

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, JULY 14, 2011**

PRESENT: Kenneth Staton
Jonathan Blackwell
Randy Tobler

Joe Davis
Ken Bessey
Jeannie Poynor

Byron Mills

Joe Leslie, Leslie & Associates

Lindsey Dalley (by phone)
Scott Carson

Bryan Mortensen
Susan Rose

Vernon Robison, MV Progress

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. Approval of the Minutes of the Previous Meeting held June 9, 2011 (Action Item)

On motion of Randy Tobler and seconded by Scott Carson, the Board voted 4-0 in favor to approve the minutes of the previous meeting.

2. Approval of the Minutes of the Special Meeting held June 23, 2011 (Action Item)

On motion of Chairman Staton and seconded by Lindsey Dalley, the Board voted 4-0 in favor to approve the minutes of the special meeting.

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

4. 4th of July Committee 2011 Show - Donation – Jessica Whipple (Action Item)

No one was at the meeting to represent the 4th of July Committee.

Jon Blackwell came into the meeting at this time.

5. Approval to purchase media for the arsenic treatment plants from Severn Trent Water Purification, Inc. (Action Item)

Bryan Mortensen provided some updated information on this agenda item. He explained that we're not ready to use the media but we have a deadline of September 1st to purchase it. It something we have to have and there's no way around it. Baldwin will probably have to be changed out this fall. The media is performing well. It's about 35% above what it was expected. If we're careful, Arrow Canyon will probably have to be changed out either next summer or fall.

Scott Carson asked if it's ok to store the media and Bryan explained that as long as it's kept dry and out of the sun, it will be fine. He also explained that Severn Trent won't actually make the media until we are ready for it. There is \$184,000 in the media replacement fund. When we purchase the media we have to pay the full amount which is about \$500,000 and then we will be reimbursed 55% by the EPA. Staff has looked at the bonds and Jeannie discovered that some of that money has been spent so the money which is actually obligated is \$905,168. That frees up some money that can be used for media.

In light of this there are at least four options for the District to consider:

Option #1

Use 100% of the grant monies to purchase one complete media change out and water quality monitoring equipment. The funding shortage would be made up by dipping into reserves/savings.

- EPA portion - \$286,000
- MVWD portion - \$234,000 (shortage of approx. \$50,000)

Option #2

Use 100% of the grant monies to purchase one complete media change out but postpone the purchase of water quality monitoring equipment. The funding shortage would be made up by dipping into reserves/savings.

- EPA portion - \$255,053
- MVWD portion - \$208,680 (shortage of approx. \$24,000)

Option #3

Use a portion of the grant monies to purchase a partial media change-out (89%) and hold off on the water quality monitoring equipment. The available funds would cover the Districts portion with no transfers. This would purchase enough media for 6 of 7 vessels.

- EPA portion - \$226,000
- MVWD portion - \$185,000 (no shortage)

Option #4

Use bond money to purchase the media and leave the media replacement fund alone.

- EPA portion - \$226,000
- MVWD portion - \$234,000 bond money (no shortage)

After the agenda packets went out Randy Tobler had asked Bryan at a committee meeting about using bond money to purchase the media. Bryan looked into that and that's how option 4 came about.

Randy asked how much was being put in the media replacement fund and Ken Bessey said that it is about \$22,500 a quarter. Randy feels that we should start putting more money in that account.

Scott Carson asked if there was a possibility to get any grant money in the future for media. Joe Davis explained that there are a lot of small utilities that aren't complying with the arsenic rule and eventually the State will have to take them over. When that happens, things will probably change. There's a possibility that there could be some grant money available in the future.

Randy asked if Bryan feels good about having Severn Trent store it. Bryan explained that they are a huge company but he will keep an eye on them and if there's any indication that they might be having problems, he will call them and have them ship the media out. It takes about two weeks for them to make it and a week for them to deliver it.

On motion of Chairman Staton and seconded by Randy Tobler, the Board voted 5-0 in favor to accept Option 4 as outlined on the amended arsenic media replacement memo.

6. Discussion and possible approval to change the price of Moapa Valley Water District's leased MVIC shares which are part of the Secondary Water System- Phase I (Action Item)

Susan Rose explained that this item is on the agenda because Staff has been contacted by a couple of people who are currently leasing our MVIC Shares. They would like to see the annual fee reduced. At this time all of the shares are leased but every year there have been a few people who have elected not to renew their leases but we have always been able to lease them to other people. The renewal letters need to go out this month. Susan will have a better idea of who's going to renew and who's not at next month's board meeting. She explained that back in 2009 MVIC started requiring those who lease our shares to be MVIC shareholders. This really shortened the list of people who could lease our shares. Those who signed up on 2008 that weren't shareholders were grandfathered in for the five years.

