



Board of Trustees  
Minutes of Regular Meeting  
Tuesday, March 5, 2013  
6:00 P.M.  
Board Room  
Minden-Gardnerville Sanitation District  
1790 Hwy. 395  
Minden, Nevada

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Board Members Present:

Robert Allgeier  
Mark Dudley  
Michael Henningsen  
Barbara Smallwood  
Raymond Wilson

Staff Members Present:

Frank Johnson  
Sarah King  
Brian Buffo  
April Burchett  
Bruce Scott  
Bill Peterson

Others Present:

Ken Anderson

Board Members Absent:

None

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*Meeting called to order at 6:03 p.m. by Michael Henningsen, Chairman*

**MGSD Board Secretary** – Resignation of Board Secretary and election of New Secretary. **Motion by Ray Wilson to accept the resignation of Robert Allgeier as Secretary effective March 5, 2013.** Seconded by Barbara Smallwood. Motion carried unanimously.

**Motion by Bob Allgeier to nominate Barbara Smallwood as Secretary.** Seconded by Ray Wilson.

**Discussion.** Barbara informed the Board that since Mark Dudley the senior member did not want to occupy the position she would gladly accept it.

Motion carried unanimously.

**Claims Review and Approval** – The claims were reviewed by the board and questions were answered by Frank Johnson. **Motion by Barbara Smallwood to approve the claims received for February, 2013 in the amount of \$65,068.54, and to approve the claims paid during February, 2013 in the amount of \$87,859.84.** Seconded by Mark Dudley. Motion carried unanimously.



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**Minutes of February 5, 2013 Regular Board Meeting** – The minutes of February 5, 2013 were reviewed by the Board. Bill Peterson, MGSD Legal Counsel wanted to make a change to page 4 of the minutes regarding the comment by Mr. Urrutia and add the words “Mr. Urrutia and Mr. Sullivan specifically acknowledged that they understood and agreed to the conditions laid out and the applicant accepted them all without reservation.” **Motion by Mark Dudley to approve the corrected minutes of the February 5, 2013 Regular Board Meeting.** Seconded by Barbara Smallwood. Motion carried unanimously.

**Public Comment** – Ray Wilson had a question for April about an item from about a year ago regarding Alan Reed who was to get back to MGSD about the retiree insurance and wondered if this had happened. April informed him that he never had got back and she would follow through on it.

Bruce introduced the engineer from Manhard Consulting, Ken Anderson, who was present from Carson Valley Inn and suggested that maybe the Board could take him out of order. **Motion by Bob Allgeier to move item #9 out of order.** Motion seconded by Ray Wilson. Motion carried unanimously.

**GPEG II, LLC Annexation** –Bruce informed the Board that the Carson Valley Inn had improved a parking lot behind the Inn and were now getting ready to break ground for an amphitheater. Part of the original agreement was that CVI annex the property that was back there of which part of that property is in a flood plain and part of it is going to be out of it. He explained that CVI had now requested annexation. The property is part of a parcel as there was a lot line adjustment and part of the lot was already annexed. Currently there are 12.58 acres and MGSD’s ordinance allows for a consideration of a flood plain ground. He informed the Board that the recommendation which is in the letter dated 2/27/13 was that the portion that is in the flood plain be annexed without fee and the portion that is not in the flood plain be annexed with normal fees. Bob Allgeier had a question whether there was to be no fee as nothing was going into that area. Bruce agreed that it cannot be developed with something that would take a sewer. Area 3 is the parking lot and there is a recommendation to pay a fee on that area. Bruce recommended that areas 1, 2 and 3 be paid for and the remainder area be annexed with no fee. Ken Anderson informed the Board that the remainder area was strictly a wet land area. The owner of CVI was going to build up that area to enhance the wet land area. The elevation would be lowered with seasonal pools and different vegetation to make a super wet land. Bruce informed the Board that MGSD’s annexation process was a two-step process. The first step of the process was for the Board to find that the property was eligible for annexation. It would then be set for noticing in the newspaper and then at the next meeting the annexation would be back for approval. In the meantime Bill Peterson would put together an ordinance. This would enable CVI to move forward with the projects. April informed the Board that the application fees had been received. Barbara had questions on the pass thru fees for the annexation and if the rate payers were being affected. April explained about the \$1000.00 annexation fee



