting ready to work on the budget and the RMP. He appreciated Zane getting us his stuff. We're just trying to figure out which direction we want to go. It hasn't been brought up until tonight. Joe said that when they were talking, Warren had told him that there might be some funding thru the State. Zane was on board with that. Zane also brought up that there's SNLPA letters and other stuff out there so there could be an opportunity to try to get some money for it.

Warren said that he didn't follow up with Joe but he should have based on that meeting. Warren thought Zane was excited but he didn't realize that he had actually done some stuff. Warren talked to Pete last session and asked him if there was any one shot money (budget access) to drop a bill for on that project to get it out there. There were fights at the end of session on education stuff so that gobbled up all of that money. If there's one shot money, we'll pursue it. If we can get Pete to look at any other avenues of State wide money, we might be able to participate in that. He will follow up with Zane and will sit down with Pete next time he's in Clark County.

Lindsey said that the major reason for the fire line, other than the obvious, is in his mind he considers a large gravity feed tank up in Warm Springs. It's an essential part of that infrastructure which would benefit everybody. If the power lines burning too, we need 4 million gallons of water to drain out without any power.

Ryan asked Joe if he had any ideas for BDR's.

Joe said that he hadn't had anything come to his mind. Lindsey brought up a good point one that Joe wouldn't even have thought of because his mind had shifted away from that. When they were talking about having the State look at the Colorado River Commission, Joe wondered why they were wasting time on it. They don't have any control over it, so why was the State telling us to look into it? Joe wasn't thinking about the fact that if you can get people to look at it, it could help.

Warren said that of all of his clients including us, 95% of his time is spent playing defense.

Ryan asked about the church water. Are there any thoughts there? Are there any thoughts about wells within our basin and making sure that the water has to stay in our basin?

Lindsey said that even if we don't get anything out of the Public Lands Committee, if we just sit at the table and make a presentation, in a year or in the next session if we have to go back to the table some of those guys will remember us. It makes it easier because we're familiar to them. That's a vague advantage.

Warren explained that it's a hard thing to sell. It's a good idea but it's hard to argue that just because the water is here, doesn't mean it has to stay here. It belongs to the State of Nevada. They have got some traction on that from the State Engineer's Office.

4. Review of the FY19 Budget (For Discussion Only)

Joe explained that we have some dates that we have to meet for the budget. Everything that is in here are things that need to be done. We're going to upload all of the budget information into Water Worth to see what it does to our finances. Then we can talk about it as a board to see how we want to move forward with it. At the March meeting staff will have to have some clear direction on where we want to go. The tentative budget has to be approved at the April meeting.

Jeannie reminded the Directors that the final budget has to be approved sometime between May 21st and May 31st meeting. On page 2, there are some things that are highlighted. We won't get those figures until March. We'll get that information in there as soon as we get it. Page 3 is a summary of what's on page 4. The breakdown shows that we've upped the water revenues. Joe, Lon and Jeannie have been going thru everything and it looks like we will be online for a 7% increase from the 8% rate increase that we did last year. We are anticipating another rate increase this year. The \$3,620,000 includes the rate increase. If the Board decides they don't want to do an increase that number will have to be adjusted. We had to do increases on a lot of our expenditures. Paving has cost us a lot of money. There will probably be another rate increase from Pers. She hasn't heard yet. Engineering, BLM and those kinds of things are costing us a lot of money so they are elevated as opposed to other years. Staff has had several discussions on the matter and they don't think they escalated them just to escalate them. They are realistic numbers. Engineering is also costing a lot more than it used to.

Jeannie explained that when we did the refinancing, we received an additional \$60,000 so what we did was use that for legal fees and paid Zions Bank and Sherman Howard with it. If everything looks good and the Board doesn't want to change anything, our change in net position will be an estimated \$335,000 which looks good until you go to the next page. When you look at the cash we are actually looking at decreasing our cash by \$760,000. We have the cash in the bank and that's what it's there for so we need to use it. Staff has gone over the budget again and again and again to see if there's anything that we don't really need and we don't see anything on the list that we don't need.

