



Board of Trustees
Minutes of Regular Meeting
Tuesday, September 5, 2017
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Barbara Smallwood
Robert Allgeier
Michael King
Mark Dudley

Staff Members Present:

Frank Johnson
April Burchett
Bruce Scott
Bill Peterson
Peter Baratti

Others Present:

Doug Stimpson
Daralyn Dobson
Cheryl Couch

Board Members Absent:

None

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

Public Comment: There was no public comment.

Chairman's Comment: Ray thanked those who sent cards and who stopped by his house during his recovery.

Claims Review and Approval: Ray asked about the payments from the insurance company. Frank said we haven't received a check this month. April said she had been submitting the claims and backup information. Bob asked when we are going to bill GRGID for their share of the rehabilitation. Frank will compute the amount, but we typically bill them after Richard Peters completes the audit. Bob didn't think we should wait. Discussion followed regarding billing GRGID for the pond repair, and Bill said they should be billed for the pond repair. **Motion by Barbara Smallwood to approve the claims received for August, 2017 in the amount of \$164,492.76 plus miscellaneous expenses in the amount of \$711.02, and to approve the payroll-related expenses paid during August, 2017 in the amount of \$87,485.56.** Seconded by Mark Dudley. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

Minutes of August 1, 2017 Regular Board Meeting: Ray noted a statement at the bottom of Page 3, regarding staff keeping GRGID aware of the agreement terms. Ray asked Frank, April, and Pete that if anything affects GRGID in the future, to let GRGID and MGSD's Board know. He felt it was critical that



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staff brings these types of items to the Board's attention, and that GRGID be notified. **Motion by Mark Dudley to approve the minutes of the August 1, 2017 Regular Board Meeting.** Seconded by Mike King. Motion carried [4 ayes, 0 nays, 1 abstain (Wilson), 0 absent].

Pine View Estates – Represented by Daralyn Dobson and Cheryl Couch. Bruce Scott gave a summary of the project. The ownership situation is very close to being resolved. He introduced Daralyn Dobson from NDEP State Revolving Loan Fund and Cheryl Couch of USDA Rural Development and explained that they represent agencies that can lend money to help fund the project. Cheryl Couch explained the next steps the HOA needs to take in order to final the ownership information. Rural Development is waiting for Congress to approve funding, so she was unsure when funding would be available for Pine View. As a result, they are looking for other sources of funding. Daralyn explained that Nevada does not have the authority to give out grants, but they can issue principal forgiveness loans. Many times the State Revolving Loan Fund assists in funding a private entity through a public agency. Pine View does not currently qualify for their program since they are a private system, but MGSD can apply on behalf of Pine View for up to \$500,000 in principal forgiveness funds. The loan would be to MGSD, with no obligation to pay the principal, similar to a grant. Bruce explained MGSD would be a facilitator, but we would not owe any money. He also noted that these funds could only apply to the gravity-flow portion of the line that MGSD would accept at project completion. Mike expressed concern about the impact of recent hurricanes on the funding and construction cost, and he would want to know the details and fine print for the loan. Bill asked if these are like industrial revenue bonds. Bruce explained that the loan would be from the State, not USDA. Barbara expressed concern about the ability of the homeowners to pay for the construction and maintenance of the system, and wanted to make sure the current ratepayers would not be responsible for the cost. Barbara asked about engineering and attorney fees, and Cheryl said it would be covered under Rural Development funding. Bob asked if Frank has been approached for connection fees. Doug Stimpson said he has the numbers from Frank to connect 208 lots, and it is included in the cost of the funding. Cheryl explained they will need updated costs before the final funding is approved. She noted that due to the hurricanes, the cost of PVC piping is high. Bob asked about the NDOT right-of-way, and Bruce said they had looked into that as part of their study. Bruce explained that the costs need to be firmed up, as well as the ability of the homeowners to pay, and the funding granted by USDA and NDEP, before this can go to design. He also noted that connection fees have always been included in the project costs. Discussion followed regarding building the line large enough for other properties to tie in and the possibility of the HOA to get some rebate revenue from future development. Mark asked about the liability of the original contractor. Cheryl said they looked into it, and there is no way that can be pursued. Ray is for the concept of looking into the principle forgiveness loan, as long as it doesn't cost current MGSD ratepayers any money. Also he emphasized that MGSD does not accept lift stations, and MGSD would only accept the gravity-flow portions of the line. Mike clarified that the rest of the funding would come from USDA, and Cheryl said that was correct. Cheryl explained the terms of the grant funding. She stated that Pine View is eligible for 75% grant funding, but the funding is not available right now. Mike was okay with this in concept as well. Doug Stimpson explained how they came up with a



