

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, MAY 19, 2011**

PRESENT: Kenneth Staton
Jonathan Blackwell
Randy Tobler

Joe Davis
Ken Bessey
Jeannie Poynor

Byron Mills

Ryan Wheeler, Forsgren
Thayne Clark, Bowen Collins
Vernon Robison, MV Progress

Lindsey Dalley
Scott Carson (By Phone)

Bryan Mortensen
Susan Rose

Joe Leslie, Leslie & Associates
Mike Chandler, Bowen Collins

ORDER OF BUSINESS: At 4:00 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 Final Budget - Fiscal Year 2011-2012 (Action Item)

Chairman Staton explained that after the NV Dept. of Taxation reviewed the tentative budget a few changes had to be made to it. The revised budget was emailed to the Directors and a copy was available for public review. Randy Tobler thanked Jeannie for the time and effort she put in to getting the budget done.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the final budget for fiscal year 2011-2012.

2. Approve the Minutes of the Special Meeting held on April 6, 2011 (Action Item)

On motion of Ken Staton and seconded by Lindsey Dalley, the Board voted 5-0 in favor to approve the minutes of the special meeting.

3. Approval of the Minutes of the Previous Meeting held April 14, 2011 (Action Item)

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.

4. Public Comment

Thayne Clark with Bowen Collins and Associates introduced himself. He explained that he did the design work and the construction management on the District's arsenic treatment facilities. He also introduced Mike Chandler who is the office manager for the St. George office. They enjoyed working with the District on the arsenic treatment project and hope to be able to work for the District in the future.

5. Accept and Award a Construction Contract to Mesquite General Contractors, Mesquite, NV for the Installation of the Arrow Canyon Transmission Main (Action Item)

Joe Davis reminded the Directors that at the January Board meeting the Board instructed staff to proceed ahead with the design of the 24" transmission main from Arrow Canyon to the Baldwin inter-connect.

On May 11th Forsgren and Associates conducted a bid opening. 15 bids were received with 12 being read and three being rejected. Mesquite General Contracting was the lowest bidder with a bid cost of \$1,321,104 for a 20" ductile iron line.

The original anticipated cost for the project was \$1,000,000. The District has obtained grant funds for \$700,000 and bond funds for \$600,000 for a total project cost of \$1,300,000. Out of the \$1.3M, a perennial yield study was done for the Meadow Valley Wash along with the engineering for the Arrow Canyon project. Construction management costs have to be included also.

Joe explained that the reason the bids came in so high is because the cost of pvc pipe has skyrocketed. Pipe suppliers aren't able to get the resin to make the pipe. In the beginning of 2010, 20" pvc pipe was going for \$30 ft, and 24" was \$29.93 a ft.. 20" Ductile Iron pipe was going for \$32 a ft and 24" was \$33 a ft. Now the prices have escalated to \$75 for 20" pvc and \$108 for 24". Ductile Iron prices have increased to \$51.40 a ft. for 20" and \$69.34 a ft. for 24". Joe doesn't know why ductile iron has gone up. He has contacted Patrick Chan at the EPA and explained to him what happened with the bids. Patrick asked Joe to call him tomorrow and to let him know what the Board decided to do.

Lindsey Dalley asked what size line is up there now. Joe explained that is a 14" line. A 20" line will work fine. A 24" line isn't necessary. Joe explained that the engineering will have to be deducted which is around \$100,000 and also the costs of construction management. He estimates that we will probably go over budget at least \$250,000.

Scott Carson asked if Joe has some ideas for other projects that could be done with the grant money. Joe explained that he has some ideas but no matter what, the deadline on the grant is December 31, 2011. EPA is not going to extend it. Joe explained that there are some smaller projects that wouldn't have to have any engineering done for them. We would have to submit plans to NDEP for approval and order the materials. The projects could be done inhouse but we do have to justify to EPA as to why we are doing the projects inhouse instead of using a contractor and that will take some time. Joe feels that the first thing we need to address is the pressure problem on the 20" line. That project wouldn't need any approval to do.

Lindsey Dalley asked why upgrading the Arrow Canyon Transmission main was so important before and now it's not an issue. Joe explained that when Order 1169 first came out for Coyote Springs, MVWD was required to run Arrow Canyon at 4,500 gpm, 365 days a year. When that much is run through Arrow Canyon it causes the line to break. Ryan Wheeler discovered that every time Arrow Canyon shuts down it allows air to get into the line and causes it to break. This happens because Arrow Canyon sits higher than anywhere else. It's actually a water hammer problem instead of a velocity problem. Ryan suggested installing an air sustaining valve which is something that Joe has wanted to do for quite some time. Since an engineer has suggested the same thing, Joe feels confident that it will solve the problem, This will also eliminate all of the booster pumps that are up there.

