

5. Review of the Meter Impact Fee (For Discussion Only)

Ryan Wheeler and Joe met quite a few times while we were working on the capital improvement plan and during one of those meetings Ryan had reminded Joe that we were suppose to review the impact portion of the meter impact fee. When we lowered the impact fee, the Board had said that they wanted to review it every 3 months until we signed the SNWA agreement regarding the reduction of water into our system. We actually signed that agreement two months after that meeting. Now that the capital improvement plan is done and we know how much water we can convey thru our system, it might be a good time to look at this. It's on the agenda as discussion only so the Board can look at it to see what they want to do. Joe had a sheet that showed what we charge for meters and what Virgin Valley Water District charges. Virgin Valley is actually of looking at their fees right now.

Ryan Wheeler said that at the meeting two years ago when they lowered the impact fee on the smaller meters, he had said that he was interested in looking at lowering the impact fee on the larger meters. He doesn't think that we need to lower the impact fee on the smaller meters unless some of the other Directors want to lower it. We had additional growth but he doesn't know if that happened because we dropped meter fees. If the rest of the Board is interested in lowering the impact fee on larger meters, he's good with that.

Lindsey Dalley said that statistically you can't determine whether the meters we sold were directly correlated to the reduction in meter costs. He would be willing to look at the other meters because there is quite a jump there. If we can get large meters, it's more cost effective for us to sell a lot of water through one meter rather than 14. Since we aren't having a problem with water, he would like to encourage large meter users to show up and use water because we could spread our fixed costs.

Chairman Ken Staton asked how many 6" meters we have out there.

Joe said that we have 3.

Randy Tobler asked what Joe's thoughts were on this.

Joe said that businesses are the ones that are usually going to purchase the larger meters and one of the biggest issues the valley probably has right now is we have a developer that wants to build some residential units but some of the arguments that he's hearing is that we don't have enough residences here to bring in more commercial developments and jobs. He said that we can't get any more jobs because we don't have enough residences. Joe doesn't know how one is going to affect the other. He does know it's easier to sell water thru one meter. He honestly doesn't think that if you're a big enough business that a \$5,000 savings is really going to make a difference to them.

Byron asked if we've had anyone interested in buying a larger meter.

Joe said that there is one person who's interested in doing a 200,000 sf commercial development on Lyman and Cottonwood. They are willing to do the partnership with us in upgrading the line on Swapp and Lyman. That's the only developer right now. With the amount of water that we move, when you don't have much and we renew our applications, moving water is much better than keeping it in our pocket. We've actually had a reduction when KB Homes and all the others backed out. The State Engineer relinquished that water back to us so it's just sitting there. We're not using it so Joe would much rather move water.

Ryan was thinking we would reduce meters 20% at the most.

Lindsey said he would be willing to go more.

Joe reminded the Directors that any meters sold that are 1 1/2" or larger have to be approved by the Board first. There are caveats that are limiting factors that are associated with it like how much water they're going to need and things like that. Every large meter sale will come before the Board for approval before it's sold.

Ryan asked that this be put on next month's agenda for action.

6. Approval to revise the receptionist and the serviceman's job descriptions (For Possible Action)

Joe explained that staff has been updating the personnel policy manual. Some of the old positions need to be taken out of the manual because they don't exist anymore and some need to be adjusted. The Serviceman and the Receptionist need to be adjusted. These two positions only had one paragraph. According to Pool Pact, who handles the majority of our legal claims if it gets bad, they recommend that we have a more detailed job description in order for them to perform their jobs. So these two job descriptions have been expanded. These job descriptions follow the format that Pool Pact would like to see.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to approve the updated Serviceman and Receptionist job descriptions.

7. Approval of the recommended changes to the personnel policy pertaining to compensation for standby duty and assignment of vehicles (For Possible Action)

Joe reminded the Directors that standby time and overtime was voted on last month. The Directors asked staff to bring the written policy to this meeting for approval. He explained that what is written in blue on the memo is new verbiage; black is what the current policy is.

