



Board of Trustees  
Minutes of Regular Meeting  
Tuesday, December 4, 2012  
6:00 P.M.  
Board Room  
Minden-Gardnerville Sanitation District  
1790 Hwy. 395  
Minden, Nevada

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Board Members Present:

O.P. Brown, Jr.  
Michael Henningsen  
Ronald Wilcks  
Mark Dudley

Staff Members Present:

Frank Johnson  
Sarah King  
Brian Buffo  
Bruce Scott

Others Present:

Richard J. Peters Jr.  
Jeremy Hutchings

Board Members Elect Present:

Bob Allgeier  
Barbara Smallwood

Board Members Absent:

Raymond Wilson

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***Meeting called to order at 6:02 p.m.***

O.P. Bud Brown thanked the new members for running for the Board and welcomed them aboard.

**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 received for November, 2012 in the amount of \$43,816.36, and to approve the claims paid during November, 2012 in the amount of \$82,792.98.** Seconded by Ron Wilcks. Motion carried unanimously.

**Minutes of November 6, 2012 Regular Board Meeting** – The minutes of November 6, 2012 were reviewed by the Board. **Motion by Ron Wilcks to accept the minutes of November 6, 2012.** Motion seconded by Mark Dudley. Motion carried unanimously.

**Public Comment** – On behalf of Bob Allgeier and her, Barbara Smallwood thanked the Board and stated that they are happy to follow in their footsteps.



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**MGSD Heat Loop Project** – Frank informed the Board that MGSD had received five bids on the Heat Loop Project with the new low bid being \$159,800.00. He stated that at this rate it would be at a little over a ten year payback. He explained that if heaters were purchased, and with the cost of natural gas over a 10 ½ year period, the payback would be the same as doing the project. Currently MGSD is wasting a lot of methane but Frank was not sure of the direction that MGSD should take. Mike had questions about the life expectancy of the heat loop. Bruce stated that the whole process has been really frustrating. He felt that it would be worth doing the project as there would be savings in gas over the time. There would be maintenance in the future but the overall cost would be minimal. He felt that once the cost was offset in savings then everything else would be savings. Bud Brown had questions about where the costs came from and was informed that the door itself cost \$10,000. Bud felt that a heated building would give the staff a place to work in when doing maintenance. Bob Allgeier addressed the Board. He stated that the projected savings are probably reasonably close based on the price of gas which is currently going down. However he felt there was a problem with the accounting system which is affected by the GRGID contract and the Supreme Court ruling. He informed the Board that when the GRGID formula is applied 60% to MGSD and 40% for GRGID, then the \$12,000 savings will really only be \$7,000.00 savings for MGSD with a 20 year payback. He felt at the end of the accounting year MGSD will have paid 100% of the project cost, with GRGID getting 40% of the benefit. In this case, MGSD would not get a full benefit of the savings. Space heaters could be a maintenance cost and this cost would be paid by GRGID. Mike felt we could not undo the GRGID formula and should move forward and address the needs proactively and progressively and not head down a shortsighted path. Mike felt that the formula has not hurt MGSD so far and so the formula is not too far off. Mark felt that MGSD's handles 100% of the plant with no one else has any control and MGSD prefers not to have GRGID have any say in the matter. Ron agreed 100% that he did not want GRGID involved in making decision about the plant. Bob also stated that this applied to the Co-Gen project, which at the end of the year, is a dead loss as GRGID gets the benefit without any cost. He felt that heaters would be a more cost effective way to go. Mike however reiterated his earlier comments.

**Motion by Mike Henningsen that based on the excess methane gas that is going to waste; accept the low bid from West Coast Contractors in the amount of \$159,800 for the MGSD Heat Loop Extension Re-Issue Project with an option to look for alternatives to reduce cost.** Seconded by Mark Dudley. Motion carried unanimously.

Frank again stated that the door may be something that can be done in house. Discussion followed regarding the work involved and when it would start.



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**Douglas County Parks and Recreation – Public Hearing for Annexation for 21.20 acres located at 1326, 1336, and 1346 Stodick Pkwy., and 1325 Waterloo** – Represented by Jeremy Hutchings. Bruce reported that the notice for public hearing was published in the Record Courier, and the public hearing for annexation/contract of service is able to proceed. He recommended final approval by the Board.

