



Board of Trustees
Minutes of Regular Meeting
Tuesday, April 2, 2013
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Robert Allgeier
Barbara Smallwood
Raymond Wilson

Staff Members Present:

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

Others Present:

Ken Anderson
Rob Anderson
Craig Olson

Board Members Absent:

Mark Dudley
Michael Henningsen

Meeting called to order at 6:02 p.m. by Raymond Wilson, Vice-Chairman

Public Comment – No public comment

Scheduling Tentative Budget Hearing – Following discussion it was decided that Tuesday April 9th at noon worked for all members of the Board after a 11:30am lunch. **Motion by Bob Allgeier to schedule the Tentative Budget Hearing for FY 2013-2014 be held April 9th at 12:00, noon.** Motion seconded by Barbara Smallwood. There was no discussion. Motion carried unanimously.

Bruce informed the Board that he normally does not show up for these meetings unless they specifically required him to.

Claims Review and Approval – The claims were reviewed by the board and questions were answered by Frank Johnson, April and Bruce. **Motion by Barbara Smallwood to approve the claims received for March, 2013 in the amount of \$140,393.16, and to approve the claims paid during March, 2013 in the amount of \$89,669.54.** Seconded by Bob Allgeier. Motion carried unanimously.

Barbara had a request to take item 9, GPEG II LLC Annexation, out of order so as to not have Ken Anderson wait. **Motion by Bob Allgeier to take item 9 out of order.** Motion seconded by Barbara Smallwood. Motion carried unanimously.



Minutes
April 2, 2013
Page 2

Minutes of March 5, 2013 Regular Board Meeting – The minutes of February 5, 2013 were reviewed by the Board. **Motion by Barbara Smallwood to approve the minutes of the March 5, 2013 Regular Board Meeting.** Seconded by Bob Allgeier. Motion carried unanimously.

GPEG II, LLC Annexation - Bruce reminded the Board that this item had been discussed at the Board Meeting of March 5, 2013 and since then the publication was complete and it now only needed Board approval. Bob informed Ken that if the purpose for the property was changed from wetland then an annexation fee would be assessed. **Motion by Barbara Smallwood to approve the annexation for GPEG II, LLC subject to the conditions in the letter from Resource Concepts, Inc., dated February 27, 2013. All rules, regulations, and requirements of MGSD are to be met and all fees paid.** Seconded by Bob Allgeier. There was no discussion on the item. Motion carried unanimously.

MGSD Wastewater Master Plan –Craig Olson introduced himself and stated that HDR had done a number of projects for MGSD with him as a part of it. He gave a short history of the company. He presented the Board with a power point presentation to explain the handouts that had been given to the Board in their packages explaining the MGSD Wastewater Master Plan. He referred to the final report dated June 8, 2012 and talked about growth projections and their impact. At the plant it is not about population projections but mainly the flow. For many years, from the early 80's, the growth was very consistent and both populations and flows went up. In 2007-08 flows decreased with the population decrease. The challenge was to determine what to do when moving forward. Projections were done based on the 2006 Douglas County Master Plan and information was also received from the State demographer about population growth. Currently Douglas County is working on their master plan with major changes for 2016. Based on this some projections were made for MGSD's Master Plan. Currently the flows are at 1.7 million gallons a day and projections were made for 2.0 million gallons a day. It could be years before the average flow of that is reached. Craig also spoke about the upgraded plant projections and it would be years before the plant reached that point. He pointed out that the State has a requirement to do improvements when the plant reached 85% of the rated capacity. Bob had a question about how many gallons were in an EDU and was told that it has changed over time. Bruce stated that MGSD was very conservative in the allocation and used 350 gallons/EDU as the outside number when selling capacity so as to have a safety factor. Also the infiltration and inflow within the collection system has been decreased with rehab. Bob also wondered if MGSD would need to do anything for ten to fifteen years unless something dramatic in the way of building happened. Craig agreed and stated that this was so unless there was a regulation change. Craig pointed to the last graph which shows the projection which deals with the age of equipment and redundancy issues. Some equipment like the sludge watering



Minutes
April 2, 2013
Page 3

for the sludge press was done in 1994 and is 20 years old with no backup for it. Craig assured Bob that there was no need to do any of the projects. Bob had a question if the estimated costs were based on current day and Craig agreed it was. Frank wanted to know whether the building costs were included in the amounts. Bob wanted to know what the lifespan of the equipment would be as there were depreciation costs. Craig felt mostly 20 to 25 years. Some pumps may be less. Ray thanked Craig for his presentation.

