



Board of Trustees  
Minutes of Regular Meeting  
Tuesday, March 1, 2016  
6:00 P.M.  
Board Room  
Minden-Gardnerville Sanitation District  
1790 Hwy. 395  
Minden, Nevada

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Board Members Present:

Raymond Wilson  
Barbara Smallwood  
Robert Allgeier  
Mark Dudley  
Michael King

Staff Members Present:

Frank Johnson  
Brian Buffo  
William Peterson  
Bruce Scott

Others Present:

Craig Olson  
Steve Marti

Board Members Absent :

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

Public Comment: There was no public comment.

Chairman's Comment: No comment by the Chairman.

Claims Review and Approval: Bob Allgeier asked about the window repair on the Bobcat. Frank explained that the wind caught the door and shattered the window. Bob asked about the Nevada Rural Water Association, and Frank explained that it is an educational membership for the plant. Bruce added that they are a non-profit that is aimed at rural water and sewer users and they provide training for water and sewer operations. Frank stated that there is a conference coming up and he will get a flyer to the Board. Barbara asked about the Tri-Signal invoice, whether it included testing the fire extinguishers too. Frank explained that this is only for the fire alarms, since it is required to be done annually. The fire extinguishers are handled by the staff. **Motion by Bob Allgeier to approve the claims received for February, 2016 in the amount of \$72,017.38 plus miscellaneous expenses in the amount of \$540.17, and to approve the payroll-related expenses paid during February, 2016 in the amount of \$87,875.99.** Seconded by Mark Dudley. Motion carried [5 ayes, 0 nays].

Minutes of February 2, 2016 Regular Board Meeting: **Motion by Bob Allgeier to approve the minutes of the February 2, 2016 Regular Board Meeting.** Seconded by Mark Dudley. Motion carried [4 ayes, 0 nays, 1 abstain (King)].



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**Marti Annexation:** Represented by Steve Marti. Ray asked Mr. Marti if he had any questions for the Board, and he replied that he did not. The Board did not have any questions for the Marti's. Frank stated that the public hearing had been properly noticed. **Motion by Barbara Smallwood to approve the annexation for Steve and Lori Marti for 1.7 acres located at 1286 Centerville Ln. in Gardnerville (APN 1220-04-002-003) subject to the 3 conditions outlined in the letter from Resource Concepts, Inc. dated January 26, 2016. All rules, regulations, and requirements of MGSD are to be met and all fees paid.** Seconded by Mike King. Motion carried [5 ayes, 0 nays]. Bruce apologized for getting Mr. Marti's name wrong on his letter.

**HDR Engineering:** Represented by Craig Olson. Craig presented a slide show of Digester 3 and the damage that occurred over the New Year's weekend. Craig explained that Digester 3 was constructed about 6 years ago for handling solids. Because it has a flat roof, there are 4 columns on the inside to support the roof. Also on the top of the digester is a flame arrester, which is basically a pressure relief valve. The valve is set as a safety and vents the gas. There are also overflow pipes built in to overflow to the other digesters. During the cold snap over a weekend, the overflow pipe froze due to the digester not being fed, and Craig and Frank noted that typically the digester is not fed constantly during a weekend. During the cold snap, the flame arrester valve did not open to release the pressure. When staff began feeding the digester again, they realized that the digester was not overflowing. They put hot water into the overflow line to clear the ice plug. However, the tank had built up too much pressure, and when the overflow line cleared, the pressure released through the top of the digester overflow in the form of a geyser. When staff went to the roof to inspect it, they heard a rumble from the digester and thought the top had resettled. When Craig inspected the digester, there were cracks on the top of the digester, more than would normally occur, and he could see gas bubbles coming through the top. It appeared that the top bowed up. Craig stated that there is no imminent danger that the roof is going to collapse, but it was leaking more than before. He was also concerned about the extent of the damage to the columns.

Mark asked if the digester could be drained and cleaned. Frank explained that MGSD will have to contract that work out, and Craig felt that it does need to be considered. Mike asked for clarification that the liner at the top was cracked as well, and Craig said that still has to be determined. Mike asked if there was a lighter-weight material that could be used rather than concrete that would be more capable of handling temperature fluctuations, and Craig explained that the size of the digester shouldn't create enough of a difference to consider a different material.

Craig recommended that computer modelling be done, where the amount of pressure that they think the digester experienced is input to the computer, to see if the extent of the damage can be determined through the model. Mike also asked if the digester can be drained and cleaned. Frank explained that the digester cleaning is on a 10-year schedule, and that MGSD cannot perform this work in house since it's a high volume of sludge and it will need to be dewatered. Some of it can be run through the belt press, but most of it will have to be hauled to a landfill. Mike asked if there are any safeguards that can be put into



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place to prevent the lid from failing prior to the repair, and Barbara asked if staff has to walk the top of the digester. Frank explained that staff must get to the top of the digester in order to take measurements and perform any necessary maintenance items. Mike asked about the cost of the cleaning. Frank and Craig couldn't remember how much it cost to clean the other 2 digesters and explained that both digesters were also revamped at the time of the cleaning. Ray asked what measures can be put into place to prevent this from happening again, and Frank explained that they have put insulation on the overflow already, but they can't put any heat tape on top for safety reasons. Bob asked why the ~~release~~ relief valves failed so badly, and Craig said he could only speculate a reason. Bob expressed concern about the valves on the other digesters. Craig pointed out that the valves on the other digesters have been up there for 30 years and there haven't been any problems associated with them. Mike asked if an ultrasound could be performed to determine the damage, and Craig said it could tell them some things but not everything they need to know.

