



Board of Trustees
Minutes of Regular Meeting
Tuesday, February 6, 2018
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
Peter Baratti
Bill Peterson

Others Present:

Greg Reed
Jason Tollman
Richard Peters

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 reminded everyone about training on February 15 at the Legislature building in Carson City.

Claims Review and Approval: Ray asked about Claim Summary Item 16 for Grainger, and Frank stated that it was for the primary pump station repairs. He also asked about Item 32 Sierra Freightliner and Frank explained that it is servicing for our big dump truck. He also asked about Item 33 for Sierra Nevada Media Group, and Frank stated it is for the publication notice for the Mack annexation, which is a pass-through billing. **Motion by Mark Dudley to approve the claims received for January, 2018 in the amount of \$38,416.76 plus miscellaneous expenses in the amount of \$38,809.52, and to approve the payroll-related expenses paid during January, 2018 in the amount of \$92,427.91.** Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].



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Minutes of January 2, 2018 Regular Board Meeting: April noted an error in the date on Page 1, the year should be 2018. Bob referred to the depreciation discussion on Page 4 under the Attorney-Client Conference of the January minutes. He noted that we can't include the lines in the depreciation since we did not install the lines, so we have to do something different than other utilities. **Motion by Mike King to approve the minutes of the January 2, 2018 Regular Board Meeting with the noted correction.** Seconded by Mark Dudley. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

Digester Roof Repair: Bruce explained that the project is complete, and the final billings are in. One item is outstanding, which is the ~~site~~ sight glass. He felt the ~~site~~ sight glass won't work well at the designed location, and would like to send it back to the manufacturer for a possible credit. The contractor will pay for sending it back. Frank noted that we have the ability to observe the digester level. Bruce stated that we got the idea from Carson City, but it wasn't built on a manway. Ray asked Bruce if he thought it would be a problem to not have it, and Bruce said we have other relief mechanisms and ways to observe the digester. Frank stated the viewport cost about \$17,000.

Bently Heritage Project - Represented by Jason Tollman. Frank noted that he and Marvin did a walk-through of the Bently project. He noted that Bently has some capacity already, and presented a list of the capacity requirements. He reported that Bently will need to purchase an additional 10.8 Edu's for their usage. In addition, there will need to be an additional usage fee for the pretreatment and noted that this number will fluctuate when full production is in operation. Bruce stated that they have a relatively low volume of sewage, but it's highly concentrated. The monthly charge is based on the BOD load. Bruce said we will make adjustments over time, as they get into full production. Bob asked whether the credit is adjusted since it was purchased at lower rates, and Frank and Bruce explained that they were purchased over time at different rates, and since the capacity stays with the property, the credit stays in place. **Motion by Barbara Smallwood to approve the purchase an additional 10.8 Edu's at a cost of \$44,280.00, according to all MGSD policies and procedures.** Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

Gardnerville Ranchos GID -- Represented by Greg Reed, the new District Manager for GRGID. Frank noted that the payment for the capacity and connection fees has been received per the agreement. Discussion followed regarding development projects in GRGID. There is a large project proposed at the end of Tillman and Greg anticipated that they would purchase capacity in larger amounts for that development. He explained that they eliminated their annexation process, and included it in the review process. The annexation fees are now included in the capacity fees. GRGID will purchase capacity from MGSD when the houses are ready to be built. Greg explained that GRGID has some conditions for that proposed development, and it is very early in the process. Greg also noted development at Dresslerville and Centerville, as well as at Cedar Creek and Pleasantview. Discussion followed regarding possible lift



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stations at the project at the end of Tillman. **Motion by Bob Allgeier to sell 20.0 units of capacity to the Gardnerville Ranchos General Improvement District under the terms of the 1974 Agreement and the 1990 Supplement to the 1974 Agreement between GRGID and MGSD to be used within the Gardnerville Ranchos General Improvement District Boundary.** Seconded by Mark Dudley. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

Motion by Barbara Smallwood and seconded by Bob Allgeier to move Item 10 up on the agenda. Motion was approved unanimously.