Bryan Mortensen explained that Joe also found out that we don't have to pump Arrow Canyon at 4,500 gpm. We are supposed to be pumping it at our normal pumping operations. We are now pumping 3,000 gpm at Arrow Canyon which stops the water hammering issue.

Ken Staton wants to make sure that we get the problem of low pressure in Moapa taken care of. It's something that has been promise to those people for years. If a pressure sustaining valve will solve that problem, he's good with not upgrading the Arrow Canyon transmission main and installing the valve instead.

Joe Davis said that one bad thing about giving the money back to EPA is that they may not be willing to be so helpful in the future if we try to get another grant from them. Byron agreed. He said that it might not be just the \$700,000 we lose. We may lose out on getting other grants from EPA because we turned the money back in. We could lose out on millions of dollars.

Scott Carson asked Joe about the BLM row-of-way and the Gila Monster. Joe has spoken with BLM and they said it's a non-issue with them. We should have the row-of-way paper work next week.

Byron asked if we will have to do the project sometime in the future. Joe said that it is something that needs to be done but he can't say when. Bryan Mortensen said that it has a lot to do with the pump test and growth.

Joe and Ryan both firmly believe that if the Directors decide to move forward with the transmission line upgrade, the contractor can be done with the project before the December 31st deadline.

Lindsey feels that with declining revenues and the high cost of the materials, it would be a good idea to address the pressure and leak problem by installing the valve instead of upgrading the main.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to table the item until the June 9, 2011 meeting.

6. Discussion and Possible Approval to Revise MVWD's "Delinquent Account" Policy (Action Item)

Randy Tobler explained that the current delinquent account policy requires the District to pull the meter and all of the infrastructure after an account has been delinquent for 24 months. This includes parcels that have homes on them. Randy had been told by staff that there was a letter from the auditors recommending that the District do something with the delinquent accounts. Susan Rose and Ken Bessey were unable to find anything in the Letter of Recommendations from the auditors that year that addresses the delinquent accounts. Ken remembers that he and Brad Huza did have a verbal conversation with the auditors about it. Randy had a conversation with the auditors and they don't have any record of the conversation. The following is a letter that Chad Atkinson sent a letter to the Board.

"Members of the Board,

We were contacted a few weeks ago by Randy Tobler from the Board of Directors as well as Ken Bessey the senior accountant for the District regarding the District's water shut off procedures. They asked us whether our firm had ever advised the District on the procedures used to shut off water service. They also asked whether we have advised the District to remove the physical assets related to a water connection such as the meter and pipe connecting the customer to the water main.

We have reviewed our written correspondence with the District, including e-mail correspondence. We have also discussed these questions among the staff that have worked on the audit engagement. We may have verbally advised the District to shut off the water service to customers that failed to make payment for the services provided. This is a customary practice for utilities. However, to our knowledge, we have not advised the District to remove existing water meters and connections to the water main as part of the water shut off procedures. In fact, we have never heard of such a practice by a water district."

Randy would like to put a hold on this policy for now until he has time to talk to Byron about the policy. He feels that a lock should be put on the meter instead of removing the entire infrastructure.

The Board asked staff to look at some other solutions.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to instruct staff to not remove any more infrastructure on delinquent accounts and to work on some possible solutions for this problem. The Board will look at the policy again at next month's meeting.

7. Discussion and Possible Approval of the Moapa Valley Water District Independence Resolution (Action Item)

Lindsey Dalley explained that he is on the Water Resource Committee and that they have been trying to get their arms around what's going on. He feels that it's important to establish some parameters for Board and staff members of where the District wants to go for the long term picture. He has written a resolution which should help everyone know what the parameters are when dealing with other entities and customers. This is the first of many resolutions he would like to do. This resolution states that MVWD wants to remain independent of any other entities. Having something in writing will help current Board members, future Board members and staff when negotiating agreements. Everyone needs to know that anything that might comprise the District will not be on the table. Too many small utilities are being taken over by large companies.

Ken Staton said that it has always been the intent of the Board to remain independent. He's not sure where the resolution should be put. Byron Mills said that it could be put anywhere they wanted to put it but the reality is that any future Board members do not have to abide by it. Byron said that it could be put in the policy manual. We could also put it in the local newspaper.

