



Board of Trustees
Minutes of Regular Meeting
Tuesday, December 6, 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
Robert Allgeier

Staff Members Present:

Frank Johnson
April Burchett
Bruce Scott

Others Present:

Craig Olson
Richard Peters
Bill Chernock
Cam McKay

Board Members Absent:

None

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

Public Comment: Bill Chernock from the Carson Valley Chamber of Commerce was present and thanked the Board for the letter regarding the sewer rates. He felt that everyone stood to benefit if all the parties got together to acknowledge what the numbers are and how to move forward. He asked the Board if they would be interested in participating. Ray stated that he was in favor of it. Barbara suggested a round table workshop be scheduled for discussion only, and have no action to be taken in order take into account the open meeting law requirements. Ray preferred other Board members be present so anyone's comments can't be misrepresented. Barbara had concerns about the structuring of the workshop agenda, but she wanted to participate. Bob agreed, and suggested Carson Valley Inn as the venue. Bill said he was looking at a January workshop and he will make the arrangements. Mike and Mark also concurred. Ray would like Bruce to be there. Ray thanked Bill for the email.

Chairman's Comment: Ray congratulated Bob and Barbara on their re-election. Ray talked to Kurt Hildebrand at the Record Courier to ask why the tables that were included in the letter were not printed. Kurt offered to print the entire letter, because the language in the article was misleading. Ray reported that one of the Board members asked him after the meeting why he didn't approach Craig Wilcox personally outside of a board meeting. The reason was because Craig's comments were against the whole Board. Craig did apologize to Ray after the meeting. Ray reported that the PERS rate is going to stay the same.

Claims Review and Approval: There were no questions from the Board. **Motion by Mike King to approve the claims received for November, 2016 in the amount of \$71,587.38 plus miscellaneous expenses in the amount of \$644.68, and to approve the payroll-related expenses paid during**



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November, 2016 in the amount of \$89,010.09. Seconded by Mark Dudley. Motion carried (5 ayes, 0 nays, 0 abstain, 0 absent).

Minutes of November 1, 2016 Regular Board Meeting: Bob asked that sentence on Page 9 be clarified to state, "He did not know if the public was aware that 5 years ago the State gave the County the permit to run the sewer collection line from the commercial area east of Highway 395 at the top of the hill down under the Carson River to the Heybourne Plant." **Motion by Barbara Smallwood to approve the minutes of the November 1, 2016 Regular Board Meeting with the noted corrections.** Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays, 1 abstain (King), 0 absent].

HDR Engineering Digester 3 Damage Repair: Represented by Craig Olson. Craig presented a Site Visit Report. He gave a visual presentation of the damage to the inside of the Digester, including damage to the T-Loc material, concrete, and rebar. He reported the damage was more severe than initially thought. He had hoped the damage could be resolved by repairing the cracks, but that won't be the case. Mark asked if there was damage to the foot of the column. Craig said there was no apparent damage to the columns. Barbara asked how the simulation compared to the actuality. Craig reported that the models predicted where the damage actually occurred, but he still did not know how much pressure built up inside. He also didn't know how far out from the columns the damage is located. He recommended removing the entire roof and recasting the top slab. He expressed concern about extensive damage to the connection of the top slab to the wall. Craig stated the next step was to remove the top slab, and the flame arrestor can be taken out, cleaned, and put back in place. The repair will include chipping away at the steel and piping in order to maintain the integrity of the columns and the structure. Bob asked about the relief valve. Craig thought a rupture disk could be put in, but it's not a common practice to put in a rupture disk on top of a digester, since an uncontrolled release of methane is frowned upon. Bob asked if the relief valve failed, and whether they were approved for -20 degrees. Bob thought the relief valve worked, that fluid got up in there, and the pressure was from the pump. Craig agreed. Mark asked about installing an alarm if the pressure has built up too high. Mike asked if there was some way to put a safety on the pump to shut it down. Craig said there is an over-pressurization device to shut the pump down, but it is hard to get a fail-safe in place due to the sensitivity. Barbara noted it hadn't happened before. Ray asked about the other digesters, and Frank said the other digesters are operated differently. Bob asked about whether the insurance company has made a determination about coverage. Frank stated that an answer hasn't been given yet. Bob asked Craig for a cost estimate to repair the damage, and Craig thought between \$300,000 to \$400,000, including engineering. Mike asked about going out to bid. Craig said typically this would have to go out to bid, but this could possibly be considered an emergency. Bruce noted that the pond repair was handled as an emergency. The Board directed Frank ask Bill Peterson about this being handled as an emergency. Craig stated it would take about 3 months to put together an RFP and about 2 months for construction, so the digester could be down for an entire year. Mike asked what happens if one of the other digesters goes down before Digester 3 is online again, and



