



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

Board Members Present:

Raymond Wilson
Barbara Smallwood
Robert Allgeier
Mark Dudley
Michael King

Staff Members Present:

Frank Johnson
April Burchett
Brian Buffo
Bruce Scott
William Peterson

Others Present:

Craig Wilcox
Tim Bunting

Board Members Absent :

None

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

Public Comment: There was no public comment.

Chairman's Comment: Ray reported that he received a call from Frank about a joint meeting with other GID Managers, Chairmen, and legal counsels on August 23rd to discuss Barry Penzel's memo, which was included in last month's Board packet. At the meeting, Bill Peterson clarified that the burden is on the GID's to get the needed votes to oppose a County takeover. At the meeting a proposal was made that the GID's jointly hire a lobbyist to represent the group. Frank and Bill will have more information later in the meeting.

Claims Review and Approval: Mark asked about the Bobcat repair, and Frank explained that the main controller went out. Bob asked about the high amount on the NV Energy bill, and Frank explained that the Co-gen has been down for 2 months due to the Digester 3 cleaning. **Motion by Mike King to approve the claims received for August, 2016 in the amount of \$82,325.42 plus miscellaneous expenses in the amount of \$1,017.30, and to approve the payroll-related expenses paid during August, 2016 in the amount of \$88,780.40.** Seconded by Mark Dudley. Motion carried (5 ayes, 0 nays, 0 abstain, 0 absent).

Minutes of August 2, 2016 Regular Board Meeting: Barbara noted the following corrections:

- On Page 1 under Chairman's Comment, there is an extra "it". The sentence should read, "Bob felt that whether a customer was long-term was irrelevant".



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- On Page 3 under GRGID Agreements Barbara clarified that where she stated, "...and agreed to hold the money", the money referred to the refund for the Variables costs.
- On Page 3 under State of Nevada Consolidated Tax Distribution Formula, she asked that "property tax" be added to clarify the last sentence. The sentence should read, "Barbara also noted the inequity in the property tax assessment across the counties..."
- On Page 3 in the second paragraph under Attorney-Client Conference, Barbara pointed out the third sentence did not read well and noted the sentence should say, "The problem arises if it is part of the agenda materials."

Motion by Barbara Smallwood to approve the minutes of the August 2, 2016 Regular Board Meeting with the corrections as noted. Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

MGSD Past Due Sewer Use Fee Collections Policy: Bob stated that in addition to removing the phrase "particularly with long term customers" the last sentence should terminate with "incorrect customer information". He felt that if promoting customer satisfaction is listed as an exception, it will raise questions. The last sentence should read, "Possible justifications for an exception include, but are not limited to, untimely invoice delivery, lost or misplaced invoices, and incorrect customer information." Barbara asked for comment from staff about the changes, and Frank said it is an old policy, so there is no problem with the changes. A customer can always appeal to the Board if they feel an exception is warranted. **Motion by Bob Allgeier to approve the amendments to the MGSD Past Due Sewer User Fee Collections Policy.** Seconded by Mark Dudley. Mike clarified that the motion included removing customer satisfaction, and Bob stated that it did. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

Resolution to Create and Designate Funds for Emergency Repair Fund – Frank presented a letter from Alan Reed regarding the high cost of insuring the main lines. Frank felt that setting up an emergency fund would be the most cost-efficient way to handle any emergency repairs not covered by MGSD's insurance policy. Bob asked Bill to explain about the 3% limitation noted in Bill's memo. Bill reported that because MGSD is an enterprise fund, the legislature is worried about the collection of more money than is necessary to operate the plant, resulting in the banking of the excess money. Bob clarified that the 3% includes all the amounts in the designated funds. Bill thought that was the case, but would like clarification from Richard Peters and asked that the item be tabled until he got clarification. Bob asked if the resolution can be adopted anyway since it doesn't specify an amount, and Bill agreed that the Board could do that. Discussion followed regarding the long-term goal of covering 10 miles, which would be \$10 million. Bruce suggested setting up a fund for line replacement which could designate a certain percentage of the connection and capacity fees. The line replacement would also cover emergency repairs. He suggested that Bill and Richard look at the statute and come up with a different type of fund. Bob said that those types of funds are restricted to only specific types of repairs. He felt that an



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emergency repair fund would include other types of repairs that aren't covered by insurance. Discussion followed regarding the procedure for the Board to approve expenditures from the fund. **Motion by Mark Dudley to approve Resolution 16-002 Emergency Fund Resolution.** Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

