

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, NOVEMBER 2, 2017**

PRESENT:	Kenneth Staton Jon Blackwell Randy Tobler	Lindsey Dalley Ryan Wheeler
	Joe Davis Jeannie Poynor Lon Dalley	Susan Rose Bryan Mortensen
	Chad Atkinson, Hinton & Burdick	Warren Hardy, Hardy Consulting Group

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)**
2. **Approval of the Minutes of the Public Hearing held October 5, 2017 (For Possible Action)**

On motion of Lindsey Dalley and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the minutes of the public hearing held on October 5, 2017 meeting.

3. **Approval of the Minutes of the Previous Meeting held October 12, 2017 (For Possible Action)**

On motion of Jon Blackwell and seconded by Ryan Wheeler, the Board voted 5-0 in favor to approve the minutes of the October 12, 2017 meeting.

4. **Presentation and approval of the FY17 Audit (For Possible Action)**

Chad Atkinson was at the meeting to present the FY17 audit. He had a PowerPoint presentation for the Directors. The 1st page that he went to was page 3. Chad talked about the Independent Auditors Report which is on page 1 of the financial statements. He explained that we had a clean (unmodified) opinion. He talked about the Report on Compliance and the report on Internal Control over Financial Reporting. These two reports are on page 37 of the financial statements. There was no finding on compliance or on internal control so there are no issues there.

On State compliance (on page 39 of the financial statements), we had a finding this year. The district exceeded its approved budget for FY17. The finding was in a separate letter. All the letter says is that NRS says we can't exceed our approved budget and so Hinton Burdick talked about the condition, the cause, the effect and the recommendation. The remedy for this is to be careful in budgeting and make sure that we have a control in place to allow for all possible expenditures.

Jeannie Poynor said that she has done a corrected action to be approved today. We have to get it to the State within 60 days. When we put the budget together we thought the Master Capital Improvement Plan that Sunrise did for us could be capitalized as a capitalized expense. When the auditors came, they said it has to be expensed so we are over budget about \$52,000. We spent about \$70,000 on the plan. From now on Jeannie is going to have Chad review the budget before we submit it so he can tell us in advance if we've put something in the wrong area. Jeannie has a letter for Ken and Joe to sign which she will send in to the State with the audited financial statements. That should take care of it.

Chad said that they had a discussion on budget, which items were over budget, where maybe the budget was a little too lean and some things that needed to be budget for.

Jeannie said that we will be augmenting the budget this year also. When we used to repair things on the Blvd. or anywhere else we had asphalt, we would take out some much asphalt and we'd re-asphalt where we had taken the asphalt out. Now when we take out asphalt, we have to pave 100' on either side of the repair, as well as where we removed the asphalt. It's a huge amount of money that we didn't budget for.

Chad had a slide that showed some of the changes from the previous years. This was on page 12 of the audit. This page had a statement of revenues and expenses. There was an increase in operating revenues from FY16 to FY17. He was looking at total operating income on page 12. That went up due to rate increases and there was also a slight increase in the usage. There was also a little bit of a bump in the SNWA contract revenue. That's the main reason for the increase in revenues. On the operating expenses side, there was an increase of \$289,000. Resource Development and Protection was up \$57,000 from FY16 to FY17 and that's mainly due to the Master Capital Improvement Plan. Employee Benefits went up significantly but it's a little deceptive because in 2016 we had a discussion on the net pension liability that's now on the district's books. When Hinton Burdick did the entries for those, there was actually a decrease in employee benefits last year that was pretty significant just by virtue of putting that on the records of the district. This year it went the opposite way. This net pension liability was given to the district by PERS. Hinton Burdick doesn't do any auditing of that, it's just something that PERS gives to them and they make adjustments. The actual increase in our employee benefits is showing \$112,000. It's really just paper entries so the cash didn't really increase. That should settle down a little bit as we go forward but there's no guarantees on that. The other thing that went up was the Distribution System Maintenance. That was up \$83,000 and that looks like it was mostly the additional repaving costs and things like that.

We have a good trend because our revenues are above our expenditures and is tracking consistently above the other which is good. Our overall increase was \$341,000. Last year it was \$320,000.

Chad went over our net position. It's the equity section of the district. The top line is what they call net investment and capital investments. It's the distribution system, buildings, trucks, everything that we have to run the district. There were some investments in 2017 that he wanted to mention. There were some meter replacements (\$76,000), a generator (\$74,000) and then there were some smaller items. That's what caused our top line to go up a little bit. The capital assets that we have to take care of the district improved a little bit. The unrestricted amount went from \$2.8M up to \$3.2M and that's mostly a result of the performance of the district. We had an increase in net position overall so we got a little bit of a bump in our unrestricted amount which is good. The designated and unrestricted amounts are \$1.3M. The designated is set aside for arsenic replacement, capital asset replacement, infrastructure replacement and water resources. They were down just a little bit but not significantly. The final one was restricted. The net position which is required for bond reserves and the Nevada capital improvement grant reserve was up \$76,000.