Joe said that part of the Water Worth program will help us to work our way though the budget cycle. Staff would recommend that we spend time in the next four or five months to really get things dialed in so we have a clear direction when we do the next budget. We will also have to send in a five year CIP to the State. Historically on the five year CIP things rotate around on it. If we're going to project out the stuff that does need to be taken care of, we need to really lock ourselves in and the next five years the Board needs to put some really heavy thought into what are we going to make sure that we accomplish the next five years. We can plan for it and budget for it. Water Worth will really help us do that. Right now it has the base information in it and as we project out the projects that we think might go in there, we might have to make some changes. Once we

lock that in, it will be a road map for how we're going to move on as we're making our way thru the budget process.

If you look at the budget, you'll see some reoccurring things in there. One of them is Meadow Valley Wash. We've already almost spent \$70,000 on environmental work and we still don't have any pipe in the ground. We can't do any work until November or December because of the Flycatcher. We've spent \$30,000 on Baldwin Springs. Unfortunately, we can't get past NSF61. It keeps getting sent back to Joe Phillips. There will be some small savings there but it will be offset by the other things that we went over like Arrow Canyon going down. There are some repairing projects that are on there like a valve exercising machine that we were looking at buying this year. There's money slated to buy it so we could get something that could do all of our stuff. There's actually a machine out there that will do what we need that's about \$5,000 more than what we had slated for it. We won't spend that money this year; we will move it to the next budget cycle. That also ties into the GIS information. It will do the GIS information and valve excising. The guys can go out and turn it and you can tell when it's getting stiff. It will track all of that information for us. It will tell us when we're starting to have failures on the valves, it will track the torque and it will tell you how it's torquing now compared to how it was torquing before. There's a lot of stuff there that is better so we've pulled those ones out and tried to hold back especially when we saw the environmental stuff going crazy. You'll see that a lot of the numbers that are in there that we tried to error on the side of caution and went high on them so that we know we won't get into the same situation we got into with the Overton Tank where we guessed low and came in really high.

Joe walked thru the FY19 accounts that are in the budget. We had two restrictive fund accounts that the Board will need to decide what we're going to with them. They are for the 1995 USDA Bond and the 2010 USDA Bond. We were required to put money into them. One has \$280,000 in it and the other has \$275,000 in it. We need to decide what we're going to do with that money since we no longer have any restrictions on that money. We don't have any restrictions on the new bond. The one thing that Jason did tell Joe was that if you do have an account, they really look favorably on that when you want to get a loan. On the downside of that, we've seen that when you do have accounts and you try to get a loan, you never get a grant. The Board just needs to think about what we're going to do with this money.

Chairman Staton asked what our options are.

Joe said that we could spend it on infrastructure. Those funds were designed to be pulled out and set aside in case we had an issue. We could use the money to fix the existing infrastructure that these two accounts were there for. One was for the arsenic treatment plant and the other was for the 14" pipeline. We have \$160,000 in the fixed asset replacement fund. We're talking about spending \$112,000 out of that which would leave a balance of \$48,000.

Page 7 shows the bonds we have. You'll be happy to see the two zeros on the ones we paid off. We still have the principal payment of \$640,000 and the interest payment is \$191,000 but we saved \$1.2 million over the next ten years when we refinanced the two bonds.

We have for two existing contracts. One is with Cintas and the other is with Mail Finance for our postage meter. We also have lobbying expenses in the budget this year. That's \$24,000/yr. On the CIP budget, staff put \$150,000 in there for water main replacement on Isola, Yamashita and Gubler. That is way over budgeted. However, with all of the additional costs that we've had on things, we wanted to make sure that we have enough in there to cover all the costs. One of the big issues that we have, just on Yamashita, is that a lot of the intersections are alligatored. The County has come back on some of them and wanted us to pave the entire intersection so our engineering firm will be spending a lot of time engaging with the County trying to come up with a game plan on what's going to actually be a true requirement. On these three projects we have Isola which we're fighting BLM. We thought our application was submitted 2 ½ years ago by Bulloch Brothers. We are having to reinstitute that and it's going to require a lot of the same work that we just did on Meadow Valley Wash. Yamashita and Gubler are the two that staff really thinks we need to move forward with. If any environmental stuff pops up on Isola, that just gives us chance to move forward with that. The \$150,000 is just for engineering. The hope would be that they get these three projects truly engineered so we have rock solid numbers for them so we can get them done. It was a big bone of contention but staff used to take a stab at figuring out what it's going to cost to do things. We know what it's going to cost us to do the project ourselves, it's trying to figure out what the federal agencies are going to require us to do and that's what increases the cost.