MGSD FY 2016-2017 Audit – Richard presented the FY 2016-2017 Audit. He reported that the assets are down about \$700,000 due to \$500,000 being transferred from the Operating Account to the Emergency Restricted Account, and \$761,000 was spent on the Digester Repair. Richard reported on the Pension benefit liability, and explained that this is a new item that is required to be reported on. He explained that this is MGSD's portion of PERS's liability, in case PERS went insolvent. Mike asked if there was a time frame that this would need to be paid. Richard said it's included in PERS contributions. Richard did not believe that PERS would dissolve, so it's a number on paper at this time. Ray has a problem with MGSD's unfunded liability. Richard explained that with this liability, there is no way to fund it. Richard explained that this is a new federal requirement. Bob asked if this is included in what we've been paying, and Richard said it takes that money into account. Richard stated that revenues are as expected. Richard separated the Digester expenses separately since it is an extraordinary type of expense. After the reimbursements, then he will include the money in the total expenses at that time, and GRGID will be billed at that time for their portion. Discussion followed regarding the remaining \$12,000 owed by GRGID. Frank said he has already calculated the final fixed cost, and the billing has been applied to that. Richard stated that the note references on Page 26 should be changed to Page 29. Richard will print out new sheets for that before it goes to the State. Barbara asked about the difference in the customer deposits, from Page 9 to 12. Richard explained that Page 12 is cash flows. Bob asked about the interest shown, and Richard stated it should be 118%, not 332%. Richard says everything looks good. **Motion by Mike King to accept the audit for FY 2016-2017 presented by Richard J. Peters, Jr., with no major changes.** Seconded by Bob Allgeier. Motion carried [5 ayes, 0 nays, 0 abstain, 0 absent].

Bob asked about the financial highlights on Page 3, and asked about the difference in the expenditures on the digester. Richard explained that there were expenses from the prior year, as well as an insurance reimbursement. Bob asked when we can bill GRGID for their share of the digester billing. After we receive the insurance payment, and when the audit is completed for this year. Richard explained that it will be part of the fixed cost. Discussion followed regarding whether the insurance reimbursement is revenue or a deduction applied to the expense.

Bob stated that GRGID will need to pay their share of the pond repair. There will be some reimbursement by the federal government, but we don't know when. We should advise GRGID that their



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share is \$40,800, and asked when that can get billed to GRGID. Frank said he'll keep doing it as we have been, ~~so the end of next year~~ after the 2018 Audit is completed.

Bob asked when we have to do a budget adjustment, and Richard responded before the end of the fiscal year.

Bob asked if the GRGID settlement money goes into the reserve fund. Richard said that it should go into the restricted funds. Richard said that it happened this fiscal year, so it and the heat loop payment will show on the next audit.

Bob asked if the maintenance supplies are depreciated, and Richard stated only if there is an obsolescence factor.

Motion by Barbara Smallwood and seconded by Bob Allgeier to move Item 12 up on the agenda. Motion was approved unanimously.

Meeting adjourned for closed session at 7:40 pm for an attorney-client conference regarding potential litigation.

Open session called to order at 8:20 pm by Chairman Wilson.

It came to the attention of MGSD's Counsel that the advice he had previously given to the Board regarding the salary increase to \$9,000.00 annually was in error. Counsel had misinterpreted the statute, stating that if the Board performed one of the three functions stated in Statute, the salary would be \$9,000.00 annually. After reviewing the intent behind the statute, all three functions must be performed, so the maximum amount the board can earn is \$6,000.00 annually. Counsel has brought this to the attention of the Board. It is the Board's intent to rectify the situation. Each board member will set up a repayment agreement with MGSD for the overpayment amount, and all the legal records and filings with respect to taxes and PERS will be retroactively corrected to reflect the repayment.

MGSD Restricted Funds Allocation for Collection System Rehabilitation Projects – Bruce discussed the allocation between plant expansion and rehabilitation. Bob reminded the Board that as of June 30, 2017, there was approximately \$166,000.00 in the Rehabilitation fund, and as of now, approximately \$200,000 is available in the Rehabilitation fund. Ray suggested changing Annexation and Acreage fees to 50% Plant Expansion and 50% Rehabilitation, Connection fees to 20% Plant Expansion and 80% Rehabilitation, and Capacity fees to 50% Plant Expansion and 50% Rehabilitation. Discussion followed regarding leaving existing restricted account funds as is. Bob suggested increasing the connection fee to around \$1500, and allocating 90% to the Rehabilitation account, since the people currently in the District



