

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, MARCH 10, 2011**

PRESENT: Kenneth Staton
Jonathan Blackwell
Randy Tobler

Brad Huza
Joe Davis
Ken Bessey

Byron Mills

Glen Hardy, CC Jr. Livestock Show
Vernon Robison, MV Progress

Lindsey Dalley
Scott Carson

Susan Rose
Bryan Mortensen

Kevin Willard, CC Fair
Joe Gilmer, Blaine Equipment

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. Approve the minutes of the previous meeting held on February 10, 2011 (Action Item)

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

2. Public Comment

There was no public comment.

3. Clark County Jr. Livestock Show – Donation – Glen Hardy (Action Item)

Glen Hardy was present at the meeting to request a donation for the Clark County Jr. Livestock Show which will be held at the fair. He explained that the District has donated to the show for many years and he asked the Directors to make its usual \$100 donation.

On motion of Jon Blackwell and seconded by Randy Tobler, the Board voted 5-0 in favor to donate a \$100 to the Clark County Jr. Livestock Show.

4. Clark County Fair Board – Donation of Water – Kevin Willard (Action Item)

Kevin Willard was at the meeting to request the donation of water for the fair. The water will be used for dust control in the arena, parking area and around the animals. They will put a banner on the water tank for the district as advertisement.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to donate water to the Clark County Fair Board for dust control, etc.

5. Approval to purchase a 2011 tractor/backhoe from Blaine Equipment in the amount of \$69,407 (Action Item)

Mr. Huza explained that the FY 2011 budget included the replacement of a tractor / backhoe. The existing machine was purchased in 1999. The purchase of this piece of equipment is listed in the FY budget packet as project 2011-008 and has received approved funding for \$70,000.

Staff solicited proposals from qualified suppliers of this type of machinery. Two bids were received.

The results of the bids are as follows:

<u>Vendor</u>	<u>Machine</u>	<u>Purchase</u>	<u>Purchase w/trade</u>
Blaine Equipment, Las Vegas	John Deere 310J	\$69,407.00	\$47,320.00
Cashman Equipment, Las Vegas	Catapillar 420 E ST	\$71,000.00	\$50,000.00

The existing machine has 5,000 hours on it.

Mr. Huza received a memo from the Water Distribution Superintendent requesting the existing machine be retained in the fleet to accommodate reoccurring needs in the yard and to accommodate the needs of the water production division / 340 A.

Scott Carson asked how much had been spent on maintenance on the existing backhoe for the last three years. Mr. Huza estimated that the maintenance costs for the last three years have been less than \$8,000. Joe Davis explained that he spent \$2,000 last month on the dipper stick and the assembly of it and the rear operators on it have a small leak that needs to be repaired. The main problem on the backhoe is the boom on the rear end. It has a lot of bleed off so that when staff is trying to lift thrust blocks and other heavy items, it won't hold them. This causes problems when trying to set assemblies and things like that.

Joe Gilmer from Blaine Equipment was present at the meeting to answer any questions the Directors might have. Scott Carson asked him what the startup costs on the new equipment would be. Joe explained that the first year the two engine filters would need to be replaced and two oil changes so about \$250 if the District does the maintenance themselves. Scott feels that it may not be the time to purchase a new machine since we've only put \$8,000 into the old one in the last three years. He not sure that the District needs three backhoes.

Randy Tobler asked how often there is scheduling conflicts. Joe explained that when the Thomas Street upgrade was done there was a four month problem with scheduling. There are a couple of projects coming up soon that will cause some scheduling problems also.

Lindsey Dalley feels that the District should have three backhoes. He feels that it's a necessity in the field. He doesn't however feel that the two backhoes that we received bid on are comparable.

Mr. Huza suggested that since this went out for competitive bid and both backhoes/loaders met specification, that if the Directors are interested in the Catapillar, we should go back out for bid with the specifications written for a Catapillar backhoe. That way we won't be throwing away the competitive bid process.

Scott Carson made a motion that we go back out for bid and include John Deere, Catapillar and a couple of other places. The motion was not seconded.

Scott also asked about piggyback bids. Mr. Huza explained that with piggyback bids you pick out what kind of loader/backhoe that you want and then see if there are any piggyback bids out there for that type of loader/backhoe.

Ken Staton applauded staff for staying ahead of the game and having money in the budget before purchasing a backhoe became an issue. He doesn't want to recommend purchasing something that staff isn't comfortable with.

Scott asked that this item be tabled until next month. He wants to get more information and see the last three years maintenance records.

Byron Mills reminded the Directors that they need to pick the best bid not necessarily the lowest bid.

Ken Staton made the motion which was seconded by John Blackwell that we accept the bid from Blaine Equipment in the amount of \$69,407 for 2011 tractor/backhoe and approve the purchase of the same. The Board voted 2-3 against the motion to accept the bid from John Deere. Those voting against the motion were Scott Carson, Lindsey Dalley, and Randy Tobler.

