

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, OCTOBER 14, 2010**

PRESENT: Ken Staton, Chairman
Glen Hardy
Guy Doty

Brad Huza
Joe Davis

Byron Mills

Vernon Robison, MV Progress
Ryan Wheeler, Forsgren

James Robison
John Blackwell

Susan Rose
Ken Bessey

Tony Terry
Scott Carson

ORDER OF BUSINESS: At 4:05 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. Approval of the Minutes of the previous meeting held on September 9, 2010 (Action Item)

On motion of John Blackwell and seconded by Glen Hardy, the Board voted 4-0 in favor to approve the minutes of the previous meeting.

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

3. Account #1346- Request for Waiver of Late Fees (Action Item)

Mr. Huza explained that Tony Terry had made a request to address his concerns on the assessment of late penalties on unpaid balances of outstanding water bills. The account in question is #1346. The account is presently held by Kodiak Construction. Kodiak Construction has never made a payment on the account since its beginning balance in October of 2008. The lot is vacant and is located in the Bronze Eagle subdivision. The outstanding bill of \$2,139.38 was paid on behalf of Kodiak Construction by Mr. Terry on October 1, 2010.

Staff received an email from Mr. Terry regarding the issue. The email does not specifically state he will be requesting a waiver of late fees. Due to the precedence setting nature of this issue, Staff can not recommend waiver of late fees.

In anticipation of the discussion, Staff has taken the liberty to contact several of the other regional utilities to inquire in their late penalty policies.

North Las Vegas and Virgin Valley Water District charge a 10% penalty on current late bills and 0% on all past due balances.

Las Vegas Valley Water District and Boulder City have late penalty system the same as this District and charge the late penalty on the outstanding balance. LVVWD assesses a 4% penalty on all outstanding balances and Boulder City assesses a 5% penalty

Overton Power District assesses a 10% penalty on current balances and 1.5% on past due balances.

James Robison came into the meeting at 4:20 pm.

Tony Terry was present at the meeting and explained his feeling on the 10% late fee the District charges on delinquent bills. Late fees are compounded each month and he feels that it is confiscatory, inequitable, and excessive. If the late fee had not been compounded his bill would have only been \$627 plus around \$60 for late fees instead of \$2140. He doesn't believe that the Board intended for the late fees to be calculated that way and he asked them to take a look at it and reconsider the way it is done.

James Robison explained that the policy was put into effect because there were some companies that purchased large meters, had them installed and then never used a drop of water. This tied up a lot of the Districts water resources and the District wasn't making any money on that water. The District tried to buy back the meters without success. The only way to get the companies to either start using the water or to give up the meter was to start charging them for having the meter and then charging late fees when they didn't pay their bill.

There was a lot of discussion on this item but at Byron Mills recommendation the Directors decided to table the item until next month and have Mr. Huza bring back some options that could be considered at that meeting.

4. Approve the purchase of 2 preferred shares of Muddy Valley Irrigation Company stock from the 2005 Ruth Leavitt Revocable Trust for a total purchase price of \$100,000 (Action Item)

Mr. Huza explained that Staff has been approached by representatives from the 2005 Ruth Leavitt Revocable Trust on the possible purchase of 2 preferred shares of MVIC stock. The representatives have expressed a desire to have the water the shares represent remain within the MVWD service area for use by the demands of the service area. The purchase price would be \$50,000 per share.

This value is in concert with the value presently offered by the Southern Nevada Water Authority.

This purchase would be in accordance with the policy the Board has adopted, by retaining this water within the Moapa Valley Water District service area for use by new customers within the service area.

The most probable way to place this water to use is through an exchange with SNWA. The water the "shares" represent would be used in conjunction with the other shares to allow for full utilization of both the common and preferred shares.

The FY 11 budget allowed for \$200,000 for the purchase of shares and in August the Board approved purchases for \$100,000. Sufficient funds in the budget exist. At the August meeting, the Board and Staff had discussions on when or if to utilize the remaining budgeted monies for additional purchases. There was some concern making sure the revenue stream was meeting projections before any additional purchases were made.

After some discussion, on motion of Glen Hardy and seconded by Guy Doty, the Board voted 5-0 in favor to wait until the 4th quarter of the fiscal year and see how the District is doing financially. They also asked Brad to write a letter to the Leavitt's to let them know what the Board decided and that they will be on the top of the list if the Board decides to purchase shares at that time.