The following is the current policy with the changes:

4.2.4 All regular full time line personnel will be subject to standby duty, on a rotation basis. Employees on stand-by status are required to keep themselves available for service by staying within radio range and being able to respond within thirty (30) minutes.

(a) Pay for standby duty is as follows:

- One (1) hour overtime pay per day Monday through Friday, plus any hours actually worked. The exception is that the lead duty personnel will receive Two (2) hours overtime pay for their regularly scheduled day off.

- Two (2) hours overtime pay per day Saturday and Sunday, plus any hours actually worked.

- Four (4) hours overtime pay per day for Holidays, plus any hours actually worked.

Overtime would be paid providing a forty (40) hour work week had been met.

The following is the policy on assignment of vehicles:

12.4 ASSIGNMENT OF VEHICLES

12.4.1 The General Manager may assign District vehicles to certain persons or positions to take home after working hours. These positions require a vehicle because of their need to respond and to establish communication links in the case of an emergency.

12.4.2 Use of the vehicle is not part of the position's compensation. Vehicles may be reassigned at any time by the General Manager.

12.4.3 Use of vehicles is limited to business use only. Personal business should not be performed using a District vehicle unless it is incidental to commuting to and from work.

12.4.4 The General Manager and Assistant Manager will each be provided a vehicle for their use. Both may keep their vehicle after work and use will not be limited to business purposes.

Lindsay asked Byron if he needed to abstain since he and Lon are 1st cousins.

Byron said that out of an abundance of caution, he could abstain.

Ryan had some questions about the vehicles and their use. He is concerned about it because we're providing a privilege to two people within the organization. Is this going to lead to others in the

organization asking for the same thing? The other thing is it saying "use will not be limited to business purposes". First of all, it's easier to manage that risk just by not providing that opportunity. If the Board is interested in providing that, Ryan suggested that the Board put some caveats on there. Can you drive across the country in that vehicle and are they going to be using personal gas or company gas? He doesn't completely agree with it. He doesn't know very many other companies that do. He worked for a private company and they provided that benefit. But he doesn't know any other governmental entity that provides that benefit.

Randy doesn't have a problem with it as long as there's no risk in it. If there was, he might be concerned about it.

Byron said that anytime you're in a vehicle that has the District's name on the side of it, there's always a risk issue. We are well covered insurance wise so he doesn't know if it's a big issue.

Chairman Staton said that he doesn't have an issue with it either. Joe's been driving his vehicle for personal use and there's never been an issue.

Ryan said that it's the public perception he's worried about.

Byron reminded Ryan that the general manager and the assistant general manager are always on the clock and they don't get paid for it.

Ryan said that if the other Directors wanted to do it, he would like to limit it to local use or a 70 mile radius.

Lindsey said that even though he's not going to vote on it, to him it's strictly a benefits issue. We can always revisit it if we need to. He reminded the other Directors that the current Board had done things that were not done by other utilities. If the benefit is reasonable, Lindsey doesn't care what other utilities do, he will defend it.

Randy said he would just like to make sure that the insurance will cover everything if an accident happens. We just need to make sure about that.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 3-1 in favor to approve the recommended changes to the personnel policy pertaining to compensation for standby duty and assignment of vehicles as presented above as long as the insurance covers personal use. Lindsey Dalley abstained

8. **Manager's Reports**

Office Manager – Jeannie Poyner said that the financial dashboard was included in their reports. Cash is down but should start to go up. It's the same with net income from operations. The budget is looking good and revenues are at about 75% of the year on the budget. Water revenues are at about 80% and expenses are at 57%.

Julie Nelsen resigned. We offered that position to Denna and she accepted. We will be doing interviews next week for the receptionist position.

