



Board of Trustees
Minutes of Regular Meeting
Tuesday, June 5, 2012
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

O.P. Brown, Jr.
Michael Henningsen
Raymond Wilson
Mark Dudley

Staff Members Present:

Frank Johnson
April Burchett
Sarah King
Bruce Scott
Craig Olson
Bill Peterson

Others Present:

Barbara Smallwood
Bob Allgeier
Jerry Smith
John Scott
Alan Reed
Nick Koropchak

Board Members Absent:

Ronald Wilcks

Meeting called to order at 6:00 p.m.

Claims Review and Approval -- The claims were reviewed by the Board and questions were answered by Frank Johnson. **Motion by Mike Henningsen to approve the claims for May, 2012 in the amount of \$129,395.68, and to approve the claims paid during May, 2012 in the amount of \$75,523.78.** Seconded by Mark Dudley. Motion carried unanimously.

Minutes of May 1, 2012 Regular Board Meeting and May 18, 2012 Special Board Meeting – The minutes of May 1, 2012 and May 18, 2012 were reviewed by the Board. **Motion by Ray Wilson to accept the minutes of May 1, 2012.** Motion seconded by Mike Henningsen. Motion carried unanimously. **Motion by Ray Wilson to accept the minutes of May 18, 2012.** Motion seconded by Mark Dudley. Motion carried unanimously.

Public Comment – Nick Koropchak presented the Board with a list of 133 trees that were planted, along Highway 395 which are being watered by MGSD's effluent. He stated that the entire cost for the project was \$55,824.00 and all but \$3000 had been paid for. Maintenance is all that is needed and the replacement of lost trees. Recently a tree had been knocked down by a vehicle. Bud Brown explained to the public about the donation of the effluent water for the trees. There was discussion about the irrigation



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system. Nick Koropchak explained to the Board that he would be going before the Town of Minden Board on 6/6/12 to ask for additional money and invited the MGSD Board to the meeting.

HDR Engineering – Presentation and Status Update of MGSD Master Plan – Represented by Craig Olson. Craig presented the Board with a final draft on the District Wastewater Master Plan. He stated that the Master Plan was nearing finalization and just a few comments were needed. The Planning horizon for this document is 2030. The last document was done in 1994, 18 years ago though it should be done every 5 to 10 years. The plan covered historical wastewater flows and flow projections. The draft also covered some of the facilities that need to be still built and some that need to be upgraded. The last table showed timelines and implementation schedules. Craig spoke about the cost of building some of the new projects. He informed the Board that the plant is in good shape barring some permit changes from the State and this was mainly because of the proactive Boards of the past. Currently nothing is essential to be done right away. Mark had questions about having the predesign done and ready until growth happened. Craig explained that the structures are present and should not need anything done right away. Frank felt that the dewatering project was more important than the sludge thickening project. Bud had questions on odor control and Craig stated that there was nothing in the plan to cover odor control as it had been added in the past. Ray had questions about the total cost if everything was done which would be about \$18,000,000. Craig explained that most of the projects would be done after 2030. Ray wanted to know how many manuals would be provided and Craig said about 10 would be provided. Bruce stated that the plan would double the current capacity of the plant and most of the money would be covered by connection and capacity costs and these costs should be looked at on a regular basis so that user fees can be kept down.

Frank had questions on the heat loop project which was part of his District Manager's report and asked Craig about HDR's role in the electrical design on the project. Craig stated that they had been approached by El Dorado Engineering to do the electrical design and asked for a cost so that the design could be finished but so far no electrical design was done. Craig felt it was a good idea to use the excess gas to heat the maintenance shop and the belt press room but the project has grown and now costs more.

John Scott – Capacity Refund Request – Frank explained to the Board that John Scott had purchased 3 units of capacity in 2000 and had never used it. John explained to the Board that previous Board member Leonard Anker had stated that if for any reason nothing was built to get with him about a refund. But time passed and the purchase was forgotten. Mark had questions on the property address. Ray had questions on what the building was going to be. John explained that \$400,000 that was owed to him was never paid to him and as he did not want a mortgage he decided not to build. He stated that he still owned the property. Ray wanted to know the cost of the units and was informed that at that time they cost \$3500 and currently cost \$3800. Mike explained that John had called him and he had given the problem some thought. He felt that when insurance is bought if it is not needed as time goes by then it is not refunded.