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Frank said it would not be ideal, but it can work. Barbara thought proceeding as an emergency would be possible, since the digester has been out of service. She asked if it would be more cost effective to tear it down and start over, but Craig said that would cost much more. Frank noted that the power bills are still low, but he expected them to go up. Discussion followed regarding the cost so far, which Frank stated was about \$130,000 at this time, plus any additional repair cost, so the total will be about \$500,000. Bob recommended giving the insurance company a figure of about \$600,000. Frank said he would contact the insurance company tomorrow. Frank asked for authorization to proceed with a capped amount so we don't delay further. The Board authorized Frank to move ahead under emergency provisions to proceed with the next steps for repair of the digester. Discussion followed regarding contract documents. Barbara noted that emergency regulations allow MGSD to select the contractors without going to public bid. She asked if the cost of the repair stays the same regardless of the bid process. Craig said that the administrative portion will change. Discussion followed regarding selecting the best bid, not necessarily the lowest bid. Mark felt that the company who constructed the digester might be the most knowledgeable about the repair. Mark asked why we couldn't put a floating lid on it. Frank said that because of the grease, a floating lid wouldn't be feasible. The Board directed Craig to proceed under emergency provisions. Bob requested Craig speak with Frank and Brian regarding adding safety devices.

MGSD FY 2015-2016 Audit: Richard Peters discussed the audit. He noted that the total assets are pretty much the same as the previous year. The cash increased by about \$900,000 to about \$6.6 million. He noted that the "Current Portion of Long Term Debt" went up due to a change in the payment process, and that number should be the same each year going forward. The restricted accounts went up due to interest and an increase in the purchase of capacity and connection fees. GRGID fees went up quite a bit due to an increase in the fixed and variable costs. The interest revenue increased due to the State Government POOL. Ad Valorem had decreased in prior years, but it has been slowly increasing each year. Bob asked if we had recovered the full amount from the assessor, due to the state law limiting the increase to 4%, although the actual assessed valuation had gone up 7%. Bob and Richard thought we would recover the same amount in ad valorem next year. The acquisitions last year included the SCADA system upgrade, the purchase of an excavator, as well as a couple of smaller items, so the total went down by about \$490,000. Last year's number was higher because of the County Road line repair. Ray asked about the reserve for emergency repair. Richard had spoken to the state and they agreed with setting up the restricted fund. Mike thought the Pool was doing better than the numbers shown on the chart on page 5. Richard explained the chart shows 0.68% of all revenues. Discussion followed regarding the accounting of the restricted accounts. It would be at the Board's discretion to set up a separate account, but there may be restrictions by the Pool on the number of accounts. The Board thought that the emergency repair fund would be accounted for the same as the other restricted accounts. Mike asked if Richard had any recommendations for greater return. Richard said it was best to keep it in the Pool. **Motion by Mike King to approve the MGSD FY 2015-2016 Audit dated June 30, 2016 prepared by Richard Peters.** Seconded by Bob Allgeier. (5 ayes, 0 nays, 0 abstain, 0 absent). Motion carried.



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Richard J. Peters, Jr. & Co. Proposal for Services: Motion by Bob Allgeier to accept the proposal from Richard J. Peters, Jr., and Co. for a three-year contract effective the fiscal year ending June 30, 2017, in the amount not to exceed \$11,057.00 for the first year, and an increase in subsequent years limited to the lesser of the cost of living index increase or five percent (5%), unless there are regulatory changes which would alter the scope of the examination, as set forth in the proposal presented to the board. Seconded by Mark Dudley. (5 ayes, 0 nays, 0 abstain, 0 absent). Motion carried.

Pine View Estates Proposed Sewer Main Extension: This item was continued to the January regular Board meeting.

