



Board of Trustees
Minutes of Regular Meeting
Tuesday, February 7, 2017
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Barbara Smallwood
Mark Dudley
Robert Allgeier
Michael King

Staff Members Present:

Frank Johnson
April Burchett
Brian Buffo
Bruce Scott
William Peterson

Others Present:

Bill Chernock

Board Members Absent:

None

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

Public Comment: There was no public comment.

Ray asked to move Agenda Item 8 to before Item 3. **Motion by Bob Allgeier to move Item 8 “Workshop for Douglas County Area Rates” to between Items 2 “Public Comment” and 3 “Chairman’s Comment”.** Seconded by Barbara Smallwood. All present voted aye.

Workshop for Douglas County Area Rates: Represented by Bill Chernock. Bill offered his compliments to Ray and Bob for their presentation at Minden Town Board meeting the prior week. Bill noted that there was a large number of empty retail spaces in Minden and Gardnerville and would like to see some of those spaces filled. It is the general opinion in the community that MGSD is the obstacle. He had met with Frank a couple of years ago about MGSD’s rates, and tried to quench the rumor with no success. He thought it would be good to get the word out in a better fashion, and that the best way would be to agendize a meeting of the MGSD Board to meet the requirements of Open Meeting Law. Ray asked how many people Bill thought would attend, and Bill thought 20 to 30 people. Bill stated he would secure the venue. Bill said that the County was jammed the first two weeks of March with various meetings, and asked if the Board could meet the week of March 20th. Bob asked what time of day would be best, and Bill felt around 1:30 or 2:00 and hold it to 1½ or 2 hours. The Board felt that Thursday March 23rd seemed to work for just about everyone. Mark would be unable to attend that week. Discussion followed regarding potential attendance by the Towns, the Ranchos, the Business Council, the Northern Nevada Development Authority, and the media. Bill stated he would find a location, and tentatively scheduled the workshop for March 23rd at 2:00 p.m. He appreciated the Board bringing this to light. Barbara asked about properties that are looking to be certified as NNDA sites, and Bill stated there



Minutes
February 7, 2017
Page 2

were a couple on the east side of the valley, and Bruce stated that they probably were not in MGSD's boundary.

Chairman's Comment: Ray reported that he and Bob had appeared before the Town of Minden board on February 1st and talked about the rates, and he said that there was no comment from the Town board. After Ray gave his presentation, Bob spoke about the finances of the District. After that presentation, one person asked them to give a presentation in front of the Good Governance Group on February 21st. Ray discussed Bruce's relationship with the Town of Minden and MGSD and how it kept things organized. Ray read SB254 from the 1997 legislative session regarding enterprise districts. He felt it was an important point that the state considers MGSD a business, so the District can make a profit. He also noted that the two new commissioners appear to not be in favor of taking over GID's.

Claims Review and Approval: Barbara asked about Claim No. 14 for sandbags. Frank said it was in anticipation of the flooding and explained that MGSD doesn't keep them on hand because they tend to rot in storage. **Motion by Bob Allgeier to approve the claims received for January, 2017 in the amount of \$70,032.70, plus miscellaneous expenses in the amount of \$39,113.46, and to approve the payroll-related expenses paid during January, 2017 in the amount of \$95,014.65.** Seconded by Mark Dudley. Motion carried (5 ayes, 0 nays, 0 abstain, 0 absent).

Minutes of January 3, 2017 Regular Board Meeting: **Motion by Mark Dudley to approve the minutes of the January 3, 2017 Regular Board Meeting.** Seconded by Bob Allgeier. Motion carried [4 ayes, 0 nays, 1 abstain (King), 0 absent].

Digester 3 Damage: Craig was unable to attend the meeting due to the weather, and Bruce had coordinated with HDR on the design plans. Bruce stated that RCI will handle the bid processing, noticing, and bid opening. HDR has estimated \$300,000-\$425,000 for the bid. Bruce referred to the handout on vent panels, which would allow the pressure to dissipate without structural damage and offer a secondary protection. He didn't think that this solved the alarm system issue for high water. Bob asked about what was proposed to prevent a flashback in case of rupture. Bob also asked about the specifications for the job. Bruce said there will be specifications, but he hasn't seen them yet. Bruce explained that he is looking for an authorization tonight to notice the bid. If approved, it will be in the paper on Friday. He will have the specifications by the time it shows up in the newspaper. There will be a mandatory pre-bid conference at MGSD on February 21st. Ray asked if anyone in the area is qualified for the project. Bruce said it's mostly a concrete job, so he thought there will be quite a number of interested parties. The bid opening will be March 2nd. Bruce explained the bid review process and



Minutes
February 7, 2017
Page 3

bringing recommendations to the board. **Motion by Bob Allgeier to approve the bid documents and authorize to advertise bids for Digester 3.** Seconded by Mike King. All present voted aye.

