

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, JUNE 5, 2014**

PRESENT: Kenneth Staton
Randy Tobler
Jonathan Blackwell

Joe Davis
Lon Dalley

Byron Mills

Scott Carson
Lindsey Dalley

Susan Rose
Bryan Mortensen

Vernon Robison, MV Progress

ORDER OF BUSINESS: At 4:03 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 May 8, 2014 (For Possible Action)

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the minutes of the previous meeting held May 8, 2014.

3. Approval of the Minutes of the special meeting held May 15, 2014 (For Possible Action)

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to approve the minutes of the special meeting held May 15, 2014.

4. Move to accept the negotiated settlement from Viega for \$300,000 (For Possible Action)

Byron Mills reminded the Directors that we've been negotiating for quite some time with Viega on the Bruiser pipe. We purchased the pipe from Scholzen Products in Hurricane, UT between 2000 - 2006. The pipe was supposed to have a 50 year life but it started breaking way too early. We found out that Mesquite and Hurricane also had problems with the pipe. They had lawsuits against Viega and had ultimately settled with them. We contacted Viega regarding our problems with their Bruiser pipe and enter into negotiations with them. We also brought in the same litigators that Virgin Valley used. Virgin Valley spent over a million dollars just in attorney's fees. Our Board authorized Byron to enter into negotiations with Viega to see if we could come to a resolution. It's taken many months and lots of negotiating to come to a tentative agreement. They finally agreed to a lump sum payment of \$300,000 in exchange for a complete release or liability for any Bruiser pipe in our system. They didn't want to make a lump sum payment. They wanted to pay for the Bruiser pipe that we've already replaced and then pay as the rest of it breaks. They also wanted a timeframe put on it of two years. Joe didn't want to do that. He wants to get it done so we don't have to deal with the continual leaks in our system. We went back and forth and finally they drew a line in the sand; then Byron drew a line in the sand. Finally they came off of their line which was \$275,000 - \$300,000. Byron said that if the Board approved the lump sum then Viega would wire us the money in the next couple of weeks. Byron had a release that Chairman Staton needed to sign if the Board approved the lump sum.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to accept the settlement with Viega LLC, which includes Viega making a lump sum payment of \$300,000 within 30 days in exchange for a complete release of any and all claims on Bruiser pipe installed in our water distribution system.

5. Manager's Reports

Office Manager – Jeannie Poynor was on vacation so Joe updated the Directors on what's been going on in the office. **1) Bank of Nevada** - We've completed the bank conversion over to Bank

of Nevada which went very smoothly. **2) Credit Card Automatic Pay** – 31 customers have signed up for credit card auto pay. **3) ITech Conversion** – Joe explained that when Itech came in and changed our internet over they discovered that our antivirus was actually a free version of Microsoft and we were payed for it. In between Datanamics and Anderson PC we purchased an antivirus software called Panda. When Anderson PC took over our IT stuff they removed the Panda antivirus software and added the free Microsoft antivirus software. The Panda software was still good for another year. **4) Budget vs. Actual** – We are at the 83% mark for the fiscal year. Revenues are at 81.65%, last year at this time they were at 82.33%. Expenses are at 63.93% and last year at this time they were at 70.52%. **5) Billing Dates** - Jeannie included a memo on changing the bill due dates. If the Board recalls, Mrs. Grimes attended the budget meeting and had asked the Directors if they would look at having two due dates. Jeannie looked at several different scenarios and discussed them with Joe. One of the big problems that they saw was that Social Security payouts happen four times a month. It doesn't really matter what we make the bill date someone is going to be unhappy. Jeannie spent a lot of time trying to come up with something everyone would be happy with but everything she looked at wouldn't work for someone else. We do have a read schedule for the full year on our website and we also have them available in our office. There are a lot of customers who already have those schedules. There are also a lot of customers who prepay so they aren't late because they're check comes in after the bill is due. Staff would recommend leaving the bill dates the way they are.

Lindsey asked if there was anything limiting us to one due date. He understands what Staff did in trying to find another bill date but asked if there is anything that precludes the District from having two or three due dates? Joe explained that we use to have eight due dates, then we went to four, then two and then one.