Scott Carson feels that the current rate is very fair and that the criteria set by MVIC is fair.

Ken Staton asked who set the price on the leased shares and Susan explained that it was set back in 2008 by the previous board.

Joe Davis explained that it's a liability issue for MVIC when we lease shares to non-shareholders. If one of them blows out a valve then it falls back on us. If it's an MVIC shareholder who blows out a valve then it's their responsibility to fix it. Joe explained that he has a problem with the program because the program was started to free up space in our distribution system so we would have extra water. The problem is that if there's a user that has a large lot (5 acres or more), they're not going to use potable water because it's too expensive but one or two acre parcels could use potable water. During his research on the District's water rights, Joe discovered that we still haven't filed proof of beneficial use on the Arrow Canyon Well and the MX Well. He feels it's a little premature for us to allow those with smaller parcels to participate in the program. We need to prove up on our water. We are only using 2 cfs at the Arrow Canyon Well and we are allowed 10 cfs. We have permits for Arrow Canyon Well and MX Well but we don't have a certificate and we won't receive a certificate until we put all of that water to beneficial use. Every year we file an extension of time. If something goes wrong with the Coyote Springs pump test the State Engineer could take the other 8 cfs away from us. Joe feels that if shares are turned back in, we shouldn't lease them to anyone else. After the five years are up, he thinks the program should end or we should only allow those with large parcels to participate.

Randy explained that the Water Resource Committee has met with MVIC and they have a few ideas they're tossing around. He's not sure that we shouldn't lease out the shares that are turned back in. It's brings in about \$17,000 a year. Randy also thinks that there are other ways that we can deter that by increasing the acreage, and working with MVIC to see if we can still get the revenue and not hurt the District in proving up the water. He wants to keep it open to be able to lease shares that are turned back in.

Lindsey wants to keep the lease rate as is.

Joe wants the Board to take a look at the program before the five years is up so that when the program expires on September 30, 2013 we will have already decided what we are going to do with the water. Joe has also met with MVIC.

It was decided that if anyone decides not to renew their shares, Susan will put this item back on the agenda to see if the Board wants to lease those shares out to someone else.

The general consensus was to leave the program as is.

Chairman Staton called for a motion. No motion was heard, and none was taken so the action died for lack of a motion.

7. Manager's Reports

Senior Accountant- Ken Bessey explained that the budget is through May. There is one more month to finish up the fiscal year.

The auditors have moved back the field audit to October. That gives Ken a little longer to get all the paperwork together but that gives the auditors less time to do their part. They say they will have the audit done by the end of October.

Randy would like to see what we are paying in bank fees. Ken explained that our account is in analysis so we aren't charged any fees. Randy said that OPD just changed banks and they are saving \$24,000 a year in fees. Bryan said that we will expand our research to cover all the fees we pay to Bank of America. Lindsey asked if we could use MVFCU for some of our funds and Ken informed him that we have \$90,000 in the credit union already. Lindsey just wants to make sure we're supporting local businesses.

Water Production Superintendent – Bryan Mortensen explained that water production has dipped again. We're about 12% lower this month then we were last year at this time. Some of that has to do with Joe finding leaks in the system but most of it has to do with people cutting back.

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

- 1) Replaced level transducer at Arrow Canyon #2
- 2) CLA-VAL training for production staff
- 3) Performed weekly and monthly preventative maintenance on facilities, assets and equipment
- 4) The 340A system has been offline since May 15th for repairs to the interior tank coatings. It should be up and running next week. The problem was a coating issue.

- 5) Installed security gates & repaired discharge channel at Baldwin
- 6) Performed weekly and monthly preventative maintenance on 340A facilities, assets and equipment
- 7) Upgraded two 3" commercial meters to AMR meters. Bryan explained that we purchased some ultrasonic meters from Master Meter. We should make the cost of the meters back in 4-6 months. There are probably going to be some unhappy customers because they will now be paying for the water they are actually using.
- 8) There were 25 customer service requests last month. 19 data logs were done. One regarding low pressure, three for leaks at the meter, and two miscellaneous requests.
- 9) Relocated portable meters to the Narrows

Water Distribution Superintendent – To expound on what Bryan said about the new meters, Joe explained that the old meters didn't read anything under 2 gpm. The new meters will go down to ¼ gpm. They also give us data log capabilities which will allow us to tell a customer when they had a leak, for how long, and how much water ran through the meter.