Randy Tobler made a motion which was seconded by Lindsey Dalley that they reject the current bids and go out for bid on two different classes of machines. The Board voted 3-2 for the motion. Those voting against the motion were Ken Staton and Jon Blackwell. The motion carried.

6. Approval of the proposal from Hinton, Burdick, Hall and Spilker for general auditing services (Action Item)

Mr. Huza explained that staff solicited proposals from qualified accounting firms to provide auditing services for both general and single audits. A general audit is required on an annual basis while single audits are required for state and federal funded type projects that exceed \$500,000. The focus of the solicitation of the proposals was for general auditing purposes. A signed letter of engagement is required by the Nevada Department of Taxation by March 31st.

The results of the proposals received for general audits are as follows:

Firm	Maximum Proposed Fee – General Audit		
	FY 11	FY 12	FY 13
Piercy, Bowler, Taylor & Kern	11,652	12,060	12,482
Kafoury, Armstrong, & Co.	13,000	13,325	13,658
Houldsworth, Russo & Co.	11,000	11,000	11,000
Hafen, Buckner, Everett & Graff	10,120	10,250	10,500
Hinton, Burdick, Hall & Spilker	9,750	10,043	10,344
Tompkins and Peters (Non responsive because failed to provide a fixed fee)		NON RESPONSIVE	

In review of the proposals, Hinton, Burdick is the lowest responsible proposer. This firm has provided the services for the general audit to the District for the past three years and has completed the work in a timely and professional manner.

Staff would recommend accepting the proposal from Hinton, Burdick, Hall and Spilker for the general audit.

Lindsey Dalley asked what the District is looking for in a firm other than price. Mr. Huza explained that they have to be certified in governmental auditing and that all of the firms that submitted proposals are certified.

Scott Carson would like to use Hafen, Buckner, Everett & Graff. He feels that they are highly qualified to audit the water district because of their experience with other water utilities. He also feels like it keeps everyone honest. The difference between Hinton, Burdick and Hafen, Buckner, Everett & Graff is only \$370.

Lindsey Dalley asked who Mr. Huza would prefer to use as an auditor.

Mr. Huza explained that the first year that the District used Hinton, Burdick, Ken Bessey spent many hours preparing for the audit. That time has been reduced the last two years because Ken knows what they're looking for.

On motion of Randy Tobler and seconded by Scott Carson, the Board voted 5-0 in favor to accept the proposal from Hinton, Burdick, Hall and Spilker for general auditing services and instructed Staff to execute a letter of engagement that is consistent with the services and fees listed in the proposal.

7. Review of the Tentative Budget for FY2012 (Discussion Only)

Mr. Huza had prepared a PowerPoint presentation on the budget. He explained that Staff is in the process of completing the tentative budget for fiscal year 2012 (July 1, 2011 thru June 30, 2012).

The first item in the presentation was the Operating Fund. Mr. Huza explained that it is anticipated that the water sales revenues will go relatively flat. Staff used the 3% increase rather than the recommended 7% in the Red Oak – December 2008 study for budget projections. Due to the elasticity of a rate increase, Staff anticipates a smaller than 3% revenue increase. The expected revenues from the other sources are also

expected to be less in the upcoming year. The ¼ cent sales tax sharing program is anticipated to be approximately the same as this fiscal year. The decline from earlier years is a result of reduced spending.

Under the Operating Fund was the anticipated expenses. Mr. Huza included a list of the expenses and the percentage of the budget that goes towards each of them.

The next item discussed in the presentation was the Capital Improvements that are scheduled for FY2012. They are:

- 1) Warm Springs Upgrade (\$1,000,000) – This project will only be done if we use money from the grant we have with the US Army Core of Engineers. It is a 75/25% grant.
- 2) Small Main Replacement (\$175,000) - This is an ongoing project to upgrade small main lines. The \$175,000 is for materials only.
- 3) AMR (\$5,000), Standpipe Replacement (\$15,000) & Large Meter (\$15,000) – These are also ongoing projects.
- 4) Utility Mapping (\$25,000) – This is for the purchase of the GIS System Software which is needed for the mapping process.
- 5) Safety Equipment (\$5,000) – For purchase of safety equipment for Distribution and Production.
- 6) Meter Services Truck (\$22,000) – This is to replace the Meter Readers truck which is 7-8 years old and has a lot of miles on it.
- 7) I T Upgrades (\$5,000) - This is a continuing program which is used to change out and upgrade computer equipment.
- 8) Office Equipment (\$10,000) – To replace office desks and a plotter
- 9) Water Resources (\$200,000) – To purchase MVIC Shares
- 10) Restricted Sinking Funds (\$55,000) – This money is required to be set aside by USDA and AD198. It cannot be touched.
- 11) Unrestricted Sinking Funds (\$16,000) – This money is being set aside for emergencies
- 12) Twin Springs (\$45,000) – This is to install a pipeline from the Twin Springs to Baldwin Springs. The \$45,000 is for materials only. Before this project can be done, we need an easement from SNWA. We should be receiving it soon.
- 13) Moapa Valley Blvd. Widening Project (\$325,000) – This is to do the improvements on the road in front of the office as required by Clark County
- 14) Baldwin Media Replacement (\$138,000) – To replace the media at the Baldwin Springs Arsenic Treatment Facility
- 15) Main Building Office (\$70,000) – This is to enclose the pipe area in the shop and will be used as an office for the Water Production Staff. We will be reimbursement by SNWA for this.

