

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, SEPTEMBER 14, 2017**

PRESENT: Kenneth Staton
Jon Blackwell (by phone)
Randy Tobler

Lindsey Dalley
Ryan Wheeler

Joe Davis
Jeannie Poynor
Lon Dalley

Susan Rose
Bryan Mortensen

Vernon Robison, Moapa Valley Progress

ORDER OF BUSINESS: At 4:01 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 August 17, 2017 (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 August 17, 2017 meeting.

3. Approval of the Minutes of the Special Meeting held September 5, 2017 (For Possible Action)

On motion of Ryan Wheeler and seconded by Lindsey Dalley, the Board voted 5-0 in favor to approve the minutes of the special meeting held September 5, 2017.

4. Discussion and possible approval of a rate increase on the off and locked meters (For Possible Action)

Joe Davis reminded the Directors that they had asked staff to call around to some of the other water utilities and see what they charge customers if their meter is off and locked. Staff called LVVWD, Henderson, Caliente, and St. George. None of them charge fees on an off and locked meter. Boulder City charges \$32.10 base rate. If the customer removed their name from the account then there is no charge. Mesquite has a \$10 base rate and a \$10 debt reduction fee. Our base rate on a 5/8" – 3/4" meter is \$34.43 and on an off and locked meter that was grandfathered in the base rate is \$10.84. There are 73 meters on that rate. Joe never liked the \$10.84 rate. It cost the same to maintain that meter as it does to maintain meters that are on. The water is also tied up on the off and locked meters. Joe thinks to be equitable to everybody in the system we need to have all of the off and locked meters on the same rate as everyone else in the system. We all have the same debt.

Lindsey Dalley said that if we are looking at doing that, the only way he would be interested in having that discussion is if we would give those people that are grandfathered in the option for us to buy their meters back from them at what they paid for them.

Joe explained that all of these meters are in the ground so there is going to be a cost to remove them. We could leave them there but it would be a tracking nightmare. If we leave the infrastructure in the ground, we can still have leaks that we'll have to fix. Another issue that we have is that some meters, like the ones in Valley Heights and Sundance Village, when the developer installed them we ran the line over to the property and put a setter in so we wouldn't have to go back in and cut the asphalt and then replace it when a meter was purchased for that property. We have a lot of leaks on those poly lines so we have to go in and repair them even though there's not a meter in the ground. That means we are absorbing those costs. All of these meters are on paved streets and it's costly to do repairs on paved streets.

Lindsey said that would be a starting point for him.

Randy reminded the Directors that the reason this is being looked at is because we are doing our bond refunding. Joe was concerned about this because we are trying to refinance \$2.7M and save a bunch of interest. Joe had told the Directors that the last bond refunding we did with USDA, they looked at our tiered rate structure and told us we had to do away with the senior rate.

Joe said that they wouldn't be looking at that on the refunding we're doing right now but if we do any bonds/loans for Arrow Canyon or any other projects, they will look at it then and they make us do away with it. Everyone in the system is subsidizing these 73 people.

Randy said that the other water districts are larger than us. We face a lot of challenges. Our system is 26 miles long with lots of trunks and other infrastructure. We're looking at trying to do some infrastructure improvements and it would be easier if everyone is paying the same rate. He's been approached by customers on both sides. One customer came in monthly. They don't like the idea because it's unfair. Other people are asking why they can't they go to the \$10.84 rate. It's a messing situation. He's with Lindsey on the cleanup. The customers bought the meters with that understanding and he thinks if they don't want to pay the \$34.43 then we give them back the money they originally paid for the meter. Then they can't really complain because they're not out any money. They got a free option to use that meter for however long they've had it.

Ryan asked if we refund them the amount they originally paid, will we still have the meters in the ground locked?

Joe said the problem would be that we would still have the lateral under the pavement and the re-setter there. We'd have to track that parcel so we know that a meter has to be purchased because it's no longer in the system. It's either that or we have to send a crew out to physically remove it out of the ground.

Ryan asked Joe what his preference would be.