Lindsey explained that this came about when he, Scott, Joe and Bryan met with SNWA and they started putting requirements on the District that weren't in the best interest of the valley.

The following is the resolution that was presented by Lindsey Dalley:

MVWD Independence Resolution

WHEREAS, the State of Nevada created by statute the Moapa Valley Water District (MVWD) in 1983 by combining the assets of the Moapa Valley Water Company and the Overton Water District into a single political subdivision of the State; and

WHEREAS, this Act provides for MVWD to store, conserve, distribute, and sale water within the District including the purchase, acquisition, and construction of facilities necessary to serve water to consumers within the District; and

WHEREAS, adequate and efficient water service is vital to the economy, quality of life, and well-being of the Moapa Valley area; and

WHEREAS, Moapa Valley is remote from the county seat of Clark County with different needs and culture this dictating that indispensable activities such as water service be administered by a governmental entity located within Moapa Valley; and

WHEREAS, a locally elected governmental entity within the Moapa Valley area would more closely meet the community needs; and

WHEREAS, MVWD has a fiduciary responsibility by State statute to ensure the specific needs of its District are served with first priority; therefore

BE IT RESOLVED the MVWD wishes to establish for the benefit of current and future Board Members, general managers, employees, and outside entities to take whatever measures necessary to continue as an independently elected sovereign District for the benefit of all the communities within the District boundaries.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 5-0 in favor to add the MVWD Independence Resolution as written to the policy manual.

8. Discussion and Possible Approval of the Twin Springs License Agreement (Action Item)

Joe Davis explained that he, Bryan Mortensen, Lindsey Dalley, and Scott Carson met with SNWA to discuss the Twin Springs License Agreement. This agreement would make it possible for us to bring the water from Twin Springs into our system. The agreement was one sided and no one from the District felt comfortable with it. After the meeting, Lindsey and Scott asked Joe and Bryan to go through it and get it down to two pages. Joe went through it and only put what was pertinent in it. They had Lindsey, Scott and Byron review it. A few changes were made and a copy of the revised agreement was available for the all of the Director's to review.

Lindsey gave a little background on the agreement. He explained that we don't get any water from Twin Springs right now but we do have a lease agreement to be able to get water from the springs in the future. We don't have a way to get the water into our system so we need an easement to install infrastructure that would make it possible for us to get the water from Twin Springs to Baldwin Springs. We share some of the water with SNWA. Because Twin Springs is in a natural area, there are some environmental issues that have come up. That's what most of the issues were about in the agreement we received from SNWA. SNWA hasn't had a chance to look at the revised agreement and their Board won't put it on their agenda until it's been signed by us. Their legal counsel hopes to have it on their June agenda. It may be back on our agenda in July if SNWA wants to make any changes to it.

Scott Carson wanted it made clear that we are not the ones that are in a hurry, it's SNWA.

On motion of Lindsey Dalley and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the Twin Springs License Agreement as written and authorize the Chairman to execute said agreement..

9. Manager's Reports

Senior Accountant- Ken Bessey explained that expenditures are below. Water Resources Development is over budget because of the refund that was made on the St. Joseph Subdivision. He explained that capacity fees are also going to be in the negative next month because of the refund of the meter connections for that subdivision.

Randy Tobler asked Ken if we are considering taking our money out of Bank of America because they aren't guaranteeing deposits anymore. Ken explained that all of our money is either covered by FDIC or is collateralized. Bank of New York Mellon does the collateralization of our money. The Directors asked Ken to find out exactly what collateralization means.

Lindsey Dalley asked why the Standpipe Replacement Program was over budget. Joe explained that when we first started the program we would go out and replace standpipes that were on a large enough line to support a fire hydrant. We had one standpipe that had to be replaced because it was leaking which caused the asphalt to blowout. The asphalt had to be replaced which was an extra cost that was not expected.

Water Production Superintendent – Bryan Mortensen added a chart to his report that shows water production since 2008. The chart shows that water production has dropped a percent every year since 2008. He feels like that is probably going to be the case for awhile.

Bryan updated the Directors on some of the things that the water production crew did last month.

- 1) Performed annual maintenance on the Baldwin Springs chlorinator
- 2) Had crane and CDL training for production staff
- 3) Performed weekly and monthly preventative maintenance
- 4) Performed maintenance on the Booster #1 FCV
- 5) Had crossover training for production and distribution staff
- 6) Performed weekly and monthly preventative on 340A facilities, assets and equipment
- 7) Made repairs to a 3" commercial meter
- 8) There were 16 customer service requests last month. 12 data logs were done, one regarding a leak downstream of the meter and three miscellaneous requests.