The deficit in the base budget is \$34,088 which includes depreciation. Scott Carson and Randy Tobler don't want the budget to show a deficit. They would like the budget to be in the black. Since the actual expenditures have historically been about 78%, the general consensus was to reduce all items in the budget by 2% except those items that are employee related.

Mr. Huza asked if the Directors would still like to purchase MVIC Shares. He explained that we received a letter back from the Nevada Division of Water Resources and they have returned to the District water that was reserved for a subdivision. The developer is terminating the project. Around \$170,000 will have to be returned to the developer. There is still \$100,000 in this year's budget to purchase MVIC Shares. Scott Carson feels that the District should not purchase anymore shares at this time. Mr. Huza explained that he's going to be meeting with SNWA and he will ask them what they're plans are on purchasing MVIC shares. Lindsey Dalley said that he would like to be involved in that meeting.

Staff has also revised its projections for new service connections to 6 for the upcoming fiscal year. This should be an achievable estimate.

As the operational fund receives its funding from water revenues, the level of service our customers receive will not be diminished as a result of the downturn in the amount of connection requests.

Scott Carson said that he would like to see a breakdown of what every employee made last year, what they currently make and their anticipated salary for next year.

A copy of the draft FY 2012 budget, showing the revenue and operating expense estimates, the capital improvement budget, the 340 budget and the five year capital improvement plan was available for the Director's review.

The complete tentative budget will be on the April agenda for adoption.

8. Manager's Reports

Senior Accountant- Ken Bessey explained that everything looks good on the budget. Things are going good in the office. Lindsey Dalley would like to see how much revenue we receive from each meter size. Mr. Huza said that he will get the Directors a copy of the pie chart out of the yearly report which shows where sales revenues come from

Water Production Superintendent - Bryan Mortensen updated the Directors on some of the things that the water production crew did last month.

- 1) Performed corrective maintenance on pump #2 at Baldwin Springs
- 2) Finished the Eagle Scout project for Joe Garber at Arrow Canyon
- 3) Repaired the RTU/Transducer at the MX-6 Well
- 4) Had crossover/training for production/distribution staff
- 5) Performed weekly and monthly preventative maintenance on production assets and equipment
- 6) Repaired cavitation damage to 16" PRV and 16" FCV on 24" transmission main. Installed anti-cavitation components.
- 7) Continued to work with contractor and LVVWD on booster pumps at Coyote Springs to resolve start-up sequence
- 8) Performed AVAR maintenance on 24" transmission line at 15 sites
- 9) Completed warranty items at the Dechlorination facility
- 10) Performed weekly and monthly preventative maintenance on 340A assets and equipment

Water Distribution Superintendent – Joe Davis informed the Directors that no new meters were installed last month. One standpipe was replaced with a fire hydrant on Lou Street north of Ryan Ave.

He explained that the mains were flushed from Whipple Ave. south to Robison Ave. on the east side of the river. This consisted of exercising 375 valves, performing function test of hydrants, opening low point drains and air/vac valves and checking system flows along with getting the GPS locations.

On Monday, February 21st, bullet holes were discovered on the East Logandale steel tank. The tank was shot with a high powered rifle four times which penetrated the tank. That day crews put wooden dowels in the holes and the next day staff replaced the dowels with plugs. Joe filed a police report.

Last month there was one leak at a standpipe, three 1" leaks, one 2" leak, one 3" leak, one 4" leak and one 6" leak in the distribution system.

For customer service request, there was four for possible leaks inside meter boxes, one for no water, one concerning a sewer lateral after the line upgrade on Thomas Street, and one for a meter box concern.