5. Update on the Water Resource Grant (Action Item)

Mr. Huza reminded the Directors that during the September meeting various options were discussed in an effort to constructively use the previously obtained water resource grant. The District has to use the remainder of the funds in the water resource grant by December 2011 or forfeit the grant.

Consensus was reached to have Staff modify the work plan for the water resource grant to reflect the perennial yield study and the transmission main upgrade from the Arrow Canyon complex and submit the modified plan to EPA.

This task was completed and in a recent phone conversation with EPA, their Staff gave a verbal approval for the project modification.

A copy of the modified work plan was available for the Directors review.

Mr. Huza explained that we should be able to get the RFP for the engineering on the Arrow Canyon part of the project out, reviewed and ready for approval at the December board meeting.

The general consensus was for Staff to move ahead with the modified work plan.

6. Approve the formation report for the Whipple Street Reimbursement Area #004-010 (Action Item)

The general area west of the intersection of Whipple and the Muddy River is largely undeveloped. The size of the main serving this area is only a 4" main. The existing 4" main that crosses the Muddy River at this location has been prone to failure over the past several years.

In consideration of the performance history of this small reach of main and the extreme difficulty in repairing the main in the river section, it was decided to replace the main with a main of sufficient size to accommodate the vacant land to the west. The reconstruction of the main was completed in accordance with NAC 445

Staff has compiled the associated costs borne by the District, identified the area of benefit and developed the attached reimbursement area report in accordance with District policy. The report indicates the District funded approximately \$45,250, the improvements will benefit 155.99 acres and those lands that receive a benefit will need to reimburse the Moapa Valley Water District a unit cost of \$290.07 multiplied by the acreage of the parcel.

The duration for Reimbursement Area #4 is 15 years from the date of formation. As stated in the policy, the reimbursement costs will escalate in accordance with the published Engineer's News Record – Construction Cost Index.

A copy of the Staff report for Reimbursement Area #4 was available for the Director's review.

Staff would recommend that the District approved the formation of the proposed reimbursement area as presented.

On motion of James Robison and seconded by Guy Doty, the Board voted 5-0 in favor to approve the formation of Reimbursement Area #004-10 in accordance with the provided Staff report with an implementation date of October 14, 2010 and an expiration date of October 13, 2025.

7. Approve the formation report for the Lawson and Casaby Reimbursement Area #005-010 (Action Item)

The mains in the general area of Lawson and Casaby are undersized and cannot provide adequate fire flow. A section of that main is not located in a dedicated easement and a portion of the main is located under a dwelling unit. In addition to the above mention concerns, there is also a considerable amount of vacant land with development potential. The size of the main serving this area is only a 4" main.

In consideration of the above mentioned concerns, it was decided to replace the main with a main of sufficient size to provide adequate fire flows to existing customers and to accommodate the adjacent vacant lands. The reconstruction of the main was completed in accordance with NAC 445.

Staff has compiled the associated costs borne by the District, identified the area of benefit and developed the attached reimbursement area report in accordance with District policy. The report indicates the District funded approximately \$122,200, the improvements will benefit 229 acres and those lands that receive a benefit will need to reimburse the Moapa Valley Water District a unit cost of \$533.49 multiplied by the acreage of the parcel.

The duration for Reimbursement Area #5 is 15 years from the date of formation. As stated in the policy, the reimbursement costs will escalate in accordance with the published Engineer's News Record – Construction Cost Index.

A copy of the Staff report for Reimbursement Area #5 was available for the Director's review.

Staff would recommend that the District approve the formation of the proposed reimbursement area as presented.

On motion of James Robison and seconded by Guy Doty, the Board voted 5-0 in favor to approve the formation of Reimbursement Area #005-10 in accordance with the provided Staff report with an implementation date of October 14, 2010 and an expiration date of October 13, 2025.

8. Discussion and possible action on the District's Secondary Water Charges (Action Item)

The District recently received a request from one of the "MVWD Secondary Water" program participants to lower the per share charge from the present \$267 / share. The nature of the request is based upon agricultural economics and the per share cost.

Mr. Huza explained how the cost per share was derived and the program goal.

When the program was originally started approximately 2 ½ years ago, SNWA was offering a lease option to existing share holders that would allow the share holders to use their shares until Lake Mead reached a certain elevation. Upon that elevation, SNWA was allowed to fully lease their share(s). The lease option offer was \$150 / share. Staff used this \$150 as a minimum value for a lease. To that, Staff recommended collecting an additional \$100 per share to offset assessments and program administration, bringing the total lease fee to \$250 / share.

