



Board of Trustees
Minutes of Regular Meeting
Tuesday, November 4, 2014
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Robert Allgeier
Barbara Smallwood
Michael Henningsen
Mark Dudley

Staff Members Present:

Frank Johnson
Sarah King
Bruce Scott
Bill Peterson
April Burchett

Others Present:

Chad Walling
Russ Lindell
Anthony LaRocca
Jeremy Hutchings
Andrew Marshall
Chris Baracosa
Greg Weyland
Mark Gonzales
Lynelle Hartway

Board Members Absent :

None

Meeting called to order at 6:00 p.m. by Ray Wilson, Chairman.

Public Comment: - There was no public comment.

Claims Review and Approval – Frank Johnson pointed out the credit from AT&T, which was discussed at last month’s meeting. **Motion by Barbara Smallwood to approve the claims received for October, 2014 in the amount of \$277,930.93 and to approve the payroll-related expenses paid during October, 2014 in the amount of \$82,358.65.** Seconded by Bob Allgeier. Motion carried.

Minutes of October 7, 2014 Regular Board Meeting – Ray stated that the minutes were well done and anyone who was absent from last month’s meeting could follow everything that took place. **Motion by Bob Allgeier to approve the minutes of the October 7, 2014 Regular Board Meeting.** Seconded by Barbara Smallwood. Motion carried. Mike Henningsen and Mark Dudley abstained.

Washoe Tribe of Nevada and California Application for Annexation–Represented by Chad Walling of R.O. Anderson Engineering and Lynelle Hartway, Legal Counsel for the Washoe Tribe. Frank stated that MGSD has received all the submittal items and the public hearing for annexation has been noticed. Discussion followed regarding methods to insure that the Tribe would pay the user fees. Bill Peterson stated that he has reviewed this issue with the Tribe’s Legal Counsel. Bill pointed out that the Board’s concern is not an aspersion against the Tribe. However, the Board needs to make sure that the District is protected. Bill stated that there are mechanisms available that will make sure that the fees are paid. Frank stated that if all 50 units are utilized, the monthly bill would be approximately \$750. Bill stated that options include obtaining from the Tribe, a Letter of Credit, a Bond, or a cash deposit, among other things. Discussion followed regarding payment of property taxes. Since the property is held by a federal entity, there will be no property taxes, so Bill also discussed the possibility of serving the property under a contract of service. Bruce pointed out that there are properties to the south of this parcel, and contract