Assistant General Manager - 1) Production – Lon Dalley explained that we pumped 74M gallons at Arrow Canyon #1 last month. It's the only site that we pumped from. **2) Arrow Canyon Well Level** – Lon cleaned the well levels up. The previous report was just too confusing. Now the pumps are all running at the same gpm so that we can compare apples to apples when we check things. **3) Meter Installs** – We sold one 5/8" – 3/4" meter last month so one meter was sold this year and one was upsized. **4) County Road Improvement Projects** – They are pretty much done with our waterline. They never hit us but it was just a poorly planned project from the County's point of view. We've changed some of our internal stuff so they'll have a check list that they will have to follow. They're pretty much done messing with our waterline. There may be a split casing they have to put around one line. The lower valley project that Mel Clark did is complete. We just need to lower our valve cans so they can do the dirt work and then put them back.

General Manager – 1) Internships - Joe reminded the Directors that last month the Board talked about hiring an intern for the field and one for the office. It makes more sense to have the office intern work a year-long cycle. That way they can fill in for vacations and things like that. With PERS we can do that as long as they don't work over 1039 hours in a fiscal year and they don't make more than \$23,000/yr.

2) Arrow Canyon Well #3 – We got the funding projections from Joe Phillips. The projections include the drilling of the well, the tank and also the waterline. With the environmental work and everything else it comes in at \$2.7M. Staff is going to talk to Cheryl Couch who works for USDA Rural Development and also DoraLynn who works for NDEP. They're are going to talk to both of these ladies to see what funding options are available. Joe and Lon will let the Board know what they find out. With USDA you get on the list and if you're ready to start the project you can move ahead of other people. **3) SB461** – For Moapa Valley Water District this bill actually died on April 15th but for VVH2O it's not technically dead yet. **4) Meadow Valley Wash** – We talked about digging across Meadow Valley Wash so we can replace the ac pipe with some ductile. When staff went thru all of the old project files, they found that the environmental requirement was not needed at that time to do that project. There's not anything we can piggy back off of. We're going to have to do it all from scratch. Joe spoke with Ryan a little bit to see if he could remember back when he was doing those types of projects. He also got a hold of Sam Sens of Forsgren. He's the one that's working on a project like this for VVH2O. Sam contacted the CORE and they said that we definitely have to have environmental work done. Joe spoke with Sandra Fairchild about it and she said to bore it and told him which two limits to stay out of. If we bore it, we won't have to do any environmental work. It is more expensive but it would definitely be cheaper. Joe spoke with Sam this afternoon and Sam is trying to get some good boring costs for us. Joe's thinking that we will do a directional bore because it's cheaper and because we won't put a casing around the pipe. We would be 15' below the bottom of the river. If the cost exceeds our budget limit, Joe's said we will have to decide what we're going to do. We might have to wait a year like we did with Baldwin. Sam said that we need to stay out of the high water mark but that could go all the way down to Lawson. Joe's going to meet with him next Thursday so they can walk the project again. That way we can make sure we have everything to give to Sandra. **5) CDL Requirements** – Joe and Lon's job descriptions require them to have a CDL driver's license. It's been in there since 1992. Joe hasn't used his in 15 years. He doesn't feel a need for it to be in his and Lon's job description. He asked the Directors to think about it and we can revisit it in the future. **6) Commercial Development** – The individual who contacted us originally has a business that builds the molds for the hand holds on rock climbing walls. The property is located on Cottonwood and Lyman. The line down there is too small; it's a 3" line and it's on our list for an upgrade. We have given the developer an estimate to upgrade the line. Joe has talked to him about doing a partnership with individuals that might want to pay for all the materials and the District would do the labor to upgrade the line. We've had some discussions on this in the past. Joe asked if the Directors had any interest in doing this or if they wanted to leave things the way they are. The developer said that the original building was going to be 5,000 sf but now he's saying it will be 200,000 sf. He will probably have five people working for him. The maximum amount of employees would be 20. Joe asked the Board to think about the costing sharing and we can talk about it at the next meeting.

Lindsey said that he met with the developer and the thing that was encouraging to him was that this development is quite small. As he laid out his business plan, he is going to provide an opportunity for business growth. He said that the developer would be able to rent out small offices in his building for people wanting to start a small business. Why wouldn't we want to try to cooperate as long as it holds the rate payers whole? It's going to help bring more water sales.

