

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, APRIL 5, 2018**

PRESENT: Kenneth Staton
Jon Blackwell (Absent)
Randy Tobler

Lindsey Dalley
Ryan Wheeler

Joe Davis
Jeannie Poynor
Lon Dalley

Susan Rose
Bryan Mortensen

Byron Mills

ORDER OF BUSINESS: At 4:12 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 March 8, 2018 (For Possible Action)

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the minutes of the March 8, 2018 meeting.

3. WaterWorth Presentation (For Discussion Only)

JP with WaterWorth went over their software and the changes they've made to it.

He showed the Directors the four layers on the first model which was the base scenario. There were four layers to the base scenario. They are: expenses, revenues, cash position and there are some guidelines to help us with what we're doing with rates. All of these layers can be changed to whatever assumption we want to use.

Joe explained that what we have in the model is what was in the past budget. Some of the numbers that are projected out in the model are what we going to be going over the next four or five months. We need to figure out what projects we really want to do, what projects we have to do, and what are some of the projections we have out there. As we delve into this some more with the capital improvement plan we can fine tune those numbers. If we continue with what the budget is right now, that's what we'll get. We can go in and adjust the numbers that are associated with it. Staff played with some scenarios in the program. They moved some things around and messed with the O & M inflation. What's in the model is the worst case scenario.

Everything in there can be adjusted. The big goal for today is to get us back up to what he told us before. If we stay with exactly what's in the budget right now, that's what we're looking at. Now we need to figure out what we are going to do in the future so we can really tune it in.

JP said that the cash position is the key to the whole model. \$6.255 million is whatever we had in cash and reserves at the beginning of 2016. WaterWorth took out the expenses, added in the revenues and it predicted that at the start of 2017 we would have \$6.5 million in the bank. Because the black line is rising, it implies that we had a surplus that year. In a few years it shows that we will be running in a deficit. That's why the cash position is coming down. We'll be using up our reserves and in 2023 we will be down to \$2.3 million in the bank if all of these assumptions hold true. Over time we will have a few more surpluses, a couple more deficits and the rates will start to kick in and it starts building up capital reserves again to where in 2041 we'll have \$10 million in the bank.

JP said that the other part of the story is the dotted black line. It is the cash position target. It's basically set to calculate 5% of the total of the replacement value of our assets. The software has all of our asset inventory in it and it says in today's dollars our estimated asset inventory is \$98 million. If we had to build our water system today, that's the estimated cost. If we set the policy in the program at 5%, it would tell us that we need \$4.5 million so the black line would be \$4.5 million higher than the red line. It shows us where our cash positions should be if we have the policy that we want at any given moment to endeavor to have capital reserve room in the bank to deal with these slings. What we might want to try to do with our rates is make some small adjustments today to try to bring our cash position up maybe earlier than we have it right now so that when we get in our out years and the capital plan starts looking rocky, our cash position is going to dip up and down again because we will be using that capital reserve. There are two big decisions to make. One would be how much money do we want in the bank for capital purposes and what do we want to establish as our spending budget in those years so we will have ample cash to deal with the capital purchases because we don't know when we are going to purchase them but we know we are going to buy them sometime. We need to make sure that we are planning on having plenty of money in the bank.

Lindsey Dalley thinks that replacing pipe every 50 years is rushing it.

Joe said that it depends on the product that we used and the quality we got when we ordered it. We have Ductile Iron that was installed in 1974 that will probably give us another 30 years of life. It went in like a dream, we've had very few leaks on it and there's no corrosion on it. It works great. Then you have pipe that was installed in 2003 that's above Jon's house that's failing like crazy. It's supposed to have a 45 – 50 year life span. We estimate them out at 45 years but there are a lot out there that are failing sooner than that. It's something that needs to be evaluated every year. WaterWorth will help us with that.

The only question that Randy had was that the interest expense shows up under non-operating and that would depend on how our accountant wants us to do it.

Jeannie thinks she pretty sure she has it in two places in the model.