Joe Davis also explained that crews installed 460' of 8" pipe and a fire hydrant on the corner of Gubler Ave. and Lyman St. during the construction of the new bridge several years ago. The line going thru the river was upgraded from a 3" pvc line to an 8" ductile iron line. However, it was terminated at the end of the bridge. Crews looped these lines together giving us a better system flow along with fire protection. The crews did a good job.

The new 14" flow control valve has been delivered. We are waiting on the delivery of a few more parts so crews can begin installation in the Warm Springs area.

Van Robinson from Glendale Holdings Group met with Staff and Board representatives to discuss the State Engineer's Order #5167 concerning Meadow Valley Wash water and water around Rox. Glendale Holdings is required to transfer the water permits to MVWD. There are still quite a few issues that need to be worked through before that can happen. Joe did go to Carson City with Van to meet with the State Engineer to talk about Order #5167. He said it was a good meeting. The State Engineer understands that the District has had some changes in management and said that we can have some extra time to get this taken care of. It is in Glendale Holdings hands right now. Van wants to schedule a meeting with Joe and the Water Resource Committee on the 19th to talk about reducing the amount of water we require them to provide for each parcel. Randy will be out of town so he won't be able to attend a meeting that day. Lindsey had told Randy that if he wants to attend the meeting, they can reschedule it or he could ask someone to attend the meeting in his place. Randy explained that we haven't received the information from Glendale Holdings that they promised to provide at the last meeting. Joe will call Van let him know that the 19th won't work. He will also ask Van for the information from the last meeting.

Lost and unaccounted water is still being tracked through temporary meters installed in the system. All of the meters have been installed. Bryan has been tracking them and adding his numbers to Joe's. The one meter in the middle of the Narrows, splits the two systems apart and is close; the other one is off about 17%. These numbers are only for two weeks. We are trying to get the meters calibrated then we will keep working our way through the system. Next month Joe should have numbers for the Board.

No major leaks occurred last month. Crews repaired five 1" leaks.

Joe is working on a presentation for the Board on the District's water resources. He would like to set a time for the presentation. He thinks it will help them to understand all of the agreements we have and how they work. The general consensus was to wait to see what next month's agenda looks like. If the agenda is light we will have the presentation an hour or so before the regular meeting.

Joe explained that he was instructed to have a second set of eyes review the agreements that we have. He has found a water attorney in Reno and he, Bryan and Scott are going to meet with the attorney next Thursday at 1 pm.

8. Director's Preference

Review Monthly Expenditures

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

Litigation – Byron Mills spoke with an associate for Wisser's attorney twice to put pressure on him to get things rolling. The only update Byron has is that they are moving towards a settlement conference and are going to have a settlement judge be part of the it. There will be a cost associated with that but it will be

beneficial. If there's a single party that doesn't think they're liable at all then you have an outside source that can try to talk some sense into them.

Lindsey Dalley just wanted to let the other Directors know that he was up at the Arrow Canyon Well and while he was there he spoke with Tom Brady. Mr. Brady told him that Arrow Canyon is getting a lot more use and that there are a lot more people driving on our easement. Mr. Brady thinks that it is going to cause some issues in the future. Lindsey decided to talk to BLM about it and see if they would move the road to Arrow Canyon off of our easement. The next step would be for him to go in and show them where we don't want the road. Bryan explained that Brad had been in contact with BLM and told them that we would go in and bring the road up to standard because most of the traffic is people accessing those public lands. The road is not BLM's or Mr. Brady's abvnd they want us to keep it up to standard. Lindsey explained that that's the point. We shouldn't have people driving on our easement which is over our waterline. Bryan said that it would solve the problem of people parking in front of the well and us not being to get inside our facility. Lindsey wanted to make sure that Vernon understood that this isn't about shutting down the road but it's about getting BLM to move their official access off our easement. Lindsey likes having an access to Arrow Canyon along with everyone else in the valley. He wants to get the ball rolling before it does become an issue and because it will probably take BLM a couple of years to get it done.

9. Personnel- Closed Door Session

- **Approve the revised job description for the Lead Serviceman position (Action Item)**

Chairman Staton called a closed door session at 5:30 pm. This was seconded by Jon Blackwell.

Chairman Staton reconvened an open door session at 5:55 pm. This was seconded by Jon Blackwell.

On motion of Chairman Staton and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the revised job description for the lead serviceman.

10. Approval of the August 11, 2011 Board Meeting

The general consensus was to hold the next Board meeting on August 11, 2011.

11. Adjournment

The meeting adjourned at 5:57 pm.