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Mike felt that MGSD is in as good a shape because the money is received up front to develop capacity and so it is insurance that there is a capacity available. Mike felt that since 10 years had passed it did not justify giving the money back. Ray sympathized but felt the same way as Mike and felt that if John were to sell the property then he has the EDU's as part of the property to be sold. Mark also sympathized but felt that a lot of investors had lost a lot in the past few years and felt that the EDU's could be sold with the property and is a good selling point of the property. Bill Petersen, legal counsel informed John that in the past people were buying and hoarding capacity because it was limited and so the policy was established that you had two years to use it, get an extension or forfeit it all. Frank had a question about how Gardnerville Town Water was handling it. Ray stated that water rights could be sold for more unlike sewer and might benefit Gardnerville Town Water to refund the money. Bud Brown suggested continuing this to the next meeting.

Warren Reed Insurance – Represented by Alan Reed. Alan Reed presented the Plant Insurance Package for FY2012-2013. There was an increase in the premium for MGSD from \$75,681.27 to \$78,704.16. Even though there was an overall decrease for Pool customers MGSD had an increase because of the purchase of the Vac truck. Alan spoke of the members involved and stated that there were no changes there. Frank had a question about the earthquake coverage and if it was total replacement cost or depreciated cost and was informed that there was coverage of \$100,000,000 for earthquake and flood and also that equipment breakdown coverage would cover property damage that would occur if a piece of machinery broke down and destroyed property. There were various questions about coverage and Alan Reed explained different scenarios. The total value of the MGSD's buildings is \$26,855,900 with content value of \$7,935,400. Frank explained to the Board that the premium was being paid for the next budget year. **Motion by Ray Wilson to accept the Plant Insurance Package for FY2012-2013 as presented by Warren Reed Insurance.** Seconded by Mike Henningsen. Motion carried unanimously.

Gardnerville Ranchos GID – Request to Purchase Capacity – Represented by Bob Spellberg. Frank explained that Bob was requesting 20 units of capacity which he would be banking so that he would not have to come back on a regular basis. Bob informed the Board that there was not much happening and maybe in the future the Tribe would be building more homes. The Board was informed that the check had already been received. **Motion by Mike Henningsen to sell 20.0 units of capacity to the Gardnerville Ranchos General Improvement District under the terms of the 1990 Supplement to the 1974 Agreement between GRGID and MGSD and are to be used within the Gardnerville Ranchos General Improvement District Boundary.** Seconded by Ray Wilson. Motion carried unanimously.

Ray had questions of Bob about why GRGID had two different sewer use rates. He was informed that \$12 was per the 1974 agreement based on the purchase of gallons which would cover fixed and variable costs. They were grandfathered in. The 1990 agreement covers user fee and the tax which is the property



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tax and this amount is higher than the 1974 agreement. Bab also mentioned that the GRGID Board was meeting the next day and would be discussing a raise in sewer rates to cover MGSD's rate increase.

Attorney-Client Conference -- Frank stated that questions had arisen about the GRGID contracts and Bill Petersen MGSD's legal counsel was present to explain the history of the GRGID/MGSD contracts. Bill explained there was an original 1974 contract where GRGID bought 400,000 gallons of capacity in the plant that was going to be built. So they would be part-owners. However there were disputes and MGSD and GRGID ended up in court. The judgment was that GRGID would buy capacity at a fixed rate and a limited amount. This was appealed and this is why some of the GRGID customers were grandfathered in at the fixed rate of \$12 a month. MGSD decided they did not want GRGID as a part owner and the 1990 contract changed. It was decided that the few gallons of capacity left was to be used up and then the charge going forward would be set up as it is set up now. Bill explained that this was set up as per the 1990 agreement. The user fee is 88.63% of MGSD's because they handle their own maintenance of the lines, plus the calculated tax rate. They pay 100% of the current MGSD acreage fee and 100% of the MGSD capacity fee. The connection fee is 65% of the residential connection fee. In addition fixed charges of the plant are charged and a portion of them are allocated to GRGID. Bruce explained that they are being treated like any other customer and they are paying for a percentage of the flow that is coming in. Frank stated that it had been brought to his attention that GRGID was benefitting from the Grease CoGen project because of the lower utility bills without having to repay the interest free ARRA loan. But it was agreed that the contracts had been working real well and would be better not to change them. Barbara had a question on the payment in lieu and wanted to know who calculates it. April stated that it was last looked at in 2004 and MGSD does the calculation. Ray had questions as to why the rates were not looked at since 2004. April stated that she was not sure as to why it was not done and the last person to do it was David LaBarbara. Ray felt it should be done more often because GRGID could ask for a reassessment in their favor. Bob Spellberg agreed and stated that the assessed value has down \$80,000,000 to the 2002 values. Bruce agreed that it should be looked at periodically.