**Motion by Mike Henningsen to approve the annexation request from Douglas County Parks and Recreation for 21.20 acres located at 1326, 1336, and 1346 Stodick Pkwy., and 1325 Waterloo (APN's 1220-04-601-019, -020-, -021, and -026) subject to the conditions outlined in the letter from Resource Concepts, Inc., dated November 1, 2012. All rules, regulations and requirements of MGSD are to be met and all fees paid.** Seconded by Ron Wilcks. Motion approved unanimously.

**Sierra Nevada SW Enterprises – Plan Review and Capacity Request** – This item has been continued to the January 3, 2013 regular board meeting.

**Century 21 Clark Properties – Review of MGSD Policy regarding Transfer of Sewer Capacity** – There was no one present to present this item. Frank gave a background to the Board of the correspondence that taken place regarding transfer of capacity from one parcel to another. He mentioned that Danny's restaurant could be turned into retail, not needing as many EDU's in the future. He also referred to MGSD legal counsel's letter. Bruce did not think the Board should pursue this matter since no one was present. He stated that policy is fairly strict but not a big problem. A restaurant could be turned into offices but going back and forth would cause a challenge. He also felt that real estate is more valuable with sewer and water included. Mike was confused about the donor rights and about who would acquire them. He also felt that money received for capacity is already spent and cannot be refunded. Capacity, though an asset, cannot be moved around. Mark had questions on the time frame for the capacity bought. Bruce spoke about a standby charge that was talked about in the past for people holding capacity but stated that MGSD does not have such a policy. Bud asked Frank to table this item until someone was able to come back to make a presentation. Frank will contact Patty Clark to have her come back to the next meeting for discussion.

**Richard J. Peters, Jr. and Co. – June 2012 MGSD Audit** – Represented by Richard Peters. Richard stated that page 3 was a good place to start in the audit statement as this gave an overview of the financial statements and that there were no changes in the balance sheets. A major acquisition was the Gap Vax truck with a cost of \$321,000. Due to how the days of the year fell an extra payment occurred to the interest free loan. The total net assets decreased while the investment in capital assets also decreased due in a large part to depreciation. However he felt it was still pretty much a usual year. Richard stated that he did not include the sewer user rate increases, but stated that this did not affect the financial statement. Bruce pointed out that MGSD tries to operate leanly. He informed the Board that recently there was a



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meeting in Carson City regarding regionalization of sewer plants as Carson City has some major issues. Most GID's borrow money and the question was how MGSD manages to be in the black with such low user fees and also manages to have a well working crew. Bruce stated that the original Board had instituted a forward thinking plan with a long term view that has helped establish this course of being frugal and a great past economy helped put money in the bank. Bob had a question of Richard Peters about restricted cash where 2.3 million has been restricted for odor control. He wondered who set this level. Richard explained that page 17, note 4 explained about restricted cash. Richard felt that in the future, with a Board Resolution, money could be moved from odor control to regular plant operation. Bruce suggested in the future, it could be used for line rehab as more and more money is being spent on televising. Currently odor is not as big an issue.

**Motion by Mike Henningsen to approve the audit dated June 2012 as presented by Richard Peters.** Seconded by Ron Wilcks. Motion carried unanimously.

**Engineer's Report** –Bruce Scott reported on the following:

Wal-Mart is getting close to being done. The Contractor was required to replace a section of line and a manhole and it was done well.

Tractor supply Store is being proposed next to the Maverik project. Town Of Minden has seen the layout and the item is on their agenda for Wednesday. At the next Board meeting, MGSD should see something.

Carson Valley Inn will be building an amphitheater which will need sewer capacity and approval by MGSD for an annexation. However currently only the parking lot is being done and no capacity is needed.

Reservoir Repair: Curtain wall has been installed in areas where there were leaks. Borings were done in weaker areas and a select grout was put in to seal it. The soil around has been stabilized.

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

EDU Allocations: No units of capacity were allocated during the month of November.

Heat loop Project: Bruce will follow up with Dave Pavetti of El Dorado Engineering now that a bid has been approved.

Reservoir Repair: An insurance claim has been submitted to Alan Reed for the repair of the reservoirs.



