

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, FEBRUARY 9, 2017**

PRESENT: Kenneth Staton
Jon Blackwell
Randy Tobler

Lindsey Dalley
Ryan Wheeler

Joe Davis
Jeannie Poynor
Bryan Mortensen

Susan Rose
Lon Dalley

Vernon Robison, Moapa Valley Progress Byron Mills

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)

None

2. Approval of the Minutes of the Previous Meeting Held January 12, 2017 (For Possible Action)

On motion of John Blackwell and seconded by Lindsey Dalley, the Board voted 5-0 in favor to approve the minutes of the January 12, 2017 meeting.

3. Discussion and Possible Approval to Terminate the Construction Agreement with KB Homes Nevada Inc. and Refund \$178,840 for Monies Paid for 30 Meter Connections and 8 Payment in Lieu of Dedication of Water Rights (For Possible Action)

This item has been postponed until next month's meeting. No action taken.

4. Review of the FY18 Tentative Budget (For Discussion Only)

Small Main Replacement: Joe Davis explained that staff sat down and went thru the budget. One thing that is missing is the small main replacement program because the capital improvement plan will dictate which direction we will want to go. Staff wasn't sure if the Board would want to fund some of the small main replacements that are going to be recommended in the plan. A placeholder was left in the budget for it but right now no money has been allocated to it

Meter Replacement: We still have failures in our metering system so there is money in the budget to continue the large and small meter replacement for broken or inaccurate meters. Instead of having to pull them out and send them to Master Meter, we have them prorate the cost and we pay to ship them back to them and we get a portion of the money back. We just want to get the bad meters out of our system and replace them with another one.

Arrow Canyon #2 Well Rehab: Since the day it was drilled it hasn't been rehabbed. We used an alloy combination steel. Arrow Canyon #1 was carbon steel. This well has an alloy mix to it. It wasn't stainless steel which would have been the preference but it is something that's in between. We've never had it rehabbed. The hope would be that we could pull the well, swab it, clean it and everything would be great. We'd put the pumps back together, put them back in the well and that would be it. We ended up having to pay an extra \$35,000 when we did Arrow Canyon #1 because the bowls were chewed up pretty bad. will come in at around \$30,000 to do it. We did put extra money in there in case we have to replace the column and bowl. It has been over 10 years since we drilled the well. The well needs to be pulled, looked at, and rehabilitated to see what needs to be done.

SCADA: Our SCADA system was installed in 2002. The hardware is starting to have a lot of failures. We order new interior portions when we need them but it eats into our budget. The SCADA system takes care of all of our security and controls on our system so it's pretty important to make sure this system is running. Everything that needs to be done won't be able to be done this year. We'll do a little this year with the money in the budget for FY18 and then we'll see how much money we need to get some more done next year.

Moapa PRV: The Moapa Elementary PRV used to be out in the middle of a gravel field but Clark County put a baseball field around it. The prv was installed in 1974. Since they put the baseball field around it, the water level is about 13' deep so our vault is always filled with water. Not only are the components corroding in there but also the prv components and the electronics. We can't keep them working. We want to remove the meter from where it's sitting and move it around the corner where they're going to be building the baseball fields. Joe has already talked to the County about us moving it over to our existing easement. Before we do anything, Joe will get something in writing from Marilyn Kirkpatrick.

Vehicle Replacement: We have two vehicles that are 2003. We've had transmission problems on Bryan's truck and injector problems on Joe's truck. We've needed to get them replaced but have put it off as long as we can.

Valve Exerciser: They recommend doing valve exercise every year. We turn all of our valves by hand so we're only getting them done on average every third year. We have to physically go out and turn them. When we start getting into the 12" and 20" valves it takes 70, 80, or even 90 turns to close them and 70, 80, or 90 to open them. It takes a lot of time to get it done. They make some extremely expensive ones but we're looking at buying a hand operated one. Right now three guys go out to do valve exercise. With the valve exerciser, one man could actually do it by himself but we should have another man with him to do traffic control. If you do valve exercise on a regular basis it's easier to get the valves open and closed. We have a lot of valve failures. Once they sit open for a long time, it doesn't want to close and the stems break on them.

Other things: The other significant thing in the budget was the rate increase that was projected, Staff calculated it out over a year, and it would be roughly around \$200,000. Staff was conservative on that and only budgeted a \$100,000 extra for water sales. Better safe than sorry. When we estimated water sales we increased it by \$100,000. Basically everything else stayed the same.

At the end of the budget we're sitting at a net increase of about \$114,000. That's not funding any accounts like arsenic replacement, small mains, capital improvement projects, etc. We only funded those that are mandatory.

Lindsey asked if Staff had a number on how much we're in the rears in funding those accounts.

Joe said that the biggest one is going to be arsenic replacement.

Jeannie said that it depends on what the Board decides to do on infrastructure. Jeannie had everything put together on our ten year capital and she, Joe, and Lon sat down and talked about and brought it to the Board. She said it depends on how the Board wants to fund the accounts in the future.

