

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF BOARD MEETING
HELD
THURSDAY, JANUARY 12, 2012**

PRESENT: Kenneth Staton
Jonathan Blackwell
Randy Tobler

Joe Davis
Bryan Mortensen

Byron Mills

Vernon Robison, MV Progress
Mike Chandler, Bowen, Collins & Associates

Lindsey Dalley
Scott Carson

Susan Rose
Jeannie Poynor

Ryan Wheeler, Forsgreen & Associates

ORDER OF BUSINESS: At 4:04 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 December 2, 2011 (for possible action)

On motion of Jon Blackwell and seconded by Randy Tobler, the Board voted 5-0 in favor to approve the minutes of the previous meeting.

3. Discussion and possible approval of a one-time leak credit for account #1141 (for possible action)

Joe Davis explained that when the meter reader was out reading meters he noticed that the customer had a leak. The office staff attempted to contact the customer but were unsuccessful so they had the meter reader go out and shut the meter off. They were finally able to get a hold of the customer to let him know about the leak and that we had shut off his meter. When the customer received his bill he called in and spoke with the office staff about it. They explained to him that we have a one-time leak credit that we could give him and how it works. With the one-time leak credit we take the customers average bill, subtract it from the bill and then whatever is left we will split in half and take it off of the customer's bill. In this case, it was \$89.89. The customer wanted the whole leak written off because that's what we used to do in the old days. Most Districts don't offer any kind of credit on a leak.

Joe spoke with the customer and explained to him that he didn't have the power to do that and that it was something that would have to be taken up with the Board. He reminded the Board that this policy was approved by them not too long ago.

The customer feels like more can be done than what was offered. Joe had staff do another data log today and the customer still has a leak. He's averaging about 50 gallons every hour.

Chairman Staton said that we could give the customer the one-time leak credit but he doesn't feel that there is really anything else we can do for him.

Jeannie Poynor explained that the office staff always tells the customer that if the leak is not that big they might want to save the leak credit in case they have a larger one in the future.

Joe said that Staff could call around again and see what other entities are doing for customers who have large leaks.

Randy Tobler asked staff to make sure they contact the customer so he knows of the Board's decision.

Scott Carson knows the customer and said that he would get a plumber and they would go over and see if they can get the leak fixed.

The general consensus was that the current policy is fair and no changes would be made to it.

Joe explained that we also give customers the option of making payments on the leak so they don't have to come up with the money all at once. We have had a few customers do that but this customer didn't want to.

No action was taken. Staff was instructed to contact the customer and let him know that he still has a leak and that no additional credit would be given.

4. **Approve the payment of the invoice from Matheson Equipment for \$14,013.49 for the repair of the differential on the 310SG (for possible action)**

Joe explained that the rear differential went out on the 310SG so he had Matheson tear it apart and look at it. Joe decided that instead of replacing 55% of it, he would have Matheson replace the whole differential. By doing this we will get a warranty with it. Usually on something like this when you call John Deere, it takes awhile to get the part but everyone has at least three of these on the shelf so there must be a big problem with it. One of the safety features on the new backhoe is if you are at 900 rpm, which is idling, you will be able to engage it. If you're not, you won't be able to. There used to be a silver button that you physically had to push down on and you used your heel to make it go. Then they changed it to a foot pedal right next to the brake. Joe thinks that it's a design flaw. Over a period of time, people ride with their foot on it so that it engages and disengages which causes the differential to go out. He thinks John Deere realized that they had a huge problem and that's why everyone has them on their shelf.

Scott Carson asked if the employees have had an education meeting on it. Joe explained that we have three new employees so there are a lot more individuals driving it. Everyone's been talked to about it. Joe has contemplated moving it to a toggle switch so that it has to be turned on in order to engage it. That would remind everyone that they have to be completely stopped before they use it. Voy is still looking to see if that's something that can be done because when you push the switch down it engages a hydraulic cylinder. Putting a toggle switch in would be the easiest and cleanest way. It keeps it isolated. There are spaces in the dash where we can put the actual toggle switch. The switch will even light up when it's engaged. We can get up to \$3,000 back on the core charge. The \$14,013.49 included fixing a hydraulic leak which was on one of the outriggers. \$12,000 was for parts and oil and the rest was for labor.

On motion of Lindsey Dalley and seconded by Jon Blackwell, the Board voted 5-0 in favor to pay the Matheson Equipment invoice #007479 in the amount of \$14,013.49.

