

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, MARCH 8, 2018**

PRESENT: Kenneth Staton
Jon Blackwell (Absent)
Randy Tobler

Joe Davis
Jeannie Poynor
Lon Dalley

Byron Mills
Teresa Taylor, NVRWA

Lindsey Dalley
Ryan Wheeler

Susan Rose
Bryan Mortensen

Vernon Robinson, MV Progress

ORDER OF BUSINESS: At 4:04 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 February 8, 2018 (For Possible Action)

On motion of Lindsey Dalley and seconded by Ryan Wheeler, the Board voted 4-0 in favor to approve the minutes of the February 8, 2018 meeting.

3. Public Outreach -- Teresa Taylor, NVRWA (For Discussion Only)

Teresa Taylor with NV Rural Water Association was at the meeting to talk to the Board about why Boards need to support public relations.

She had a PowerPoint presentation which she presented to the Board.

Teresa explained that Joe invited her to come down and talk about this subject. She is really passionate about this because it's something she has seen work and it's something that will make a difference. She hopes that after this fairly short presentation our Board will be convinced of this as well.

If we thought that we faced real competition in the water industry we would probably have to resort to some creative marketing techniques to get across that our product is superior to the one next door. By large we don't worry about it because we think we have a captive audience. People use the water company that they are geologically associated with. So do we really have competition in the water industry? Yes we do. We have to compete with the money people use to buy gas, expenses to raise a family, electric bills, groceries, doctor visits, etc. But there is something that is more important and critical. It's bottled water. This didn't exist in the early 1970s. The bottled water consumption is huge and it continues to rise every year. On average nationwide people spent \$716 a year on bottled water in 2017 compared to \$600 people spent on tap water. As an industry we've let something happen that should never have happened. This is a very strong growing industry. They've scared people, seduced people and misled people. We provide incredible value as an industry and we don't have to scare, seduce and mislead people. We just have to get the word out there about it.

The problem is we're really lousy at communicating it. How do we change that? We don't really need to spend a lot of money on marketing. She had a few suggestions she shared with the Board. They main point is making the mindset shift to do this and understand why is important.

One of the reasons is incidents like Flint and Oak River, W. Virginia should not have happened. As a result, people were inconvenienced and damaged in some cases. Natural disasters happen to even the best run utilities. If we can build a reservoir of goodwill in the community before such things happen, the better. Then the community rallies around you and supports you and appreciates you as a utility.

The 2nd topic she talked about was that we have to quit being afraid. This is particularly a problem with Boards. You're a member of the Board and you don't want the public to come in and yell at you. We all know that if you raise water rates \$10/year, people are going to have to give up their prescription drugs and they are going to have to eat dog food. Well, we have to stop being afraid because that's just not true. We don't tend to project that confidence. A Board is not supposed to rubber stamp what the utility wants to do but they're supposed to support the utility in wise financial investments building the utility, developing strong managerial skills and financial capacity. A lot of that is good public relations and community support. That is a Board responsibility. We need to stop being defensive about our product and proudly offer it for what it is worth literally and figuratively.

She said that rural utility board members are sometimes afraid to advocate for the district because of the negative reaction that they get from customers so they tend to operate on the defensive about the utility's water service but that should change. Yours is the most important, essential service out there. If you don't believe it, neither will your customers. You should never be apologetic about the rates you need to charge for that necessary service.

She had a slide that showed typical uses around the house like washing hands, brushing teeth, washing clothes, watering the garden, washing dishes, doing laundry, and flushing the toilet. We do that all for 66 cents a day per capita.

She would gladly pay 66 cents a day to not have to empty a chamber pot and to not have to go out to an outhouse. It's worth 66 cents a day to not have to haul water to the basement to wash clothes. She would pay more than 66 cents a day to not have to do that.

Water is very inexpensive compared to natural gas at 88 cents a day per capita, television 97 cents a day per capita, electricity is \$1.40 a day per capita, cell phones are \$2.30 a day per capita, and \$2.63 a day per capita on specialty coffee.

Why is water at the bottom of this list? It's because of a perceived low value attached by the public to water service. We need to somehow communicate that value to customers.

The four baseline expectations of a water utility customer are:

- 1) The water has to be there when they turn on the tap
- 2) Safe Water
- 3) Help for problems whenever there is one
- 4) They want accurate bills that are easy to read

These are things that people are willing to pay a little more for.

Next Teresa talked about value because that's going one better.

Teresa pointed out that what the industry perceives as value may not be the same thing as what the public sees as value. Sometimes utilities speak in terms of all of the additional infrastructure they are providing, or what they are doing to explore for more resources. They trumpet those things in trying to communicate value. But that doesn't always translate over well to the public.

Teresa explained that from the customers' perspective, added value comes from smaller things that can be done to simply garner good will. This could include things like being involved in the community by sponsoring contests at schools, holding customer appreciation days, sponsoring youth groups etc. It also comes in providing excellent customer service.

It doesn't have to be expensive," Taylor said. "But it is just reflecting the pride of your product in every interaction that you have with your customers."

Taylor added that the utility should be actively working to develop the good will of their customer base long before problems or setbacks occur. Then when those things do occur, the public will more likely align itself with the utility.

She gave several examples of problems that could arise. As she showed a photo of a segment of I-15 near Glendale that was destroyed by a flood in 2014, she pointed out that these problems might include natural disasters wiping out a vital portion of utility infrastructure. She showed another photo of the aging Arrow Canyon well above the Warm Springs area. Teresa said that setbacks might include issues regarding the community's water supply and aging infrastructure. These things tend to cause upward pressure on water rates. People will be more understanding of rate increases when they have positive general feelings about the overall good value that the utility provides to the community.