The Board decided in September 2016 not to fund those accounts. She can't remember exactly but she thinks the Board wanted to do the \$1M for infrastructure plus put in for future years. So it's at least \$1M.

Joe said that right now the arsenic media replacement fund has a balance of \$161,000 in it. Last time we bought media it cost us over \$500,000 and it's not lasting as long as the first media did. We don't know if it's an anomaly or what the deal is. The company is actually looking into it to see what's going on. We need to put more money in that account so we can get it back up to \$500,000.

Jeannie said that she will find how much we are behind in funding our accounts.

Randy reminded the other Directors that we are waiting to see what we find out from the master capital improvement plan to decide what we're going to do about those accounts.

Joe said that we did receive a draft copy of the capital improvement plan today but he didn't get it until after 3 pm. He will be at the March meeting to give us an update on the 90% draft.

Ryan said that the original goal was to include that in our upcoming year's budget. We will have to decide if we want to incorporate some of that into the budget or whether we want to give direction to Staff to pursue some grants or something like that by lumping some of the issues on fire hydrants, small mains and pipelines together to see if we can get a grant or something. That would lessen our impact if we could get some help from NV Rural Water or USDA.

Joe said that USDA is looking for projects to put on the list. Technically you're supposed to have them in by the middle of February but as long as they get them before the 1st of April, they'll still accept them. Getting the CIP in March will give us a chance to get some money. We need to get our name on the list. We won't be able to get our name on the list this year but we might be able to get some funding in the following year.

Ryan said that based on the information that Joe Phillips is going to present next month, we're going to get a prioritized list of projects that need to occur so the Board can choose to adopt one of those and have it in the upcoming fiscal year's budget.

Joe said that Staff is trying to keep the net increase (decrease) in cash and cash equivalents in the positive. If we do small mains like we've done in the past, we will be in the negative. That's just the way it is.

Jeannie reminded the Board that we have to have the tentative budget approved at the April 15th meeting so we don't have a lot of time left to decide what we want to do.

There were quite a few questions from the Board on the budget.

5. **Manager's Reports**

Office Manager – Jeannie said that cash flows were really high in November because we had paid a few of our bills like the generator and a couple of other things. It's going to go down in January also because we made a bond payment which was \$358,000 and a couple of other payments. It's been raining the last couple of months so revenues are going to be lower than usual.

Jeannie also provided the graph on revenues. Jeannie thinks that February's revenues will probably be about the same as last years.

The budget looks good. Revenues are up a little bit and spending is down which is good news

Julie had a couple of customers say that it was nice to come in here and see smiling faces and nice people. That always good to hear.

Assistant General Manager 1) Production – Lon Dalley explained that it was rainy last month so usage was down. We pumped 39,711,389 in January from Warm Springs. We didn't pump anything out of Arrow Canyon #1, 39,689,343 was pumped out of Arrow Canyon #2 and 22,046 was pumped out of Baldwin

2) Arrow Canyon #1 Well Level – The well level is where it usually sits when it doesn't run. **3) Meter Installs** – There weren't any meter installs in January. We relocated a 5/8"-3/4" meter from 3142 N. Whitmore to 3196 Matuese for the Hardy's. **4) FEMA Training** – Lon attended a two day FEMA training for "JTHIRA" which means Jurisdictional Threat and Hazard Identification and Risk Assessment. It was the first part of a four part series training. It covered five "Mission Areas" which included prevention, protection, mitigation, response and recovery of all the identified threats and hazards of jurisdictional concern, giving those threats and hazards context (implications), establishing capability targets (detailing goals on response/mitigation), determining how to best apply the capability targets through the JTHIRA process. It was a very engaging training that poured tons of information into two days. He said it was hard to process it all, but was well worth the time.

General Manager 1) NVRWA – NVWRA Board elections are scheduled for March. Joe's up for re-election this year. As a Board member he has five meetings a year. Four are in Carson City & one is down here. He asked the Board how they felt about him being on that Board. The general consensus of the Board was that they don't have a problem with it and that it's totally up to him.