5. **Manager's Reports**

Office Manager- Jeannie Poyner explained that she included the budget reports for both October and November. November is around \$70,000 in the negative. We had a really big bond payment due for \$342,750. Also, in the wintertime water sales go down so we have to start using our savings. When summer hits and water sales go up, we will put money back into savings.

She reminded the Directors that at the last Board meeting they asked her to look into the bank charges. Our account is on analysis so we don't pay any bank fees as long as we keep \$2.4M in the bank. We receive a statement every month that shows what we would have paid if we went below the required balance. There are two things we do have to pay fees on. One is the Bank Paying Agent fees. These are fees charged to us when we make bond payments and runs about \$500 a year. The other fee is the merchant services fee. That fee is for processing the credit card payments we take. It's running about \$1,200 a month right now. We are currently paying 1.9% on each transaction.

We are looking at a couple of other banks. Jeannie has requested quotes from NV State Bank and Wells Fargo Bank as well as Bank of America. She hopes to have the quotes back before the next Board meeting.

Scott Carson said that Costco's fees are comparable to Telecheck and places like that. He said they're all pretty close. He hasn't ever worked with a bank so he doesn't know how they compare. Joe said that staff would look in to some other options for merchant services.

Jeannie said that she could put two months in the budget report so they have something to compare the figures to if that is something the Directors would like to see.

Last month Randy had asked Jeannie to put together a report with 12 months on it so they can see the whole year on one sheet. She had one made up from 2009 but Joe asked her to go back to 2007 because those years were not really good years to compare to since we were doing the arsenic treatment facilities at that time.

Randy asked if Joe or Jeannie had found out how long it would take us to get our money if something happened with Bank of America. Jeannie explained that she did talk to the Treasury Department at Bank of America and they said that all of our non-interest bearing accounts are covered 100% until the end of 2012. They don't know what will happen after that. We have two checking accounts that are covered 100% by FDIC. Bank of America wasn't sure how long it would take to get our money back if something happened but when another large bank closed it took up to six months for people to get their money. The rest of our accounts are covered up to \$250,000. Any money over the \$250,000 is collateralized. Bank of America said it only takes a few days to get collateralized funds if something does happen.

Randy asked Jeannie to contact FDIC directly to make sure that we have been given the correct information by the bank.

Bryan Mortensen said that he and Jeannie would do some research and put together some options for the Board to look at next month and include merchant services fees.

Staff has received a lot of calls from customers saying that they like the new bills. There's also been a few who don't like them. We got quite a few calls from people who thought they were late or that thought they had never received their bill. They were looking for the little postcards and not an envelope. All in all, the conversion went well. Staff has made a few changes to the bills.

Jeannie spoke with the auditors regarding the findings on the audit. She is working with them to get the findings cleared up. The separation of duties is going to be a little harder to rectify but staff is working on some solutions. One of the things the auditors wanted was someone to verify every single payment that was taken in. Since that would be extremely hard for us to do Jeannie asked them if there was something else we could do instead. She is waiting to see what they come back with on that.

The yearend adjustments that were in the findings can be rectified by having staff become more familiar with the books and how to move things around at the end of the year before the auditors come out. Jeannie and Ken will be working on that before the end of the fiscal year.

The auditors want someone in house that can prepare the financial statements from start to finish. They sent the checklist over and it's about 50 pages of very complex questions so that is going to be a work in progress.

Bryan Mortensen said that the checklist is actually about 55 pages long and probably 1/4 of it doesn't even apply to us. It's like a financial statement preparation for dummies. He looked at our audit and there are things the auditors didn't even touch on. The checklist was super exhaustive and he doesn't think they actually did everything on the checklist on our audit. He's not sure if it's to scare us into using their services or what. He thinks there are some steps that we could take to have someone in house get up to speed on it.

Randy feels that we should have someone in house that can do that. He thinks we have people that are capable we just need to get them some training.

Jeannie's been talking to someone at the Department of Taxation about the separation of duties and he said that it is on every audit for small companies. Even so, staff is going to do the best they can to get it rectified. The auditors do offer the training in May and she and Ken will probably go to it. She will also see what other kind of training is out there that they can go to.

Joe said that it's going to be on this year's audit again because we are already more than half way through the fiscal year but hopefully staff will have it cleared up for the next fiscal year. He thinks it's achievable.

Lindsey liked the graphs that the auditor had with him when he was down last month and was wondering if it would be possible for the Directors to get a graph like that each month which would show the expenses, depreciation and the income.