Joe said that this meets our needs and his but what do you do for a partnership?

Randy asked where the line falls on our list.

Joe explained that it's about 8 or 9 on our list. Half of it's been done. We installed a 12" line down Cottonwood, we stubbed across Cottonwood to Swapp, and then we stopped.

Randy said that his only concern is that our system is massive. It 26 miles long and we're looking at all this infrastructure that we need to do. Our guys are saying that they're busy and they can't do maintenance and now we're going to throw this on them too? This has a cost to it. He's not against it, he just saying that we need to be able to defend it. Who does this truly benefit? If this project is 9 years out and it's not a high priority on the small mains list, why are we looking at this when we have other priorities? If we're not talking about a lot of money, then maybe it's a moot point.

Ryan said that regardless of the monetary revenue that it brings to the District, whether they are going to us a high amount of water or not, that's not our jurisdiction to decide. If they want water, we have to provide it. So do we partner with them to put the line in? Ryan thinks there are other benefits to having our guys put in the line vs. having a contractor do it.

Joe said that the Directors need to understand on the nine year timeline, it's because we haven't been doing small mains. We've cut the amount we use to do. That's why the time frame has been stretched to nine years. It's a need for us. If we're going to be doing small mains, it won't be that we're doing an extra project, this project will move up the list and another will move down the list.

Ryan understands Randy's concerns about partnering with this person. Does this mean we partner with the next person? We have to look at every scenario and base it on the items that Randy brought up. We need feedback from staff to know if the guys have time to do it. We shouldn't set precedence because that's not the way MVWD works. It should be based on staff input on a case by case scenario to make those decisions. Ryan asked Joe if staff has time.

Joe explained that we were going to do Meadow Valley Wash but we might not be doing it so we could do this project instead.

Randy said that he would be more comfortable if we had a priority list from the capital improvement plan. Maybe small mains need to be held off another year while these bigger capital improvement projects need to be done or we need to figure out a finance plan to do everything and prioritize it. Right now we have this plan and we're basically not using it because we want to do this project now. We have the opportunity but is it the best bang for our buck? We need to have that list so we can see if it benefits us.

Lindsey said that we can't predict the future and if someone comes in and provides a new opportunity that we didn't anticipate, then he thinks it's legitimate to have that flexibility to maximize our resources when they become available.

Randy agreed but we don't have a priority list at all. Why did we do the plan if we're not going to utilize it?

Joe explained that what we did this year for our budget was take the ideas the engineer had as critical needs of the District. We moved from small mains to being able to put the water in the system. Upgrading the Meadow Valley Wash line might be more expensive than we anticipated. The Board's going to have to decide if we go ahead and move forward with it or do we move it until we budget for it or do we try to add it to when we drill Arrow Canyon #3 well and include Meadow Valley Wash inside that? There are going to be more discussions when it comes to the capital improvement plan on how we move forward with projects.

Byron said that we need to look at how much we're going to save if we move it up. If we have to do it ourselves several years from now, how much would it cost?

Randy said if a water tank is a priority, and it's going to cost that much, we better find a way to pay for it before we throw another project in. We don't have the big picture. It wouldn't take that long to discuss it as a Board and still do the Cottonwood project.

Joe said that next week Randy is going to go to Mesquite with him to visit VVH2O. They just purchased a program called WaterWorth to do rate analysis. How do you do funding for projects you have coming? What good does it do if we don't have our projections for the 10 year projects we have to do so that we plan for them? We are going to have to take the information we got from the capital improvement plan and decide which projects are on the list, which ones the Board wants on the list, which ones staff thinks are prudent and see what makes it on the list.

Ryan said that's exactly correct. That study was an evaluation of the system from an overall perspective of a system that was operating well. That list is for an ideal system. We need to reevaluate that list because if we're going to move forward and add that into a grant or something, it's going to have a physical impact. We have to fully understand that to say yes we really want that project to be in there and add it to a tally grant or a future user rate increase and see if those are physical decisions the Board is comfortable with. All of that has to be married together before we can move forward with it. We have to know that list and understand the physical impacts. There may be some pushing and pulling in and out of that list.