Joe said that it's easier when it doesn't exist. His preference would be to raise everyone up to \$34.43. Joe said that he didn't have a base rate when he bought his meter and it got rammed down his throat. This is the same thing.

Ryan asked what's going to happen when someone comes in and wants their meter removed.

Joe said we'll pull the meter and the infrastructure out of the ground. Otherwise we could still have leaks to fix on what's left in the ground.

Ryan wanted to know if a customer wants the meter removed if there's a cost to do it.

Randy asked if we charge other customers to remove their meters.

Joe explained that right now if someone wants their meter removed, we charge them for time and materials.

Byron said that legally there are no individual contracts with these 73 people where we're required to keep the rate at a certain level. The Board grandfathered these meters in out of the generosity of their hearts. That's generosity, it's not fairness. This \$10.84 is a rate just like any other rate. We have the right to raise the rate. These people can't sue us for doing that. This will correct issues from the past.

Joe thinks that the issue we could have is that there are other individuals that are in the exact situation. Before 2005 if the meter was turned off, they we're charged a lower rate. If Joe had a meter that was turned off after 2005, he'd come in and want the lower rate. He'd also ask why we are subsidizing them and not him. It's a lose, lose situation no matter how you look at it.

Randy said he's had people complaining about this more than anything else.

Joe has heard that same thing many times. Unfortunately we have a situation here and he thinks we need to correct it.

Randy agrees with Joe on this. He thinks we need to do it. When he was running for the Board, one of the biggest things he heard about was the special deals done for some people. This is one of those things. If we have a chance to fix it, we need to do it. Randy has one of those meters and he thinks it would be proactive to do it. He feels better about it. Everyone will be paying the same rate.

Lindsey asked if the Board decided to refund them their money as part of the deal, how much would that refund be?

Joe explained that some were bought for \$750 and some were \$1500.

Randy asked what the cost would be to remove the meters.

Joe said that if we have to mess with the asphalt, there is an automatic \$200 charge from the county for them to come out and inspect it. It use to cost between \$600 & \$1200 but now there is automatically a \$200 charge from the county plus the asphalt costs. It could cost more to remove the meter than they paid for the actual meter.

There was quite a bit of talk about reimbursing them for their meters, removing the infrastructure and the cost to remove meters.

On motion of Randy Tobler and seconded by Ryan Wheeler, the Board voted 5-0 in favor to approve the elimination of the standby meter rate and increase their rates to the standard base rate that is applicable to their meter size to bring equity to the whole system, effective immediately.

5. Discussion on projects and project costs (For Possible Approval)

Lon Dalley will discuss this in his manager's report.

6. Discussion and possible approval to purchase a new crane service truck (For Possible Approval)

Joe explained that the existing truck that we have right now is a 2010 Ford F550. It's the only crane truck that we have. It's a power stroke diesel with 104,000 miles on it. We sent it up to St. George to get a diagnosis on it. It has two bad injectors; one failed open and one failed closed. They attempted to go in and replace the injectors but it actually had flatted spots on the cam mode and metal shavings in it. It's a total loss. Joe had five options for the Directors to consider. They were:

Option 1- Engine can be rebuilt by ford with a cost between \$10,000- \$12,000 with warranty on new parts only.

Option 2 - Buy new cab and chassis and do a bed swap with a cost of a new cab and chassis per state purchasing. RAM 5500 \$45,729 Ford F550 \$50,703

Option 3 -- State purchasing through Carson RAM offers a utility crane truck which is an additional \$68,375 plus the \$46,000 for the new truck=\$114,375.

Option 4 -- Advertise for Bid a new utility crane service truck and see what kind of bids we get.

The first option was to put a small block on it which is where they take all of the parts off of the old block and put it on the new block. It would cost between \$10,000 & \$12,000 and we would only have a warranty on the new parts.

The second option would be to spend \$19,872 for an engine replacement which comes with a two year warranty.

Joe said that if we're going to spend \$20,000 on a vehicle that we were going to replace in 1½ years, we might as well get a new vehicle now. With state purchasing we could purchase a new utility crane truck thru Carson Ram which is an additional \$68,375 plus the \$46,000 for the new truck for a grand total of \$114,375.