Craig presented a framed aerial view of the plant, done summer of 2012, for the Board room.

Since Rob Anderson was present it was decided to move item 10 up next. **Motion by Bob Allgeier to move item 10, The Ranch at Gardnerville**, out of order. Seconded by Barbara Smallwood. Motion carried unanimously.

KDH Builders/The Ranch at Gardnerville Phase 2 Capacity Request – Rob Anderson thanked the Board for taking him out of sequence. He requested 40 units of capacity for phases for 2A1, 2A and 2B. He informed the Board that phase 1 which was 30 lots is essentially complete pending paving of some roads. The piping improvements, sewer mains and laterals, were constructed with the previous phases 1 through 3 & 9. The design has since been changed in the Minden map. The sewer lines will remain but a couple minor changes will need to be made due to changes to the design. Request for tonight was to get the District's commitment of capacity for four lots in 2A1 with the intent to file the final map in 10 days or so and subsequent to that the developer would like to proceed immediately with phase 2B and the improvements plans for that would be submitted to the District this week. Construction would be commencing soon. Bob had questions how the actual capacity units would be purchased, whether it would be all at one time or in bits. Rob informed him that it was the District's policy that the capacity fees be required to be paid at the recording of each final map. Rob requested that the Board to allocate all 40 units and within 30 days there would be a check for the 4 units and the next check in either June or July for 18 units and the final 18 units would be paid for in August. Barbara had a question about whether this property was all annexed with all fees paid and had questions about the will serve. April stated the will serve is handled administratively. Barbara also had questions as to when the capacity fees were paid and April informed her that the fees are paid before the final map is signed. Allocating the capacity means the clock starts.

Motion by Barbara Smallwood to allocate 4 units of capacity to The Ranch at Gardnerville Phase 2A-1. All rules, regulations, and requirements of MGSD are to be met and all fees paid. Seconded by Bob Allgeier. Motion carried unanimously.



Minutes
April 2, 2013
Page 4

Motion by Barbara Smallwood to allocate 18 units of capacity to The Ranch at Gardnerville Phase 2A-2. All rules, regulations, and requirements of MGSD are to be met and all fees paid. Seconded by Bob Allgeier. Motion carried unanimously.

Motion by Barbara Smallwood to allocate 18 units of capacity to The Ranch at Gardnerville Phase 2B. All rules, regulations, and requirements of MGSD are to be met and all fees paid. Seconded by Bob Allgeier. Motion carried unanimously.

MGSD Pre-Treatment Ordinance – Bruce stated that Marvin Tebeau and Jill Sutherland from RCI had been working on it. He stated that several years ago the EPA came in took a look at GE and Maxton as industrial users contributing to the MGSD system. Pretreatment used to be handled by the State but EPA took it away from the State and now it is out of San Francisco. The State has been an ally to us but the Feds have said that MGSD needs a pretreatment ordinance developed and if one is not done then the Feds would develop one. MGSD has been working with the State and GE who is the major discharger. . MGSD is moving slowly towards a pretreatment ordinance that would be part of the ordinance. It would be a requirement for any new industry coming into our system. Currently MGSD has a good idea of what is coming into the plant. MGSD needs to put this into an ordinance form and need to start a program to find out what people are storing or using in their businesses. Ray had questions about how far down the road this would need to be done. Bruce stated he would like a preliminary ordinance form within the next two or three months. Ray had questions as to how MGSD would find out who was doing what. Frank stated this was all new to the District and businesses would have to be checked manually. But MGSD would need to be proactive. Bob had questions as to who would pay for this and was informed that MGSD would have to pay for this. However the ordinance probably has a pretreatment surcharge. Bruce stated that pretreatment ordinances are not cheap and typically are surcharged. Discussion followed about new businesses coming in and monitoring them. Currently GE has a permit issued by MGSD and is meeting the standards. Bruce explained that MGSD did not want to have a major issue and being proactive was in MGSD's favor.

