



Board of Trustees
Minutes of Regular Meeting
Tuesday, January 8, 2019
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Barbara Smallwood
Michael King
Robert Allgeier
Mary Schilling
Ted Thran

Staff Members Present:

Frank Johnson
April Burchett
Peter Baratti
Bruce Scott
Bill Peterson

Others Present:

Craig Olson
Hunter Mori

Board Members Absent:

None

Meeting called to order at 6:00 p.m. by Barbara Smallwood, Vice Chairman.

Barbara noted that Agenda Item No. 10 regarding the financial statement/audit will need to be rescheduled for a special meeting.

Public Comment: Barbara addressed the board as a member of the public. She stressed that as elected officials, the trustees have public trust. But there is the issue of nepotism on the board, as an employee has a spouse on the board. It puts the board in a precarious position in areas of responsibility. NRS 281A.065 commitment defines commitments in a private capacity. We as elected officials must respect this within the 3rd degree of consanguinity. Pursuant to the open meeting law, this cannot be discussed, but she wanted to bring it to the attention of the new board members. She felt it runs the gamut of what the board is responsible for. It would be a detriment when we look for a new manager, since a district manager manages the staff member. Bill Peterson stated that this issue had come up before, and he presented a memo prepared in 2015 when the issue first arose. He stated that there is no question that there is a spouse of an employee on the board. He outlined the questions that needed to be considered by a board member when making the decision to abstain. He had an associate look into it today, and there has been one minor change to the ethics law but it does not change his memo. He would like to refresh the memo to make sure what it is consistent with the law. Mike asked to respond, and Barbara said he could respond under public comment. Mike said he was caught off guard. He said this issue came up 4 years ago. He noted that he recuses himself twice a year for employee benefits and salaries, and the District Manager's performance evaluation, so there is no question of impropriety. He stated he met with Mr. Allgeier in late December, and he was surprised that the nepotism issue was brought up at that meeting. He stated that he and Sarah King do not have a conflict, because he has nothing to do with her job. He meets with the District Manager or with April. He did not hire Sarah King 10 years ago, and he does not supervise her. Bill recommended that this be scheduled as an agenda item at the next meeting.



Minutes
January 8, 2019
Page 2

Election of Board Officers for 2019:

Bob Allgeier nominated Barbara Smallwood as Chairman for 2019, with a second by Barbara Smallwood. Vote: 4 ayes (Allgeier, Schilling, Smallwood, Thran); 1 abstain (King).

Barbara Smallwood nominated Bob Allgeier as Vice-Chairman for 2019, with a second by Bob Allgeier. Vote: 4 ayes (Allgeier, Schilling, Smallwood, Thran); 1 abstain (King).

Mike King nominated ~~as~~ Ted Thran for Secretary-Treasurer for 2019, with a second by Mary Schilling. Barbara noted that in the past April had been secretary and she was intending to nominate April for the position. Bob stated that he has been the District Treasurer for 6 years, and has 2 years to go in his service to the board, and he would like to be treasurer for the next year. He suggested that secretary and treasurer would be 2 separate positions. Mike thanked Mr. Allgeier for his service, and stated that he had reviewed Ted's credentials, and he is a certified public accountant and we should take a different point of view with our financial dealings. Barbara stated that there is a lot to learn with new people on the board, and it would be better to have 2 people who would work together. Vote: 3 ayes (King, Schilling, Thran), 2 nays (Allgeier, Smallwood).

Chairman's Comment: Barbara had nothing at this time, except to agendize the board conflict of interest for the February meeting.

Claims Review and Approval: Mike asked about Item 30 for Sierra Berkshire, and Frank explained this was for the new component of the audit, other post-employment benefits. **Motion by Bob Allgeier to approve the claims received for December, 2018 in the amount of \$51,414.95 plus miscellaneous expenses in the amount of \$1,206.31, and to approve the payroll-related expenses paid during December, 2018 in the amount of \$89,896.79.** Seconded by Ted Thran. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

Minutes of December 4, 2018 Regular Board Meeting: Ted stated that he and Mary should abstain since they were not members of the board in December. **Motion by Bob Allgeier to approve the minutes of the December 4, 2018 Regular Board Meeting as corrected.** Seconded by Mike King. There was no discussion on the motion. Motion carried [3 ayes (Allgeier, King, Smallwood), 0 nays, 2 abstain (Schilling, Thran), 0 absent].

