



Board of Trustees
Minutes of Regular Meeting
Tuesday, May 7, 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
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.

Chairman's Comment: Barbara had no comment.

Claims Review and Approval: Mike asked about the Frontier and SDP charges and wondered if we could get a savings from either of these since the Co-gen is down. Frank said it is being run for a month to see how the numbers work, and after that it will continue to run or be shut down depending on how much of a savings we see. Frank had previously asked SDP for a discount, but they were not amenable to work with us at this time. **Motion by Bob Allgeier to approve the claims received for April, 2019 in the amount of \$69,246.50 plus miscellaneous expenses in the amount of \$4,321.33, and to approve the payroll-related expenses paid during April, 2019 in the amount of \$93,420.24.** Seconded by Mike King. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].



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Minutes of April 2, 2019 Regular Board Meeting and April 17, 2019 Special Board Meeting: On the minutes of April 2nd, Mike asked that on Page 5 under MGSD 2019 Sewer Rehabilitation Projects “\$100,000 million” be changed to “\$100 million”. **Motion by Ted Thran to approve the minutes of the April 2, 2019 Regular Board Meeting with the noted correction.** 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].

Motion by Ted Thran to approve the minutes of the April 17, 2019 Special Board Meeting with no corrections. Seconded by Bob Allgeier. There was no discussion on the motion. Motion carried [4 ayes (Allgeier, Smallwood, Schilling, Thran), 0 nays, 1 abstain (Thran), 0 absent].

Attorney-Client Conference: Bill Peterson reported on the following:

Bill and Frank attended the meeting at the Department of Taxation on April 23rd, and Frank will cover that under his report.

Engineer’s Report: Bruce Scott was absent.

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

Capacity: 2.06 Edu’s were sold in March

Audit: Frank and Bill reported on the meeting at the Department of Taxation on April 23rd. Frank and Bill gave an explanation of what happened and how we are rectifying it, and that we don’t have a final completion date at this time. The State asked us to attend a follow-up meeting later in the fall, but that meeting hasn’t been scheduled yet. The auditors are trying to obtain information from Richard Peters.

FY 19-20 Budget Hearing: The tentative budget for FY 19-20 was accepted by the Department of Taxation. He will have the graphs available for the budget hearing on May 22.

Digester Cleaning: Olcese is bringing equipment onsite today and plans to begin cleaning next week.

GRGID Interceptor Line Cleaning: The GRGID line cleaning is proceeding with no issues, and it appears at this point that the condition of the line is not that bad so far.



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Personnel: We received 10 applications for the operator positions, and a couple of them are certified operators. Interviews will begin May 16. He anticipates reporting on the new hires at the special meeting.

Esplanade Main Reconstruction: Frank reported that the sewer main has been reconstructed to MGSD standards. Bruce will have a recommendation at the June meeting.

Vehicle Accident: Frank reported that one of the pickup trucks was rear-ended. There were no injuries. The other party is also insured through Warren Reed Insurance, and Alan Reed has been processing the claim (*see additional discussion below*).

Projects in the District: Frank attended a preconstruction meeting for the new High Sierra Fellowship church building on Gilman.

And Away They Go Development: Bob asked about the status of the development at Hwy 88 and 395. Frank said that RCI has sent their comments to RO Anderson Engineering and we are awaiting additional information. At this time, they are doing sub-grading.

Vehicle Accident (*continued*): Mike asked if the other party is paying for the accident, and Frank said that Alan Reed stated the other party is responsible. Barbara asked about the deductible, and Frank reported that the other party is responsible for that.

MGSD Service Area Boundary: Barbara referenced Bruce's letter regarding the Community Development Director and an update to MGSD's service area boundary. Frank explained that MGSD's Service Area boundary cut through some of the parcels north of Winhaven, and they want to make sure the service area boundary matches property boundaries. She asked who pays the cost for new map preparation, and Frank said we haven't gotten that far in the discussion. Barbara asked about lift stations in this area, and Frank said Bruce would need to address that. Discussion followed regarding where we file service area boundary map adjustments. April stated that maps are filed with the State Department of Taxation. Barbara read from Bruce's letter that we need additional information from the County in order for the Board to review and discuss this further. Frank said he has had one meeting with Tom Dallaire, with Bruce participating by phone. Barbara said there have been past discussions about MGSD serving Ruhenstroth so she wondered if there were other properties, and Frank thought there probably were other properties.



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Administrative Report by Staff: Legislative Update: April reported that SB 10, which would raise compensation for GID trustees has been heard in the Assembly, but there has been no action yet. April reported on the status of AB21. She reported that the bill was requested by Nevada Association of Counties on behalf of Humboldt County. Humboldt County has had to take over a few water and sewer GID's due to the lack of a quorum on the GID boards. Humboldt County would like to appoint trustees in order to get a quorum, so the County can get out of the water and sewer business. There is language in the bill to keep a county from randomly taking over a GID.

April anticipated that the draft Personnel Manual will be available at the special meeting on May 22 for the Board to review at the July board meeting.

Mike asked about the small claims account that is paying \$50 per month. He was concerned that \$50 per month would not be enough to pay off the account. April said the lien on the property is perpetual, so MGSD will collect the money eventually.

Board Comment: Bob suggested that we add an additional item to the May 22nd special meeting agenda to resolve the matter of replacing the District Manager

Bob reported that Ray Wilson had his knee replaced, and is recovering at home.

Mike wanted to go on record that a rate increase is in order, and it is yet to be determined how much. He referred to Page 1 of the April 2nd minutes, under the item of Tentative Budget for FY 19-20:

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 \$2,159,765, a 9.5% increase over last year's budget.

Mike also read the following on Page 5 of the April 2nd minutes under 2019 Sewer Rehabilitation Projects:



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Bob [Allgeier] 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 million in 20 years based on the projected 2.5% inflation rate.

Mike noted that \$100 million divided by 20 years, is \$5,000,000 per year. We also need to buy new trucks. It needs to be clear to the general public that the last rate increase was 7 years ago in 2012, and it was \$2 per month. That motion called for an additional \$2 per month increase in 2014, but the second increase was not put into effect due to the economics of the time. We are in the middle of sorting out our accounting procedures, and he did not recommend looking at doing any increases before that is worked out. Mike requested that Mr. Thran look into this and make a recommendation to the Board. Barbara stated that when she spoke to people in the community about rate increases, they would prefer small incremental increases. She thought a rate conversation would be a good discussion for the Board to have. She also remembered a proposal to raise it regularly in small amounts. Bob reminded the Board that in 2014, when he was first elected, the cash reserves was \$5.4 million, and the financial statement for April 2019 shows cash reserves at \$9.7 million. Even though we haven't increased the rate, we have maintained the plant and done everything that has needed to be done, including line replacement, at the current monthly rate. He wanted the Board to understand what the increase is for, and Barbara stated that is why it would be good for the Board to discuss this. She noted that we will have to do a business impact study, and we can do some research in-house in regards to expenditures and planning, in order to avoid the expense of a rate study done by a third-party.

Public Comment: There was no public comment.

Meeting adjourned 6:45 p.m.

Approved by the Board of Trustees as presented on:

Date By _____
Ted Thran, District Secretary

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