Randy asked about elasticity in the rate increases.

Joe's pretty sure that it doesn't include elasticity because they talked about the last increase and how we pretty much got an 8% increase in revenues.

Joe said WaterWorth is a great company with really good customer service skills. They've spent a lot of time helping us figure out the software.

4. Review of the FY19 Budget (For Possible Action)

Joe said that the last time we talked about this, he had pulled out the \$80,000 from the budget for the cleaning of Arrow Canyon #1 because we didn't think we were going to be able to meet the timeline. When we first started talking about it at board meeting, Warren thought there might be a slight chance that we would be able to do it so we put it back into the budget just in case we can meet the deadline and get the pumps for Baldwin. We have a narrow window during the winter time to do the work at Arrow Canyon. That has since fell by the wayside. Joe will talk about this during his manager's report. Staff left it in the budget because you never know what's going to happen.

There is also an additional \$29,000 for vehicle replacement. On the first vehicle that Joe had slated, he had taken the price off the State Purchasing website and that's what he had put in the budget. Then Jeannie reminded him that by the time we added the safety equipment that goes on it, flashers, and a toolbox that usually adds about \$1,500 - \$2,000 to the cost of the vehicle. That's why Joe added a few dollars to the budget. Since that time, we got the report on the Ford and it's going to cost \$2,200 to replace a lot of the components on it. The truck's only worth about \$1,000. It was slated for next year but he decided to do it this year. It was \$26,000 for that plus the other truck and the safety equipment. The budget shows negative cash decrease of \$580,735.

They didn't change to many things. The 10 year sheet that's in the budget still has all the other components in it that we talked about. Those are the types of things that we will look at with the WaterWorth program. If we decide that we're just going to have the five year capital improvement plan which the State likes to see, then we'll get locked in on the direction we want to go. We'll try to plug that into WaterWorth.

Randy had a couple of questions that Jeannie answered.

Joe recommended having May's board meeting on the 24th at 4 pm.

Randy said that he was good with everything but he wanted to make a statement and make sure that it's clear. We have office equipment upgrades in the budget which we never spend but if he was to see furniture, he would be upset especially right now. Randy wants to make sure that equipment is prudent so that he could justify that to someone. Also, IT upgrades are important but if we can make a computer last another year it would benefit us.

Jeannie said that we definitely have computers that are way older than five years.

Joe explained that the money we have slated in the budget for IT is slated for a security system for our building which would be for a key logger at the back door and security cameras for the outside drop box, the front door and the gate next door. It's also for a camera that will broadcast out to the yard for theft. The cost for those things is \$11,000.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to approve the tentative budget as presented and established a public meeting on the budget at 4 pm on May 22nd at the Moapa Valley Water District, 601 N. Moapa Valley Blvd., in Overton, NV.

5. **Manager's Reports**

Office Manager – Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their Board packets. Everything looks ok. Cash is still down because it's the slow time of year.

Lindsey asked why the net income jumped up.

Jeannie wasn't sure why it jumped up. It went up \$5,000. She thinks it might be because expenses might be down this month. Revenues are up compared to last year but not a huge amount. Because we had the large bond payment of \$385,000 last month it brought our cash down. Our bond payments are made twice a year instead of monthly.

There was some discussion on the reports Jeannie provides to the directors. It was decided to leave the reports the way they are.

Assistant General Manager – 1) Production - Lon Dalley explained that he had to estimate production for the last few days of the month because Board reports had to go out earlier than usual. Lon's estimate was 54,600,000 gallons. It was actually 59,000,000. All of that was pumped out of Arrow Canyon #2. Arrow Canyon #1 is off right now. **2) Arrow Canyon Well Level** – March's well level was at static water level at time of measurement. **3) Meter Installs** – One residential meter was installed in March. That's makes three meters installed this year. **4) Meter Removal** – One meter was removed per customer request. They customer has two parcels on Ingram St. The lots are used as one lot by the owner. The meter off of Ingram was on the "Standby Rate". The customer did not want to pay the normal base rate when the rate was done away with, so she paid to have the meter off of Ingram removed.