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have already paid for the plant and the reserve funds, and shouldn't be charged any additional money. Barbara was fine with Ray's suggestion, and Bruce felt that a large amount should be left in plant expansion and heavily weight the fees towards rehabilitation. Mike discussed projects that Bruce had previously identified, which would cost approximately \$3.5 million. He would prefer that the current board take action to put money towards that. He noted that the immediate projects are estimated to cost \$338,000, which is about 10% of the total. Things will continue to deteriorate and we need to get ahead of the game. Discussion followed regarding performing rehabilitation work in-house or putting projects out to bid. Frank pointed out the impact to plant staffing if staff is in the field performing repairs. Ray asked that Frank and Bruce look at the allocations, and make a recommendation at next month's meeting. Barbara stated changing allocation for Annexation and Acreage to 50% Plant Expansion and 50% Rehabilitation, Capacity fees to 20% Plant Expansion, and 80% Rehabilitation, and Connection fees to 50% Plant Expansion and 50% Rehabilitation. Mike agreed, and stated it's a step in the right direction, but felt it would need to be monitored to determine future adjustments. **Motion by Mike King to change the allocation structure of Acreage and Annexation fees from 100% to Plant Expansion to 50% to Plant Expansion and 50% to Rehabilitation, changing the allocation for Connection Fee from 30% to Plant Expansion 20% to Plant Expansion and 80% to Rehabilitation, and the Capacity Fees from 85% to Plant Expansion to 50% to Plant Expansion and 50% to Rehabilitation, including the allocations approved tonight for GRGID and Bently.** Seconded by Barbara Smallwood. Bob reminded the board that we have to look at future maintenance of the plant equipment. The HDR recommended projects are about \$4 million, and he would like to see money increased for the Plant Expansion restricted fund. [Vote: 4 ayes (Wilson, Smallwood, King, Dudley), 1 nay (Allgeier), 0 absent, 0 abstain]. Motion carried.

MGSD Collection System Rehabilitation Projects – Bruce presented a list of recommended rehabilitation projects in 2018. Bruce asked for a budget, and he will work up the projects within that budget. Bob stated the budget amount is \$160,000. Bruce will work up plans and bid documents and present them next month for approval. He asked for a range, and we can attempt to bid. That way, if the bids aren't good, then we can re-bid in 6 months or so when the climate is better. Discussion followed regarding issues with staff performing the work. Ray suggested revising \$160,000 up to \$200,000. Bruce will provide the breakdowns, and the board can decide which projects to proceed with.

Attorney-Client Conference – Bill Peterson had nothing further to report.

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



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Bruce and Frank met with Reno Rendering regarding tipping fees and their grease deliveries. He and Frank suggested 3 ½ cents for tipping fees. They have also have talked to Summit Plumbing and Bonanza Plumbing.

Ray asked if Bruce heard anything from FEMA, and Bruce said they have provided information to the State to provide to FEMA. We are in the process for reimbursement.

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

Frank reported that 34 Edu's were purchased in January.

Digester 3: The Digester was leaking, so it had to be taken offline again, and it will be a bit before its back online. He took a gas sample to Sacramento and is waiting for the results. The digester needs to be stabilized before we can take grease. Discussion followed regarding replacing the viewport and Frank explained that due to the steps involved, it won't be put on until the Digester is taken down for cleaning.

Belt Press/Grav Belt Tour: Frank felt that rather than have a special meeting, 1 or 2 board members at a time can make a tour arrangement with him.

Projects within the District: The meeting scheduled next week for the Martin Stahl project on the "S" curve on Hwy. 395 was cancelled. Frank has meeting tomorrow regarding a proposed project at Gilman as well as a multi-family project by Minden Elementary School.

Tax Rate: Frank reported that the tax rate for MGSD has been .1224 since 1990 and sees no need to increase it. The Board concurred that it should be left as is.

Fixed Costs for GRGID: Frank calculated the fixed costs for GRGID. We are under budget, and the credit for GRGID is \$9419.00. The \$12,000 owed by GRGID will be applied to the credit, so GRGID will owe us the balance of \$2581, to be deducted from future true up of the fixed costs.

Administrative Report by Staff – April reported on her training schedule during the month of February and noted that Bill is working on the foreclosures.

Board Comment – Ray asked for a spreadsheet of the vacation and sick time for each employee, and asked if April can bring it up to date. Barbara asked if there is a time clock, and April explained that employees are salaried, so they don't clock in for their regular shift, but employees clock in for overtime and call back.



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Bob reported that he did the semi-annual cash audit with Sarah and everything balances.

Barbara reported that the County Commissioners did not take action on the proposed master plan.

Public Comment – There was no public comment.

Meeting adjourned 9:45 p.m.

Approved by the Board of Trustees as presented on:

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

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