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that would offset the engineer's fees, publication fees, legal fees etc. and the acreage fee would be assessed at the end. Nothing falls back to the rate payers. Bruce explained that there were eight acres that would be annexed at \$600.00 an acre. Barbara had questions regarding the flood plain if in the future there would be a record should someone decide to develop it. Ken explained that CVI would be paying for the 4.52 acres and not the 8.06 acres which is the flood plain. **Motion by Barbara Smallwood to accept the annexation application from GPEG II, LLC subject to the conditions in the letter from Resource Concepts, Inc., dated February 27, 2013, to direct staff to publish the annexation for public hearing, and to schedule the public hearing for the April 2, 2013 regular Board meeting.** Seconded by Ray Wilson. Motion carried unanimously.

**MGSD Wastewater Master Plan** – Frank Johnson reported that Craig Olson from HDR Engineering was unable to attend the meeting, but would attend the April 2<sup>nd</sup> meeting. Mike Henningsen wondered if this item should be postponed and Bruce responded that he thought maybe Craig could answer the question on the phone. Frank however informed the Board that Craig would like to come in person to meet with the Board. Bob Allgeier stated his question of HDR was that the Master Plan recommended that projects start in 2013 and there was roughly about \$3,000,000.00 in projects and currently MGSD did not have the money. He wondered why the capacity of the plant approved by the state should be duplicated. Frank explained that it was for a particular piece of equipment which is aging and it does not have to be done right now. Bob also spoke about the projection of growth in the district and he stated he felt that it was on the optimistic side especially after talking to the UNR US demographer and the County, MGSD should have enough capacity to make it for 2030. Mark explained that the plan was mainly a guideline but not for exact development and currently since there was no growth there was no need for expansion. Bruce said it is hard to project but maybe growth should be paralleled by flows, and the flows should dictate the development and the Master Plan lets you know what the critical points are. Mark felt that MGSD could pick and choose projects that needed to be done within the budget. Bruce stated that over time MGSD has been able to add facilities to create redundancy so that if something was lost right now MGSD would still be able to operate. MGSD has reached a point that redundancy is much less a factor now. It has been a long term process but now MGSD does not have to borrow money. Mike Henningsen stated that there was a perceived momentum to be proactive when the economy was growing and it is misleading to say that the projections were wrong but no one could have anticipated this giant depression in the economy. It was decided to move the item to the next meeting.

**MGSD Collection System Master Plan** – Bruce Scott presented a Cost Estimate and Scope of Work for the proposed Collection System Master Plan. He explained that the collection system has never had an overall focus on it in terms of how the pieces fit, where the constraints are and where the future possibilities of growth to the plant are. This proposal looks at evaluating the collecting system, looking at



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capacity bottlenecks, future routing of interceptor lines to bring new development areas into the district, and into our facility. The exciting part of this is the development of a data base and the development of an interactive GIS system. Eventually MGSD will have every manhole located with a depth and it could be plotted in 3 dimensions. The manholes are already catalogued, named and numbered. This would all be put into the GIS data base system. Everything would be on a data base so it would tie into the State plane coordinating systems. This would be a long term project. The problem is to get everyone on the same data base system or it will not work. The interactive data base would be accessible from a desk top and notes can be put on lines as problems are encountered. Once this is input, it would be there for all time and can be added to. There would be an overview of the sanitary development standards. Currently lines are being televised. Operations maintenance procedures need to be established so that there is consistency especially when it starts to get busy. A standardized process would be established. The District currently physically checks every manhole. Bruce asked the Board if they had any questions. Mike had a question on the GIS standards and the expense of the software. He wondered if the software would be compatible with the county, state of NV etc., - would they talk to each other,- whether it would be accessible by other entities and vice versa where MGSD could interact with another GIS entity. Bruce stated it could be, but currently the GIS programs had been looked at in a very general way. He stated that we are not trying to build something that is interactive outside the MGSD district and everything is based on how it interacts with the MGSD system. There would be accuracy with the GIS site. Bruce informed the Board that the County currently has the system but it does not coordinate with the State systems. The system would be gradually upgraded and could get as broad based as possible. However software costs a lot of money and care needed to be taken to not spend too much and to keep it simple enough to be workable by the staff. Bruce mentioned an earlier item on the agenda, the CVI flood plain acreage and stated that this would be recorded on the system. Mark had a question about how long a project like this would take and Bruce stated about 6 to 9 months with meetings with the staff. Ray hoped that the software would be simple enough for the staff as he has had experience of wasted software when it is too hard to figure out. Bob Allgeier had questions about the collectors that were installed in the 1960's and the different materials that they were made from and he wondered what the life span was on the ones installed then compared to the ones installed currently. Bruce informed him that the different pipes were vitrified clay pipe, concrete pipe, asbestos cement pipe, cast iron pipe, poly vinyl pipe and PVC pipe. However some of the useful lives have been exceeded. Bruce explained that MGSD was a ways away from things falling apart but suggested being aggressive in identifying older pipes that should be upgraded and replaced. Bob also wanted to know if MGSD has a liability when the drawings are made when the engineers tie into MGSD's system. Bruce explained MGSD is only responsible for the major collection and does not manage the laterals. Bob informed the Board that the budget capital system has restricted funds and wondered when the collector system was to be replaced if it was considered line rehab. Bruce stated that historically rehab projects are taking an existing line that gets a new line or replaced then it is a rehab process. Rehab was underfunded in the past because it was not an issue. Bob brought up another item which was identifying the future growth to the 2012 master plan but that needs to be looked at with HDR. On rehab Barbara wanted confirmation that the builder was responsible for building the new lines and not MGSD. Bruce explained that new lines are built by the builder. The only