Engineer's Report – Bruce reported on the following projects:

Work on Highway 395 has begun and MGSD would be proactive in making sure that the manholes would be raised back up to grade and would be gone through with NDOT to prevent what took place in past projects, with debris in the lines.

Bruce stated that he had met with Mimi Moss to set up a meeting with Douglas County, MGSD and R.O. Anderson Engineering about Southwest Gas being in MGSD's easement. Douglas County has been really supportive and it has been found that Southwest Gas was not the whole problem. Some of the locational design work was done by R.O. Anderson and MGSD needs to find out who did what and why, and then



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make the decisions. Bruce mentioned that Southwest Gas changed the alignment of the gas main to accommodate some of the other utilities and the gas line is over the sewer line and sometime in the future it could be a problem. Bruce suggested a recommendation to Southwest Gas that they will indemnify the District in the future if there is a problem. The alternative is to have the line moved which is a harder way to go. Bruce explained that this project did not follow in an orderly process and there were no inspections and no pre construction conferences. Mark asked again if this could be flagged for the future. Bruce stated that Bill Petersen would have to come up with a legal plan. Bob Allgeier stated that the Douglas County could put it in the final plans.

Bruce informed the Board that MGSD should be getting recorded easements for the utilities for the jail extension. Anything that is excessive after our ordinary costs would be covered by the Douglas County.

Barbara Smallwood thanked the Board for the great job being done by them and had a question as to who would be present at the meeting on Thursday for the jail easement. Ray suggested someone be there.

Bud had questions about the ponds and Bruce said work should be starting soon, however, the contractor was currently working on the Pine Nut Road area project and the contractor wanted to ensure his best crew was available for the pond repair.

District Manager's Report – Frank reported on the following items:

EDU Allocations: No EDU's were allocated during the month of May. However the Ranch at Gardnerville is expected to be coming in for 8 permits.

GRGID agreement was covered.

Master plan copies will be dispersed when received.

Heat Loop Project: Frank referred to the letter from El Dorado Engineering and stated that MGSD needed to get the project going as winter would be coming up. He stated that the design and bid costs would be \$44,700. Mike had a question on what the project would cost and Frank felt it would be about \$140,000 - \$150,000. Frank informed the Board that he needed authorization to sign the letter and get it back to El Dorado Engineering. **Motion by Mark Dudley to authorize Frank to sign the "Amendment to Provide Engineering Services for the Design of Heat Loop Expansion Project Dated October 10, 2011," letter dated June 1, 2012.** Seconded by Mike Henningsen. Motion carried unanimously.



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Bruce felt that this would probably be presented at the August meeting and the project should be done by winter. Bob Allgeier had a question about the use of energy paying for the cost and the payback time and was informed it would be approximately 15 years.

Secretary's Report – No Secretary's Report.

Public Comment – Barbara Smallwood felt that John Scott should not be refunded the money as this would set a bad precedent for the future.

Jerry Smith had a question about the Southwest Gas trench and if it was open as he was concerned about earthquakes as it is in an earthquake zone.

Board Comment –Mike agreed with Barbara about refunding the money to John Scott. He felt that either MGSD should follow its bylaws or change them. Ray agreed with that. April informed the Board that in the past Bonnie Feticc, the previous MGSD secretary would send letters when the two year term was coming up but since John Scott had cleared ground it was not considered forfeited. Mark suggested that extensions could have been requested similar to other property owners have done. Recently Stone Creek forfeited 73 units when it went into foreclosure. Bruce stated that the policy was harsh because in the past people would hoard capacity and the previous Board came up with it to prevent it. Jerry spoke about purchasing flood insurance and not needing it; but you cannot get the money back. There was also a discussion about having a quarterly fee in the future for not using purchased capacity.

Meeting adjourned at 8:32 pm.

Approved _____ By _____
Date