

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

PRESENT: Kenneth Staton
 Jon Blackwell
 Randy Tobler

 Joe Davis
 Jeannie Poynor
 Lon Dalley

 Byron Mills
 Vernon Robison (MV Progress)

 Lindsey Dalley (By Phone)
 Ryan Wheeler

 Susan Rose
 Bryan Mortensen

 Scott Farnsworth

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)

Scott Farnsworth was at the meeting to find out why we had a monitoring violation for non-compliance on bac-t samples. He wanted to know why the samples were missed.

Joe Davis explained that the samples were missed because of operator error. Bryan was on vacation the week the samples were supposed to be taken. We've addressed that protocol so that someone will always make sure that the samples are taken. If we miss a set of samples, it's not considered a heavy weighted violation because the public's health isn't really associated with it. We were given options for notifying the public. We put the notice of violation on our website, we ran an ad in the paper, we put bill stuffers in with the bills and we posted it in our front office. It will also be in our 2017 Consumer Confidence Report.

Mr. Farnsworth thinks there needs to be policies so if a guy is out someone else should be able to cover that. He also said that chlorine residual needs to be taken every day.

Joe said that we have automatic chlorine residuals that are taken every day. We always have chlorine in our system all the time but the State won't take that.

Mr. Farnsworth would like us to boost it up to make sure that these samples are always taken. It's a public issue. His kids drink the water and one day it could be the perfect storm when we don't sample and the equipment's not working. He hopes we will beef the sampling up.

2. Approval of the Minutes of the Previous Meeting Held December 1, 2017 (For Possible Action)

On motion of Jon Blackwell and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the minutes of the December 1, 2017 meeting. **(For Possible Action)**

3. WaterWorth Presentation (Discussion Only)

Joe said that we are going to have a presentation on the WaterWorth software that the District purchased which can forecast rate increases and expenditures that we need to spend on our system to keep it up to snuff. We've spent a lot of time putting data into it and now it's to the point where the Board can get an idea of how it works. It's basically a Red Oak Rate Study that we can input 15 different types of scenarios daily. Its web based so there are professionals there to give us support whenever we need it.

Joe called JP Joly with Econics and put him on speaker phone. JP had a PowerPoint presentation for the Directors on the software.

JP explained that his company has been doing rate studies and other kinds of things in the water area for over a decade and they finally came to a realization that it would be better if they could take a lot of their consulting know how and tools and combine all of that into a onsite tool so that they could bring that kind of thinking power to the rest of North America.

Since we we're able to get our information into the WaterWorth model and been able to do some analyzing, JP was able to present the financial model to the Board.

The first slide that JP showed was the O & M expenses. He had the actual expenditures for 2016, 2017, 2018 and onward. Most of these expenses are inflating over time at whatever the inflation rate we put in the model. Next are the capital improvements. MVWD has two kinds of capital expenditures. One is improvements which were shown by a green layer and we have growth related capital. The light green layer is for replacement of aging infrastructure and the dark green is for new infrastructure. Layered on top of that is our current debt servicing. It's for principal and debt payments we make year after year. That layer is slowly wheedling its way down until 2038.

JP showed a screen with our asset inventory. It shows the in service year which tells us how old it is, what its standard estimated service life is, and the replacement cost.

It also shows all our rate increases for the next few years. From looking at this, he said it looks like we're in good shade for long term stability.

JP asked Joe to have some further discussions on this with staff and get back to him. Joe can tell him what we want to do and they'll get it done for us.

Joe asked JP to think about the debt reduction while we come up with a game plan. Our debt isn't as high as VVWD but we can get some ideas from the Board on what they would like to see as a number and then we can incorporate that into the model.

Ryan told JP that he appreciates his time and everything he's done working with staff. It's an excellent tool that they've put together. It will be very beneficial to us.