Randy explained that he is for commercial growth but we also need residents. He's open to the discussion.

Joe said that we can get narrowed in to something and think that's the best avenue but when you have input from other people it makes sense. We're going to have to have a game plan with all of the other

projects that need to be done and see if we can move this one up. It's a need to Joe so he's willing to move it up the list but when you go in and look at the other projects maybe it's not really as important as he thinks it is. It's going to take another long meeting to look at the CIP and see what projects are in there. Then we'll have to categorize them.

Ryan asked where this guy is at right now.

Joe said that he has plans submitted with the County. He's trying to decide if he should move forward with the project because of the cost of the project. He's needs to plan on funding the whole project but there might be a chance that we might partner with him on it.

Lindsey asked why we would do that. Lindsey's looking at the perspective that we may have a savings. He wants to get the capital improvement list done but he doesn't want to stall this potential opportunity because we haven't done the list of capital improvements. Let's put it on the agenda.

Joe said that they might be purchasing a larger meter also because they have to meet the needs of the others that are there.

Randy asked about lowering the cost of the meter and making that up to him that way.

Ryan said that it's going to be on next month's agenda.

Randy asked what we would be saving by partnering with him.

Joe said it would cost us about \$180,000 - \$200,000. If he buys the materials it saves us around \$100,000.

Chairman Staton said to go ahead and put this on the agenda.

7) Unaccounted Water– We pumped 84M gallons and sold 69.1M so we're missing 18%. We haven't find any water running anywhere. We've broke the valley in half and installed two meters; one for the upper valley and one for the lower valley. We have an old insertion meter that Forsgren installed at the intermediate booster station. We also have a meter we put on for the mining prv. They don't jive with each other. One month one is the correct amount of water. The meters say that we're selling more then what we're putting into the system. Joe thinks the meter is wrong. We are going to order a true meter. From now on when we build a prv we're going to install true meters in them so we can start breaking the areas out. Jeannie worked with Pelorus and now with each pressure zone we have we can pull the readings from them and it will tell us how much we've sold in each zone. We've been running those for about five months now and they're tracking right on. So between the pump houses and the Moapa tanks we're solid. Now we just need to go from the largest portions of our system. The Moapa tank goes all the way down to the mining prv so we're going to be rolling some of this stuff down there so we can figure out where the water's going. It's a work in progress. **8) Warren Hardy** – Joe, Lon and Lindsey sat down with Warren Hardy to talk to him about doing some work for us. They had originally talked to him about doing work for us on a case by case basis but he doesn't do that anymore because people knew that he was on call so they'd call him at the last minute and then it couldn't be handled at the staff level. He always had to call the governor or one of the high level individuals and then he burns up his political clout for his other clients but the person he just did that for isn't really repaying that investment. Warren explained with the retainer, if we need something we call him and he can solve it at the staff level. He also reminded Joe that he will represent us with anything for the State Engineers office, the governor's office, anything with Dean Heller, and SNWA. The retainer covers all of that. If he does something for us that mirrors something that VVH2O has done he will drop the retainer to \$2,000/month. Joe is going to get a contract from Warren so this can be on next month's agenda. From a management standpoint, Joe thinks we would be foolish not to retain him.

Chairman Staton didn't have a problem with it.

Lindsey said that he can see us using Warren to try and get some funding.

Joe said that Warren had actually brought to his attention that there is a loan out there that we might be able to get some money from.

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

Sean Sudol from DM Tanks was at the meeting and said that they built some tanks for us a while ago. He was in Vegas and thought he would stop by and visit us since he was so close. He wanted to check and see how the tanks are doing. He had heard that a new tank was on our CIP but wasn't sure where that was on the priority list.

Joe explained that it's the #1 project we need to get done.