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Capacity Transfer Request: A letter will be sent to Patty Clark of Century 21 per Board request.

Wal-Mart: All issues have been resolved and it is near completion.

Collection System Master Plan: A lot of televising was done this year, more than used to be done by Hydro Tech in the past. The staff will be reviewing the videos. Bruce and RCI are working on putting together a master plan for the MGSD collection system. This will probably be presented at the January meeting. Bruce stated that it would be valuable to focus on rehabilitation work and going forward with a GIS database. Bruce informed the Board that he would have the scope and a not to exceed amount for the next Board meeting.

Audit: The audit has been completed.

Sierra Nevada SW Enterprises: This has been continued to the next meeting.

Employee Compensation: Bud Brown stated that he felt the employees of MGSD were like family and he wanted to give every staff member a \$100 a month pay raise. Frank stated that he was very fortunate to have the staff that he had and informed the Board that he had done a wage study which was difficult to obtain comparables as MGSD is very different from other entities. MGSD staff performs all duties unlike other plants where staff is divided into collection, maintenance, etc. MGSD's salary scale is comparable to Carson City but in Carson City their departments are compartmentalized. In the recent past, MGSD has lost staff to Incline and DCSID due to salaries and the main goal is to retain the staff. Frank also mentioned that the PERS contributions were going up by 2% from 23.75 to 25.75%. Since MGSD is a non-choice agency it pays 100% of the contributions and this cannot be changed from non-choice to choice status. All this puts a burden on the District. However there has been no cost of living adjustment since 2008. In 2010 only a 2 ½% step increase was given instead of a 5% step increase. Frank felt at the very least to adjust the scale 5% which would still keep MSGD below other entities, and he suggested adding a 10<sup>th</sup> step to the pay scale. He felt that operators who get additional certification should be compensated with ½ step raise. Certain certifications are not needed, but may be needed in the future by the State of Nevada. The office staff could also get certifications and be compensated. He stated that he was not proposing this be done now but be implemented into the next year's budget. Currently there is excess money in the salary budget as a person who could be hired had not been and MGSD is short staffed. He also suggested changing the title from Lead Operator to Operations Supervisor. This would not change the job description but would reflect the great job being done. Mark had a question as to when this salary increase would take place. Frank stated that it was up to the Board. He also mentioned that certified operators are hard to come by and it is a highly competitive field. Mike stated that MGSD had a great staff and that Brian Buffo, the lead operator was doing a wonderful job. However he also stated that recently no capacity had been sold and no money had come in. A recession could still happen with the fiscal cliff looming. If there is no income it is hard to justify outgo. However, since operations have been so lean and there is an excess in the budget Mike felt that the personnel should be taken care of in the



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good times and bad times. Bud felt that a 100 a month with a 5% raise for the future would be the way to go. Frank spoke about what was budgeted for salaries and stated that \$40,000 was being spent a month on salaries and MGSD was below the budget by about \$110,000. Bruce stated that \$100 was about a ½ step up. Mike felt 5% was well within reason. Ron agreed and said he supported Mike's assessment. Frank suggested a 2½% increase in January followed by 5% in the next fiscal year and each year thereafter, add a 10<sup>th</sup> step, and change the title from lead operator to operations supervisor.

**Motion by Mike Henningsen to adjust the salary scale by 5% effective with the fiscal year 2013, with 2½% increase Jan 1<sup>st</sup>, which would be a onetime increase; with the dollar impact number to be provided for review.** Seconded by Ron Wilcks. Motion carried unanimously.

Frank thanked Bud Brown and Ron Wilcks for their service to MGSD. Bud responded by telling Frank that it had been a pleasure to work with him.

**Secretary's Report** – Sarah reminded the Board about the retirement party for Bud Brown and Ron Wilcks on December 13<sup>th</sup> at 11:30am at the Country Club. She also reminded the Board that the next Board meeting date in January would fall on Tuesday the 1<sup>st</sup> which is a holiday, so it would take place on the 3<sup>rd</sup> which is a Thursday.

**Public Comment** – There was no public comment.

**Board Comment** – There was no Board comment.

***Meeting adjourned at 8:15 pm***

Approved \_\_\_\_\_ By \_\_\_\_\_  
Date