As a result of the increased activity by SNWA in acquiring and leasing MVIC shares, it was Staff's contention that many of the smaller user's in the valley would use potable water for their irrigation needs as many of the previously used shares have fallen under the control of SNWA. This new use plus the Coyote Springs importation water could place a burden on the transmission facilities of the District. The target user of the program was the less than 5 acres individual. From a cost standpoint, the \$250, per share (\$40 / acre-foot) provided a huge financial advantage to using potable. The program was never targeting the large agricultural user. Staff felt that the \$250 / share would not make agricultural use economically viable.

The program participant requested the Water Resource Committee (WRC) consider a reduction in the per share program price as agricultural use is not viable.

The Water Resource Committee met to discuss the request. The WRC felt that there was merit in trying to modify the price in an effort to maintain green fields as long as possible. The WRC also felt that this issue should be brought before the full Board for discussion and possible action.

Mr. Huza felt that it would be extremely problematic if the program had two different rates based upon user group. He would recommend that only one program rate should be charged.

There was some discussion on the subject and on motion of James Robison and seconded by Guy Doty, the Board voted 4-0 in favor to wait until March and reevaluate the secondary water charges at that time. Glen Hardy abstained.

9. Presentation of the Moapa Valley Water District Annual Report (Discussion Only)

Mr. Huza had a PowerPoint presentation for the annual report in which he went over the following items:

- An overview of operations that includes water production and system additions
- An overview of the past year's revenues and expenditures
- A detailed look at the major accomplishments of the District over the past year
- A review of the work plan for the upcoming year

There was quite a lot of discussion on the lost and unaccounted for water which keeps going up every year. Mr. Huza explained that it happens about the same time every year and has been going on for years. The District is already doing some different things to try to find out where the water is going. It is affecting the water district financially so it's imperative that we find out what is going.

Mr. Huza explained that revenues are down but so are expenses. Some of the things the District accomplished this last year included the implementation of the Substance Abuse policy, retirement of the OPD mortgage, the completion of the dechlorination facility, and closing out the arsenic treatment project.

10. Review of the District's Needs Assessment (Discussion Only)

Mr. Huza has been working on the "Needs Assessment" for the District. The goal of this project was to identify the major needs of the District in the short term and long term. The Needs Assessment differs from a five to ten year capital plan. CIP's are generally limited to construction

projects and / or major purchases. He explained that the needs assessment can be a great tool in long range financial planning.

He segmented the assessment into three different areas, Personnel, Programs and Facilities. He worked with two time frames. Short term would be 0 to 7 years and long term would be 8 to 15 years.

The following are the identified needs to date:

Personnel:

Short term

- “Administration” has staffing levels that are adequate.
- “Operations” has a need for an instrumentation technician. As the District continues to advance technologically and enhance its SCADA system, the cost effectiveness of having an “in house” instrument technician increases. This individual would support both the water production and water distribution divisions and would maintain the electrical and SCADA infrastructure within the District

Long Term

- Administration will have a need for a financial / administrative services manager. This individual will provide general oversight for both the accounting / financial aspect and the budget aspect of the District. The individual will also focus on long range financial planning and rate setting.
- Dependent upon impacts from growth, Operations will have a need for additional staff in the form of either maintenance workers, service men or operators.

James Robison mentioned that sometime in the future the District may need to hire an assistant general manager. Mr. Huza feels that the administrative services manager could fill that spot.

Programs:

Short Term:

- The development of a secondary water system should occur. The District has available water resources for use within the system and it has a clustered group of potential large volume customers. The potential initial success of a secondary system is high. Such a secondary system will reduce the demand for potable water, especially during peak demand periods. Rate structures for secondary water are typically lower than potable, so users typically see a financial benefit.
- The enhancement of a “comprehensive water conservation” program would be an overall benefit to the service area. The program would be “incentive based” as opposed to “regulatory based” and would have a large public education component. Staff feels that the development of such a program during times of minimal growth would allow more in house participation and could have the program functional by the time the growth resumes in the service area.

Guy Doty feels that the District should not impose water conservation unless we absolutely have to. We need to try to keep the valley green as long as we can.

- The development of a mapping system that incorporates the use of GIS concepts would be extremely valuable to both operational staff and administrative staff. Such a system allows for effective and efficient operations, and also provides an opportunity to closely examine an overall scheme for “total assessment management”.

Long Term

Staff has not identified any additional programs that need to be implemented in the long term.