MGSD Standard Details – Bruce presented revised standard details and noted that since the details are part of the ordinance, they need Board approval. He also noted that RCI has worked with contractors and MGSD staff regarding the amendments. He would like to have staff take one more look at them and requested Board approval subject to final staff review. Discussion followed regarding comparison to the County's standards. Bruce noted that one difference was the County's requirement of a tracing wire in the main. He felt it was not necessary for locating sewer laterals, although it was necessary for water, and it would result in an extra and unneeded cost for contractors. The Board agreed. Frank commented that there is some flexibility in the details, and Bruce noted a contractor could request a variance from the Board if needed. Bob asked for clarification on Note 5 on Detail A-2 regarding the pick hole and dig hole. Bruce said he will look into it, and make any needed changes. Discussion followed regarding the inclusion of the standard details in the Code, and the title of the details. Bruce would prefer to not have them included in the ordinance. Barbara asked that the standard details be deleted from the website since they are in the process of being revised, and a statement be added to the website to contact staff for standard details. **Motion by Barbara Smallwood to approve the Standard Details for Construction dated August 2016 from RCI.** Seconded by Mike King. Motion approved [5 ayes, 0 nays, 0 abstain, 0 absent].

GRGID Agreements: Frank passed out sheets showing revised fixed costs for FY12-13 and variable costs. He noted that the variable costs are "what-if numbers". He took the original amount, re-calculated without the Co-gen savings, and subtracted the adjusted fixed cost to determine a net increase for the GRGID billing. He did not have the numbers for FY15-16 because he will have to get those amounts from the accountant, and he also had a question on the numbers for FY13-14. Bob discussed that it works better to calculate the amounts over a fiscal year as opposed to a calendar year. Bob reported that GRGID saves over \$40,000 each year due to the Co-gen savings and noted that this method would be an alternate to the lump sum payment. But he also noted that GRGID would first have to agree that they owe MGSD the money. Mike asked if the useful life for the Co-gen is expected to exceed 20 years, and Frank stated that it was. Mike asked that the letter from Bill Peterson to Michael Rowe to note that once the note is paid off, GRGID will then see the cost savings realized from the Co-gen system. Bill stated he wanted to make sure the numbers were good before he finalized the letter. Discussion followed regarding setting a deadline for beginning court action, due to the statute of limitations. Ray and Bob felt a November deadline would be reasonable. They hoped this would give GRGID a good alternative, since no money would come out of GRGID's pocket to reimburse MGSD the savings. Barbara noted that a couple of the numbers in the letter need to be adjusted due to the revised numbers Frank presented tonight. She agreed



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to the November deadline because the ratepayers expect the Board to collect all the money that is owing to MGSD. Ray agreed that the changes to the numbers, the addition of the resolution deadline, and noting the savings after 20 years should be added to Bill's letter. Bob noted that there are two projects they owe money on, the Co-gen project and heat loop system, and asked if the demand should include both projects. He would like to add the cost for the heat loop project. Bill noted that he can revise the letter to include the heat loop. He presented another alternative which would be to let GRGID know about the heat loop project, and state MGSD will not pursue payment for the heat loop project if they come to an agreement for the Co-gen, but MGSD will add those costs if GRGID does not agree to pay the costs for their share of the Co-gen project. Bob noted that it is difficult to separate out the savings for the heat loop. Barbara asked if there is a way to add the heat loop costs in the future, and Frank stated that there is no way to break down the heat loop savings. The Board agreed to add the heat loop numbers into the letter. Mark expressed concern that if the Board requires GRGID to pay for their portion of the Co-gen and heat loop projects, MGSD would then need to obtain approval from GRGID for any future plant expansions or improvements. Bill stated that the agreement allows MGSD the full authority to make the decisions, but it would be ethical to notify GRGID to avoid any surprises.

Attorney-Client Conference: Bill discussed the joint meeting of the GID's in response to the memo from Barry Penzel about long-term plans. Bill explained the process for a County to dissolve a GID and that the statute puts the burden on the GID to get residents to protest the vote. He stated that the statute currently prohibits a County to take over certain types of GID's, and recommended that the statute be amended to make the prohibition apply to all types of GID's. At the meeting, he suggested that the GID's jointly retain the services of a lobbyist to present the amendment to the legislature in the upcoming session. The other GID's are discussing funding mechanisms for the lobbyist. Bill spoke to a lobbyist he has worked with in the past who said he would be happy to meet with the managers at their next meeting. Bill also recommended that all the GID's participate in a joint powers agreement.

Bill reported that he is working with the County to finalize the indemnification agreement.