How can we do this at little to no cost?

Teresa said that the first thing to do is to get ourselves out there. It's amazing how much goodwill those gimmicks and giveaways can provide. They also don't have to cost much and they are really working in some parts of Nevada.

How much of your budget do you spend on communicating the value of water and how much should you?

Lindsey asked what our customers are willing to pay more for.

Teresa said that one of the things they are willing to pay more for that has been shown time and time again is involvement of their utility in the community. There are many ways to do that safely and cheaply like incredible customer service, reflection of pride in their utility in any and every interaction with the public (smiles) knowing that your product is the most important thing out there in this area. There are many inexpensive things that you can do. You just need to show you're personable, human, and you love your community, your product and your customers.

Joe Davis agreed that the district might do more to convey the value of service to customers. He said "Let's face it; people tend to dwell on the negative. No matter how many positive messages you send out there, there is always a 'yeah, but...' response. So it is important to keep that positive messages flowing to create that reservoir of good will with our customers."

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

Joe explained that there is one small change that was made to the budget. With the timing and trying to clean Arrow Canyon, we have to replace the pump at Baldwin Springs first and then clean Arrow Canyon. Both of these things were in the budget. NDEP has been unwilling to budge on the NSF61 requirement inside of our bid documents so Joe had Jeannie pull them out of the budget. Since then Warren was finally able to get a hold of Greg Lavato at NDEP and Greg asked for some more documentation. He talked to his staff about some of the requirements because basically we are being held hostage by the one manufacture that can meet NSF61. Greg took his staff to task and told them that they are empowering the pump manufacturing company that can meet NSF61. The company told us that they won't honor any of our specs and that we will take what they give us so we disqualified them. Greg told his staff that they are empowering the pump manufacturing company, which allows them to tell utilities how they're going to run. Warren called Joe and asked him for some more information. Joe told him that he had pulled the Arrow Canyon cleaning out of the budget. Warren said that if we could give Greg a drop dead date of when we'll approve this budget, and if he can get us an approval for Baldwin, could we put it back in the budget? Joe explained that it could take 16 weeks or even longer for the turnaround for pump manufacturer's to get the pumps made and shipped out. It could be really tuff. If he could get it for April 1st, we might be able to make it. Warren is going to shoot for March 20th. We could probably get it back in the budget if we know by the 20th. That would really work well since the tentative budget has to be sent to the State by April 15th. If we can meet that, then we can put Arrow Canyon back in the budget. Warren got some good response from NDEP. Greg said that if there was any utility out there that could qualify for an exception, it would be us. We had every piece of documentation stating why we should have it and we still couldn't get it. Greg wanted all the literature that the pump manufactures have given to Joe Phillips when we did the bidding. He has all that right now and he's reviewing it. We need to get the pumps here and installed before October/November so we can shut Arrow Canyon down and start doing rehab work on it. We have a small window before we have to have them both back online. We need to do the acid cleaning in December/January.

Everything else in the budget is the same. Joe asked the Directors had anything else they wanted to talk about or change.

The Directors didn't have any changes they want to make to the budget.

5. Manager's Reports

Office Manager – Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their Board packets. The cash flows were down quite a bit because of the \$358,000 bond payment we made.

Cash flows are thru January. Jeannie closed out February yesterday. She'll have those totals at next month's meeting.

Expenses are up so 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.

Assistant General Manager – 1) Production - Lon Dalley explained that he had to estimate production for the last few days of the month because Board reports had to go out earlier than usual. Lon's estimate was 45,000,000 gallons. Arrow Canyon #1 produced 4,341,000 gallons. Some of that was from our well rehab when Layne dropped in the new shaft. Arrow Canyon #2 produced 40,659,000 gallons. We are running it right now because A/C #1 vibrates when you run it at a lower gpm. Arrow Canyon #1 will be running more when the weather warms up. **2) Arrow Canyon Well Level** – Joe said that we are probably going to have to move the well level over to A/C #2. It's so narrow you can't get a dedicated pipe in there to use the sounder. It keeps getting stuck so we're having issues getting in there to sound it. A/C #2 has a dedicated sounder port. In 1992 they didn't really think about those things. In 2005 we had to dedicate a sounding port so we are probably going to have to switch that over to A/C #2. We do have a dedicated air line in there which we can get pressures off of. The State Engineer doesn't really like that. When you use a manual sounder for so long the State engineer doesn't like to see change so they frown on it but it's the only thing that will fit in there. **3) Meter Installs** – Two residential meters were installed in February. One was a delinquent/ re-established meter. It was pulled back when Brad was here because it was a delinquent account. **4) Lyman/Swapp** -Back in September Joe and Lon had talked about the individuals that had a piece of property on Swapp and Lyman that want to do a business there. Joe and Lon talked to them about cost sharing on the line extension. They're not moving forward just yet on the residential lots but they want to start moving on the industrial building. The cost sharing was approved by the Board. The business owner will purchase the materials and the District will install the line. Lon just wanted the Board to know what was going on with that. They have submitted plans to the County.

Ryan says we need to talk about it sometime in the future.

6) Public Comment

None

7. 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.

8. Personnel

9. Approval of the April 12, 2018 Board Meeting

The general consensus was to hold the next Board meeting on April 5, 2018.

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

None

11. Adjournment

The meeting adjourned at 5:37 pm.