GRGID Agreements: Ray referred to the memo from Bill Peterson regarding mediation. In January the County may be making some moves to take over the GID's, so Ray did not have a problem with mediation. Bob noted a concern about utility costs for the co-gen beginning in March, which could impact the statute of limitations. He asked Frank to make Bill Peterson aware of that. Frank said he would double check the log books to verify the start date. Bob also directed Frank to ask Bill if MGSD should release the check to GRGID for the variables. Discussion followed regarding the statute of limitation. Mike asked what would happen if both parties agreed to binding mediation. Discussion followed regarding mediation versus arbitration. The Board directed Frank to ask Bill about the release of the variables check to GRGID, the actual date of co-gen startup, and his recommendation of non-binding mediation versus arbitration.

Attorney-Client Conference: Bill Peterson was not in attendance.

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

He expressed concern about what's going on at the legislature in regards to DCSID and potentially all GID's, and Frank will discuss that further under the District Manager's Report.

NDOT Land Acquisition for Martin Slough: Frank and Bruce will meet with the appraiser next week. NDOT is planning a major new crossing of 395 and wants to acquire land from MGSD as well as an easement to maintain the downstream flows out of their pipes. MGSD will get an offer from them to expand the right-of-way, which Bruce anticipated would be low, so he thought it would be prudent to get



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NDOT to commit to keeping the ditch open to maintain flows as opposed to getting more money than what is offered. It's in a floodplain, so it won't be appraised at a very high value. The Board agreed.

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

EDU's: 0.4 Edu's were sold in November. He expects more in the coming months, including the Martin Stahl project on Hwy. 395 in Gardnerville.

Standard Details: The County decided not to act on the standard details revision, since the Commissioners didn't feel they had the expertise to deal with it, so they referred the matter back to County Manager and County Engineer.

Douglas County Utility District Concept: Frank presented video of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System on November 4, 2016. The first part of the meeting was about restructuring Douglas County Sewer Improvement District into a 318 district. Senator Settelmeyer wants a Bill Draft Request (BDR) to form a sunset committee to look at every GID in each county. Bob noted that the new commissioners don't necessarily agree with this idea. KGID manager Cam McKay reported that KGID allocated \$20,000 for the lobbyist. Frank and Bruce reported that RHGID has allocated \$10,000 and IHGID authorized \$10,000. GRGID felt that they were paying for the lobbyist through the fixed costs agreement. Cam thought that GRGID may reconsider this in the future. Janet Murphy had told Frank that Tahoe-Douglas would not participate. Discussion followed regarding the proposal of a sunset committee. Barbara asked Cam if he saw the proposal by Janet Murphy, which included a sunset clause. Cam had been in contact with Jim Cavilia and Bill Peterson and thought it might take more than changing the "ands and ors" in the NRS to correct the problem. He noted that sewer collection is not regulated by GIDs as stated in NRS, but water distribution, water treatment, and sewer treatment are. Bruce expressed concern about the weighting towards the counties by the sunset committee proposal. Greg Ferraro will start the lobbying process in January.

Administrative Report by Staff: April gave a past due account summary, showing 14 accounts past due for an amount of \$6,010.13. Historian Inn paid the full amount owing in November.

April reported that she will contact Wayne Carlson at POOL/PACT regarding board training and get some dates, in order to not conflict with the rate workshop.

Frank reported that there was a line break from the digester control building to the back of the plant. He thought the line could be abandoned and a new line installed. The line material costs about \$75 per foot, which would be about \$28,000 to replace the line. We can perform the work in house, since we have the



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equipment and qualified staff. Bruce thought it was a good idea to have staff do the work, since it would save MGSD a significant amount of money. Frank said next year's budget will include money to replace old lines. The lines are so deep, we won't know if they're leaking. Ray asked how long will it take to complete the repair, and Frank thought approximately 1 week once the parts come in. Barbara asked about filling the abandoned line, and Frank said the line just needs to be capped at both ends.

Board Comment: Mike reported on the editorial in the newspaper regarding recycling. He will write a letter to the editor regarding MGSD's contribution. Ray suggested he personally hand deliver the letter. Mike will state in his letter that MGSD last year processed 797 dry tons of bio-solids, and that the plant generates electricity which also reduces costs. Bob also pointed out our effluent is about 5AF/Day. The Board thought it was great to inform the public of MGSD's contribution to the recycling program and how it keeps the costs down.

Public Comment: There was no public comment.

Meeting adjourned 9:05 p.m.

Approved by the Board of Trustees as presented on:

Date By _____
Barbara S. Smallwood, District Secretary

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