



Board of Trustees
Minutes of Regular Meeting
Tuesday, April 2, 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 (portion)

Staff Members Present:

Frank Johnson
April Burchett
Peter Baratti
Bruce Scott
Bill Peterson

Others Present:

None

Board Members Absent:

None

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

Public Comment: There was no public comment.

Barbara announced that the agenda gives the Board the option to review things in any order and due to a time constraint for one Trustee, the Tentative Budget would be heard first.

Tentative Budget for FY 2019-2020: Frank presented the tentative budget for FY 2019-2020. On Page 6, Frank pointed out the user fees are projected at \$1.7 million, total operating revenues at \$2,019,370, and Service and Supplies at \$827,000. He obtained the depreciation amount from the new accountant, and it may change once the audit is completed. Salaries and wages are anticipated to be \$871,338. He stated that there is only a \$4500 overall difference between 1.9% and 2.4% COLA increases. He also reported that the PERS contribution is increasing, and the total benefits are \$461,227. The total operating expense with depreciation is \$3,643,495. For non-operating revenue, interest earnings have increased over the past few years, and the County reported the ad valorem revenue at \$433,350. Frank projected annexation, connection, and capacity fees at 100 EDU's, since we have been averaging 79 EDU's per year over the past 5 years. Non-operating revenues are projected to be \$1,078,009, leaving a net income of -\$546,116, and a net cash flow of -\$357,553. Services and supplies are up a minimal amount of \$187,834 due mostly to an increase in engineering fees and the audit fees. Frank had spoken with Alan Reed, who stated that the plant insurance premium will increase about \$5,000 for the year. Office equipment and software has been increased due to the accounting changes, postage is being increased by \$1,000, and repairs and maintenance is being increased by \$10,000, for a total operating expense of



Minutes

April 2, 2019

Page 2

\$2,159,765, a 9.5% increase over last year's budget. Capital expenses include collection system rehabilitation, miscellaneous equipment, digester repair, mosquito abatement, and purchasing one new truck. We are operating with 20-year-old trucks, and at least one of the trucks needs to be replaced. In addition, capital expenses include a UTV for well monitoring and well samples. Frank reported that the quads are also 20 years old and need to be updated. The total capital budget is \$1,295,167, for a total expense budget of \$3,454,932, not including depreciation. This is a total increase of \$520,834 on the overall budget.

Frank reported that he will prepare the usual graphs for the final budget hearing. He wanted to get the tentative budget approved first, so he can train Pete on how to do the graphs. For the salaries and benefits portion of the budget, he added 2 new positions. He has anticipated the new manager's salary at \$100,000 and left his at the current rate plus separation pay. Mike asked about the salary of \$50,000 for each vacant position noted on the salaries/benefits sheet. Frank projected a mid-salary range of a Grade II operator for these positions. He stated that we would most likely hire OITs, but there is a chance we could get someone with a certificate.

Mike asked why the belt press is not shown on the capital projects. Barbara felt that we should hold off on putting new equipment into capital until the new inventory system is completed. Pete also felt it was better to wait and regroup once the new inventory protocols are established and implemented. He stated that the belt press still needs to be shored up, but it would be big project, and he is not ready to tackle that yet. Mike stated he would like to see more money put in for rehabilitation. Bruce said the amount shown is the cost for all the projects that can feasibly be done this year. Bruce also stated that he asked Frank to put more money in the engineering budget, since he wants to commit additional time to help Pete during the transition.

Discussion followed regarding development within the District. Bob asked if we would hit 200 EDU's in a year, including the Ranchos. Bruce felt that on an average basis, 200 EDU's would be high. There is some residential development in Minden, and there aren't a lot of places left in the Valley that can be developed, so most of the development is in the MGSD service area. Frank said we have a total of 60 so far this year, so we will need another 19 to get to the average. Bruce said he didn't anticipate that we would sell 19 units this quarter, but the first or second quarter of next year we could see about 15 to 20. Bob stated he spoke with Greg Reed at GRGID, and they are expecting 10 to 12 EDU's in the next 3 months. Greg told him the County has become more restrictive in enforcing the Code, so projects are being put on hold. GRGID is projecting selling 20 to 35 EDU's next year.