Sean explained that they only do pre-stressed concrete tanks. They are a higher capital cost than steel tanks but life cycle wise they make a lot of sense.

Joe said that they are the best two tanks that we have.

Sean left a business card and Joe said he would call him on Monday.

**10. Director's Preference
- Review Monthly Expenditures**

Lindsey said that when the Directors first came on the Board they voted to keep the District independent and not let SNWA take it over, not that they are. He was talking to one of their employees and a joke was made that it won't be long before the little guys will be taken over. Lindsey asked him why they were taken over. The guy's answer was that they had gotten behind on the capital improvements, there was infrastructure issues and they had some other problems. They didn't have the funding to make the repairs. That made Lindsey nervous because it's important that we maintain our water district and maintain our independence for our community. He thinks we have a good cash flow so he's not panicking. When we start talking about capital improvements and small mains he sees the thing that will shoot us in the foot is not matching our revenues to keep pace with our infrastructure. All it takes is 5 or 10 years and then you have a big problem and you're in trouble. That's how we lose our independence. He thinks it's prudent to look at some rate increases so that we are not put in a position where we're behind the curb. We don't know what our capital improvement needs are for our system. He thinks it's fair to say that we are behind the revenue curb and it's not going to happen with one increase. He would like to look at some smaller rate increases while we have these discussions so that we won't end up having to look at a 20% rate increase. Lindsey would like the discussion on an increase to happen at the next Board meeting.

Randy agreed with Lindsey but he would like it to be an action item. He said that we probably need to look at our debt covenants and see what all the payments are. We're talking about capital improvements and we're already in the hole. We need a bigger financial picture. The 8% rate increase did not give us enough to cover it. He thinks we need to get more organized. There's got to be some organization because we are just throwing out money. He said we need to add it to the budget so we see what it's going to go up each year. Even if we do a 3% rate increase twice this year, it doesn't cover our shortfall right now. He thinks we're just throwing darts at a wall. He doesn't feel like that's responsible. He gets these guys that roll into town for asphalt or roof coating and he would love to do it because it saves money but sometimes it's a lower priority so he has to pass up those savings.

Ryan said that it's \$2.7M for Arrow Canyon #3 and \$300,000 for this other deal. Those are capital expenditures that the Board hasn't done for a long time. Just because we did this capital improvement plan doesn't mean that we should start spending millions of dollars on capital improvements and hang our rate payers out to dry. To him the CIP was done to show where our weak links are, if we had any. The report showed that the systems good. We haven't done any major capital projects for a several years. Do we need to do one? Let's get feedback from staff on that. What did the engineer report say about that? Regarding the list that the engineer created, that was for a perfect system so from a capital improvement perspective on that list, maybe Ryan should spend some time with Joe and staff to say what is critical because when he came on the Board that's what he wanted to know. He wanted a list of priorities that are critical. If we have a list of a 180 things and none of them fall into the critical category then we keep doing small main projects. He doesn't know what the answer is. We need to get organized from that perspective because once we have that list on what's critical we can start analyzing what drops into the fiscal category. What do we have Warren Hardy go out to get a 50/50 grant for and when are we going to start increasing rates to meet those things? The overall mastermind of the plan isn't there yet. The CIP was one portion of that. It's implementation of what's important to the District to move to the next step which would be to fiscally fund those items if it's critical. Those are discussions that still need to take place over

the next month or couple of weeks to talk about some of these other items. Ryan thinks that he, Joe and Lon should get together and dissect that list and see what's critical.

Randy said that after they meet he would like to know why things were moved around, what was removed from the list, why some things were removed and why the ones on the list are critical. At the end of the day, the Board is going to be held accountable so he would like to know that.

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)**

11. Personnel (Closed-Door Session)

- **Employee Negotiations on benefits and pay scale (For Possible Action)**

Nothing

12. Approval of the June 8, 2017 Board Meeting

The general consensus was to hold the June Board meeting on Thursday, June 8th at 4 pm.

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

None

14. Adjournment

The meeting adjourned at 5:40 pm.