Bill pointed out that this is an insurable event. Frank stated that he has spoken to Alan Reed, and he is looking into it. Bob asked if HDR was the design engineer, and Craig said they were and they had never experienced a valve that froze. Discussion followed regarding possible problems with the valve and the amount of pressure in the digester. Ray requested a cost comparison for cleaning versus modelling. Mike thought that the modelling would be part of the detective work to determine if cleaning would be needed. Craig said that he had spoken with HDR's modelling staff, and they estimated \$10,000-\$15,000 to do the modelling. Frank stated that he would make some calls to obtain an estimate to clean the digester. Ray suggested that in the future if it is known the temperature is going to drop, then the plant be staffed for 24 hours during the cold spell. Craig discussed that a plant in Sacramento had the same type of valve failure, and they went to their insurance company who paid for the repair. Mark felt that it would be worthwhile to perform both cleaning and modelling. Craig agreed that the digester will need to be drained.

Discussion followed regarding the need for the modelling in addition to the draining. Craig explained that the draining may not show the specific areas of distress. The liner may need to be peeled back if that is where the problem is. Discussion followed regarding re-pouring the top and neither Craig nor Bruce could estimate the cost of re-pouring the top. Bruce recommended doing the modelling. Craig stated that as long as staff members are prudent while they are up there, there shouldn't be a safety problem.

Discussion followed regarding the make and design of the valve, the examination of the valve once it's removed for repair, the cost of the valve, and the cleaning schedule for all three digesters. The Board directed Frank to move forward with obtaining cost estimates for draining and cleaning the digester. Frank explained the process of draining and cleaning and the length of time to complete the process. Bob recommended that the insurance company be informed. Bob would also like Bruce to inspect the valve. The Board asked Craig to contact the manufacturer to see if they have an explanation for the failure.

**Motion by Barbara Smallwood to approve up to \$20,000 for a model to help facilitate repair alternatives to Digester 3 for damage caused by winter weather.** Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays]. Ray asked for detailed documentation from HDR for submittal to the insurance



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company. Craig anticipated the modelling would be completed by the April Board meeting and he would come back to demonstrate the findings.

**GRGID Agreements:** Bill reported that he and Frank met with Bob Spellberg and Mike Rowe, and GRGID is unwilling at this time to contribute to the cost of the Co-gen project. Bill will send one more demand and Bob Spellberg will present it to the GRGID Board for decision. GRGID's argument was that in 1990 the relationship with GRGID was redefined, and as a result they pay the same as any other customer. So they felt were already paying their share of the construction costs the same as any other customer. Bill disagreed with this, and explained that the 1990 agreement simply changed the method by which they would pay the fixed and variable costs, and the capital expenses are still effective under the 1974 agreement. Bill has redone the calculations to more accurately reflect the financing aspect of the project. He calculated the cost would be GRGID's share of MGSD's total out-of-pocket cost of \$447,000, which would be \$76,000, as well as their share of the loan payment, which is \$12,000 annually. He explained that GRGID is behind 5 payments, so they would owe for the 5 payments and their share of the note repayment going forward. He will explain in the letter why GRGID owes the money, and how much they owe until the note is paid off in 2029, as well as the method of repayment. He believed it would be best to have GRGID pay up by applying any refund to the total and then settle the difference in 2029. Discussion followed regarding the total cost of the project. Bob stated that the total cost for the co-gen project was \$2,091,580.78 and the heat loop was about \$217,000. Bob stated that if the grandfathered EDU's are taken into consideration, GRGID is paying less than \$11 per EDU. Mike stated he had asked April for the contract dates for Eldorado Engineering and KG Walters Construction, and the contract for Eldorado Engineering was done in August 2009, the original ARRA loan was dated October 2009, and construction began in 2010. Bill noted that the first repayment was July 1, 2011. Bob asked for a cost estimate to enforce legal action, and Bill thought roughly \$50,000. Mike asked if there is a statute of limitations, and Bob stated that the agreement says that the Board can make a determination at any time. Bill stated that they may claim that the agreement was breached, and there is a 6-year limitation on breach, which would allow them to argue that they don't owe anything prior to then. The Board directed Bill to send another letter to GRGID with an explanation, and Bob will get Bill the correct numbers. Bob felt the heat loop should be a separate issue with a separate letter. Discussion followed regarding whether MGSD should have asked GRGID for money, or should GRGID have raised the issue and the impact of that argument on the statute of limitations.