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per-property number to add to the association dues, and that number is affordable to the property owners. Discussion followed regarding the alternatives for sewer service, and Cheryl said that the only option USDA will consider for funding is connection to MGSD's service. Barbara asked if there was money available to offset any costs incurred by MGSD. Daralyn said we can charge any accounting costs to the loan. Barbara clarified if it comes out of the \$500,000, and Daralyn said yes, if that's how MGSD chooses to do it. Doug asked if MGSD would bill the HOA for the quarterly fee. He asked if the Board would consider a reduction to the connection fee since the billing would be to one customer, and the Board said no. Barbara does not have a problem with the concept, but she has concerns with the details, and Ray explained that they are still working out the details. Bob is okay with the concept. Mark is fine with the concept. Mark asked how often we would be updated on the progress. Cheryl thought they could be placed on the agenda periodically. The Board asked for an update from Cheryl every couple of months. Daralyn reminded the Board that we have to be on the priority list. When the solicitation letter comes out from her in December, we need to make sure Bruce gets the paperwork in. Bruce said that he and Frank can provide a monthly update on the status of the project. He also noted that there will be a contract of service document, and that document will include a reimbursement clause.

Pine View Estates – Represented by Doug Stimpson. Doug gave an update on the status of the ownership of the property. Documents will be executed this week that will go to the BIA, who will issue quitclaim deeds for the properties, and those documents will be forwarded to the bank. All documents will be signed and recorded by October 26th per the terms of the court order. USDA has been the driving force on this. The HOA is working on changing the zoning on the property to Single Family Residential. The Zoning Map Amendment & Master Plan Amendment applications require a will serve letter from MGSD. The applications are due to the County by December 1st. He asked if the Board would be willing to issue a will-serve letter. The Board directed Frank, Bruce, and Bill to put together a will serve letter. Bruce said it would not obligate the Board in impacting the current costs to the ratepayers. Bruce said we are not guaranteeing the service, and that there will be conditions for service. They intend to submit the application to the USDA this week. Discussion followed regarding assessment of property taxes, and the addition of the in-lieu-of tax fee to the quarterly sewer billing.

Digester 3 Roof Repair Change Order – Frank reported that they are making good progress. The exterior scaffolding has been removed. They spark-tested the T-loc and that came out okay. **Motion by Bob Allgeier to approve the change order for Digester #3 Roof Repair project to fabricate and install a working aluminum platform and railing above the grease tank in the amount of \$63,258.80.** Seconded by Mark Dudley. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].



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MGSD Personnel Policies and Procedures Manual – The draft Personnel Policies and Procedures Manual was passed out to the Board for review for the October meeting. April noted one correction on Page 61 regarding eliminating using social security numbers for random drug testing. She will forward additional corrections from Carrie Parker by email tomorrow.

Douglas County Master Plan – Ray thanked Bill for the draft letter to the County Commissioners. Bill said it addresses the proposed changes to the Housing Element of the Master Plan and outlines its impacts to sewer usage. Bill has a few corrections and will get with April to final the letter. Barbara noted that the County’s calculation method reflects MGSD’s, so the County treatment plant will have to deal with the same impacts. **Motion by Bob Allgeier that the Chairman be directed to send the letter concern the master plan revisions to be considered by the County Commissioners and the Chairman be directed to sign the letter. Seconded by Barbara Smallwood.** Discussion followed regarding sending the letter out to each commissioner, Candace Stowell, and the County Manager. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

MGSD Long-Range Planning – Bruce discussed the collection system. It’s mostly aging lines that will need to be replaced, and we will need to develop a replacement program. There are no immediate issues, but he would like to see the Board put aside more money for collection system rehabilitation. He’s looking especially at the GRGID interceptor. He would like some kind of policy direction from the Board, so he can put together numbers and identify issues based on that. We are currently in good shape on the collection system, but not if we’re looking 20 years out. Bob discussed the current plant capacity. We have a little over 8,000 edu’s of capacity left, which will be about 40 years before we have to expand the plant. We need to look at what the new County Master Plan contains that will impact MGSD’s capacity and future planning. Bob pointed out that ad valorem numbers have not completely recovered from the recession years. Estimating what the ad valorem rate of increase is going to be in 20 years is very difficult, but it was recommended to him to estimate 2% to 2.5% per year. In 20 years, that will be about a 48% increase. He is concerned about the properties that are tax exempt and aren’t assessed property tax. He suggested considering implementing a fee for properties that don’t pay property tax. Discussion followed regarding future projections for plant equipment. Bruce noted that even though we don’t need to expand capacity, equipment will start to wear out. Discussion followed regarding changes to Gardnerville’s Urban Service Area and proposed growth areas. Bob thought we can come up with an estimated inflation rate for salary schedules and staffing. Mike pointed out that taking out a bond means going into debt, and he didn’t feel that was a good option. He thinks a five-year projection is palatable. We need to take into account the funding sources and making it understandable to the public. Bob suggested we look at this again at the November meeting.