Digester 2 Floating Cover Repair: Craig Olson was present to discuss the item. Craig presented a video showing the wheels of the digester lid in an off-track position, and gave a history of the lid issues. Bob asked if the lid of Digester 1 is built the same way, and Craig said it was not. One side was jammed, and



Minutes
January 8, 2019
Page 3

a contractor referred us to a crane operator, who lifted the lid and set it back down properly, so it is no longer a safety hazard. Frank stated that the cost of the crane was approximately \$15,000. He reported that the digester is offline, and sludge is not being fed to it, nor is it being heated. Craig reported that we don't know what damage occurred on the inside. He recommended cleaning the digester, and noted that it is almost time for its regularly scheduled cleaning. Frank said it will more than likely need to go to bid, and Bruce said RCI can put together a bid package. Bob asked if it has to be a floating cover, and Frank said we can look at the options after the digester is cleaned and the damage can be assessed. **Motion by Ted Thran to direct the District Manager to put together a bid package to clean Digester 2 and to direct the District Manager to consider other alternatives to a floating lid.** Seconded by Mary Schilling. Motion carried. [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

Park Ranch Holdings: Represented by Hunter Mori. Hunter recapped the reason why a contract of service was needed, since the parcel is not contiguous to the current District Boundary. He also discussed the proposed storage unit project to be developed by Mike Gilbert. **Motion by Mike King to approve the contract of service petition from Park Ranch Holdings for 82.81 acres located at and north and east of 1300 Buckeye Rd. (APNs 1320-28-000-025 & -026), as outlined in the memorandum from Frank Johnson to the Board of Trustees dated November 19, 2018. All rules, regulations, and requirements of MGSD are to be met and all fees paid.** Seconded by Bob Allgeier. Barbara stated that Mike Gilbert has been a local developer, but felt that a neutral decision could be made by the board. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

Gardnerville Ranchos General Improvement District: Frank said GRGID's standard procedure was to purchase capacity in blocks of 20 EDU's, and we have received the check for fees. **Motion by Ted Thran to approve the purchase of 20 EDU's of capacity under the terms of the 1990 Supplement to the 1974 Contract between MGSD and Gardnerville Ranchos General Improvement District to be used within the Gardnerville Ranchos General Improvement District Boundary.** Seconded by Mike King. Bob asked how many EDU's this brings us to for the fiscal year, and Frank said he will check on the total. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

MGSD FY 2017-2018 Audit: Bob reported that Richard did not have the report ready, and requested a special meeting to hear this item. The Board asked April to check with Richard regarding a special meeting on January 23rd. Ted asked if the report should have been done by November, and Frank said we had received an extension, but the State would not grant another one, so we need to get it in by the due date.

MGSD New Construction Fee: Bob gave a background on the plant operations and permitted capacity, staffing, contract services, current flows, finances, GRGID contracts and flows, and projected population growth. He noted that MGSD collects rehabilitation money from GRGID to assist with the rehabilitation



Minutes

January 8, 2019

Page 4

of the interceptor line. If we sell capacity to GRGID, 15% of the money is collected for line rehab. In addition, we collect a connection fee of 65% of MGSD's regular connection fee. He stated that currently MGSD is collecting a little over \$37,000 per year from GRGID in capacity and connection fees. Bob also discussed replacement and repair of MGSD's existing lines. Bob suggested a fee that does not impact GRGID or MGSD's existing users. He recommended establishing a separate fee structure that would be applied in Minden and Gardnerville, to be collected now and in future years. This new construction fee would only be applied to new construction in Minden and Gardnerville, and would not apply to existing buildings or homes. This money would also be restricted to the repair and replacement of sewer lines, and the fee would not be subject to reimbursement. **Motion by Bob Allgeier to direct the District Manager and Legal Counsel to research the requirements of a business impact study under NRS Chapter 237 and MGSD Code Chapter 2 in order to determine the process and timeline for preparation of a business impact study related to the implementation of a new construction fee.** Seconded by Barbara Smallwood. Barbara asked if the new construction fee is in addition to the existing connection and capacity fee, and Bob said it was. Barbara clarified that this would secure additional funding for sewer line repair and rehab. Discussion followed regarding whether this is a new fee or an increase in the capacity/connection fees. Mike reported that he had a prior meeting with Bob about this item, and he had an additional meeting with Frank Johnson about this item. He noted that preparing a business impact statement is complicated, and he felt that before new procedures and fees were implemented, the bigger picture should be reviewed. He thanked Bob for his effort on this, and agreed that line rehab is a priority. But he also stated that MGSD has to live within the business community and he wants to make absolutely certain of what we're doing. Ted stated you can't implement a new fee without a rate study of all the fees. Barbara stated the question is whether we have enough money and she clarified that Mike was stating that we want to look at all the alternatives before we make any decisions. Mike noted that there are other issues besides line rehab, such as plant improvements. Bill stated that we are a utility and a utility has a revenue requirement to determine how much revenue is required to recover cost and depreciation, as well as how much revenue is needed to get a return on the investment (which we don't need to address, since we are a public entity). Typically, the cost is imposed on those who are causing it. The utility must ask who is causing the depreciation costs. The answer is everybody, so everybody should pay. Bob asked if RCI would put together a spreadsheet of all the sewer mains. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