**MGSD Salary Scale:** Frank presented a table of proposed COLA numbers based on the method presented by Bob at the February meeting. Bob explained the different methods of calculating cost of living, and recommended using the regular government cost of living indexes that are used by the federal and state and local governments, as well as private businesses. The figure for last year without seasonal adjustments was .73% under that index. He suggested the Board determine a method of calculating COLA, and the salary schedule should be adjusted annually based on this method to keep the salary scale



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up-to-date and to show the staff that the Board has confidence in their work. Motion by Barbara Smallwood to use the CPI for the determination of the method for the COLA formula for the salary increases. Bob suggested using the Government Overall Annual Inflation Rate, which includes fuel, housing, and food cost, rather than the core rate of inflation. Ray stated that if the same formula is used each year, Frank will know what the COLA will be for the budget process. **Motion amended by Barbara Smallwood that in determining what method used in the COLA formula, the Board wishes to use the Government Overall Annual Inflation Rate for salary increases, and also approval of the salary scale for FY 2016-2017 at 0.73%.** Seconded by Bob Allgeier. Motion carried [3 ayes, 1 nay (Dudley), 1 abstain (King)].

**Attorney-Client Conference:** Bill reported that he looked into Bruce's question last month regarding a requirement for a legal description on an annexation map, and he couldn't find one. Bruce will do the map showing the boundary by parcels.

**Washoe Tribe Letter of Credit:** In talking to the Tribe, he and Frank agreed to accept cash as a temporary measure against providing a letter of credit. Barbara asked if MGSD has a policy for holding this money. The tribe asked that it be held in an escrow account, but Bill told them no. Bill coordinated with Richard Peters, who will let staff know how to account for this. Barbara was concerned about escrow requirements. Bill stated that Richard indicated it would be accounted for as a deposit. The cash will be refunded when the letter of credit is submitted. The Board asked staff to check on the status of the letter of credit in six months.

**Engineer's Report:** Bruce Scott reported that LaCosta Subdivision is moving forward. He has also seen a proposal coming forward on the Jacobsen property between Walmart and Toler. It will be mostly residential with a small piece of commercial. The Corley Ranch development is scheduled for the Thursday County Commissioner's meeting.

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

**Capacity** – No capacity was sold in February. The Bently Distillery project is moving forward, and they are using existing EDU's.

**System Mapping Updates:** Bruce will work on updating the boundary and system mapping. Ray asked for the small map like Bruce would do for the Town Board. Bruce explained that MGSD has a larger area, but he will put one together and see how it works.



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Corley Ranch: Barbara asked about the will serve letter on the Corley Ranch development. Frank explained that the will serve letter was done prior to the new language, and Mark Neuffer is aware that future submittals will require a new will serve letter. Barbara asked that since it won't be annexed to the Town of Gardnerville, if it would need to be served under contract of service. Bill and Bruce stated it can be annexed to MGSD.

Tesco: The screen shots have been reviewed by him and Brian. Hopefully more will be done by next month. Frank confirmed that all the lines are in.

Equipment Replacement: In the next couple of years, Frank would like to incorporate some money into the budget to begin replacing old equipment. He emphasized that this is not a wish list, it's necessary. Some of the equipment has outlived their useful life. Ray asked that the equipment replacement be prioritized.

Frank will have April email the details for the Nevada Rural Water Association conference.

Bob asked about the current flow rate, and Frank stated it is between 1.6 million gallons and 1.7 million gallons, so there has been no change. Bob reminded the Board that this will determine when future plant expansion projects will be needed, and it won't be needed soon. So now is a good time to do the equipment replacement.

Barbara asked about the Taste of the Town restaurant. Barbara was concerned that we don't look at new restaurants. Frank explained he does take a look at them after they open to make sure of any modifications and they are then billed accordingly.

Frank went to the flood meeting, and he and Brian have met with the staff about how MGSD will handle things in a flood conditions. Barbara expressed concern about the County's list of equipment owned by all agencies to commandeer in an emergency. MGSD has only 2 items on the list.

**Administrative Report by Staff:** There was no comment by staff.

**Board Comment:** Barbara attended the Open Meeting Law conference. She reported that SB70 changed the law considerably. She will get with April to go through it. It appears that MGSD substantially complies with the law, but she wants to make sure all regulations are being complied with, especially having hard copies available for the public. She also discussed new posting requirements, accommodations for ADA requirements, the requirement to post backup information at the same time it's provided to the public body, creating a log for request of public records, and the impacts of social media.



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Mike asked about the mosquito abatement. Frank will contact Krista to see when she wants to come to the Board.

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

***Meeting adjourned at 8:30 pm.***

Approved by the Board of Trustees with the noted corrections on April 5, 2016:

\_\_\_\_\_ By \_\_\_\_\_.  
Date Barbara S. Smallwood, District Secretary  
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