2) Overton Tank Recoat Inspection – Sampson Sandblasting came out to do an inspection on the Overton Tank. We knew we had a couple of failures on the ladder. The failures were a few little pinholes that showed rust on the lateral. We drained the tank and they did the inspection. The tank looks phenomenal. There were some small little areas that took them less than three hours to repair. They did a really good job. We'll take bac-t samples into the lab tomorrow. **3) Wildlife Applications** – Joe has been talking to Greg Morrison. He's the one who took over for John Zimmerman. After we dropped the appeal with the ruling at the State Engineers office, Greg drafted a letter and sent it to Joe to see if he had anything he wanted added or changed so that he can send it to the State Engineer letting him know that we want to move forward. There was only one application that was timely protested. There was another letter sent later that BLM and the NPS sent that said that they realized that they messed up. They asked that it be put in the file. The State Engineer didn't put it on any other application, just on the one that was filed before the deadline which was the colored magnesite filing. We're going to get the letter drafted and sent to the State Engineer requesting that we start moving forward with getting the ruling on the filings. There shouldn't be any reason why they don't. We're making a case on why they should. Some applications SNWA had for wildlife were submitted in late 2003 and were just approved last year. Greg told Joe that we need to go ahead and submit that letter and see if we can get it moved up. It does help us with mitigation and maybe we can partner with some other federal agencies. **4) Arrow Canyon #3** – The environmental portion of the Arrow Canyon Project is being worked on right now. We have two good companies working on getting the surveying and all of the environmental work. There is some engineering stuff that needs to be done like the pipeline and the well site so that we can submit it with the BLM plans when they go in. It's going to be a waiting game after that. Marilyn Kirkpatrick has put a lot of pressure on BLM to fast track our stuff. Since she's done that, BLM communicates really well with us. **5) On-Site Chlorinator** – The contract is worked out and the submittals are supposed to be coming in by Monday so we can get everything lined up. Then we'll get a delivery date. It's on a skid so when it gets here we'll be able to slide it into place. There will be some logistics in order to drain the two tanks, get the new tanks put in, pull the old stuff out, put the new stuff in and then fire it up. It will be up to Bryan to figure out how he's going to make that happen. Joe told the company that everything needs to be done by June so that nothing goes over into the new fiscal year. **6) Large Water User** – Joe sent out another letter of support detailing out information that was associated with the project. They're looking for a redundancy line that would run down Henry Road and also Thom. A 12" line would go down Thom and Henry would have at least a 16" line. That would be contingent on how fast they needed the water. If it's spread out over a 24 hour period it would be different. If they only needed water in an eight hour period than that's when the larger line would be needed. The letter should help them to be able to do their due diligence with the entities they are trying to entice. It could still be two years out. **7) Unaccounted Water** – Staff as a whole went out and isolated every river crossing that we have out there. There aren't any leaks in the rivers, the low point drains are solid, and we don't have marshes anywhere. We've been watching the meters that are in and for this month we produced thru the read dates 35 million gallons and we sold 25 million so we're missing 10 million gallons which is 28%. The funny thing is that last month the meters at the Moapa tanks and the protection facilities lined right up. This time there's a 6 million gallon difference. We say we produced 35 million gallons but we pushed into the tank 42 million gallons. If you look at the readings for the gpm portion of it, what is coming out of Arrow Canyon and what is going into the tank are exactly the same. If we're pushing a 1,000 at Arrow Canyon, then we're pushing a 1,000 into the tank. It just doesn't make sense. When you get down to the mining prv's, last month they paired up great but this month it's off by 20 million gallons on the 24" line. If we look at the insertion meter that's at the booster pump, those mirror exactly what we sold in the lower valley so we're changing our tactics at the Moapa tank and the head houses. We're going to check those out on a daily basis and we'll log what's going in and what's going out. If something was pumping in the Warm Springs area that could account for why we would have more water in our tank than what we are producing. Joe doesn't think that's happening. He thinks that there's something going on with those meters. If we check it every day and we read what we produced everyday at Arrow Canyon and what we produced everyday at the tanks and monitor that for a short time, then we can see if they're mirroring up. SCADA is based off of a program. It's always been close but the problem is that if you go up there and you actually look at the hard reads, they're close but there's a difference. If we go back and look at what we had the last three years, we averaged 2400 afy and all of the sudden we have 2800 afy so we produced 400 af more than usual. That's a lot of water. We are going to continue pulling meters out that we're having issues with especially the large meters, and we'll get them flow tested. **8) NWRA Conference** – Next week Joe and Lon are going to the NWRA's annual conference. While they are up there they are going to meet with the State Engineer, Virgin Valley and Jeff Johnson. Most of the big wigs with SNWA will also be there.

Lindsey asked if while he and Joe and Lon are at the NVRWA conference, if there would be time for them to meet with some of the State legislators or the governor's economic council.

Joe said that he could make some phone calls. They might as well meet with some people while they're up there.

Lindsey met a lot of people last Monday just by standing in the hallways and shaking hands. He was able to get some good ideas just by doing that.

Joe asked if Lindsey just wanted to party crash or make appointments.

Lindsey was fine with party crashing if Joe can't get any appointments.

6. Public Comment

None

7. Director's Preference

- Review Monthly Expenditures
- Litigation (Closed-Door Session)
- Water Rights Discussion (Closed-Door Session)

Randy Tobler disclosed that he has an interest in a small business that is on the monthly expenditures list.

8. Personnel (Closed-Door Session)

None

9. Approval of the March 9, 2017 Board Meeting (May be limited to five minutes)

The general consensus was to hold the March Board meeting on Thursday, March 9th at 4 pm.

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

None

11. Adjournment

The meeting adjourned at 5:05 pm.