Bob asked about the amount we have in the budget for the election and voter maintenance fees assessed by the County, and Frank stated he has included it under Filing Fees and Permits. Barbara requested a list of all regularly paid fees that are included in the budget.



Minutes
April 2, 2019
Page 3

Bob asked what the additional position was shown on the Salary sheet. Pete explained that one position was to replace the part-time position, and one position to replace Cliff Simpson, who would take over the position of Operations Supervisor. Discussion followed regarding how the decision was made to promote Cliff. Frank explained that he let Pete make that decision. Barbara pointed out that the agenda packet for the special meeting includes job descriptions for the District Manager and Operations Supervisor. Mike asked if there was one too many positions shown on the budget, and Frank said the number of employees is correct. Bob asked if Frank was planning on taking an extended vacation, and Frank said he did not anticipate any long-term vacations.

Bob stated that he was not in favor of buying a new truck at this time. Barbara requested a list of capital items to allow the Board to review them and select the specific items for the upcoming year. Ted suggested a prioritized list of needed equipment be provided to the Board, so the Board can review, add, or delete items. Bob asked if the \$600,000 for the Digester 2 repair includes what we're spending this fiscal year, and Frank said it does not. Bob asked if this is a definite figure, and Bruce explained that we don't know how accurate that number is, and he suggested leaving that amount in there even if it is not spent, in order to help fund a new belt press. Bob was not in favor of this, preferring to have that money come out of the capacity fees.

Frank passed the tentative budget form to the Board for signature.

Discussion followed regarding setting the date for the special meeting for the final budget hearing. The Board agreed to hold the hearing on May 22, 2019 at 9:30 a.m.

Motion by Ted Thran to approve the tentative budget for FY 2019-2020 with a tax rate of 0.1224%. Seconded by Bob Allgeier. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent].

Frank noted that he typically had the tentative budget reviewed by Richard Peters, but was not able to run the numbers by an accountant prior to the presentation, so the State may note some changes.

District Manager Position: Motion by Bob Allgeier to set a special meeting on Wednesday, April 17, 2019 at 10:00 a.m. to appoint Peter Baratti as the District Manager, set the salary scale, and finalize the District Manager's job description and list of duties. Seconded by Ted Thran. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent]. Discussion followed regarding the specific items included in the special meeting packet.



Minutes
April 2, 2019
Page 4

Discussion followed regarding the order of the agenda items, and the Board decided to proceed to Item 10, since Ted Thran needed to leave the meeting early.

MGSD Board Treasurer Duties: Bob presented a memo regarding the duties that he feels the Treasurer should be responsible for. His concern was that in the future, there may be no Board Trustee who has the experience or background needed to perform these duties. He also wanted the Board to understand that the Treasurer does not need to be a member of the Board. Mike asked which financial statements were referred to in the sixth paragraph, and Bob stated that these are the financial sheets the staff provides at the monthly meeting. Mike stated he did not recall errors. Bob says the treasurer has an opportunity to review the reports for mathematical errors. Ted said that once tax season was over, he was planning on working with staff and the accountants to ensure that the appropriate guidelines are followed. Barbara noted the Board has a big responsibility to the ratepayers, and the staff does an excellent job getting the financial information to the Board. Discussion followed regarding the appropriate method to document the guidelines for future items. The Board directed April to prepare a Board policy manual, and to include these guidelines in the policies, for the Board to review and approve at a future meeting.

Minutes of March 5, 2019 Regular Board Meeting and March 12, 2019 Special Board Meeting:

Motion by Mike King to approve the minutes of the March 5, 2019 Regular Board Meeting with no corrections. Seconded by Bob Allgeier. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent].

Motion by Ted Thran to approve the minutes of the March 12, 2019 Special Board Meeting with no corrections. Seconded by Mary Schilling. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent].

Ted Thran left meeting 7:20 p.m.