The last slide was on cash trends. The overall cash position for the district is good. Cash is up \$317,000 in total. The unrestricted in cash is up \$246,000. The designated cash which is tied in a little bit with the designated amounts we just talked about was down a \$103,000 and restricted cash reserves were pretty consistent. They were up a little bit from 2016. Cash balances are holding strong and they're up a little from the previous year.

On motion of Ken Staton and seconded by Jon Blackwell, the Board voted 5-0 in favor to accept the FY17 audit and approve the plan of corrective action of violation.

5. 2017 Legislative Session Report – Warren Hardy (For Discussion Only)

Warren Hardy was at the meeting to update the Directors on some of the bills that were discussed in session that had to do with water policy.

Warren would like to come quarterly from now on to discuss what's going on before it gets too far into the year. He said that during the legislative session he will send email updates to anyone who wants to know about bills that impact water. Generally he asks for a committee to be made up of this group to give him feedback in terms of what the district's position is on legislation. Joe may have to take phone calls at 2 or 3 in the morning. That happens a lot.

The top priority for the district was SB 461-Water Rates Appeal. This bill sought to require the CC Commission to act as an appeal officer for water rights at the Virgin Valley and Moapa Valley Water Districts. It would have allowed the CC County commission to control our water rates. The day the bill was introduced, Warren got calls from three senators regarding this bill. He saw the bill about 7 pm that night

and at 10 am the next morning he met with the chairman and the bill was dead. They kept coming back numerous times to try to find a place to sneak it in and they're going to do it again. Warren has a meeting with Senator Cancela on this.

Some of the other bills that were on the table were:

AB 79- Garnet Valley Water System, AB 114-Irrigation Districts, AB 138 Rainwater Collections, AB 29-Forfeiture of Water Rights, SB 47- Mini Omnibus Water Bill, SB 51-Adjudication of Water Rights, SB 74-Drought Resiliency Planning, SB 270-Pre-Statutory Adjudications, SB 503- Channel Clearance, SB 513-Water Assessment, SB 514-South Fork Dam, AB 193- Fluoridation of Water (Failed), AB 298- 3M Plans (Failed), AJR 4- Colorado River Study (Failed), SB 21- Nye County Water District (Failed), SB 73-Critical Management Area (Failed), SB 134-3M Plans (Failed), SB 231-Healthy Basins (Failed), SB 269-Diamond Valley (Failed), SB 271- Domestic Well Priority Rights (Failed), SB 272- Domestic Wells Restrictions (Failed), and SB 494- Cloud Seeding (Failed).

Additional Legislation of Interest to the District:

Collective Bargaining and Prevailing Wage Rollbacks (No changes made), Assembly Bill 175 (Vetoed by the Governor), Assembly Bill 178 (Failed), Senate Bill 495 (Failed), Senate Bill 246, and Senate Bill 357 (Failed).

There were a couple of bills that didn't pass that Warren talked about. One was SB 271. It was the big one that was dealing with domestic well rights. SB 272 was another one dealing with domestic well water rights. It would significantly limit the State Engineers control over private wells which would have had a negative impact on water districts. If we have any questions on these two we can call him.

There were a few that weren't related to water but could have had a negative impact on the district. AB-175 had to do with minimum wages. AB-178 would have significantly increased the penalties for violation of labor laws or any violation against the employee. SB-495 would have authorized employees who believe their employers have violated the law regarding wages and benefits to bring lawsuits against their employers to recover certain damages.

Another one that failed was SB- 357. It would require all public construction jobs to hire a specific number of apprentices for each job.

Warren talked to Joe and Kevin Brown (VVWD) about an issue we've had with NDEP. They have basically been serving notice that all components relative to clean water projects have to be certified. NSF 61 is a standard that can't be met. Warren initially thought that was coming from NDEP. Warren spoke with Director Greg Lavado about it and he said it's a federal requirement that they're trying to implement. Greg said that if we have any issues or have any questions we can call him. They're trying to work around it. Warren is working on this issue also.

Joe explained the problem with this requirement to the Directors. National Rural Water is also working on this.

Warren said that we need to start thinking about any possible legislation that we might to introduce in the next session. It could be about our charter or some other aspect of the law. We need to think outside the law. It doesn't have to be just about water. It could be about administrative, something legal or something fiscal. He would like to get the bill drafts in at the beginning of the year.

6. Discussion and possible approval of the repairs to the Arrow Canyon Well #2 pumping equipment by Layne for a price not to exceed \$88,705.85 (For Possible Action)

Joe explained that after the inspection was done on the well, the estimate was \$88,705.85 in order to repair all of the components at A/C #2. It was in line with what we paid at A/C well #1. Those repairs cost around \$54,000 because it's only a 100' deep. A/C #2 has 460' of column. Joe went ahead and authorized the repairs to be done. Joe had them go ahead and do the repairs before he had the Board approve it because A/C well #1 has a bad vibration. It shakes the ground really bad. They are installing the components today and we hope we will have the samples back tomorrow so we can get A/C well #2 back on. They are going to move over to A/C well #1 and pull it out of the ground so we can figure out what was going on with it. Tom with Layne came out and looked at it. He thinks it's something inside the bowls.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to approve the repairs to the Arrow Canyon Well #2 pumping equipment by Layne for a price not to exceed \$88,705.85.