Another option is to buy a new cab and chassis and do a bed swap with a cost of a new cab and chassis thru state purchasing. That would be a Ram for \$45,729 or a Ford F550 for \$50,703.

The last option would be to advertise for bid for a new utility crane service truck and see what kind of bids we get.

There was some discussion on which option is the best to do.

Randy said that we have the money set aside for equipment. Staff has done a good job. He's good with any option but 3. There's \$287,000 in the fixed assets account. He's good with staff and management deciding what they want to do as long as it's not option 3.

Joe said that staff's recommendation is option 4. We do have another option. A few years ago we purchased a truck from Terex and one from Service Trucks International. The Terex truck came without a bed. If we purchase a new truck without the crane, we can put the crane from the old truck on the Terex.

On motion of Ryan Wheeler and seconded by Randy Tobler, the Board voted 5-0 in favor to allow management to go with option 2 or 4 depending on staff's recommendation.

7. **Manager's Reports**

Office Manager – 1) Jeannie Poyner provided the Directors with the financial dashboard, the overall budget report and the revenue report for the end of the year. Cash is down a little because of the bond payments we had to make. **2)** The auditors are working on the audit and Jeannie is going to try to get them to come to the October meeting.

Assistant General Manager - 1) Production – Lon Dalley said that water production is staying consistent. We pumped 113,093,000 gallons of water last month. All of it came out of Arrow Canyon #1. **2) Arrow Canyon Well Level** – Lon said that it's right in line with the last few months. **3) Meter Installs** – No meters were installed last month. **4) Meter Testing** – This is in conjunction with lost and unaccounted for water. We've continued that project. Last time we did it, we tested the meters with 0 – 2000 gallons usage. Then we did meters using 10,000 gallons and up. There was a little bit less percentage wise. We've tested 413 meters so far. We did 172 last time and 227 this time. Out of the 227, 11 meters were 95% or less accurate which equates to 5%. Of those, Joe asked him for the percentages for the Directors. In the 90%, 95 to 92 were 36% accurate. Of the 11 meters, 7 meters were way low or were very inaccurate. In the last group we tested, 64% were very low. Of the last group we tested 46% had very low usage. It could account for a lot of the loss but it's not our entire problem. We are replacing the bad meters. We still have to have a leak somewhere. Joe's going to contact some leak detection companies. Joe got a phone call from Joe Leslie and he reminded Joe that when we put in the 24" line thru the narrows, it never would pass a pressure test but they were told to sign off on it because eventually it's going to come to the surface and that's when we would fix it. We've had a leak detection service come out before but it was expensive so that's why it's been our last choice. With that fractured rock in the narrows, it could run in that fracture and never come to the surface. Joe's going to get some costs from some leak detection companies. He should have some costs on this next month. **5) Moapa Elementary PRV Project** – The PRV is in the Moapa out fields. It's gets water in it which causes a lot of damage. In our capital projects we have PRV upgrades. There is \$40,000 slated for that. We've started the project but Lon wanted to let the Board know that we are relocating it and replacing it. **7) Capital Improvement Projects** - Lon had some rough cost estimates for the top three projects that Joe Phillips talked about at last month's meeting. The projects are the Yamashita line, the Gubler line and the Sims line.

Lon used the Cottonwood project to get the rough estimates. We did the work on that project ourselves.

Joe explained that when Joe Leslie originally gave us an estimate on this project he had the cost up over \$115,000. He actually went back and crunched the numbers again and got it down to \$80/ft. We went with what he had originally installed it for. That's where the \$65 comes from. You can't really get any good numbers until you know what the County is going to require of us. Joe asked Lon to see what we had paved in FY16 & FY17 and how much it cost. He also asked for the inspection fees. The county is making us pave a lot more than they used to.

The estimate for the Yamashita 12" line is \$65 per linear ft plus an estimated 5,600' for asphalt (\$7.00 per sq ft) which comes to \$299,200.