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of service would prohibit annexation of the properties to the south, although he also stated that the highway could be used as a conduit to allow annexation of the properties to the south. Bruce felt that there are two issues: if the property will be served by MGSD, and if so, how to make it happen. Bill pointed out that all applicants need to be treated the same. Discussion followed regarding annexation into the Town of Gardnerville. Bruce recommended annexation of the property, and make an exception regarding annexation to the Town. Bob discussed the option of serving the properties south of the Tribe by extending the main to the east. Bruce hadn't reviewed that option, but was concerned that this option would require additional pumping. Bob asked Bill about the particulars of the letter of credit, including the amount and the period of time it would be good for. Bill felt that MGSD would require a waiver of sovereign immunity with respect to MGSD's sewer use fees and enter into a letter of credit, which would allow MGSD to seek redress in case of non-payment of the fees. Bill recommended a one-year fee up front, so that the District would have at least a year to advance remedies in court. Discussion followed regarding the process of court action in case of non-payment of the user fees. Bob spoke to a local judge, who believed MGSD would have to sue the Tribe in the federal court system. Lynelle clarified that the federal court system is the remedy to acquire property, but this would be a breach of a service contract and would be handled through the local court system or preferably through arbitration. Bill found an existing contract between a sanitation district and a tribe in Montana, and can use that contract as a basis to draw one up between MGSD and the Washoe Tribe. Lynelle stated that the Tribe recommends the use of arbitration in the contract due to faster resolution and lower costs. Barbara preferred to stipulate two or three years of fees in the letter of credit, rather than one year. The Board asked about the entity responsible for the payment of the sewer fees, and Lynelle stated it would be the Tribe and not the lessee. Discussion followed regarding proposed easements and ownership of the sewer main. Bruce stated that there would be an easement along the sewer main running the length of the annexed property, as well as an easement that would continue for the entire frontage of the Tribe's parcel. These easements would grant MGSD the right-of-way to maintain the line. Further extension of the sewer main would have to be constructed by another developer. Ray asked Lynelle to attend the December meeting. The Board asked Bill to prepare a contract for Board approval at the December meeting. Bruce also reminded the Board that the capacity is scheduled for the December meeting. Barbara asked about whether it made a difference if the signature on the application was not the signature of the current Tribe Chairman, and Lynelle replied that it did not. Barbara asked about the existing buildings on the property, and if the capacity applies to those buildings. Bruce responded that the existing buildings would have to be annexed into the District, the main extended to MGSD's standards, and new capacity requested for those buildings. **Motion by Bob Allgeier to approve the annexation for the Washoe Tribe of Nevada and California for 36.6 acres located at 950 Hwy 395 N. (portion APN 1220-11-002-009), subject to the 4 conditions outlined in the letter from Resource Concepts, Inc. dated October 6, 2014, subject to the terms and conditions of the final contract that would be agreed to by MGSD and the Washoe Tribe of Nevada and California. All rules, regulations, and requirements of MGSD are to be met and all fees paid.** Seconded by Mark Dudley. The Chairman asked for public comment, and there was none. There was no further Board comment. Motion carried unanimously.



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MGSD Retiree Health Insurance Benefits – Ray discussed the roundtable meeting which was requested at the October 7th Board meeting. He stated that he met with Frank and April about vesting the employees to the full amount, and April verified that this meeting satisfied the staff's request for the roundtable. Ray had asked that April prepare a cost of the employees for full vesting, and Ray thanked April for preparing the cost. Ray felt that all the current employees should be fully vested. The partial vesting would cost approximately \$800,000 and \$1.3 million at full vesting, a difference of about \$550,000 over 55 years. Ray expressed concern about employee morale. He felt that it's one thing to change a benefit but something else to take a benefit away. Mark reiterated that the Board is responsible to keep costs low, but he felt that taking away the medical benefits is not the way to do it. He and Ray both stated that the staff did an excellent job, and that they deserve the full medical benefits when they retire. Mark also stated that he was concerned about replacing staff in the future if the benefits aren't offered. Ray stated that he appreciated Brian's comments a couple of meetings past about the limited number of years between retirement age and Medicare eligibility, and Brian stated that Ray's opinion went a long way. Bob asked the Board to make certain that when they look at the graph which April prepared, that they notice the line values are different, so the numbers aren't necessarily as close as the graph makes them appear. Barbara and Mike felt Bill did a great job of delineating the terms in his memo. Mike pointed out that with the current elections, everything may change, but it's important that they keep the promise which was made to the employees. April asked the Board to consider the complicated nature of the premium reimbursements as spelled out in the proposed policy language. The Board appreciated her comments, and felt this was the best option to proceed. They would revisit the provisions and reimbursement amounts each year and make any needed changes then. Discussion followed regarding the Part B premium reimbursement amount, and it was decided that the Part B premium would be 100% of premium assessed to the retiree. April and Frank stated that the new premiums for the current employee's insurance have been received, and the premiums are staying the same. **Motion by Bob Allgeier to approve Exhibit 1 to the Post-Retirement Medical Plan Document which approved at the October 7, 2014 regular meeting with the addendum that Part B reimbursement be 100% of the premium assessed to the retiree.** Seconded by Mike Henningsen. The Chairman asked for further comment. Brian asked for clarification that the \$200 supplemental amount can be changed, and the Board stated that this is a starting number and would have to be adjusted yearly. There was no further comment. Motion carried unanimously.