Joe explained that we didn't put small main replacement on the CIP because we have Baldwin Springs and Meadow Valley Wash in the CIP. We're trying to get the engineering done on those three lines that give us redundancy in the system. The meter replacement program has gone up to \$200,000. It has a lot of man time associated with it. Staff budgeted \$20,000 for the leak detection system. We engaged two companies. One

sells the equipment and the other does the testing for you. The one company would come out and do just where the sewer line is. That would cost \$70,000. It would cost \$20,000 to purchase the equipment. We'll utilize our GIS department with our engineering department. Joe explained how the equipment works. It's a nice system. We over budgeted by \$5,000 that way we can pay for a little more training that they provide.

We also budgeted \$110,000 for valve replacement. Bryan got some good numbers on that. Arrow Canyon 1 & 2 cleaning is budgeted for \$80,000. That's for the acid wash. Unfortunately if we don't get Baldwin Springs done we can't do it but it needs to be done. The quote is about \$60,000 for the basin but staff put \$80,000 in there in case there is any hidden cost. Arrow Canyon Basin is roughly twice the size of the basin at Baldwin Springs which we already did. When we got the estimate to do this, it was about \$62,000 but staff added \$18,000 extra in case there might be some hidden cost on this project also. Our guys will do the prep work and we will hire someone to do the concrete work. That will eliminate a lot of the reporting requirements that we have when we back flush it. The TDS and the iron content are really high.

Arrow Canyon #3 well is budgeted for \$40,000 just in case BLM allows us to try to submit some of the paperwork. We've got 65% of the design work done but we're in a holding pattern right now. There's \$30,000 budgeted for SCADA upgrades. Last year it was \$20,000. This year there's \$10,000 extra for man time. The PRV upgrades are budgeted for \$40,000. The Hidden Valley PRV and the mining PRV both need a ton of work done on them. Meadow Valley Wash and Baldwin Springs are carried over from this year. They're budgeted for \$130,000. Small equipment replacement is budgeted for \$5,000, office equipment replacement is \$10,000 and information technology (computers/server) has \$15,000 in it.

We also have some security issues. They've made some leaps and bounds with the capabilities that they can do on security. They're willing to come and hook up our building at a discounted price. Itech already does our head houses but it's just the bare minimum. The new technology is a lot better. We don't have any security on this building or the shop so that's in this year's budget.

We have one vehicle that we're going to replace. We actually have two vehicles that are bad. The Ford that Mason is using will be moved over to the run around truck and then we have a Chevy that we will get rid of. The replacement truck will go to the GIS division. Not only is Mason doing the GIS out in the field, he is also the backup guy for the meter reader and he's runs in all the plans to NDOT and the County. Between him and Bryan they take care of most of the stuff that has to be done in Vegas. We budgeted \$20,000 for a valve exerciser. The unit we have now can do a lot more things than we have going on in our system. With all the valves we have out there it's extremely difficult for us to get thru all of our valves. There is \$15,000 in equipment replacement to get a dump trailer. Our dump truck has a lot of miles on it but it's not to the point that it needs to be replaced. We get spread pretty thin when we have two crews out there trying to move materials so we thought we'd get a dump trailer we can haul around and hook to any of the service trucks.

We put \$100,000 in Water Resource Development. There's been times when we've kept money in there and other times we haven't. It's up to the Board to decide if we want to keep it in there just in case someone wants to sell something or someone wants to buy something.

Joe would like the Directors to think about what they might like to see in the budget and we can talk about it at the meeting next month. They could even think about things they would like to get done in the next five years.

Ryan said that we're going to be spending more money than we have in the past. He's ok with that as long as everyone's comfortable with that and we continue to use the Water Worth program which can project out the five years that Joe was talking about. Looking at all the projects that need to be done, some are past the need. They've needed to be done for quite awhile.