General Manager – 1) Two Trucks – We burned a bridge with Dodge on the last truck we traded in to them. After speaking with Byron, we decided that we are going to run an ad in the paper, and we'll auction them off "as is". **2) BLM** – There was an individual that Joe has been working with at BLM that wants to get a meter turned back on that was installed to service a mining claim on BLM land. In the past we've always removed those meters because it was a mining company that was dissolved and went away. This one was actually installed by someone that lived here. The people tried to get the meter turned back on and Joe let them know that the owner of the meter asked for it to be shutoff & locked. They want it back on but Joe told them that they need to show us title to it in order for us to turn it back on. They can't show us title to the land because it's BLM land, so the meter still belongs to the individual that paid for it. Since then, Joe has spoken to BLM who has indicated that they would appreciate us not turning the meter back on because it is in an area that probably shouldn't have had water in the first place. Joe will be contacting the individual that wants the water on and letting her know that our legal council has advised us to not turn it on. We've had trespassing issues in the past with BLM so that's the reason we called them because we don't want to be trespassing by having waterlines on a piece of property that shouldn't be there. It can be pretty expensive. BLM said that we are taking the correct stance. He just wanted the board to know what is going on in case they get a phone call. The meter will not be turned on per the owner's request. There was some quite a lot of discussion on this item. **3) LDS Church Water** – Joe sent a letter to the LDS Church regarding their water in Warm Springs. The response that Joe received was that they want to talk to us about time frames. Joe explained to them that we will have to see if it turns into something viable. They requested an interest letter so he sent one to them. He made sure that they understand that we aren't interested in them parking something or paying for something

without getting something viable from it. **4) NVRWA Conference** - Joe and Bryan attended the conference in Reno. It was extremely productive and it definitely was advantages for us to go. The individual that is over all the certifications for the state was teaching some classes there. Bryan went to some of them and got to know him pretty well. Joe & Bryan learned a lot of insider information on some of the decisions they made and some of the things they like and don't like. Joe was also able to speak with Michelle Stamatos from NDEP about possibly getting a grant. They were able to make a lot of contacts and got a lot of information out of it. When Joe saw Michelle she commented on the refunding of our bond and Joe asked her if she has any free money. She laughed and walked off. Later she came back and said she might have some ideas for us. She said depending on the median household income and everything else we have out here, we might be able to get a grant as high as 52% or as low as 25%. She said that she would put our project on the AB198 list. **5) NDEP NSF61** – Joe attended a committee meeting in Carson City about NSF61. After the meeting, Joe was asked to be on the committee. They've had committee meetings the last three months. They are trying to clarify the regulations that are on the books right now. It started out as separation of sewer lines & public utilities not getting notifications and then they started talking about NSF61. Everyone's having a problem with it. After sitting thru the meeting, Joe was able to get to the core of why it's where it's at. Joe was at the last meeting before it was sent to the legislature. Joe Phillips inserted some language in there that was a far cry better than what it was in the past and it gives some clarity to it. Joe sent that verbiage to Jennifer Carr at NDEP. Joe's in the loop now. **6) Pressure Zone Meters** – We have two new pressure zone meters that are up and running. That's definitely going to help us track the water that's flowing thru the distribution system. **7) National Rural Water Association** – The good news is that when Joe went back to Washington there was actually zero dollars for circuit riders or anything else for rural water associations to help small water utilities. An omnibus bill ended up passing that fully funded what they were asking for plus they added more.

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 Ryan Wheeler the Board voted 4-0 to call a closed-door session at 6:03 pm.

On motion of Chairman Staton and seconded by Lindsey Dalley the Board voted 4-0 to reconvene the open-door session at 6:43 pm.

8. Personnel

9. Approval of the May 10, 2018 Board Meeting

The general consensus was to hold the next Board meeting on May 22, 2018 at 4 pm.

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

None

11. Adjournment

The meeting adjourned at 6:44 pm.