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exception is if there is a development going in and a bigger liner is needed then MGSD would need to upsize the line. Bruce also stated that future growth areas would be identified and where interceptors would be needed. Population growth is important but the development areas as identified in the master plan are what is important. Barbara spoke about the gravity flow and wondered if MGSD maintained lift stations. Currently there are no lift stations that MGSD maintains. If there was ever a question of accepting a lift station in the future there would be a surcharge on that. Barbara wondered if in that case it would have to be built into the ordinance before accepting it. But Bruce was not sure about that. MGSD was built to basically be a gravity only plant. There are a few private lift stations that have been approved with requirements but MGSD has not taken any on. Barbara had questions on infiltration inflow, on page 1 of the handout and Bruce stated it would be done at a cursory level on where the flows are. The televisors are currently looking in manholes that have not been looked at in 20 years. Barbara also felt that it was critical to address the best data base program based on the needs of the staff. Bruce agreed that too complicated a program would not be agreeable and he is hoping to look at the programs and see what would work best for MGSD with the ability to be flexible. Mike wondered if the amount of \$139,000 was just a starting point to which additions could be made in the future as he felt the amount was fairly low. Bruce explained that this is a starting point and that the staff would help build up and it would be a useful tool that would take 5 to 10 years. **Motion by Bob Allgeier to approve the proposal from Resource Concepts, Inc. to prepare the Collection System Master Plan in the amount of \$139,871.00.** Seconded by Ray Wilson. Motion carried unanimously.

**MGSD Heat Loop Project** – Frank stated that the project is close to being done and the heaters are needed and some electrical. Coating on the piping has been done. Doors are in and they should be done in about 8 weeks. Frank explained that April had provided the ongoing expense summary which would be provided each month covering the bid amount with the remaining balances etc. The project should be wrapped up by next month and West Coast Contractors has been a good company to work with.

**MGSD Restricted Funds** –Bob Allgeier had asked to have this item included in this meeting for discussion so that if any changes needed to be done it could be done in the April budgetary meeting. He informed the Board that two thirds of the year had gone by and MGSD had only collected \$75,000.00 for all the restricted cash accounts. This was a long way away for just the heat loop project and this amount includes the line rehab and the odor control and the plant expansion. He stated that the annual financial report shows exactly what funds are going into each account. These accounts can be encumbered as in the CoGen project which was a plant expansion project. The odor control is a primary cash account available to us at 2.3 million but it has to be used only for odor control. Bob suggested that the income flow for the next five years could be based on the current year which would not be like prior years. The capital fund is not something shared with GRGID. The money gone into plant expansion for the first part



