



Board of Trustees  
Minutes of Special Meeting  
Thursday, March 23, 2017  
1:00 P.M.  
CVIC Hall  
1602 Esmeralda Ave.  
Minden, Nevada

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Board Members Present:

Raymond Wilson  
Barbara Smallwood  
Robert Allgeier

Staff Members Present:

Frank Johnson  
April Burchett  
Bruce Scott

Others Present:

Bill Chernock  
Bobbi Thompson  
Geoff Lacost  
Steve Thaler  
Jennifer Davidson  
Joe ~~Rubin~~ Hooven

Board Members Absent:

Mark Dudley  
Michael King

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**Meeting called to order at 1:00 p.m. by Ray Wilson, Chairman.**

**Public Comment:** Bill Chernock (Carson Valley Chamber of Commerce) thanked the MGSD Board of Trustees for staging a special meeting to hold this event and also thanked Jennifer Davidson and the Town of Minden for making the room available. He had heard a lot of discussion that some of the permit fees charged to businesses looking to open and relocate seemed high, and not just those imposed by MGSD. He noted that on the one hand, MGSD is an agency that feels like it is doing right by its customers by being financially responsible, while on the other hand there are those who would like to be more proactive in getting businesses into Minden and Gardnerville. He noted that MGSD had put together a letter comparing its rates with other area sewer providers, and it appeared that its rates are competitive. But from the business community, he has heard that the fees continue to be a stumbling block. We all want the same thing, increased revenue and stable rates for ratepayers. He would like the Board to consider a change to how the hookup fees are charged. He noted that Carson City have had a willingness to waive fees, abate fees, or spread the payment of fees over time. MGSD's position is to maintain fiscal stability for its customers. He hoped that this meeting would be a start towards getting a dialog going between various agencies to see if some of these problems can be resolved.

Bobbi Thompson (Main Street Minden) asked when a business expands or remodels, e.g., adds or remodels a bathroom, what are the fees and how are they calculated. Frank Johnson responded that if the business is existing, no additional fees are charged if additional drains are not added.

**Rates Workshop:** Ray Wilson gave an overview of MGSD's history, user fees, and current organization and staff levels. He noted that impact fees are collected up front so that MGSD can pay for plant improvements, rather than have a bond issued, saving the ratepayers money. The user fees pay for plant operations, but the connection, capacity, and annexation fees pay are put into restricted accounts to pay



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for plant and sewer main improvements and repairs. He explained that the Board of Trustees also recently implemented a restricted fund to pay for repairs in the case of a natural disaster. He noted that although MGSD's hookup fees seemed high, the user fee was lower than other entities' fees in the state and in neighboring states. He also pointed out that other utilities can shut off service in the case of non-payment, but the State of Nevada does not allow sewer service to be shut off, so MGSD owes it to the customers to remain financially solvent. MGSD is allowed by the State to retain excess revenues for future improvements. He also noted that MGSD's tax rate had not changed since the 1990's.

Joe ~~Ruben~~ Hooven (new Minden resident) asked about the sports bar that was scheduled to go into the Minden Gateway Center several years ago, and the Board discussed that the business presented a set of plans with a large number of drains and offered to work with the architect to bring the number down, but the project fell through. Ray referred to the table of charges in the November 2016 letter. Discussion followed regarding capacity and connection fees for existing residences. Bob Allgeier pointed out that hookup fees are only charged when the residence is first constructed.

Geoff Lacost (Town of Gardnerville) asked if the sewer maintenance and replacement costs are included in the capacity/connection fees. Ray explained that a portion of those fees are set aside for main repair and replacement due to normal wear and tear, and a portion is set aside for repairs in case of a natural disaster, such as an earthquake. He explained that MGSD replaced the sewer main on County Road two years ago. Geoff Lacost asked about the life span of the collection system. Bruce Scott explained that there is a 50 to 60 year life span. MGSD has a televising and rehabilitation program in place to keep the lines in working order and to identify problem areas. Geoff Lacost felt that funding the collection system rehabilitation from capacity fees was not as effective as to provide them from user fees, which would result in an increase to user fees but a decrease in capacity fees and would defer the cost to the users over time. Ray pointed out that everyone wants new businesses to come in, but this model would penalize everyone to help a few. With MGSD's current model, the District can put money aside to fund future expansion and improvements.