Lindsey is worried that setting a single day and not being able to accommodate people in certain situations is sending the message that it's all about what the District wants and not what the customer wants. If there was some reason why we couldn't have multiple bill dates like it would drive up costs then we could weigh that. He thinks we should take a closer look at it. Joe reminded Lindsey that the reason we've been able to cut our expenditures is because we've been combining and doing things together. When we read meters, we also read the rain gauges, get well levels and do source readings because we're already out there. This saves time and money. Unfortunately, the more readings we do drives up our cost. Policy also states that the bill is due 14 days from the day it goes out. Staff will do whatever the Board wants but everything comes with a cost.

Lindsey thinks we could split it into two due dates and just read one time. He doesn't see how that's going to increase our cost.

Chairman Staton asked if this issue has come up a lot.

Byron explained that OPD does this all the time. If a customer is going to be late they can contact OPD before they're turned off & OPD will put them on a 30 day repayment plan. That would create a lot less work for the District. If we did something like that we would have to change the policy to give Staff authority to do that.

Lindsey doesn't have any preconceived ideas about how it should be done but he does think that it's a reasonable consideration. If it was his business he would look at how he could do it because it's a customer service issue. It's the difference between if you want her business or if they have to come to you. That's one of the key things that this Board is trying to do. We want to treat our customers like they could go somewhere else even though they can't.

Byron asked how many days after the due date is the meter shut off for non-payment. Susan explained that the meter is shut off 10 days after the due date.

Joe has asked the ladies in the office to think about the problems we could have with helping people out who aren't habitually late. They are going to talk about it next week. Joe doesn't have a problem with being customer friendly he just doesn't know how we keep it from getting out of control.

Lindsey isn't talking about changing policy or being soft. Joe explained to him that we will have to change the policy if we want to do anything. The policy is very specific about how billing is handled so Staff is going to have to spend some time looking into it.

Randy agrees that we've been trying to be customer friendly but on the flip side, he and Lindsey having their own businesses can work with the customer because it's their own money. When we're doing it with rate payer's money, Randy doesn't see how it can be done without costs going up. Anytime that Randy changes a bill or makes an exception someone has to follow thru and track it. That's his concern. Also, if people come to him and Lindsey asking for changes or exceptions, they can make that decision because it's they're money but this is the rate payer's money and you're making a judgment call. Randy could see where that could cause a problem if it's an employee's friend and that friend is given preference and that scares him a little. Randy doesn't think you can avoid costs going up if a change is made.

Lindsey doesn't by the premise that having two billing dates will drive the cost up. He just doesn't see that. He understands that there will be some initial costs. He not saying that we should let them put off the due date but just be able to choose between two bill dates.

Randy said that that would work but the point he wants to make is that when Mrs. Grimes was in here he thought she said that it had happened three times during the year.

Joe likes the concept but Jeannie wasn't at the meeting and she's the one that really knows the software. There are instances where customers are having a hard time and this would help them out but we need to make sure that the policy is clear cut. There can't be any grey areas. Staff will continue to look at it when Jeannie gets back from vacation.

Water Distribution Superintendent – 1) Leaks – Lon Dalley explained that there weren't a lot of leaks last month. **2) Hwy 168** – Staff has been trying to finish up some other projects before they start Hwy 168. Some work has been done up there and hopefully in the next week or so they will really get started on it. **3) 14" Line** – There is something wrong with the 14" line coming into the valley. It started last summer. For some reason the pressure isn't what it used to be. The pressures at the Mining PRV plummet when the demand picks up. When the Overton tank fills, the prv opens up and all the water goes to the tank so everything is flying right by off the high point in the Narrows. It causes the 12" Mining PRV pressures to drop. The flow is still there; the pressure just drops. We've moved everything back over to the 24" line then back over to the 12" line to see how things would go and we're still having issues. We're troubleshooting to try to figure out what's going on. It's possible that an air pocket may be causing the problem.