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Attorney-Client Conference – Bill Peterson reported on the following:

Long Range Planning: Bill noted that the Board is trying to recover depreciation of the plant over time in order to figure out how to recover the cost from the ratepayers for plant depreciation. He noted that NV Energy does that on a regular basis. Bruce said the difference for MGSD is where the revenues come from, connection or user fees. Bill noted that is a rate structure item. The Board asked Bruce and Bill to look into the capacity and connection fees.

Jurisdiction Issue with County: He still owes a letter to the county regarding inspections. He will have this next month.

GRGID Settlement: Discussion followed regarding the interpretation of the GRGID Settlement Agreement. Mike said he would like to see a document that would take away the ambiguity, such as a Memorandum of Understanding. Barbara expressed concern that creating a new document would be costly, and felt the current agreement expressed MGSD's position well. Bob and Ray concurred.

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

Pond Repair: A preconstruction meeting is scheduled for next week. Armac wants to get on it and get it done. RCI is still working with FEMA, and it appears we will get about 70% reimbursement from FEMA.

NDOT Martin Slough Project Easements: He has received the appraisal for the temporary and permanent easements. He will recommend to the Board to accept their offer, but he will review the appraisal in further detail and have it on next month's agenda.

Bently Heritage Project: We are getting more information from them month by month. The project should be completed in a couple of months.

Bruce will be gone for the November meeting. The Board asked for someone to come in his place.

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

Capacity: 1 edu was sold last month.

Digester 3: The contractor is doing a 30-day water test the week of the 18th. An additional mixing line was put in. Reno Rendering has been calling to find out when this will be back online. They also want to discuss tipping fees now. He will work with them regarding an agreement for tipping fees.



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Muller Lane Property Adjacent to Pond: He spoke to Kathy Lewis. They may try to approach Park Ranch first for the property acquisition, since they can get some revenue for it if it's under the ownership of a private party.

Vacant Operator Position: We received 10 applications for the vacant positions. Frank and Pete will review them and set up interviews.

Projects in District: The County received an application for a proposed car wash at the Minden Gateway Center.

Mosquito Abatement: Frank spoke with Krista Jenkins, who said the Abatement District put out a couple of traps and found West Nile virus. Frank pointed out the email from Krista, included in the Board packet, regarding her response to a resident blaming the mosquitos at MGSD for contracting. MGSD staff will continue to keep vegetation down with our brush hog.

MGSD Vehicle: Frank reported that the Taurus is in the shop. There is an electrical problem that they can't trace. We have made arrangements to take it to Ford next week. Discussion followed regarding the problem and the age of the car. Frank noted that we may want to consider replacing it next year.

Frank discussed a phone call from Barbara about taking gray water from the emergency crews fighting a recent fire. He asked Barbara about a statute that requires MGSD to take the gray water from the emergency crews, since he was not aware of any such statute. Barbara said she wasn't either and is trying to get a hold of the law. Frank had the emergency crews discharge it into the southern-most sewer manhole.

Administrative Report by Staff – April Burchett reported on the following:

Jerome Etchegoyhen: April mentioned that a sympathy card was sent to the family. Ray stated the Mass and Celebration of Life will be on September 15th at 2:00 at St. Gall's. April asked for the Board's approval to send flowers, and the Board directed her to do so.

Long-Range Planning: April noted the impacts of long-range planning items to the administrative staff. Additional developed parcels will create additional billings, resulting in changes to billing practices, software, and possibly staffing. In addition, she mentioned that the Board might want to consider looking at annexation and acreage fees, since these fees have never been increased. The Board directed her to add annexation fees to the November agenda item for long-range planning.



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Past Due Accounts: April will email the past due accounts to the Board. Two customers are being sent to small claims court. Once customer typically pays a day or two before the court date, but the second customer has an account that is past due over several years. The Board directed her to work with Bill to look into foreclosure proceedings, as well as to formulate a policy on when foreclosure would be considered in the future.

Board Comment – There was no Board comment

Public Comment – There was no public comment.

Meeting adjourned 9:20 p.m.

Approved by the Board of Trustees as presented on:

_____ By _____
Date Barbara S. Smallwood, District Secretary

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