Digester 2 Cleaning and Repair Assessment Project Bid Award: Bruce recommended that we accept the low bid from Olcese Construction and authorize execution of the contract once insurance and bonding are submitted and reviewed. He noted that Olcese is located in Mound House. The other bidder is located in Vermont, and they had cleaned Digester 3 a few years ago. Bob asked about project oversight, and Bruce stated this will be handled by MGSD staff. RCI will manage construction and payment. Bruce noted that once the cleaning is complete, HDR will then come over and look at it to assess any damage. Discussion followed regarding the need for a floating lid for the gas storage. **Motion by Bob Allgeier to approve the bid award to Olcese Construction for the Digester 2 Cleaning and Repair Assessment Project in the amount of \$126,420.00, subject to the conditions outlined in the letter from Resource Concepts,**



Minutes
April 2, 2019
Page 5

Inc., dated March 28, 2019. Seconded by Mike King. There was no discussion on the motion. Motion carried [4 ayes (Allgeier, King, Smallwood, Schilling), 0 nays, 0 abstain, 1 absent (Thran)].

Claims Review and Approval: Bob asked for clarification of the description for the Tesco payment, and April explained that it is an annual agreement, but Tesco bills us twice a year. Barbara asked if we can put half in parentheses in the description to clarify that, and April said she would modify the description to reflect that. Bob asked Frank about the service they perform, and Frank explained that they monitor and provide remote and on-site support for the SCADA system and that we have had the contract with Tesco for about 15 years. Bob then asked about the Tribridge invoice under Item 31, and Frank explained that this is for the initial accounting software upgrades which were needed for the processes required by the new accountants. Bob asked about the Water Environment Federation, and Frank stated that it is a professional organization that provides training and education materials. **Motion by Mary Schilling to approve the claims received for March, 2019 in the amount of \$75,690.01 plus miscellaneous expenses in the amount of \$1,380.69, and to approve the payroll-related expenses paid during March, 2019 in the amount of \$89,646.53.** Seconded by Mike King. There was no discussion on the motion. Motion carried [4 ayes (Allgeier, King, Schilling, Smallwood), 0 nays, 0 abstain, 1 absent (Thran)].

MGSD 2019 Sewer Rehabilitation Projects: Bruce passed out an updated list of sewer mains by age and line size, and he referred to a map he pinned to the wall showing sewer mains by decade. He also noted that the rehabilitation priority list was included in the packet. He stated that the projects listed at the top in red represent the amount in the proposed budget. He noted that he anticipated issues with easements for the Oxoby portion, which will require meetings with the Oxoby's, so this project may have to be put off until the following year. Bruce explained that these were the areas identified during a meeting between RCI and MGSD staff. Barbara asked about surcharge, and Bruce explained that it is a hydraulic surcharge flow internal to the pipe due to pressure in the line. There may need to be some adjustments to this list after the GRGID line inspection and cleaning project is completed, since there may need to be some manhole work done. Bob mentioned that the lines from the 1970's and 1980's are most likely to come up for rehabilitation first, and we are looking at a cost of over ~~\$100,000~~ \$100 million in 20 years, based on the projected 2.5% inflation rate. Bruce pointed out that there are now non-destructive ways to perform repairs, including slip lining and other alternatives, which are less costly than digging up a line. Bruce pointed out that new pipe material is better than the old ones, lasting longer and having better hydraulics. Frank asked if the dates shown on the sheet take into account the ones that have been repaired, and Bruce said they did. The Board was impressed with the information provided by Bruce. **Motion by Mike King to approve the sewer rehabilitation projects for 2019 as presented in tonight's meeting in the amount as shown in the FY 19-20 budget and to approve the costs from RCI to add the sewer main ages to system mapping.** Seconded by Mary Schilling. There was no



Minutes

April 2, 2019

Page 6

discussion on the motion. Motion carried [4 ayes (Allgeier, King, Schilling, Smallwood), 0 nays, 0 abstain, 1 absent (Thran)].

Chairman's Comment: Barbara presented sheets with impact fees and residential allocation tracking which were passed out at the Douglas County Commissioners Meeting today in regard to the proposed Growth Management ordinance. This is the Residential Allocation Tracking and Residential Impact Fees for 2018 & 2019, which the Commissioners requested in the Community Development process. The excess permits available in the County are 1700. She wanted the Board to be aware of this in terms of discussing growth in the County. She also discussed the fees paid for school, parks, and road tax paid by new development through the permits issued in 2018 (235 permits) and 2019 (26 permits).