Water Production Superintendent – 1) Bryan's crew spent most of May working on the Coyote Springs plant. Our part was pretty straight forward. It was just time consuming. The 24" pipeline from Coyote Springs to Moapa is 16 miles long. It's sat there for a year so it had to be flushed and chlorinated, re-flushed and sampled. That takes a lot of time. Staff sampled 90 air vacs, pumps and prv's and took them sent to the lab. The plant is up and running and things are ok for now. We'll see how it goes. We took a lot of water quality samples and there is still a little bit of green tint to the water where it comes out of Coyote Springs but by the time it blends with our water you can't see it anymore. Bryan said that they're removing arsenic with ferric chloride which is a brown acid. They're also delivering the water to us with a little bit higher chlorine because it takes a lot longer for the water to get to us now at 500 gpm vs 3700 gpm going through 16 miles of pipe. Bryan thinks that the chloride is oxidized by the chlorine. Instead of it being clear blue it has an emerald tint to it. They have pointed out and we have verified with multiple sampling that we're not over any secondary or primary water standards. Verbally SNWA seems to want to help us out. **2)** The guys have changed out another 192 meter registers. **3)** The vfd at Arrow Canyon well #2 is still out of commission. We got rid of the other contractor because they were starting to nickel and dime us. We had another company come out and look at it. They said they'd never repair that drive because it's 10 years old and seen better days. Bryan has received a couple of quotes and we're looking at \$18,000 to get it replaced. #2 doesn't need to be replaced but Bryan's concerned about #1's vfd since it's the same year, same model and same make. We have to have that one for any amount of time. We will probably be hitting the Directors up for money next month.

Joe explained that they are offering to give us a discount on the vfd. Unfortunately we can't have Arrow Canyon #1 go down. If it goes down then everything else we have will have to be turned on during the summer time. We don't want to be in the same situation Mesquite is in. They had problems with their booster pumps and they've been waiting almost two months for some of the parts. Joe's biggest nightmare is that Arrow Canyon #1 will go down and we won't have the parts we need to fix it. We don't have a backup pump but we do have backup bearings. A motor can be rebuilt in 24 hours. The problem is the pump is down in a hole and if you have to send it out to be repaired, you're looking at two months to get it back. We should have a spare set of bowls out there on the shelf. The bowls are about \$100,000. That's a lot of money to have sitting on a shelf. It could sit on the shelf for five years. Scott and Joe have talked about this a couple of times and this is something that we're just going to have to do. **4)** There were a few customer service requests. Two were leaks at the meter and there were a couple of questions. It's was pretty quiet which was good since the guys were out in Coyote Springs most of the time.

General Manager – 1) Coyote Springs - Coyote Springs is up and running so Jones Spring is turned off. It's standby ready so if we need it, we can have it up and running within 10 minutes. We know is definitely going to shut down so we're staying on top of it. The guys do their monthly checks, they cycle everything through, run it and keep the water fresh. That way we don't have to worry about taking samples or anything else. **2) – Integrated Water Resource Plan** – It's at about the 50% mark right now. Glorietta had a couple of ideas that we need to have done that we can incorporate into it. Joe called a couple of people today to try to have that portion of it taken care. The plan was to be at the 80% mark by July 1st. It will help us out a lot especially with our litigation on the water rights. **3) Internal Employee Training** – We do a lot of cross training because we don't want to get in the situation that we were in when Lorrie had her stroke. It's extremely difficult for Bryan and Lon right now to spend a lot of time going over the contracts to try to comprehend them. They are constantly being pulled away from it. When they go to a meeting they don't feel like they're as prepared as they should be. Joe wants to do a six month rotation between Lon & Bryan. Their job descriptions won't change or

anything else. Basically what will happen is Bryan will absorb some of Lon's responsibilities so Lon can spend some time going through the contracts. That will happen for six months and then they'll switch it around and Lon will be absorbing some of Bryan's responsibilities. They're going to be doing that for a while. We were really in a bind not knowing what was in the contracts we have. We don't want that to happen again. The guys out in the field and office staff are constantly cross training. Joe just wanted the Directors to know that there might not be a lot of things on Lon's reports for awhile. 4) **Billing Due Dates** – Joe said that he will give Mrs. Grimes a call and let her know that we are still looking into this.

6. Director's Preference

- **Review Monthly Expenditures**

Chairman Staton called a closed-door session at 5:24 pm. This was seconded by Jon Blackwell.

- **Litigation**
- **Discussion on SNWA's proposed contract modifications**

Chairman Staton reconvened the open-door session at 6:17 pm. This was seconded by Jon Blackwell.

10. Personnel – Closed Door Session

11. Approval of the July 10, 2014 Board Meeting

The general consensus was to hold the next Board meeting on July 10, 2014 at 4 pm.

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

None

13. Adjournment

The meeting adjourned at 6:17 pm.