Joe explained that some of the assumptions on the side are us absorbing the Arrow Canyon well and also the tank. The estimates on those are over \$3.5M. The model has us paying for it without any bonding. If we are able to get any bonds that would definitely change the model. On the same token, on some of the screens on the model it shows our target goal and our cash position target. We took the input that we received when we originally talked about being a pay as you go system so that's the assumption that we took. The Board needs to decide if they still want to pay as we go. If not, then we need to come up with some other ideas or go with some of the other scenarios. If we can get 5 years planned out, then we'll know where we're going to sit. We've tried to be aggressive. The State requires us to do a 5 year CIP but we've always done the CIP for 10 years. At a bare minimum, if we could get 5 years planned out then we could plan for it and we won't be changing what we do. When we do budgets now we project out for 10 years but it's always changing. We never follow what we plan to do.

WaterPro has great customer service. They give us access to their schedules so we can put ourselves in any available spots. It will be really nice to have this when budget time comes. That won't happen this year but we will definitely use it when we start dialing things in April, May, June & July. We can use the model all year long.

Ryan explained that if we can get a grant, we can plug it into the model and see how things will look with the grant. Also, it was nice to hear JP say that we look good financially compared to other utilities.

Lindsey Dalley asked Joe to call him after the presentation since he's driving and can't see the presentation so Joe called him around 5 PM.

4. Authorize the repairs of the Arrow Canyon #1 pumping equipment by Layne for a price not to exceed \$34,567.35 (For Possible Action)

Joe reminded the Directors that we had a vibration inside the Arrow Canyon #1 well. The continued running at the lower speed was what caused it to go bad. Doing this repair will allow us to run Arrow Canyon at whatever speed we want in the future. Layne pulled and got it fixed. We had the test pump today and Arrow Canyon is up and running, we just need to do the bac-t samples. Joe had already authorized the expenditures and now he needs to have it approved by the Board.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to authorize the repairs of the Arrow Canyon #1 pumping equipment by Layne for a price not to exceed \$34,567.35.

5. **Manager's Reports**

Office Manager – Jeannie Poynor had the financial dashboard, the budget report and the revenue put in their Board packets.

She told the Directors that staff has started working on the FY19 budget.

Joe explained that with the 8% rate increase we have had a pretty close 8% increase over the first half of the year.

Assistant General Manager – 1) Production - Lon Dalley explained that November's production was 62,548,798 gallons. We pumped 20,864,000 gallons out of A/C #1, 32,946,676 gallons from A/C #2 and 8,738,122 gallons out of Baldwin. In December we pumped a total of 55,311,888 gallons. We pumped 53,927,503 gallons out of A/C #2 and 1,384,385 gallons out of Baldwin. **2) Arrow Canyon Well Level** – The well level is high and the water level is also high. That's because Arrow Canyon #1 was off. Normally we run at 900 gpm. **3) NDEP/SNHD Sampling** - The missed samples was an over site with people off because of the holidays. There wasn't any risk to the public's health. The State mandates that we notify the public about what happened. It's now on our calendars so we don't miss it again. **4) Burton Cox** – Burton officially retired January 10th. Mason is flying solo now and enjoying it. **5) Meter Installs** – We had one residential meter installed in December. That makes six for the year.

