



Board of Trustees
Minutes of Regular Meeting
Tuesday, October 4, 2016
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Barbara Smallwood
Michael King
Mark Dudley

Staff Members Present:

Frank Johnson
April Burchett
Brian Buffo
Bruce Scott
William Peterson

Others Present:

Cheryl Crouch
Tim Bunting
Gerry Emm
Marvin Tebeau

Board Members Absent:

Robert Allgeier

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 Bob was unable to attend the meeting. Bob had asked Ray to report that Bob had his bi-annual meeting with Sarah, and reported that everything checked out 100%. Bob commended Sarah for the good job she is doing.

Ray reported that while Bob was campaigning, he met someone who mentioned that MGSD had financial problems. The gentleman had heard this from someone, but wouldn't say who. Ray expressed concern that misinformation is being spread about MGSD. He asked Barbara to dispute the comments made by the County Commissioners at their September 15th meeting under Public Comment at their next meeting. Barbara stated she wasn't sure if she could attend the meeting. Ray discussed the MGSD capacity fee as opposed to the County's capacity fee, and his belief that the current North Valley Treatment Plant expansion will not solve their capacity problems due to the Edu's scheduled to hook in to the County's system. He anticipated the County's capacity fees will further increase, and the County will again approach MGSD. He has written an extensive letter to the Record Courier regarding MGSD. Additional discussion about this topic will occur later in the meeting.

Claims Review and Approval: Barbara asked about the alarm calls, and Frank reported that due to upgrades by the alarm company, our outdated equipment malfunctioned. Barbara thanked Frank for the new flags. Mark asked about the bill from Great Basin Organics, and Frank reported that it was for the odor control bed media. **Motion by Barbara Smallwood to approve the claims received for September, 2016 in the amount of \$50,723.27 plus miscellaneous expenses in the amount of**



Minutes
October 4, 2016
Page 2

\$1,067.45, and to approve the payroll-related expenses paid during September, 2016 in the amount of \$88,050.27. Seconded by Mark Dudley. Motion carried (4 ayes, 0 nays, 0 abstain, 1 absent).

Minutes of September 6, 2016 Regular Board Meeting: Mike asked about Page 4, first paragraph last line, and questioned the word *ethical*. Bill agreed that ethical is not the correct word, since it would not be an ethics violation, it would be a good business practice. Replace “ethical” with “good business practice”. **Motion by Mark Dudley to approve the minutes of the September 6, 2016 Regular Board Meeting with the noted correction.** Seconded by Mike King. Motion carried [4 ayes, 0 nays, 0 abstain, 1 absent].

MGSD Pretreatment Ordinance – Bruce introduced Marvin Tebeau from RCI. Marvin discussed the history and purpose of a pretreatment program, noting that it allows the EPA to establish standards for industrial and commercial facilities in order to protect the plant. When this first came up, David LaBarbara, Bruce and the old board came up with Chapter 17 of the MGSD Code, which allowed MGSD to begin identifying and conditioning industrial discharge. If MGSD can demonstrate that we can manage a pretreatment program, the EPA will delegate responsibility of the program to MGSD. Discussion followed regarding editing Chapter 17 as opposed to adding a new Chapter. Marvin said that everything in Chapter 17 is in the new Chapter 25, along with some additional information. He felt that Chapter 17 was working well, and didn’t want to change it. Bruce noted that right now MGSD is in a position where there are not any known major industrial dischargers, but that adding a pretreatment program will put the standards in place in case something new comes in. Marvin didn’t see any major changes as far as the current administration is concerned. MGSD will just keep closer track of those businesses that currently have some industrial discharge, such as Bently. Mark asked if the plan requires EPA approval before implementation. Marvin said yes, but MGSD would need to approach the EPA first, but he felt that it would be better to get the program going to see how it works before approaching the EPA for approval. Bill suggested the draft be reviewed by the EPA first to make sure it would pass muster. Marvin felt that they could be approached now, but he was concerned that the EPA would ask for other items. He thought it would be better to ask for EPA review a couple of years. Bruce thought that even if it doesn’t meet EPA’s standards at that time, the ordinance would only need to be adjusted. Marvin recommended proceeding with finalizing the Ordinance, so Frank could move forward to issue permits. He anticipated seeing more industrial growth coming to our area. Mike asked about page 10, Sections 25.120.B and 25.130.A which appeared to have a contradiction in the number of days, 30 days versus. 20 days. Marvin agreed that it is a discrepancy, and it will need to be fixed. Bill stated that number of days will need to be adjusted, due to MGSD’s meeting schedule anyway, and noted that an application form will be needed. Marvin preferred not to put the application in the Code, since the Code would need to be modified if the application is modified. ~~Barbara expressed concern about businesses being allowed to operate in Douglas County without a business license and the problems of tracking them, and Marvin agreed that the database and the permits would need to be updated each year.~~ Barbara agreed with the permit process by



Minutes

October 4, 2016

Page 3

MGSD since businesses in Douglas County are allowed to operate without a business license, which is a good thing, but it's a problem tracking the uses in a business. Marvin agreed that the database and the permits would need to be updated each year for this reason. Bill wondered if a business impact statement would be required. Bruce felt it wouldn't impact an existing business. Discussion followed regarding language on Page 11. Bill stated he would review the draft ordinance and clarify the language.