Bob spoke about the construction of Digester 3, how the digester works, and how much capacity the digester holds so the board would have a better understanding of what happened. The failure occurred on Christmas weekend on Sunday the 27th, 2015. There was a blockage in the discharge line that didn't allow the fluid to escape, so it backed up and raised the roof. It was not a gas matter, but a fluid matter. Staff identified an ice blockage and has since insulated the lines. Staff has never mentioned that the timer on the circuit to charge the tank actually failed. Frank stated that the blockage did not occur because the lines weren't insulated, but because the operation of the digester was changed from its design when the grease digester was added. Bob asked why the digester failed at this time. There were some temperature issues at that time, but he thinks that the drop in temperature caused ice blockage so the fluid could not flow. Frank said the flow was shut off for that period. Frank explained that there are different feed rates for the weekend than through the week since the plant isn't manned all day on the weekend. Frank said it froze overnight. Bob stated that it would take 6-7 days to raise the roof. Frank said he wasn't convinced it was all fluid, that there was some gas involved. Bob felt the rupture would not have occurred if it was just gas. Bob outlined the expenditures to clean and repair the digester, as well as SDP and utilities, totaling about \$700,000, and thanked Juli Wilson for obtaining temperature data for that time period. Bob asked additional questions including: when the insurance carrier was notified; has the claim been confirmed in writing; what we've been told by the insurance carrier about the coverage; when HDR was notified and their reaction. Frank said he did not have that information with him and would have get back to Bob with the answers. Bob also asked why the unit was continued to be operated. Frank reminded him that the extent of the damage was unknown until HDR completed the modeling. Bob said he had asked for a meeting with Richard Peters and Frank but had not yet heard back from Frank. Frank said he has asked Richard for a meeting, but hasn't heard back from him. Discussion followed regarding questions for Craig. Bob noted that there was no evidence of a high level safety switch in the drawings nor was he aware of an observation port. Frank explained that there is a thief hole in the top of the digester, and staff is up there daily, but nobody noticed any issues. Bob asked if the fluids in the digester are highly corrosive. Frank responded that the gases are, but not the sludge. Bob stated that it was an omission that there was nothing to shut off or sound an alarm if there was a high fluid level. He stated that HDR did not take into account that the unit would be operating at subzero temps. Frank disagreed. Ray wanted a lot of safeguards on the repair so it didn't happen again.

The Ferraro Group: After reviewing the Agreement and Memorandum of Understanding included in the board packet, Ray asked for clarification on the pass-through billing process. Frank explained that each entity will reimburse MGSD \$2500 until the not-to-exceed amounts are reached. Bill Peterson stated he had spoken with Greg Ferraro, and Greg felt optimistic about the language change. Greg had prior conversations with Sen. Settelmeyer who stated his concerns were about smaller GIDs, but not directed at MGSD. Frank reported that Barry Penzel will be at the IHGID meeting tomorrow night to explain his



Minutes
February 7, 2017
Page 4

position to their board. Barbara reported that Douglas County has a number of GID's where nobody is interested in running for the board, so they are empty and she noted that Sen. Settelmeyer was concerned about that. Mike asked about the arbitration language on Page 4 of the Agreement, and Bill explained it is typical language. Nevada law does not require attorneys' fees be awarded to the prevailing party, so it is often included in the contract. Frank pointed out on the Memorandum of Understanding that MGSD is the lead agency on it, but Cam McKay of KGID is the spokesperson.

Attorney-Client Conference: Bill pointed out the demand for arbitration to GRGID was included in the packet. He wanted Board review and approval before filing the arbitration document. He will suggest to Mike Rowe that prior to arbitration he will request mediation. Bill explained how the arbitration hearing works. Bill thought GRGID has more to explain than MGSD, and he felt confident of MGSD's position. Bill will send the demand and call Mike Rowe tomorrow. He will have more information next month.