5. **Manager's Reports**

Office Manager – Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their Board packets. She took 2013 and 2014 off the net income from operations and also off the cash flows on the financial dashboard report. If the Directors really want it back she will put it back on there.

We are going to have to augment again so as we get closer to the end of the fiscal year we'll start talking about that. We'll have to explain to the State why we went over budget. It's mostly because of the increases as far in environmental, engineering, paving and things like that.

Assistant General Manager – 1) Production - Lon Dalley explained that he had to estimate production because Board reports had to go out earlier than usual. He estimated that we would produce 48,920,000 gallons. We actually pumped just over 47 million gallons. **2) Arrow Canyon Well Level** – We usually measure the well level when the well is running. Normally we set the parameters at 900 gpm but Arrow Canyon #1 is out of service right now. There's zero usage at that static level which is at about 47'.

3) Meter Installs – No meters were installed in January. There is a couple on the schedule for this month. One was installed yesterday and the other will be installed in a week. **4) Moapa Elementary PRV-** Lon had pictures of the new PRV they got moved. They demolished the old one and got it out of the ball field. This PRV came in a lot higher than budgeted but the vault is top notch. Our guys did the electrical and the plumbing and they did a good job.

General Manager – 1) Unaccounted for Water – There's no unaccounted for water because of the meter reading schedule and the head house schedule. **2)** We had the BLM comments that needed to go in. Elise helped us out immensely with that. The cutoff date for comments was supposed to be February 2nd but they extended that to March 23rd. We will be putting more comments together for that. It's extremely important for us to take a stance on it. Between OPD, VVWD and us, we've all taken the same stance to do what we can to get what we need done. **3) Water Rally**– Joe flew to Washington D.C. with NVRWA to talk to our congressional delegation on keeping up the funding for the circuit riders and also for a lot of the infrastructure stuff that's been going on. We need to get them to fund and put money in the budget because they've been running on a continued resolution forever. While Joe was there they started gaining some traction and were able to sit down with Amaday, Heller and Maestro. They were extremely engaging. They wanted to make sure that with the rural water utilities are getting the funding they need especially with the RD loans in order to do projects with low interest rates. They are really interested in that. Joe got an opportunity to sit down and talk to Dean Heller about the southern Nevada issues we're having with BLM. Both Heller and Maestro were very responsive to the issues that we have so they want Joe to make sure that he contacts their Las Vegas offices and use them as an asset especially if we need to sit down with anybody from BLM. They said they'll be able to send somebody to help us out. He gives them a lot of credit. When we were dealing with Kuehn, Titus and Rosen, they got called down to for a meeting on the floor so Joe had to talk to some of their representatives. They chitchatted with Joe. All in all it was a great opportunity to go back there. We're not the only individuals out there that have problems with BLM. They have issues in other states but when Joe talked with a lot of the individuals there they definitely don't have the issues we have. It's amazing when you talk to the other rural companies. They don't realize that 95% of Nevada is owned by BLM. **4)- Tribal Expansion** Joe got a call before he left from the lady that's over air quality for Clark County. The tribe has geared back up to try to do the tribal expansion. They're trying to couple it with the air force expanding by Coyote Springs and the Sheep Mountain Range. They're trying to tie that all together with a Southern Nevada Lands bill. Joe gives Dean Heller a lot of credit because when Marci Hinton called and was talking about this lands bill, she was told that she better talk to Moapa. It was nice that Andrew Williams made it clear that there are a lot of issues out here and that Heller is keeping an eye on what's going on. Marilyn Kirkpatrick told Marci that she's not on board unless Moapa's on board. We definitely have a County Commissioner and a Senator that are really trying to help us out. Joe also got a good feeling from Maestro's office because they are ahead of the curve compared to everybody else. The other thing that came out of that meeting was that she took a tour of Nevada. Her top aide told Joe that she's getting ready to do another one and maybe she will visit us out here so she can see some of the issues we have. Joe told the aide we would be really interested in that.

6) Public Comment

None

7. Director's Preference

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

8. Personnel

9. Approval of the February 8, 2018 Board Meeting

The general consensus was to hold the next Board meeting on March 8, 2018.

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

None

11. Adjournment

The meeting adjourned at 5:55 pm.