Bryan explained that Jeannie is already giving them that information it just isn't in a graph. The one the auditor had was a yearly graph and that is something that can be prepared pretty easily. He said staff would work on that.

Water Production Superintendent – Bryan Mortensen pointed out that from January thru September we were well below normal in water production but October, November, & December were a lot better. He's not sure if that's because people are using more water or if it's because Joe has really tightened up the system. A 3% water loss is unheard of.

Last month staff replaced a lot of meters. One of the meters that was replaced was at Robbins Nest. We were probably losing 30% of the water that went through the meter because it was registering incorrectly. Staff is replacing meters as the budget allows and will continue that program as the budget allows. They will replace a couple more meters this year and start up again next fiscal year.

Production staff did a lot of work on the Coyote Springs 340A project. This month they are upgrading a lot of things at the Bowman dechlorination facility per the State's requirements. They want to see a little more information. They want SNWA to have more accounting and more detail in their accounting. Staff is upgrading some flow meters and chemical meters and a bunch of other stuff there. We are doing the work for SNWA but the money will come out of the 340A budget so it's not hurting us at all. It's also excellent training for our staff.

We spent some money in November and December to upgrade some of our programming and hardware and software on the SCADA system. This will allow staff to get more detailed reports for the State on a monthly basis and to get information to Joe in a timelier manner. Right now most of our reports come from hand numbers that staff grabs each day out in the field. These upgrades will allow staff to not have to take those numbers as often so they can spend more time in maintenance activities, upgrades and improvements. Staff has been able to knock down two days during the week so they don't have to visit each of the sites. Also, staff doesn't have to visit each of the sites on the weekend anymore which saves on overtime and benefits. All of the outside crews are trained on production and distribution so they can help each other out.

Things are going well on the 340A project. On the meter reading and the production side things are pretty well tightened up. Staff is trying to stay ahead of the curb to know what's headed our way and keeping things as tight as possible.

For customer service calls on the meter side, there were 20 data logs, 5 low pressure requests, 1 on water quality, 2 leaks at the meter, and 11 miscellaneous requests.

Interim General Manager – The lost and unaccounted for water was at 3% in November. We are sitting at about 9% for December because we had a 14" line break on the Baldwin Springs line. We've had consistent problems there for as long as Joe has worked here. The section that used to run across the church property has been replaced so now the leaks have moved over to this section. It was put in on top of caliche and its asbestos pipe so that's why the leaks have been isolated to this section. The problem is if we want to go in and replace anything over 500', we have to go through a permitting process with the State. Joe decided to go ahead and order in 500' of pipe and staff will keep the repairs under 500'. That gives us a 100' on either side of this trouble section. We average around two leaks every year in that area and we've already had two so far this year. The last one was pretty significant so staff is just going to get it taken care of. The guys have been working on it and were hoping to have the majority of it done by now but we've had some other leaks and people out with the flu so it's not done yet. Joe hopes it will be done next week. He explained that Bryan's been changing the water around. There were actually three customers that were not benefitting from the higher pressure that we have in that area. Staff has since isolated that area so we can seal it off and boost the pressure to those three people. Staff also installed two more valves in that area. They have been benefitting from the higher pressure but we should be able to boost them up another 10 lbs when we get this project completely done. The two new pressure sustaining valves we have up at the Moapa Tank should be able to boost them up. The individuals that were up to 55 psi had to be moved back down to 50 psi because we had this leak. We will get them back to 55 psi as soon as this project is done. Everyone will have higher pressure when were done. The new valves that we installed have worked perfectly.

The Blvd. Widening project that Eagle View is doing has run into a small snag. There is a permit that needs to be pulled through Clark County. The County says that there's a 10' section out there that's in the County R-O-W. NDOT says that it's not and that the County needs to prove it. Luckily for us Joe has a good friend at NDOT. We also have a guy from the Valley that works for Clark County and he has been helping Joe get the permit pushed through. Hopefully this can be taken care of tomorrow. Eagle View was hoping to bury today but instead of burying it they are going to keep it open in case the County wants to inspect it. They won't do the inspection until we

get all the paperwork to them. This has been a huge learning curb for Joe but Don Whipple with Eagle View has helped him out a lot.

Joe has spoken with John Entsminger regarding the Twin Springs agreement. He told John that the District has always had a good working relationship with SNWA and he wants to continue with that. Joe also told John that he wants to be responded to in a timely manner. Since that conversation that aspect of it has picked up very well. John basically told Dana Walsh to make it happen.