Attorney-Client Conference: Bill reported that he was working with the new auditors to obtain information from Richard Peters. He spoke with Richard Peters, and Richard stated that he would like to repay MGSD directly. Bill suggested the Board might consider making payment terms. Discussion followed regarding preparation of a payment agreement document. Barbara felt we should keep a running tab of costs, so Richard can be aware of the amount. Bill stated he will contact the new accountants to have them make a record of the incremental costs to keep Richard apprised of the cost. Richard thought the reimbursement amount would be about \$40,000. Discussion followed regarding restitution and quantifying the damages to the District, which Bill felt would be the costs MGSD has actually incurred. Bob asked if we should include the staff time, and Bill thought we should. Frank reported that the meeting with the State Department of Taxation was scheduled for April 23. Bill asked April to keep a record of staff time. Barbara said we should note all expenses, even if those expenses are not included in the final damage amount.

Engineer's Report: Bruce reported on the following:

Esplanade Sewer Line Replacement: The developer at the Esplanade project is excavating and re-laying the sewer lines which did not meet MGSD standards. They have raised the manhole at the upper end to allow the slope to meet the standard. RCI's surveyors will be onsite tomorrow to verify the elevations. Bruce explained the surveyors would set the grade for the manhole in order to ensure the standard is met.

GRGID Interceptor Line Cleaning: Bruce reported that the traffic control permits have been received, and he anticipated that the project would start at the end of next week, depending on the weather.

Lift Stations: Bruce referred to the statements made by the County Engineer at a Commissioners meeting about lift stations on the Klauber Ranch, specifically that the County requires that lift stations be publically maintained. MGSD has only allowed lift stations on a private basis. He noted that before the



Minutes
April 2, 2019
Page 7

GRGID interceptor was built, there was a temporary lift station at Kingslane that was decommissioned when the GRGID interceptor was built. Bruce would like to visit with Bill and review the County's code and see what it says in order to prepare a policy in case someone questions this issue in the future. One alternative could be MGSD maintaining lift stations on a private basis with the specific development or subdivision, so that only that particular subdivision would be paying the costs for the lift station. Bob noted the cost of the lift stations is one of the reasons the County's costs are so high. Bob asked if the County could legally require MGSD to conform to the County policies, and Bill said they cannot. The Board directed Bill and Bruce to coordinate a policy on this.

Bruce announced he will not be able to attend the May meeting.

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

Capacity: 1.2 EDU's were sold in March

Frank said the new accountants are working with Richard Peters.

Frank anticipated that the Digester 2 cleaning project would begin in 2 to 3 weeks.

Frank announced that the personnel positions have been advertised, and the deadline for application submittal is April 12th. To date, we have received about 4 or 5 applications. Discussion followed regarding where notice was posted.

Frank reported on the following development projects in the District:

- Dotty's Tavern in the Walmart Center
- Evolution Car Wash project will only require a couple of EDU's since most of the water will be recycled
- Maverik will be doing another project around Stodick Parkway at Hwy 395

Barbara noted that Gardnerville Water Company purchased the old Herbig property for a new well, and we haven't seen anything at the County level in years regarding wellhead protection.

Barbara asked Frank and Bruce how many homes were planned for Heybourne Meadows Phases 4 and 5, and neither Frank nor Bruce said they could remember the actual number. Barbara also stated that Mackland 4 is on County agenda for annexation.

Administrative Report by Staff: April announced that if any Board member would like anything added to the agenda for the special meeting, to let her know.



Minutes
April 2, 2019
Page 8

April reported that the security system on the front door is in place. During the Board meetings, the door will be kept unlocked but closed, so people can come in.

April gave a summary of the legislative bills she is tracking, and specifically noted AB21, which would allow county commissioners to appoint GID trustees, and SB10, which would increase the salaries for GID trustees. SB10 also clarifies the definition of wages, which would not include PERS contribution. Mike also noted the service credit a GID trustee earns by serving on a board. The Board expressed concern about AB21, and April said she would find more detailed information about the intent behind the bill.

Barbara noted response from Kathy Lewis included in the packet. She noted that each ratepayer in MGSD is also a ratepayer in several other districts. Discussion followed regarding whether the County would be willing to negotiate on this. Bob explained that she made the decision without approval or discussion from the County Commissioners, as she was allowed to do under NRS, and she hasn't been willing to negotiate.

Board Comment: There was no Board comment.

Public Comment: There was no public comment.

Meeting adjourned 8:45 p.m.

Approved by the Board of Trustees as corrected on:

5/7/19
Date

By _____
Ted Thran, District Secretary

:/ab