MGSD Heat Loop Project –Frank stated that the contractor had a year to complete the project but weather permitting they would be doing a final walk through on Thursday. There was only one change order which covered the permit with the County, which they paid for, and needed to be reimbursed. Frank stated that the project had flowed through very smoothly.



Minutes
April 2, 2013
Page 5

Pentacor Engineering – As-Built Approval – The As-builts have not been received but MGSD has already been paid all the engineering fees. Bruce stated that the as-builts did not have the sewer portion in the civil plans as necessary. Frank sent them a letter stating that MGSD needed the grease interceptor plans and that the plans were not complete. Wal-Mart also wanted to take an easement in a right of way and abandon it. This cannot be done. Bruce recommended to the Board to continue the item. This was supported by April. Bob wondered about recourse. Bruce informed him that the County will not issue a permanent certificate of occupancy if MGSD does not sign off on it. **Motion by Barbara Smallwood to continue Agenda item 11 Pentacor Engineering – Wal-Mart As-Built plans to the MGSD meeting of May 7, 2013.** Motion seconded by Bob Allgeier. Motion carried unanimously.

MGSD Restricted Funds –Bill pointed to both his memos covering this item and item 13, Attorney-Client conference, and stated that that NRS Ch. 354.598005 was the most complicated he had ever read. In answer to Bob's question if MGSD is over budget - the answer was, if it is over budget totally then it is not a good thing and it needs to be reported to the Department of Taxation immediately or else disciplinary action could be taken against Board members. You can move from one line item to another providing there are unallocated funds available. An inter-function transfer needs to be approved. MGSD has only one fund which is an enterprise fund. General allocation like the odor control fund is not a fund it is an accounting feature. As long as MGSD stays within the State rules anything can be done with the funds as long the Board approves it and gives a reason for it. Bill stated that this is a reduction in retained earnings and as long as there is unallocated funds the budget can be augmented. However the income shortage was not augmented last year. Frank stated that the \$118,000 shortage was budgeted for but Bill informed him that he should have augmented the budget with retained funds. State law prohibits local government from incurring liability for any functions it performs (except liability incurred in connection with medium and long term debt or obligations) in excess of the amounts appropriated by the Local Government for that function.

Bob spoke about the redistribution of the restricted funds covered in the Board meeting of March 5, 2013. The Board had requested Bob and Frank meet with Richard Peters, MGSD's accountant, and the meeting did take place. The Odor control fund currently has 2.5 million dollars and it was decided that this is excessive. It is recommended that the individual accounts should be adjusted and the odor control have \$500,000 put into and it would be a fixed amount with no more to be added to it with the exception of earned interest that Richard Peters might calculate to add to it. In regard to the collection system, which would be a continuing obligation and require expenditures for repairs and rehab, the recommendation is to start the fund at \$500,000 and provide redistribution of fees of the current allocations to cover the cost increases. Bob was concerned by the plant expansion funds that have been substantially reduced after a budgeted withdrawal from that fund and it leaves only \$400,000 in that fund at the end of the year. The bar charts issued in the Board packages shows the allocation of funds. Bruce stated the proposed allocation gives a much more defensible reason to have \$2,400,000 in savings. Bob finalized with telling



Minutes
April 2, 2013
Page 6

the Board that this would provide a source of allocated funds that would build up the collector line and the line improvement fund which is where in the future there is going to be major improvements which will be contracted and very expensive. There were no other questions by the other Board members.

Motion by Bob Allgeier to re-order the restricted cash allocations and fee distributions as follows, effective April 1, 2013:

- **Collection Systems/line rehab be established as a common account, funded at \$500,000.00**
- **Odor control remaining an established account funded at \$500,000.00**
- **Plant expansion remain as an established account estimated funds at \$1,819,082**

Total cash balance in restricted funds on 3/31/2013 estimated at \$2,819,082 after adjustment for budgeted and unbudgeted expenditures.