Bruce Scott explained that for a new business, there is a higher up-front cost, but once that cost is met, the monthly rate is much lower, offsetting the higher initial cost. He suggested that those in the real estate business look at existing buildings rather than new construction for potential commercial clients. Existing commercial buildings have capacity in them already, and those Edu's would mitigate the fees needed for a new business. He also noted that architects often plan more drains than what is actually needed, and MGSD is willing to work with owners and architects to reduce the number of drains and thereby reducing the fees. MGSD looks at rate increases with a view of stability down the road, rather than meeting the current demand.

Steve Thaler (attending as a Minden resident) has received the same questions in his capacity as a County Commissioner. He noted that the rates are higher in several agencies, not just MGSD. The County is experiencing it at their plant as well. If the money is not available, then the agency will have to look at



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bonding, which is expensive for the ratepayers. Discussion followed regarding the tax rate sheet, and Bob noted that MGSD's tax rate is comparable to the Pool District's. Steve asked about the impact of GRGID to the flow at MGSD, and MGSD's plans to expand service south of Gardnerville. Bob discussed MGSD's current flow rate and GRGID's portion of the flow. He also discussed the amount of money in the restricted fund for plant expansions and noted that these expansions won't be needed for another 25 to 30 years, at which time the money will be available to fund the expansions. Bob noted that MGSD does have one interest-free loan from NDEP for the co-gen system, which reduces MGSD's utility bills. He also reported that the GRGID fee structure was set by the Supreme Court. Bob discussed the fixed rate and variable rate structures, as well as how MGSD assesses a tax rate to GRGID, since properties within the Ranchos are not assessed ad valorem taxes for MGSD. Steve asked if GRGID should be paying more, and Bob explained that MGSD does not maintain GRGID's lines. Steve reported that the North Valley Treatment Plant does not receive ad valorem revenue, so it must rely on redevelopment money to fund expansions. He liked MGSD's policy that a current tax or rate payer should not pay for future development. He thanked Bill Chernock and MGSD for having the workshop, and hoped that this would encourage more interaction between the elected officials of the various entities within Douglas County to work towards solutions.

Jennifer Davidson (Town of Minden) commended the MGSD Board and staff for holding the workshop. She reported that in 2013 the Town conducted a rate study. At the time, the Town's connection fees were similar to MGSD's, but it was noted that it was not necessary for the Town to base its fees on sewer capacity. It should have been based on water line size. With respect to the sports bar at Minden Gateway Center, if it had applied today, Minden's fees would have been about one-third of what the estimated charge was at that time. She noted that it made sense for MGSD to base its fees on Edu's, since line size does not apply to sewer. She also reported that the rate study concluded that the Town was reaching its natural boundaries and would no longer be able to receive revenue for rehabilitation and repair from hookup fees, so the Town has taken steps to increase its monthly fees to continue to provide revenue to these projects.

Discussion followed regarding the proposed sewer main extension to Pine View Estates, and the status of the ownership of the properties in that subdivision. Ray explained that the residents had approached MGSD for service and to see what type of funding MGSD would provide to extend the main. The Board of Trustees explained that MGSD would be willing to take the sewage but would not provide any funding to extend the main, nor would MGSD maintain the main past the point of gravity flow. Bruce explained that the proposed line is being sized to handle the future sewerage in that area, most notably the Ruhenstroth area.

Bill Chernock asked about the capacity calculations for a restaurant at the COD Casino. The Board asked that he send a letter to MGSD about this, and the District would respond to the letter.



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Barbara Smallwood also pointed out that MGSD Code provides a time frame of 9 months for capacity to be paid for once it's allocated, so payment can be deferred for that time.

Frank Johnson noted that people haven't complained to him specifically about the rates, but that they heard that our rates were high. He pointed out that he is always available if anyone has questions. Bob Allgeier also explained that anyone can contact Frank to set up a plant tour.

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

***Meeting adjourned 2:35 p.m.***

Approved by the Board of Trustees with the noted corrections on:

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

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