General Manager – 1) Bond Closing – All transactions were taken care of. We received the money so we paid the two bonds off and paid the companies that helped us do it. Our savings was \$1.23M. It was supposed to be \$1.2M but interest rates dipped the day before we signed the paperwork. After we signed the paperwork the rates went back up. We actually saved a little more than Andy originally thought we would. Andy said we did a good job getting everything done in such a short period of time. The whole thing started because Joe Phillips setup a meeting with NDEP and just thru that conversation they told us we had two bonds that we could refund to get a lower interest rate. Joe gave credit to Joe Phillips since he was the one who got the ball rolling. **2) NVRWA** – There is a water rally being held in Washington D.C. on February 4th thru the 7th. Joe will be flying to the rally with Cam who is the General Manager of Kingsbury Water District. They will be representing Nevada to talk about keeping the funding going for bond refunding. Every state in the nation will have representatives there. We have meetings setup to talk to all of our congressional delegation so Joe is also going to talk to them about some of the BLM issues we are having. **3) Budget Planning** – We've started on the budget planning. In February we will have some budget stuff for the Directors to look at so we can figure out which direction we're going to take. **4) Arrow Canyon #1** - We had that vibration problem at Arrow Canyon. It was built without the grout in there which is an industry standard. The one thing that we're lacking is a concrete base. Joe has Bowen Collins & Associates designing a concrete base. When we do the base he is going to have someone acid clean Arrow Canyon #1. The dye test that we did showed that the two aquifers are interconnected so we're going to have to take them both offline. There is technology out there right now to do that. Joe's wants to put that in the FY19 budget so we can get that done in December. **5) Baldwin Springs Project** – We're stuck in the NSF61 loop. We had one bidder that was non-compliant. They didn't fill out all of the bid documents and only bid on half of the project. There were three other companies that bid on the complete project but they bid NSF372 knowing that there are very few manufactures that meet NSF61. Joe Phillips contacted NDEP trying to get a variance and they wouldn't give us one so Joe Phillips is pushing back. He's trying to justify it but once again we're stuck in a loop just like VVWD is. It's one of the arguments he has for Dean Heller. It's a federal mandate so right now Baldwin Springs is in hiatus. We're going to have to figure out what we're going to do.

6) Polyethylene Pipe Failures – As Joe has reported in the past, we've been replacing poly lines that we're having failures on. We are now compiling all of the information so we can get it over to Byron. One of those areas we had a complete redo on was Valley Heights. We had four leaks in there so Bryan has volunteered to make a little flyer that we can give to the residents in Valley Heights to let them know that we replaced pipe and now that pipe is failing so we are going to be replacing the lines again. It's an inconvenience and we are trying to get some sort of restitution for it. We also used it on Main Street. Bryan Mortensen explained that the pipe was AWWA approved. We didn't buy the cheapest pipe, we bought the good stuff and it still failed. Joe said we're starting to have massive failures and it's costing us a lot of money. There are two different companies we've been buying from and luckily for us we've been able to compile all of the information. VVWD and another utility are in the same boat as we are. **7) NDEP State Revolving Loan Fund Priority Loan List** - Joe had Bowen Collins & Associates give us an updated estimate for Arrow Canyon #3. VVWD just drilled a well which is similar to the one we want to drill so the cost to meet NSF61 raised our \$3.5M estimate to \$4.3M. Since the cost has gone up, we filled out the paper work so we can get on the SRLF list for a grant. It could be three or four years down the road for us to get everything done to start on the project but it doesn't hurt to get on the list now. **8) BLM Resource Management Plan** – The BLM has restarted the process for the Resource Management Plan