Facilities:

Short Term:

- Since the development and implementation of the “Water Production” division, space has been an issue. Short term the District has numerous options. The space issue will need to be address in the early portion of the “short term” time period.
- From a Staff perspective, the Board room facilities need to be enlarged to accommodate larger public participation and the access should be improved to be more compliant with ADA requirements. The existing facilities have a difficulty accommodating more than eight public participants.

Long Term:

- The District is contained within one continuous boundary but the District serves two distinct populated areas. The lower valley is comprised of Overton and Logandale, while the upper valley is comprised of Glendale, Moapa and Warm Springs. While the District operates and maintains the system with the same diligence as it does the lower valley, it does not have an administrative presence in the upper valley. As growth resumes, the upper valley certainly has the potential to grow at a faster rate than the lower valley. With growth will come the need to enhance the administrative services the District provides to that portion of the service area. Staff feels that the satellite administrative office, maintenance facility or some other type of facility should receive careful consideration in the long term plan.

James Robison mentioned that it might be possible to buy a piece of the property OPD owns just south of the District office. Mr. Huza has already spoken with Delmar Leatham and he said that OPD would be willing to sell some of that property.

The final draft of the needs assessment should be completed for presentation at the November board meeting.

11. Manager’s Report

Senior Accountant – Ken Bessey explained that things are going on as usual in the office. Sales are up because of the summer months but will start to go down now. Expenses are down which is always good.

The new receptionist will be starting on October 18th. Her name is Julie Nelson and she currently works at Bank of America.

Water Production Superintendent – Bryan Mortensen was not at the meeting so Mr. Huza updated the Directors on some of the things that the water production crew did last month.

- 1) Flushed pump/motor bearings at Baldwin Springs
- 2) Installed transducer and grounding rings at Arrow Canyon
- 3) Balanced motors at Arrow Canyon
- 4) Minor repairs to hydrochlorite generator at Arrow Canyon
- 5) Performed weekly and monthly preventative maintenance on production assets and equipment
- 6) Inspected and labeled ACAR’s and other appurtenances on the 340A 24” line
- 7) Fabricated and installed a weir at the dechlor facility
- 8) Water production staff attended the Tri-State seminar
- 9) Had in-house CDL training for water production staff

Water Distribution Superintendent – Joe Davis explained that last month one meter was removed from the system in the Logandale area.

The Thomas Avenue 8” project is moving along with an anticipated completion date of October 22nd. All of the 8” pipe has been installed, chlorinated and pressure tested. Crews are currently working on moving the meters over to the new line.

Over the past few months crews have been performing flow tests and maintenance on all of the 440 hydrants in the system. Crews also repaired a 14” leak located on Ishimoto and Bryner in the sand hills. We are still experiencing small lateral leaks in the system.

There were seven customer service request last month. One was pressure related, two were leak reports, two for cloudy water resulting from leaks in the system and two requesting data logging of their meter because of high bills.

General Manager – 1) Dechlorination Facility - EFI, the manufacturers of the dechlorination station, were on site for the start up of the facility. There were a number of

minor punchlist items that needed to be addressed. Full operations is scheduled for mid-October 2010 by SNWA.

2) Intermediate Booster Station - The intermediate booster station project is 99% complete. The project includes the installation of a larger booster pump and a new pressure reducing valve station at the Mining PRV site. The facility start up cannot occur until the 340A project commences. The startup will wrap this project up. As stated above, the 340 A project is not scheduled to commence until October.

3) Tribal Representative - Staff contacted the representatives from the upcoming Pow Wow that is scheduled to be held on the Moapa Paiute Reservation. No response was received.

4) Customer Concern - Staff received a customer communication regarding the billing dates of the District. His preferred due date would be the 1st of the month. It was explained to him the reasoning behind the meter reading dates, the time span for billing dates, etc. He understood but still was not satisfied with the answers. When asked if he would like to go before the Board to express his concerns, he declined the opportunity. He asked Mr. Huza to communicate his concerns to the Board.

12. Ratify payment of September Expenditures

On motion of James Robison and seconded by John Blackwell, the Board voted 5-0 in favor to ratify payment of the September expenditures.

13. Director's Preference

- **Pending Litigation (Closed Door Session)**

Chairman Staton called a closed-door session at 6:25 pm. This was seconded by James Robison.

Chairman Staton reconvened an open-door session at 6:55 pm. This was seconded by Glen Hardy.

14. Personnel-Closed Door Session

15. Approval of the November 4, 2010 Board meeting

On motion of Glen Hardy and seconded by James Robison, the Board voted 5-0 in favor to hold the next board meeting on November 4, 2010.

16. Adjournment

The meeting adjourned at 6:56 p.m.