Joe is digging deep into the contract and it looks like we signed a really bad one. He would like to sit down with the Water Resource Committee and go over it with a fine toothed comb and see if they read it the way he does. The Directors can then decide if they want to proceed with the project or just let it go. This meeting will have to be posted per the Open Meeting Law since there are two Directors on the Water Resource Committee. Chairman Staton asked Staff to post an agenda for a special meeting to be held on January 19th at 4 pm regarding water resources.

Joe reminded the Directors that they have all been enrolled in the NV Water Rights Class scheduled for March 5th in Las Vegas. It will be from 8 am – 4 pm at the Tuscany Suites and Casino. They have also been enrolled in the Advanced Water Rights Class on November 6th, 8 am - 3:30 pm, at the same place.

Staff is getting ready for budget time. It looks like revenues will continue with a steady 10% decline. Staff has been able to make cuts on some projects but are definitely not going to make cuts to customer service. Joe wants to make sure that we continue on the same level of good service we've always had. The tentative budget needs to be done by the April meeting. Bryan is in full swing with the 340A budget. Staff should have some budget numbers for the Directors at the February and March meetings.

6. Director's Preference

Chairman Staton informed the other Directors that we received a thank you note from Myrtle Keller for our donation to Toys for Tots. That note was available for all of the Directors to review.

Lindsey Dalley asked about the Water Resource Fee. Joe explained that Bryan is working on what our actual cost for acre-foot is right now. Joe would like to work out an agreement with NV Power. Back in 2002 when we were doing the test pump, we offered NV Power a lower price for our water so that we could move a larger quantity of water. They have steadily been weaning themselves off of our system because they think our water is too expensive. They have been using their wells instead. They even built a treatment facility so they could treat the water. Maybe we could modify the way we peddle water to them. Joe has a couple of good ideas. He has notes on what he has been working on but it's not something that's ready to be presented to the Board.

Chairman Staton asked if the issue that the Tribe had a couple of months ago had been resolved. Joe explained that when he met with them, he found out that they were actually talking about tail water and that wouldn't really benefit us. They wanted a meter right then so they weren't willing to wait to work out an agreement anyway. They already had a 2" meter at the old greenhouse which they weren't using and we weren't generating any revenue from so Joe decided that since the tap that actually goes to the greenhouse is on the ball field, staff would turn it and put the meter for the greenhouse at the ball field. That was done, the Tribe hooked up to it and they're happy for now. They do have plans for the greenhouse but that will probably be a few years down the road so that gives us time to work out some kind of agreement with them.

- Review Monthly Expenditures

Randy Tobler disclosed that he has an interest in a hardware store and a Radio Shack here in the valley. He just found out that he was supposed to be doing that all along. He asked Byron Mills why this has to be on the agenda.

Byron explained that in the seminars that he has attended on Open Meeting Laws, they have been told that the Attorney General's Office wants to see on the agenda that the Directors have actually looked at the expenditures. The Directors are overseeing it; they aren't approving them. They are looking at the expenditures to make sure that nothing suspicious is going on. If there was something going on, they could put a stop to it. They're doing their fiduciary duty by looking at

the expenditures. If they don't look at them at all, they're not doing their duty. By referring them to the auditors, the Directors are passing the responsibility to them.

Randy said that he will be making that disclosure every month and he won't be referring the expenditures to the auditors.

On motion of Chairman Staton and seconded by Jon Blackwell, the Board voted 4-0 in favor to refer the monthly expenditures for November and December to the auditors. Randy Tobler abstained.

- **Litigation Update**

Byron Mills explained that the plaintiffs (which means us) on the JM case, were able to bifurcate the case. There was supposed to be a trial in July so they were hurrying to check the pipe and test it. He didn't hear from them for quite awhile and they never came and tested the pipe. They decided to bifurcate the case because it would reduce everyone's hassle including ours. Since they decided to do that there will be a liability trial and then a damages trial. We will not be involved in the liability trial. They will pick five ideal clients with huge issues and run with that trial with those clients. Once that trial is done and liability is proven, they will move forward to the damages phase and that's where we become more involved. They will have to test the pipe and make sure that they have all the pipe included that we have. Right now they are just focusing on the liability trial so we've been put on hold until they get through that phase.

Wiser's litigation is on hold because of the bankruptcy.

7. Personnel- Closed Door Session

8. Approval of the February 9, 2012 Board Meeting

The general consensus was to hold the next Board meeting on February 9, 2012.

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

None

10. Adjournment

The meeting adjourned at 5:25 pm.