for all of southern NV and Nye County. They've hired a contractor to develop and revised the plan. They have focus areas and some of the stuff that they're really looking at are; renewal energy areas, areas of critical environmental concern, and lands with wilderness characteristics. What really stands out to Joe are the lands with wilderness characteristics. Your chances of ever being able to drill a well or getting a r-o-w are pretty much gone. They don't want you to upset that pristine area. It's really driven by the environmentalists. They also have land tenure adjustments which are the land disposals and the Gold Butte National Monument. Something that is really a concern of Joe's is the social economics. He was reading thru the document and they didn't even mention any of our towns. They got their assessment back in 2011 and we should have been included in that but we weren't. We're going to be heavily addressing that. PIC and Elise McAllister are helping us out with this. Lindsey will be attending a lot of meetings with PIC. **9) GIS Data Collection of District Easements** – We get between 70% - 100% of our water in the summer time from Arrow Canyon well which it's located on BLM land. All of our r-o-w's are located on BLM land. We've been trying to renew an existing r-o-w right now that has no restrictions on it that runs down the side of the major highway. It's been 15 months since we submitted the application. If they get an opportunity to put in wilderness characteristics or any other restrictions, how would we be able to renew anything let alone drill a new well, put in a new pipeline, or even try to get to one of those sites we've secured to drill a well? Every time Joe has brought up information or tried to talk to people, they want our shade files. We don't have any. A couple of years ago he was going to have Wallace Morris and Kline work on it and it was going to cost \$18,000. That was to just get the 24" & the 14" from the Moapa Tank to Logandale. That's about a quarter of our lines that are on BLM land. All of our tank sights and Arrow Canyon are on BLM land. Long story short, we need to have those GIS coordinates. We have a GIS unit. We can GIS it ourselves but the problem is we have to tie everything back to all the BLM coordinates that are out there. In order for us to meet the requirements for us to even do a renewal we need to have that information. We're going to have to hire a company. The MX line has been started and we've done the absolute bare minimum on the Arrow Canyon line because it's an existing line. We've done the bare minimum in order to get the applications pushed thru but in reality we need to have all of our stuff done. Joe has a meeting with Jason Higgins on Monday. We're probably looking at \$40,000. If we would have already had this information, it would have helped us a lot. Monday Joe will have a better idea of what it all entails and what will be required of the District to bring it up to snuff. We need to start spending some money in order to fight off the stuff we have coming our way. When BLM came out for our cooperating agency meeting, they let us know that things are going to start. Elise, who does a lot of the side work for us thru PIC, got an opportunity to attend some meetings that had quite a bit of information that no one has ever told the District. Joe and Lindsey have come up with a few ideas on how we can try to address some of those wilderness aspects. It's going to take a lot of effort on our part in order to try to get ourselves in there. It seems like you're beating your head against a wall because you are but if we don't do it, we're going to regret it.

Lindsey just wanted everyone to know that the RMP will be the BLM bible for the next 20 years. If you don't get what you want in there, then it will be 2 or 3 times more difficult to get it done. He thinks it's important to play offense not just defense. Joe has taken the initiative to contact the VVWD and OPD because they're going to have the same issues we are but we can band together and start beating BLM up. We'll go to Heller and Marilyn, they'll say the same thing and we'll get a lot more accomplished. Lindsey doesn't know if we need the shade files by the middle of February but we're going to need them real quick. Our goal is to force BLM to produce a map that has all of our easements current and future on it and have it categorized as land that needs to be designated differently so everyone knows and there won't be any surprises. It will show our easements, VVWD easements, OPD easements, and BLM easements so there are no questions.

Joe gave Marilyn Kirkpatrick credit because she said that we needed to designate some of the lands that we have out there that are BLM land. The County does that all the time. They identify them and they have to be used as disposal areas. Those actually go to the County and they have to pay the appraised price. The County uses those lands for parks and schools and things like that. We need to make sure that we identify the areas that we have for tanks and well sites so if BLM ever does release any land around them, we don't have to try to compete for those. Joe and Lon will be meeting with Marilyn first thing Monday morning. **10) Arrow Canyon #2** – Joe said that there is some bio-fouling going on. That's basically where you can get two or three different styles of bio-fouling. The buildup that's happening on the screen is a form of bio-fouling. It's built into the carbonate and is going to attack it. There's a zone in there where the bio-fouling is worse than the rest. That was identified by Glorietta. They said that when we get ready to do the acid clean on it, we need to make sure they address that zone. It's a low flow zone but it can cause a little bit of a problem there. Jay happened to be going back thru the video and saw it on there. Jay said that when they do the acid wash we need to make sure that they really get aggressive getting the stuff agitated back into it so they can clean it all out. It's something that needs to be done. **11) New Employee** – We have a new employee.

We hired Jestyn Postma as a maintenance worker and he will be to the next meeting to introduce himself to the Board.

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.

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to call a closed-door session at 5:40 pm.

On motion of Chairman Staton and seconded by Ryan Wheeler the Board voted 5-0 to reconvene the open-door session at 5:55 pm.

8. Personnel

9. Approval of the February 8, 2018 Board Meeting

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

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

None

11. Adjournment

The meeting adjourned at 5:57 pm.