Bob asked about the 1997 Senate Bill that designates MGSD an enterprise district, and whether the same statute designates MGSD, as an enterprise district, as a separate type of entity from other GID's. Bill said that he is not aware of any statute that separates an enterprise district from a non-enterprise GID. The statute he was referring to was Chapter 318, and MGSD is governed under Chapter 318. Mike noted how quickly the issues with the County had escalated, from the County's indemnification issue, to the DCSID issue a couple of months ago, to the memo from a County Commissioner last month, to the County implementing a grand jury during the last month, and to the GID's hiring a lobbyist. Ray explained that the GID's felt that they shouldn't wait and should be proactive. Mike explained that he wanted the timeline on record to justify hiring a lobbyist. Bill noted that it should be on the record, since questions arise with governments using lobbyists and stated MGSD will have to note any lobbyist expenses separately on official financial documents per statute.



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

System Mapping – Updates to the system map have been completed, and he noted the new map hanging on the wall.

Pretreatment Ordinance – He and Marvin Tebeau are continuing to work on the pretreatment ordinance. Marvin and Bruce will meet with Frank next week to go through the draft, and then they will get the draft to Bill for review before October meeting.

The Ranch at Gardnerville – The Ranch at Gardnerville has installed a sewer stub across Buckeye Road. It was done at this time, rather than at the time of the next phase, since the County was repaving Buckeye Road. Bob asked about the status of the development, and Bruce said there are new owners who put up the money to get the sewer stub installed.

Park Ranch Holdings – An annexation application was received from Park Cattle which will be on the agenda for the October meeting, and the public hearing for annexation at the November meeting. The subject properties are contiguous, so it will be an annexation as opposed to a contract of service. Barbara asked about the timing of MGSD's approval with the County approval, and approval of improvement plans. Bruce stated MGSD will give Park Ranch a conditional approval for them to annex the property into the District, but he did not anticipate that plans will be submitted for review at this time.

Pine View Estates – Ray asked about the status of Pine View Estates. Bruce stated that there is nothing new on Pine View, but Frank has an item under his report regarding a meeting with the Washoe Tribe.

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

EDU's – Frank noted that he previously reported that there was no capacity sold last month, but there were 20 units purchased by GRGID and 0.6 units sold to Mark Neddenriep for an office expansion.

Digester 3 – HDR was onsite last week for an inspection, and Frank passed out an inspection report. He noted that the report came in late today, so he hadn't had a chance to review it in detail and discuss it with Craig Olson. There is no apparent structural damage to the walls. He requested Board approval to proceed to the next step and keep the process going. Bob asked about the bottom, and Frank responded that there is one crack along the bottom of one column, but it needs to be inspected closer to determine the extent of the damage. Discussion followed regarding the cost to date. Frank stated that the Change Order was \$16,000, and the total cost of cleaning with the Change Order was still under budget. Bruce reported that he had talked to Craig, and the T-Loc lining needed to be removed. A different contractor



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will need to do that. Bruce said it would be prudent to get the T-Loc removed soon, so a repair plan can be presented at the next meeting. Frank stated that SDP will be doing some maintenance on the Co-gen during this time since the system is down. The cost for the maintenance is included in the contract with SDP. Frank also asked SDP about the terms of the maintenance agreement since the system is down, and they will discuss it with Frank later.

Washoe Tribe Line Extension – Frank reported that he met with representatives from the Washoe Tribe, the County, the USDA, and Ed James from the Subconservancy District regarding extending the sewer main south across the Washoe Tribe property, allowing future service to Ruhenstroth and the Corley Ranch. He anticipated someone from the Tribe will be at the October meeting with more detailed information.

Park Ranch Holdings – Frank noted that the annexation request for Park Ranch Holdings includes 921 acres.

Minden Gateway Center – Frank reported that there is a pre-application meeting tomorrow at the County regarding potential development at the Minden Gateway Center. Bruce will attend the meeting, since Frank will be out of the office. Bruce said there isn't any detail yet, but there will need to be remedial work done to the lines.

Floodplains and Storm water – Frank received an email from Larry Werner about meetings to discuss floodplains and storm water. The County is working on a plan to determine which entities would treat storm water.

Administrative Report by Staff: April reported that Therese Abraham-Noble still owes the sewer use fee for the current quarter. She asked for Board clarification about filing a lien if the fee was not paid by the end of the quarter. Board stated that the agreement with Ms. Abraham-Noble was that the entire amount was to be paid, so the lien should be filed if there is any amount owing at the end of the quarter.

Brian noted that MGSD's instruments have the ability to locate laterals to the inch, and agreed that a tracing line is not needed in the standard details.

Board Comment: There was no Board comment.

Public Comment: Craig Wilcox requested the collections policy be placed on the website on the bill pay page, and Frank said he would add it to the website.



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Meeting adjourned 8:00 p.m.

Approved by the Board of Trustees as presented on:

_____ By _____.
Date Barbara S. Smallwood, District Secretary

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