Water Distribution Superintendent – Joe Davis explained to the Directors that crews are still exercising valves throughout the distribution system along with gathering GIS information to input into the CAD system. All but one zone has been completed.

The new backhoe is on backorder. The anticipated delivery date is June 20th.

Joe had an onsite meeting with NDOT to discuss the final repairs that MVWD is required to perform on Main Street. He split it into two phases with Bonelli Street to Virginia Street being completed on May 12th by Savanic Transport.

Staff has been trying to quantify the total amount of lost and unaccounted for water throughout the entire system. Joe was able to find records of monthly water sales and diversions back to July 1992. After putting everything into a spreadsheet there is a consistent anomaly that seems to happen. As a first step to solving the problem a mass reading was conducted on May 3rd of all meters in the system including diversions. Joe is currently deciphering the data to give us a solid starting point with no deviations in data. We have received the portable ultra-sonic meter. This will help check the accuracy of the diversion meters. After that has been done, it will be placed in key locations in the system to help quantify system zone usage.

Joe updated the Directors on the gate issue down in Country Lane Estates. He received quotes from GG Construction and Kevin Pratt. Kevin Pratt was the lowest quote so Joe has him working on the project. The uprights will be going up on Monday or Tuesday. Once that's done Kevin will start working on the gates. Joe met with the homeowner and showed him what we're going. The gentleman is doing some landscaping so he is going to clean up the easement, bring in some dirt and level it.

Joe explained that the plans for the MV Blvd. paving project are at NDOT and the County. That project will probably be on the agenda in the next couple of months.

We have two vehicles that need to be sold. One is an old service vehicle and the other is the Ford Explorer. Joe wants to put an ad in the paper requesting bids. He will get the figures together for what they are worth and bring them back to the Board first to make sure they're ok with the minimum bid. If so, then he will put the ad in the paper.

There is money in the budget this fiscal year to get the parking lot resealed and overlaid. Hopefully Joe will have that ready for the June meeting. It will have to be posted in the paper since it will be over the \$10,000 limit.

10. Director's Preference

Lindsey Dalley would like to see a committee on public relations made up of employees. He asked Joe and Bryan to talk to the employees and see if anyone would like to be on that committee. Joe explained that we already do presentations at the schools but we could have a booth at the Pomegranate Festival and the Clark County Fair. We have a water model that we purchased with a grant we received from the State and it's a great teaching tool.

Joe said that he had a conversation with Jon Blackwell regarding the standpipes in Moapa. This next year Joe would like to install some fire hydrants up there. He explained that it doesn't cost anymore to install a fire hydrant instead of replacing a standpipe with a fire hydrant. The general consensus was that Joe should go ahead and do that.

Review Monthly Expenditures –

On motion of Chairman Staton and seconded by Jon Blackwell, the Board voted 5-0 in favor to refer the monthly expenditures to the auditors.

Chairman Staton called a closed-door session at 6:05 pm. This was seconded by Jon Blackwell.

Litigation –

11. Personnel- Closed Door Session

- Possible Approval of Changes to the Policy Manual regarding Comp-Time, Sick Time, Vacation Time, Clothing Allowance and Standardizing the Four-Ten Shifts. Also, Adopt the Class/Compensation Schedule as Presented. (Action Item)

- Discussion on the General Manager Position

Jon Blackwell made a motion to re-convene an open-door session at 6:45 pm. This was seconded by Chairman Staton.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the uniform reimbursement policy of \$125 a year for all employees, and instructed staff to prepare the class/wage compensation scale for the maintenance worker and receptionist positions. Also, to revise section 9.2.1.B. in the personnel policy manual to read "Employees with one to ten full years of service who voluntarily terminate employment **or are laid off due to MVWD downsizing/budgetary cuts** (new verbiage) shall receive payment for 50 percent of any accumulated, unused sick leave at the employee's current gross hourly rate. For each full year of employment thereafter, an additional 2.5 percent of the accumulated sick leave shall be available with 100 percent available after 30 full years of employment. Discharged employees shall not receive reimbursement for accumulated, unused sick leave."

12. Approval of the June 9, 2011 Board Meeting

The general consensus was to hold the next Board meeting on June 9, 2011.

13. Adjournment

The meeting adjourned at 7:20 pm.