Attorney-Client Conference: Bill had nothing to report.

Engineer's Report: Bruce reported on the following:

Evolution Car Wash: MGSD is requiring the developer to clean, televise and test all lines that have been installed but not accepted by MGSD to verify or repair the sewer lines to make sure they meet MGSD's standards. It puts a burden on the car wash, but we don't have Maverik reps in front of us. The Car Wash and Maverik can work it out between them.



Minutes
January 8, 2019
Page 5

Multi-Family Development/Residence 1861: The Residence 1861 project is proposing a private system that hooks into MGSD's system. We want to make sure the private lines are constructed to our standards, so we will be inspecting these lines, even though we won't be accepting them. They are putting in 6" lines instead of 8", which should be fine for their purposes.

Other developments: There is a proposed church near Gardnerville Water Co.

Park Ranch–Klauber Ranch Development: This project was denied by the County today, but we haven't seen any improvement plans.

GRGID Interceptor Cleaning: Bids have been opened for this project, and we received 2 bids with the low bid of \$43,760. The second bid is over \$93,000. The low bid is from Dr. Pipeline, a company that we have not done work with before as they are out of Idaho but they now have an office in Carson City and are doing work in Carson City. So RCI is closely reviewing the bids in order to give a recommendation to the board. They are also continuing to work with GRGID regarding reimbursement of the cost, since GRGID did not have this included in their 18-19 budget.

2019 Sewer Rehabilitation Projects: Bruce passed out a packet of rehabilitation projects. The first page updated the projects discussed last year, and the second sheet showed the priority areas. The idea is to pick the projects that the Board wants to do this year, and then RCI can proceed with a bid package. The Board can also choose projects to be done in the coming years for planning purposes.

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

Capacity: 20 edus were sold to GRGID.

Reservoir Reimbursement: We received \$92,924 for the Reservoir Repair.

Esplanade Non-Acceptance of Sewer: Frank has received had a few calls about this, but he is handling them.

Resignation: Frank read a letter of retirement effective August 30, 2019. He will have it agendaized for the February meeting.

Barbara asked about the fences being moved in Gasoline Alley. We have sewer mains, and there was a proposal to abandon the alley but it never got completed. She asked Frank to look into it to make sure MGSD still has access to the line.



Minutes
January 8, 2019
Page 6

Administrative Report by Staff: April reported that several past-due accounts have been paid in full or part, and the new past-due amount is \$7,461.66.

April encouraged the Board to take their time in considering the replacement of a District Manager. Staff is aware of the needs and processes, and she has no concerns regarding filing necessary paperwork with the State, billings-receivables, and permitting.

Board Comment: Bob stated that line rehab will be more dramatic in the future than it is now. He requested that an arrangement be made with RCI to prepare a spreadsheet, for each of the lines, when lines are installed, replacement period, and a projection made as to when these lines might require rehab/replacement, and that the spreadsheet be updated every 5 years. Barbara asked if Frank is ok with working with Bruce on this, and Frank said yes.

Barbara noted that there is a new County ~~Community Development Director~~ Planning Manager, Mr. Booth. She encouraged the board to review the ethics training.

Public Comment: There was no public comment.

Meeting adjourned 9:00 p.m.

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

2/5/2019
Date

By _____
Ted Thran, District Secretary

:/ab