Washoe Tribe Proposed Sewer Main Extension – Represented by Gerry Emm of the BIA and Cheryl Couch of the USDA. Gerry discussed the status of the Pine View Estates sewer problems. They are in federal mediation right now regarding the ownership, but they need to get the sewer issues resolved. The goal now is to take the property out of the trust and make them fee properties. But the Bureau cannot go from trust to fee property while the environmental issues are occurring. In addition, Gerry mentioned future hookups from the Tribe and Ruhestroth areas. He and Cheryl were meeting with the ~~Bboard~~ Board to make sure that the Board was still willing to serve Pine View Estates, and see if there were any concerns the Board has. Bruce noted the sewer options in the engineering report prepared by RCI. He also pointed out that the main line north of the pump station, which would be required, would be maintained by the District, since it would be by gravity flow at that point. Barbara asked about the property being outside the service area boundary. Bruce noted Pine View is not in MGSD's service area boundary, and it would need to be served under Contract of Service. The Board would need to adjust the service area boundary since it doesn't go that far south. Discussion followed regarding the impact to the plant capacity, and Bruce felt it would not have a significant impact to the plant capacity, since the District's policy is to stay ahead of capacity demand. He felt that as long as capacity fees aren't used for operations and rehabilitation, then MGSD should still be in good shape to keep up with the demand without having to borrow money. Ray and Barbara clarified that they were okay with the maintenance of the gravity portion of the line, but emphasized that the portions of the line upstream of the pump station would need to be maintained by the homeowners association or their representative. Mark asked if property would need to be purchased for the pump station. Gerry stated that some type of easement or right-of-way would need to be established. Barbara asked for clarification of what Pine View's costs would be and what they would be responsible for building and maintaining. Bruce stated that Pine View Estates would build the entire line and maintain the line from the point upstream of the gravity flow, in other words from the top of the hill, as the pump station would be at the bottom of the hill to pump the sewage to the top of the hill. MGSD would take over maintenance from that point, where the sewage flows by gravity. Gerry noted that the ownership is in mediation, and if the mediation doesn't work it will have to go to court, but the ownership will be resolved. Ray asked for a time frame, and Gerry was hopeful that it would be resolved before the administration changes in January. Cheryl noted that they are working on obtaining Rural Development Authority funding, and until the lawsuit is resolved, RDA cannot put any money in it. Right now there is no ownership of land, and there is not a valid lease either, so until there is clear title, no funding can be obtained. Cheryl discussed how the RDA funding worked. Bruce noted that the rates and the contract with Pine View would be something similar to GRGID. He also stated that when the RDA is comfortable with issuing funding, it should satisfy MGSD's concerns



Minutes
October 4, 2016
Page 4

regarding ownership. Bruce also mentioned reimbursement agreements, which MGSD has done in the past. RDA's concern is the payback of the loan, the same as MGSD's concerns about payment of the fees. Gerry may be back next month for another update.

Resolution to Create and Designate Funds for Emergency Repair Fund – Bill reported that he spoke with Richard Peters about creating an emergency repair fund, and that there are still some questions that need to be addressed before it is finally resolved. With regard to the 3% issue, Richard stated this would limit the funding to \$90,000, and the funds cannot accumulate from year to year. Richard preferred to pass a resolution to create a restricted fund like for odor control, and not call it a contingency fund. Bill requested another month to work with Richard and to clarify the issues. Ray asked Bruce if he was suggesting increasing the capacity fee at last month's meeting in order to create this type of fund, and Bruce said no, he wanted to allocate money from the capacity fee like is currently done for odor control, and Bill said that was what Richard had in mind as well. Mark asked for clarification about the contingency fund, and Bill stated that if money is put into a contingency fund and not used within the fiscal year, then the money goes back into the general fund. Board asked that this item be placed on the November agenda.

GRGID Agreements: Bill said he is still waiting for a response from Mike Rowe. Mike received the letter, but it won't be presented to the GRGID board until their November meeting. Ray noted that it will be too late. He anticipated that there will be a resolution at next month's meeting to proceed with a lawsuit. Barbara's understanding was that the Board didn't want to delay due to the statute of limitations. Bill stated that with the statute of limitations doesn't take effect until spring. Ray asked to place this on the agenda for November.