The estimate for the Gubler line is \$65 per linear ft plus an estimated 1,600' for asphalt (\$7.00 per sq ft) which comes to \$193,200.

The estimate for the Sims line is \$65 per linear ft plus an estimated 1,200' for asphalt (\$7.00 per sq ft) which comes to \$320,400.

Ryan asked what our next step is.

Joe said that we need to decide what is going to give us the best bang for our buck so we can have redundancy in our system. These projects are extremely expensive. At last month's meeting we talked about whether we should take the money we have now to do these projects or if should we bundle them up and add them to the Arrow Canyon well #3 project.

Lon asked if the Board wanted to throw these under the small main projects. We put around \$300,000/yr in the budget for small mains. He thought the Board might want to throw these projects in there.

Joe said that we're talking about next year's budget. If we want to go forward with one of these projects, do we want to only do this project or do we want to do the other two projects as well.

Randy left at 5 pm.

General Manager – 1) BLM MX6 Permit – The permit is expired and we're working thru that. We actually got an opportunity to walk thru the project with the BLM representative. Sandra Fairchild was there also. Vivian Browning was the rep from BLM. We've been trying to renew this for at least five months now. We give them the information they are requesting and they always ask for something else. Vivian came up with quite a few things that we didn't know about. Today Sandra sent the plan of development over to Vivian along with the other information they requested. We've probably spent \$6,000 to get this far. We've had to hire consultants to do a lot of the work and that can be expensive. **2) Unaccounted Water** - We're going to try to get some costs from companies that do leak detection. NV Rural has some equipment that they can bring down and do a test to show us how it works. It's a large area that we need to do. **3) Pipe Quotes** – Because of the hurricane, prices have already gone up 40%. We went thru this with Katrina. When that happened, prices sky rocketed. After the hurricane we called up the pipe suppliers and bought some 8" pipe and other pipe that we normally use and stockpiled it. We got caught after Katrina not having any pipe so we wanted to be proactive. If you try to buy anything right now it's 40% higher and takes 6-8 weeks to get. **4) – Meadow Valley Wash** – Forsgren has been working thru the process. It seems like every time we cross one bridge, there's always another to cross. Now we have to get the geotechnical work done. By the time we get all the engineering work done and the geotechnical work done we're going to be getting into the migratory for the Yellow Fly Catcher so we won't be able to do the project and it's going to kick it to the following year. **5) Public Hearing-** We need to have a public hearing on October 5th at 4 pm for the bond refinancing. Ken and Joe will be gone but everyone else should be able to be there. **6) Larry Adams** – A few years ago Brad purchased a sliver of land from Larry Adams that we used to cross over to get to the Overton tank. We paid \$10,000 for it and it was recorded. It was kicked out because they didn't do a map so Larry gave us an easement to cross the property. When Joe found out that it had been kicked out of the county, he tried to clean it up. We spent another \$13,000 for everything that needed to be done thru the county to make sure that it was done. By the time we got everything done, we couldn't get a signature from Bank of America so it's just been sitting in limbo. Now someone is trying to buy the property but they can't purchase it. The title company won't insure it because we have an interest in that piece. The perspective buyers want to buy the property and then hire Bullock Brothers to do a map for them. That process could take awhile to get thru the county. They said if we deed the land back to them, they will sign whatever we want and then as soon as the house closes, they'll deed that strip of land back to us. Joe has talked to Byron about this and Byron thinks we should be able to do something to get this situation rectified.

Ryan said that he's ok with this as long as we have the right constraints in there that if they don't provide what we want in a certain time frame then they'll be penalized. We need to make sure we give them enough time to get it done.

The general consensus was that we should try to work something out with the buyers and that we need to make sure we're kept whole.

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

None

9. Director's Preference

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

10. Personnel (Closed-Door Session)

11. Approval of the October 12, 2017 Board Meeting

The general consensus was to hold the September Board meeting on Thursday, October 12th at 4 pm.

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

None

13. Adjournment

The meeting adjourned at 5:25 pm.