Fee distributions to restricted fund accounts are re-ordered as follows:

Annexation & Acreage Fees – 100% to Plant Expansion

Capacity Fees – 85% to Plant Expansion, 15% to Collection Systems/line rehab

Connection Fees – 30% to Plant Expansion, 70% to Collection Systems/line rehab.

Further fee distributions would not be made to odor control except as directed by the Board.

Barbara had questions about whether this was one motion or two and whether a resolution was being made. Bob stated that he was not making or changing a resolution but a simple motion to allocate the funds. Bill agreed that one motion was fine. Motion seconded by Barbara Smallwood.

The chairman asked if there was any discussion. Frank stated that he would need to get with Bruce because he had budgeted \$350,000 for line rehab and was not sure if this would be enough. Bruce felt that this was a good amount and funds would be added to the account over time and funds could be reallocated. He felt that this was a good move by the Board.

Motion carried unanimously.

Attorney-Client Conference – Bill stated that this had been covered. Bob had a question about Board Action for transferring funds. He stated that in the capital expenditure account there is a power cogen expense where \$14,021 was spent that was unbudgeted. He wanted to know whether an amount should be put in to cover the amount. Bill stated that since it is a transfer within a function the Board should approve it. Bob also pointed out that under operation expenses there is the reservoir repair that may be covered by insurance. Frank stated that he had no answer from the claims adjuster. Bob informed Bill about the repair of the reservoir which was approximately \$93,500 when it was budgeted \$25,000. Currently it is sitting on the books as an over expenditure. He wondered if Frank could go into the two utility accounts and pull out enough money and allocate it to this fund if MGSD did not get this money from the insurance. This would be within budget. Bill agreed this could be done as it is a transfer within



Minutes
April 2, 2013
Page 7

a fund and would need Board approval and recorded in the minutes. However April brought it to the attention of the Board that Richard works with the GL accounts which are the official numbers and those numbers do not necessarily reflect the numbers that Frank works with which the Board is currently working with and so a transfer may not need to be done.

Barbara had questions about whether the HR stuff is kept locked and was assured by April that they are and that there is an annual audit from the Insurance HR division.

District Manager Annual Review – April explained to the Board that she had made an error on the memo and that Frank had received a bonus this current year. Bob wondered how the review was done in the past and why it was public. April stated that NRS states that it has to be an open public meeting as he is a public official. Bob wondered if there was a form for the Board to use to do a rating. April stated that she had one but the past Board had not wanted to use it. Ray mentioned that he had used it last year. April informed him that even though he had filled it out the general consensus of the Board had been not to use it. Barbara wondered if there was a job description. Barbara also wanted to know if the district manager had a form for employee reviews. Bob stated he would like a form that they could review for the future and a job description but to go forward today. April mentioned that she had spoken to Mike Henningsen and would recommend a 5% increase. She stated that morale is up and the employees are happy. Ray felt that there was no comparison to the Carson City plant. The MGSD plant is very clean and he agreed with a 5% raise for Frank. Ray stated that the town employees are getting a 3% raise with 2 ½ % raise in insurance so only ½ % total raise. So he felt that MGSD needed to be comparative with the other entities. He thought the 5% was appropriate.

Bob stated that he was very proud of the plant especially being a waste treatment plant. He could not rate how Frank is with employees as no one has complained to him. He stated that he is a firm believer that the trustees of the Board are put into a position to make policy and have a financial responsibility to the rate payers and the tax payers of the district. Frank is the single important employee that the Board has responsibility for and Bob stated that he was proud of the District and had no problem with a 5% raise. Flow rates have not increased but the raise is justified because there is inflation.

Barbara agreed with both the Chairman and Bob Allgeier but would like a form for the annual review in the future. However she stated that she agreed with the 5% raise. **Motion by Barbara Smallwood to have a 5% salary increase for the District Manager effective July 1, 2013.** Motion seconded by Bob Allgeier.