7. **Manager's Reports**

Office Manager – 1) Jeannie Poyner told the Directors that we've received the renewal for our health insurance which starts December 1st. The total increase is 10.95%. Joe and Jeannie met with Scott Carson the other day. He said that the prices are going to go up no matter what because all of our employees are getting older. If you take out the age factor it's actually about 5%. Joe said we have one employee that will be retiring and one that dropped off of our insurance so we'll actually be saving money. If we stayed the same with what we had, we would go up 10%. We really have only had employees complain about the cost of having a baby.

Randy Tobler asked if we let the employee know that we are being charged more every year so they know the insurance is going up.

Joe said that Scott is going to sit down with the employees as long as we don't make any changes this year.

Jeannie said that the employee's paystub also shows the benefits they are getting.

Lon reminded the Directors that the cost of the insurance is split in half. The employee pays half and the district pays half.

2) Jeannie had a copy of the financial dashboard for the Directors. She doesn't have updated revenues right now because we haven't closed billing for November yet but she did include it thru October. She glanced at it today and it did go up about \$2,000 from the \$374,480 but that doesn't include late notices and stuff like that. 3) Budget looks ok. We are going to have some budget augmentations coming. We need to add more to the budget so management will be going over that and deciding what we want to do. Hopefully we will have that put together for January's meeting.

Assistant General Manager - 1) Production – Water production is up a little bit but Lon had to estimate it because we weren't thru the end of the month when the reports when out. It was only about ¾ thru the month when he did this report. We pumped 81,259,000 gallons of water last month. All of it came out of Arrow Canyon #1.

2) **Arrow Canyon Well Level** – Lon said that he had to go back to the beginning of October because of that well vibration that we have in A/C #1. We tried to lower the gpm but it goes mad. 3) **Meter Installs** – We didn't installed any meters last month. 4) **Meter Testing** – We're continuing the meter testing. We tested 64 meters since our last meeting. Only one was failing and it was 13% accurate. There's no consistent trend. 5) **Moapa Elementary PRV Project** – The actual vault was delivered last Wednesday. It will be nice when it's done. 6) **MV Blvd** – We had a leak on Main Street back when Brad was here in 2009. We redid all the meter laterals. They were all galvanized. That's when Vanguard was bad and Interstate was good. Now we're having a problem with Interstate and we are going to have to redo all of them.

Bryan said we just fixed one in Moapa that was leaking in the carrier pipe.

Joe knows of two other water districts that are having the same problem as us. Byron is doing some research on what our options are. Joe has Brenda pulling out all of the things we've used Interstate pipe in. We're keeping all of the pipe we've pulled out of the ground and we're marking it.

Joe hopes that we can come to a resolution in a timely manner especially since there are other district's out there having the same problem as we are.

Lon explained that because of the way NDOT permitting process works, we have to repave such big stretches which is way beyond what we saw cut, we are going to try to combine the nearest ones into one permit so that will hopefully cover multiple repairs. We're in the infancy stage in the permitting process.

General Manager – 1) They're going to pull Arrow Canyon #1 on Tuesday. 2) **Meadow Valley Wash** – We got the core sample boring logs done and we got the report yesterday. Sam is working on the final report so we can have our specs to go out for bid. Now that those are done we can get a better cost analysis of what it's actually going to cost us to bore underneath the river. It bored out really well. There wasn't any cobbles or stones or anything like that. It's all clay so it should hold it shape so that will drive the cost down which is good for us. 3) **Leak Detection-** Joe has been in contact with two different types of leak detection companies. One company will come out and looks for the leaks for you and the other

company sales the equipment. If we purchase the equipment they give us training and help us set it up. We go out and put it on our system, leave it for a week and then we pull it out to see what the results are. Some of them you can drive up and broadcast it to your computer without taking it out of the ground. The cost is similar on both of them. Joe would like to buy the equipment so we can use it anytime we want but he's still looking into it. **4) Service Truck** – We received the new service truck. Drake did a good job putting the bed on it. **5) Baldwin Springs Pump Replacement** – We're going to advertise for bids from November 6th thru November 13th. Bid opening will be November 20th and it should be on the agenda for approval at the December 1st meeting. **6) Unaccounted for Water** - We just read meters yesterday so we don't have a good total on that. **7) – Christmas Social** – The social is scheduled for December 1st. **8) NDEP State Revolving Loan Fund** – Their Board meeting is scheduled for November 8th. We're the first item on the agenda. Joe will attend the meeting by phone. This is just a formality so there should be no issue with them approving it. We'll have on the December agenda for adoption of the bond resolution. The final sign off will be December 22nd or December 26th.

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

None

9. Director's Preference

- Review Monthly Expenditures

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

- Litigation (Closed-Door Session)

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to call a closed-door session at 5:30 pm.

10. Personnel (Closed-Door Session)

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to reconvene the open-door session at 6:10 pm.

11. Approval of the December 2, 2017 Board Meeting

The general consensus was to hold the December Board meeting on **Friday, December 1st** at 4 pm.

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

None

13. Adjournment

The meeting adjourned at 6:11 pm.