General Manager- 1) Utility Mapping Project - Staff has been collecting data for the utility mapping project. To date, all of the fire hydrants have been flow tested, inspected and the GPS location taken. Staff is presently taking GPS locations on the existing line valve locations. The end goal of this project will be the implementation of a GIS mapping system. **2) 24" Transmission Main Project** - The engineering firm has the plan and specification developed to the 50% level. In review of the preliminary plan set, the alignment will generally follow the alignment of the MX 6 discharge line on the north side of Hwy 168. BLM has completed the initial draft of the Environmental Assessment and is presently scheduled to go out for public review in the next few weeks. The anticipated schedule for issuance of the right of way will be approximately May 1, 2011. The anticipated schedule for the project is as follows:

Bid opening:	May 5, 2011
Board decision:	May 12, 2011
Start Construction:	June 1, 2011
Complete Construction:	December 1, 2011

All in all, the project is moving along as scheduled. **3) Moapa Valley Blvd Project** - Staff recently met with Integrity Engineering on the Moapa Valley Blvd widening project. The plans are at the 30% level. Mr. Huza and the engineer have met with NDOT. The design concepts are still being worked on. The anticipated completion date of this project will be mid June. **4) Lost and Unaccounted Water** - Staff has been in the process of tracking the lost and unaccounted water for the past few years. In FY 2009 the percentage raised dramatically. In recent months, Staff has separated the distribution system into two areas of

examination, the lower valley which starts at the intermediate booster station and goes south. The remaining portion of the system is the upper valley. Recent data collected indicates the lower valley has a lost and unaccounted loss rate of less than 5%. This is a very respectable number. The overall system loss is still in the double digit. In the upcoming months, Staff will be segregating the upper valley into areas for monitoring purposes and will start collecting data in these areas. One tool that the District has to effectively perform these water balances in specific geographic areas is the radio read meter system. With the speed in which staff can read meters, virtual real time data can be collected. Staff will be providing monthly updates on the project. The following is a historical look at the lost and unaccounted water data.

Lost and Unaccounted for Water

YEAR	2004	2005	2006	2007	FY2008	FY 2009	FY 2010
PROD	3,427	3,447	3,593	3,478	3,387	3,430	3393
ACCT'D	3,129	3,056	3,247	3,192	3,129	2,958	2855
DIFF	298	391	346	286	258	472	538
% LOST	8.7	11.3	9.6	8.2	7.6	13.8	15.9

Scott Carson asked what's been done to figure where the water is going. Brad and Joe explained some of the things the District is doing to figure that out.

9. Director's Preference

- **Review of Monthly Expenditures** – Mr. Huza explained that from now on the expenditures will be under Director's Preference. That way they can be reviewed by the Directors but they will no longer be approved by them since the money has already been spent. During the yearly audit the auditors will review the expenditures and make sure that everything is in line.

- **Litigation (Closed Door Session)** – Byron Mills explained that they had an early case conference. This is when all the attorneys get together and discuss where they go from here. They talked about what documents their going to exchange, what depositions they need, how they're going to proceed, what they're going to do before the trial, and how long the trial will be. He said that they are looking at July for a sit down mediation if our other avenue of settlement doesn't work out which is if Bowen Collins won't settle. Hopefully they will agree to pitch in some money to just settle the whole thing. If they won't settle, the trail date will possibly be in the summer of 2013.

Ken Staton explained that the last few years the District has had a company picnic which includes the employees and directors and their families. He asked if this something the Directors would like to continue to do. The general consensus was to have the picnic on the 7th of May at 11 am at the Logandale Park.

Lindsey Dalley had a customer tell him about a situation which happen up at NV Power. He was told that District employees would not sign in at the check-in booth when they were up there to repair a waterline. He can't understand why they're not willing to sign in.

Joe Davis explained that the leak was on a public easement and not inside NV Power's fence. He explained that District staff always sign in when going inside of NV Power's fence. If staff is looking for a leak it is too far out of the way to go to the guard shack to sign in. Joe asked the security guard to have the main boss at NV Power call Brad to resolve this issue but it hasn't happened.

Brad Huza explained that he will contact the head man at NV Power and get this issue resolved. There are leaks every month on the waterlines out there and this is becoming a major issue.

Lindsey brought up another issue that was brought to his attention. It's a problem with an easement down in Country Lane Estates II. The customer actually spoke with Randy Tobler so Lindsey asked Randy to explain the situation. Randy explained that the customer has an easement between his property and the property south of him. The problem started when the customer had a motorhome parked in the easement. Joe Davis spoke with this customer and told him that the easement has to be free of incumbrances. Randy said that the customer just wants a gate across the easement to keep his kids off the highway. Brad said that the District would go ahead and put up gates on both ends of the easement. He will meet with the customer and let him know what the District is going to do.

10. Personnel- Closed Door Session

11. Approval of April 14, 2011 Board Meeting

The general consensus was to hold the next board meeting on April 14, 2011 at 3 pm for a Board of Directors tour of the District's facilities and 4:30 pm for the public meeting.

12. Adjournment

The meeting adjourned at 7:00 pm.