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of this year was a little over \$58,000, the line rehab has \$7,500 and the odor controls \$9,362. Prior to this year, end of June 2012, the plant expansion had \$668,634. The capital budget against that was \$277,167.00. And there is an unbudgeted amount dealing with the CoGen of \$13,348. Bob stated that at the end of this fiscal year there would be \$380,000 left in the cash account for plant expansion. The Line rehab account has \$97,000 and the odor control has 2.36 million dollars. He agreed that MGSD is doing a very effective job of controlling odor. He suggested taking some of the odor control money, maybe leave about  $\frac{1}{2}$  or  $\frac{3}{4}$  million in the odor account and suggested that the amount of the funding of the odor control which is 15% be put into the line rehab which would be a major cost in the future. Mark wanted to know if there was going to be a lot of rehab to be done and Bruce stated there were a lot of lines that are getting 40 – 50 years old and there are interceptor issues and he liked the idea of reprioritizing the funds. Bob suggested that 15% be put into the line rehab and the balance that is left in the odor control be used as a beginning fund with a new account used specifically for the collector system. Frank agreed that these excessive funds were not needed in odor control and mentioned that Richard Peters, MGSD's accountant had suggested this in the past on numerous occasions. Bill Peterson agreed that policy could be changed in the future as needed. Mike asked Bob to get with Frank and Richard before the next meeting to get some numbers together for the Board to review. Mark suggested not getting rid of the whole 15% but have a small percentage so that it is available in the future. Bruce mentioned that years ago the Ironwood Center was concerned about the odors and showed up for the meetings. It was then decided to have an odor control account which currently has grown way beyond necessary need. He felt it was important to keep the account so that the regulators would see that MGSD had not totally got rid of the account even if it is mainly for the perception. It was decided to have this item on the agenda for the next Board meeting with numbers for the Board to see.

**MGSD Capacity Forfeiture Policy** – Bill stated that the Board wanted the capacity forfeiture policy to be modified. It has been a problem in the past. The memo shows the historical reasons as to why the Board adopted this policy and stated that the policy has been very effective in accomplishing its purpose and may still have a purpose. Ray agreed that it was well written when it was written and he agreed with it. MGSD has the ability to step in and take action and alleviate some of the pain. However according to Mimi Moss the developers now are taking out building permits in small numbers and they buy capacity fees for small numbers and they start and finish within two years. He felt that more developers should have done that and understand what it is that they were doing and they wouldn't have created a problem with the policy in the first place. He felt the policy is well written, very applicable and easy to understand and enforce and so the basic policy should not be changed. Bill stated that it only becomes a problem when they are recurring exceptions are made. Mike had a question about projects that are sold and then they get sold again and so the approach going forward would be for them to start again. Bill stated that this would be a change to the ordinance. However it was agreed that this may not be a problem in the future. Since this item was for discussion only a motion could not be made.





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**Board of Trustees Compensation** –Ray stated that this item was from last month’s discussion about Chapter 318 of NRS 318.085 to stay within the Open Meeting Law. He informed the Board that he had wanted April to put it on the Board but she explained why it could not be done and he would read it out and then have her explain it to them. He read - For possible action: Discussion and possible action to approve or deny to bring the Board of Trustees in compliance with Chapter 318, NRS 318.085 consideration of compensation. Item 5. That all Board Members must receive the same amount of compensation. That compensation being \$550.00 per month for each member of the Board. If a majority of the members of the board vote in favor of an increase in the compensation of the trustees, the increase may not become effective until January 1 of the calendar year immediately following the next biennial election of the district as set forth in NRS 318.095. January 1, 2015. Bill explained that it was an arguable defense that MGSD was out of compliance with the Nevada state law. There is an issue and MGSD needs to be in compliance going forward. April explained that the law changed in 2005 where it said everyone should have the same pay. She felt that the Board was not aware of it at that time but would probably still not have changed it as the chairman has received \$100 more since 1991. But her concern was that MGSD was out of compliance with PERS. The argument that she has used with PERS since MGSD is not compliant is it is not a salary. As soon as it becomes a salary then the Board would have to be enrolled in PERS. The PERS board has now changed and she stated that she would recommend that sometime in the future MGSD becomes compliant with PERS. A date would be set in the future so as to be able to inform PERS that MGSD would become compliant at that time. Bob had a question as to what PERS would do for them and was informed that they would get a retirement account with them. She felt we should be proactive so as to prevent an audit by PERS and have back dated fines instituted against MGSD. Bob wanted to know if theoretically we became compliant in two years at the next biennial election and also participated in PERS at that time then would everything be compliant. Bill felt we would change the compensation system to be salaried. Bob had questions about what deductions would take place from the salary. April stated she did not know how this would be handled by PERS for an elected official. The district would pay PERS since MGSD is a non-choice agency. The member would have to be vested to be considered retired with PERS which would take 5 years. Currently the rate payers are being saved the amount. Mike stated you could be penalized on the Social Security payments in the future because of the PERS contribution. It was decided that it be set for a future date then current members would be retired and the new members would be made aware of it. **Motion by Bob Allgeier to have the Board salaries be increased to \$600.00 a month after the next biennial election with no additional payment for the meeting Chairman and compliance with PERS.** Motion seconded by Ray Wilson.