Attorney-Client Conference– Bill reported that he is still working on resolving the Southwest Gas issue at Pinenut Road, as well as continuing work on the Pretreatment Ordinance. Discussion followed regarding the Personnel Manual updates in light of the change to the retirement medical provisions. April stated she will make the adjustments and send the draft to Bill next week for review.

Engineer's Report – Bruce reported on the following:



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Sonic Restaurant: Bruce anticipates that Sonic will begin construction later this month.

Minden Gateway Center Improvements: The Minden Gateway Center improvements by the Town of Minden are underway. It will improve the drainage in that area, as well as provide an aesthetic gateway area to the Town.

County Road: RCI's billing presented to the Board included routine elements. There are some extra and back charges that will be presented next month. The contractor will be required to do a slurry seal on the half of the street that was impacted by the construction. That probably won't happen until spring, so the bond will be extended to cover the work still needing to be completed. Discussion followed regarding the water main repair and the cautionary boil-water notice to about a dozen affected residents. Water was back on that same week. There was also a sewer spill by the contractor, which resulted in extra costs. There were also extra costs with the removal of the asbestos cement waterline. In addition, extra paving will be required by the Town, since some of the side streets on the Town side of County Road were scraped up. Bruce will be recommending liquidated damages and back charges. He will have these charges ready prior to the Board meeting in December, so the Board will have time to review them.

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

County Road: Discussion followed regarding the auger used on the County Road manholes. Frank has a video of how it works and he will show it next month.

Capacity: 1.3 EDU's were sold during October.

Sonic Restaurant: Sonic has presented plumbing plans, and will require 11.4 units. They have 1.6 units of credit.

Washoe Tribe: Approval of 50 EDU's of capacity is scheduled for next month's regular board meeting.

Board Training: Staff has contacted POOL/PACT to get some training dates, and was given a small window of January 12 through January 16, 2015. The Board will review their calendars and let April know their schedules for that week.

New Truck: Frank stated he will begin the process next week to purchase a new truck. State regulations allow MGSD to use the state purchasing contract dealers, rather than go out to bid. An older truck will be used around the plant, rather than be retired. The oldest trucks are year 2000, and the newest are from 2006, so they are maintained well. A battery was replaced on one truck today, which was 8 years old. He will have a cost at the December Board meeting.



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Annexations: Frank pointed out that the application lists the submittal requirements, which seemed to cause confusion at the November meeting. The staff has a checklist of the items needed, so nothing gets scheduled on an agenda until all the items are checked off. Legal descriptions and title reports are not usually included in the Board packet. Bob pointed out that the Tribe was a special circumstance. Bob suggested including the checklist sheet in the packet in the future.

Mike Henningsen Retirement: Frank reminded the Board that Mike Henningsen's last month is December, and asked if the Board wanted to schedule a lunch. The Board decided on Tuesday, December 9th to have a luncheon to honor Mike's service to MGSD.

Frank thanked the Board and staff for their help with getting the benefits issue resolved.

Secretary's Report – No secretary's report.

Public Comment – There was no public comment.

Board Comment – Bill pointed out to the Board that properties that are annexed are eligible to vote in District elections. Bob noted that the Tribe parcel was recorded in the county in 1973 and nothing has happened since. Frank responded that MGSD's files have information dating to 1978. Discussion regarding in-lieu fees as a requirement of contract of service. Bill stated that the annexation agreement with the Tribe will have a stipulation that they pay an in-lieu of fee as if they were under a contract of service.

Bob asked that a misconception be noted from last month's meeting regarding that MGSD that has no indebtedness. MGSD has \$1.2 million indebtedness to the state. The minutes are not incorrect, the statement was incorrect.

Barbara asked for more information regarding the power outage that impacted the SCADA system in September. She was concerned that it took so long for staff to respond. Frank explained that this was the first time that staff wasn't notified in a power outage, so this was a fluke. Tesco has examined the problem and implemented some upgrades, so it should not happen again.

Meeting adjourned at 7:45 pm.

Approved _____
Date

By _____
District Secretary



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