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

NDOT Hwy 395 Crossing: He and Frank are working with NDOT about the 395 crossing project, which is now a \$2 million project. A large part of that amount is for traffic control.

Rates Workshop: Bruce felt that the complaints regarding fees are not coming from the industrial or office sectors, but from those opening new restaurants. One thing that's never been brought up by the board was if there would be any interest to offering paying capacity and connection fees over time. Mark said the problem would be that if the business goes under then MGSD doesn't get the fees. Bruce stated that we can help them review their plans and help to reduce the number of drains. Ray noted that since we aren't allowed to turn off sewer, we can't accept payments over time. Frank thought that perhaps some of the fees can be reviewed and revised, in order to reduce some the fees, through the calculation process. Mike noted that there is a high failure rate of restaurants in the area, but when the restaurant goes under we aren't processing sewage either. Barbara was not in favor of a payment plan and explained that if MGSD doesn't receive all the money for the allocation, the rest of the customers in the District are subsidizing the failed business. Discussion followed regarding moving capacity from one parcel to another in the district under the same owner. Frank said that when a developer has concerns, he shows the developer a comparison chart with the fees charged by other entities, and that tends to resolve the problem.

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

EDU's: 1.05 EDU's were sold last month.



Minutes
February 7, 2017
Page 5

Digester 3: The insurance company sent out an independent engineer to inspect the digester. The insurance company has received information from the engineer, and it's being reviewed. Nobody could give Frank an answer as to what was taking so long. The claim is now going to Lloyds of London, so we should have an answer within 30-60 days. Frank and Alan were both out with the inspector.

RAS Line Repair: The claim was submitted. An adjustor came out last week to look at it. The line can be traced back as far as 1974, and it was shown on those plans. As the line is at the end of its expected life expectancy, it is undetermined if it will be covered.

Tax Rate: Frank noted that MGSD had not changed the tax rate in some time, and the Board agreed that there was no interest in changing the rate. Frank will notify the Department of Taxation that the rate will remain the same for FY 17-18.

Weather-Related Issues: Frank reported that there was no damage from the recent storms. The reservoir is full of water and there will need to be some regrading of the road in the spring. We'll probably handle this in-house.

Office Hours: Frank noted that the office hours are currently 9:00 am to 5:00 pm. Lately there have been people coming in at the last minute to pay bills which results in the staff not completing their work by 5:00, as well as holding the operations staff past 5:00. He would like to change the hours to close at 4:45 to give office staff a chance to put things away and complete the deposits by 5:00. Ray suggested closing the office at 4:30 and have the staff stay until 5:00. The Board agreed to close the office at 4:30.

COLA: Frank stated that he will begin preparing the budget for next fiscal year, and had talked to Bob about the COLA increase. Bob had suggested that staff contact Mark Amodei's office for the COLA number, who suggested we use the CPI. Frank asked the board to provide the COLA amount. Bob said he has a rough number of 1.6%, using the Personal Expense Index (PEI) which was used last year.

Solar Farm: Frank reported that he received a phone call about the solar farm project, and they have new technology with floating solar panels in bodies of water. They would like to consider use of MGSD's reservoirs. The Board would like them to make a presentation before the Board, although the Board has concerns, except Barbara who was not interested in a presentation. Bruce is curious to see a proposal. Ray directed Frank to let them know there is a mixed board on this, and to get the Board something in writing.

Frank reminded the Board he will not be at the March board meeting.

Bob requested that Bill Peterson become involved with the insurance, since it has been dragging on for so long. Bill said they should be paying us for all the expenses accrued. Bill asked April to send him all the bills and he will find out who to forward the invoices to.



Minutes
February 7, 2017
Page 6

Administrative Report by Staff: April reported that no nominations were received for a GID representative on the Debt Commission, so Cam McKay from KGID volunteered.

Board Comment: Bob announced that he did the semi-annual cash audit with Sarah last Friday and everything balanced to the penny.

Barbara reported that she was not pleased with the County's decision on the Historian Inn, as an example of the rest of the property owners and businesses having to subsidize the loss in County revenue.

Public Comment: There was no public comment.

Meeting adjourned 8:45 p.m.

Approved by the Board of Trustees as presented on:

_____ By _____
Date Barbara S. Smallwood, District Secretary

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