Discussion: This would mean that MGSD would become compliant. Bill felt that Board compensation should be noticed and publicized. But both Bob and April stated that this was not so. Mike felt that this was a double whammy for the public because of raising the salaries and also paying into PERS and this also puts the Board on the higher end of the pay scale compared to other entities. However Ray stated that the other entities Board’s salary increases go into effective the month after it is voted in. But MGSD



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waited 4 years before the last raise and that is because of NRS 318. Bob felt the rate payers are getting their money's worth.

Motion carried unanimously.

Attorney-Client Conference – Bill Peterson reported that this was already covered.

Engineer's Report – Bruce Scott stated he had nothing to add.

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

Capacity: The Ranch at Gardnerville purchased 2 units of capacity during February. He stated that Carson Valley Inn would need 6 units in the future. They already have credit towards 3.6 units and would need to buy 2.3 units.

The Heat Loop Project was already covered - close to completion.

MGSD Collection System was covered by Bruce.

MGSD Wastewater Master Plan: Craig Olson from HDR would be present at the next Board meeting. Bob stated that his concerns had been answered but Frank informed him that Craig would like to meet the new Board members.

Personnel: Russ Lindell will be retiring again. He had worked 19 years and retired and then come back to work part time at MGSD. He has decided to retire as of 4/30/2013. Russ would need to be replaced with a full time person who would be trained in the collection systems. Bob wondered if Russ would be willing to be consulted about collection systems due to his extensive knowledge. However, Frank did not feel he would want to do that. Bruce felt that the rest of the guys had picked up on most of the critical areas. Ray asked if it was possible to get someone with experience and Frank stated it was getting harder to get qualified people and mostly MGSD has hired inexperienced people and then trained them. It has worked fine that way because they have no preconceived notions.

Reno Rendering: The agreement has finally been signed for the grease and it is good for one year.





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Frank also stressed one more time that he has a fantastic staff.

Barb had questions on the Wal-Mart easement. She was informed that Bill Peterson had re written the easement but MGSD was holding onto it because money was still owed. Bob suggested filing a lien against them if they did not pay promptly.

**Secretary's Report** – Sarah informed the Board that in the event of an office related issue that happened after office hours to please leave a message on the office voice mail and it would be taken care of on the next working day. Bob had a question about the office being locked between 5pm and the Board Meeting as the staff have to go to dinner. Sarah agreed that the door would be locked at that time as staff members would be going to dinner. Bob asked to have the back door left unlocked so as to be able to get in to look at the claims. Frank informed him that would not be possible as public was not allowed access in the event anyone showed up. The door on this day had been left open in error. He stated that someone would be here to let them in.

**Public Comment** – Mark mentioned that Luke Neddenriep, (Leonard Anker's brother-in-law), a past Board member had passed away last Friday at age 97. Bob and Ray suggested that MGSD send a condolence card or flowers.

**Board Comment** –Ray thanked the Board. He welcomed Sarah back after her surgery and thanked April for staying up so late and for Brian for being present. Mike spoke about past Board meetings going on till 10pm or later.

Bob reminded Bill to check whether MGSD needs to have a hearing for a budgetary adjustment to reflect the accounts that have been over extended. Bill said he would do that.

Barbara reminded the Board about the time change. She also mentioned the prescription drug collection and asked if MGSD took part in that collection. Frank stated maybe in the future. She also wanted to know if anyone was tracking the legislature bills and was told April was doing that and that she and Bruce coordinate on the engineering bills.

***Meeting adjourned at 8:43 pm***



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

By \_\_\_\_\_  
District Secretary

/smk