April also brought it to the attention for the Board that Frank is also responsible for the environmental regulations. He has to answer to the NDEP and the EPA.



Minutes
April 2, 2013
Page 8

Frank stated he would have to change the budget to cover his raise. He thanked the Board for the kind words and stated that he has had a lot of help from the staff, Bruce and Bill.

Motion carried unanimously.

Engineer's Report – Bruce talked about the County Road rehab. At this point it is probably going to be about \$500,000 to do the whole thing at one time. He stated that he would have some more specific recommendations and phasing suggestions at the next meeting. He informed the Board that surveying has been done to get grades and in the next month or two more should get done. Ray had a question if this was the worst part of our sewer system. Bruce stated that Kingslane has some challenges but this is the worst one this time. This area has 3000 to 4000 feet of pipe. Bruce also informed the Board that Waterloo lane is going to have some widening associated to the new community center. The plans had been reviewed and there is nothing major in them. Ray had a question if bigger pipes could be put it when being dug up for future growth. Bruce stated that this was possible. Ray also asked if there were any pipes that would prevent roots from getting in. Frank stated that mostly the roots get in through the joints. Bruce also responded that the newer lines are better. The problems occur in the lateral connections or where there is a slipped gasket. In the past inspection was limited but we need to have to more of a presence.

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

Capacity: 4 units of capacity were sold.

Heat Loop: A walk through is scheduled for Thursday.

Restricted funds were covered by Bob

Tentative budget hearing would be on Tuesday 9th 2013 at 12:00. Frank stated that he had budget paperwork for review but would have to change the paperwork because of the salary increase and should also maybe have a final number for the medical insurance. He was also expecting a final number from Warren Reed for the Pool Insurance.

Insurance Claim: Still waiting on the status of the claim.

Wastewater Master Plan: was covered by Craig.

Pre-Treatment Ordinance: was covered by Bruce



Minutes
April 2, 2013
Page 9

Lateral Cleaning Reimbursement Claim: Frank informed the Board that he had received a claim from a homeowner requesting reimbursement for clearing a blockage of their lateral in which the plumber had claimed was caused by a stoppage in MGSD's line. He also informed the Board that according to the log books the call was received two days prior about a plugged line. Upon going to the site, it was determined that although there was some debris in our line it was flowing with no apparent backup within the line. The line was cleaned and debris removed and subsequently televised with no apparent blockage. However they had another blockage which the plumber stated was in our line but the line had been TVed and shown as clean. However the following week MGSD received a phone call asking to be reimbursed for the \$500 bill for the plumber. Frank did not want to set a precedent by paying people for their bills which is not MGSD's issue and Ray agreed and told Frank not to reimburse the customer and state that the Board did not approve this. Barbara wondered if anyone else in the area was affected and told this was not so. Bob had a question if there was insurance to cover MGSD in the event of a problem. Frank informed him that we did but the deductible would be too high to claim it. The Board authorized Frank to write a letter to the person and he said he would do so after checking with legal to see if it was ok. Bill informed him that they had the burden of proof and to go ahead and write the letter.

Frank passed out the tentative budget forms to the Board for review for the upcoming tentative budget meeting.

Secretary's Report – April informed the Board that she was keeping track of certain legislative bills that might affect MGSD. These included AB201, AB231, AB387 and AB408. She also mentioned that she was working on the GRID annexations. April thanked the Board for signing Bud Brown, the former Chairman's "Get Well" card. Barbara complimented April on the choice of flowers that were sent to Luke Neddenriep's family. April informed the Board that the Budget meeting would be May 17, 2013.

Public Comment –There was no public comment.

Board Comment –Barbara had a question about whether the copy machine dumps all the information every night. April thought it did but said she would make sure of that.

Ray had a question about what was owed to us and Sarah stated that the current past due balances approximated over \$32,000.00. Liens had been placed and some had been taken to court. Bill stated MGSD could foreclose as a way to collect. Another option would be to add these delinquent accounts to the county tax. It was decided that Bill would write a letter to the major delinquencies about foreclosure proceedings being instituted.