Attorney-Client Conference: Bill had nothing further to discuss.

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

Bently Heritage is moving forward. He and Marvin and Frank met with them to go through the distillery waste and to look at sampling points. Bently's goal is to have most of their waste taken to the bio-solids area, so it is anticipated that they would have a small amount of discharge. They will have a higher concentration of BOD than a residence, so there will probably be a surcharge for the discharge.

Digester Cleaning: Clean Harbors is doing some final cleanup before the payment is released.



Minutes

October 4, 2016

Page 5

With respect to MGSD's fees compared to the County's fees, Bruce felt it would be worthwhile to put together some comparison points to be sent to the commissioners, planning commissioners, and primary staff. He felt that the County staff was offended that MGSD would require connection and capacity fees if the District agreed to process County sewage. It was suggested that informational packets be included in the billings.

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

EDU's – No capacity was sold last month.

Digester 3 – Clean Harbors is done with the cleaning, but they have a few things to clean up. Frank stated that they struggled on the project but got it done. Frank received a bid for \$49,500 to seal the top portion and to cut the T-Loc material back to see the extent of the damage beneath it. This bid only covered the portion that can be repaired now and the inspection. He stated he needed to call them right away, since the repair on top is temperature sensitive. Ray asked if Frank had been in contact with the insurance company. Frank said they'd like to take a look at it, but there isn't anything to see yet. He will call them out when they can see the damage.

Douglas County Utility District Concept – Frank spoke with Larry Werner at the managers' meeting. In Larry's opinion, it's being driven by one person and it won't go anywhere at this time. He gave Larry the comparison numbers. Frank had previously given the info to Steve Mokrohisky, prior County Manager, but he doesn't think it went any further than that. Larry said he would get the numbers to the appropriate people to give them the facts. Frank felt that the problem is the County's perception with MGSD, not the public's perception. He went through the comparison of the fees for Bully's between MGSD and the County. Frank noted that there were other factors regarding Minden Gateway besides Bully's. The economy took a downturn then, so the whole project stopped. Bruce noted that Bully's filed bankruptcy at the same time.

Barbara stated that she was interested in the North Valley plant item on the September 15th County Commissioners meeting. Her recollection was that the County met with MGSD, but it was less expensive for them to do the expansion. She was upset by what was said by the Commissioners about MGSD. She had heard stories from people at the Chamber of Commerce about how MGSD charges exorbitant fees. Ray suggested Barbara work with Frank to come up with a presentation and get with the County and Chamber of Commerce, and Ray would submit a guest column to the Record Courier. Ray suggested stating, "What will the new fees be? Our rates aren't going up." Ray also expressed frustration with how the County is treating MGSD over the inspection of the sewer mains. Barbara just wanted to bring it to the board's attention and getting the facts out, and Frank has given the numbers to Larry, so she was satisfied. Bruce thought it would be best to put together something factual that would clear the air, and let the Board set the record straight. He thought a flyer to the County Commissioners, Planning



Minutes
October 4, 2016
Page 6

Commissioners, Chamber of Commerce board, County staff, and an op-ed to the paper would get the facts out. Ray asked that Bruce put together the facts he would like to see included. Frank reported that there is a meeting on Thursday with the area managers, and Bill has a lobbyist calling in.

Administrative Report by Staff: April reported that she will be on vacation the last week of October, and she hopes to get board packets done a week early.

Barbara asked about a story she saw on television about St Mary’s health plan. Bill said it had to do with Medicare so it did not apply to MGSD.

Board Comment: Barbara passed out documents regarding the County’s Master Plan and Storm water Management Program. She noted that on the County’s website, the comments talk about excessive sewer fees, but they don’t say where. There were only 12 staff members and 3 members of public at the Storm water meeting. The slides in the handout show a storm water fee that would be assessed based on coverage, similar to TRPA, and since no one is exempt from the fee, MGSD would have to budget for it. Bruce noted that there is a lot of impervious surface at the plant. The County gave money to the towns to work on the drainage, so the Towns are in good shape with their storm water management, but Douglas County never did a storm water plan.

Mike mentioned the scandal at Wells Fargo Bank and noted that POOL/PACT is with Wells Fargo, which includes our money. He doesn’t feel that Wells Fargo will fail, but it will be interesting to see how this plays out. One of the products MGSD is paying for is fraud protection. He felt that it may be prudent to review MGSD’s products and relationship with Wells Fargo. Ray and Barbara felt that Wells Fargo staff should come to the board. Mike felt that MGSD staff could look into it. ~~April mentioned a few problems that were occurring with MGSD.~~

Public Comment: There was no public comment.

Meeting adjourned 8:30 p.m.

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

11/1/2016 By _____
Date Barbara S. Smallwood, District Secretary
:/ab