



Board of Trustees
Minutes of Regular Meeting
Tuesday, January 7, 2020
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:

Peter Baratti
Cliff Simpson
April Burchett
Anthony LaRocca
Bruce Scott

Others Present:

Craig Olson

Board Members Absent:

None

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

Public Comment: There was no public comment.

Election of Officers: Bob Allgeier nominated Barbara Smallwood as Chairman for 2020, which was unanimously approved.

Mike King nominated Bob Allgeier as Vice-Chairman for 2020, which was unanimously approved.

Mike King nominated Ted Thran as Secretary-Treasurer for 2020, which was unanimously approved.

Chairman's Comment: Barbara stated that 2019 was challenging for MGSD, as we dealt with important issues, including staff changes. She thanked staff for everything they have done in stepping up to the challenge. Barbara thanked April for providing the meeting and submittal calendar for 2020.

April stated that Bill Peterson is not able to attend the meeting tonight, but Richard Peters has indicated that he will attend.

Claims Review and Approval: Bob noted that the Bently Ranch charges for biosolids disposal have been increasing substantially, and he wondered how we are charged. Peter stated we are charged by the weight of the material delivered. Also, sometimes there is an overlap from a prior month due to the billing cycle.



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He will look at their contract for the specific charges. Bob stated that the co-gen system is not in operation. Peter stated that can be seen in the reduced billing from SDP. He has received two estimates and is looking for a third one for the windings of the motors. Bob pointed out that under NV Energy it raises our utility rates. Peter also noted that the gas meter may need to be replaced so we may be seeing a higher bill from them too. Bob stated that the utility bills will go up with the cogen being down. He gave Peter a plus for getting the billing from SDP down. **Motion by Bob Allgeier to approve the claims received for December, 2019 in the amount of \$123,580.11 plus miscellaneous expenses in the amount of \$1,376.34, and to approve the payroll-related expenses paid during December, 2019 in the amount of \$96,177.34.** Seconded by Ted Thran. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

Minutes of December 3, 2019 Regular Board Meeting and December 26, 2019: Motion by Mike King to approve the minutes of the December 3, 2019 Regular Board Meeting. 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 December 26, 2019 Regular Special Board Meeting. 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].

HDR Engineering: Represented by Craig Olson. Craig reported that after two months, they are getting close to the four-month mark for bidding. He provided a set of documents about a month ago to Peter for review. He has a second set tonight and can provide a set electronically to anyone who wants to look at them. He is reviewing the document to make sure all the necessary components are in there. He requested that RCI and Bill Peterson look at the documents to ensure all legal requirements are met. RCI will be the owner's representative in the field during the project, as has been done in the past. Most of the time on the project will be waiting for the equipment to show up. He has put a construction time of 270 calendar days, or about 9 months. He noted that the cost of liquidated damages in the construction documents is currently \$200 per day which is on the low side, but he stated a higher amount would have to be justified. He thought perhaps \$500 would also be reasonable. Craig stated that if the review is done by the end of the month, it can be out to bid in February with bid submittals in March and a bid award in April. There isn't any change in cost as a result of the design. There are a few contractors interested which will keep the bids competitive. Barbara asked Peter and Bruce about the cost of \$200 for liquidated damages, and Peter said it seems a fair amount. Bruce also felt that \$200 was appropriate. He said it doesn't discourage a bidder, and there will be a lot of waiting with a quick actual construction. He thought \$500 would be too high. He noted that \$200 per day is \$1,000 per week so it's enough to get their attention. We rarely pursue it and it's not something that happens all of a sudden. They may also be



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delayed by parts and equipment, so we want to have the opportunity to work with the contractor on delays. Mike asked about the humidity and temperature sensitive coating during the winter weather. Craig agreed. They can put it in the contract as a milestone and get that done before the weather turns bad. Bob asked if there will be a delay in restarting the digester like there was for digester 3. Peter said there will be due to the biologicals, but we will be immediately utilizing the gas storage. It should in theory be able to do a sustained run in the cogen system. Bob clarified that everything may not be up and running full blast in January next year. Peter said he will maintain a positive attitude and will see if it will run in January. Craig noted that the lack of cost savings for utilities can also be factored into liquidated damages. The Board thanked Craig for the update.

Auditor: April reported that MGSD needs to designate an auditor for FY 19-20, and she pointed out that this is not subject to state purchasing laws regarding bidding since it is for professional services. **Motion by Ted Thran to accept the audit proposal from Casey Neilon for the audit for year ending June 30, 2020, for an amount not to exceed \$15,750.00.** 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].

Sewer Rate Study: Bob stated that the draft request for proposal is good in detail and is accurate, but didn't think we have a requirement for this at the present time. When he was elected to office MGSD was processing 1.6 mgd. He asked Peter what we process today, and Peter said 1.6 mgd. His position is that the plant has not grown and the plant has not needed to be expanded. The Board has approved some equipment to duplicate existing items. We are permitted for 2.8 mgd, and unless something dramatic changes we will not have to anticipate expanding the plant itself. Our current operations staff operates the plant very well. He suggested that there is no reason that the operating staff is going to have to be increased for some time. The office staff has different types of duties and an increase in office staff may need to be implemented, with a need for 1 additional full time person. He thought that we would receive bids of \$40,000 to \$50,000. He didn't see a reason at this time to go out to bid for a proposal. It may be wise in the future but not right now. And we're not selling any edu's. We should hang onto the request for proposal. He felt that the Board and staff have better knowledge about the plant than a consultant, so the Board and staff can do the analysis.

Mike stated that the issue is not the flow rate or the knowledge of the Board and plant staff versus someone outside. The subject is the last rate increase was \$2.00 in 2012, the cost of everything has gone up and it costs more money to do things. It's a study that will help the Board determine appropriate rates and fees.



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Ted stated that we need a rate study, since we barely have enough money to do the rehab. We don't have money to replace equipment that will need to be replaced as equipment fails. In addition, a study will help the public understand if there is a need for rate adjustments.

Mary asked about the process for request for proposals. Peter explained that the document will be put out for bidding. He stated that the study will illuminate our expenses, inspection and treatment costs, and will give us a structured rate scale to fund the needed projects and expenses in the years to come.

Peter pointed out he has been reporting small problems here and there, and at some point he expects there will be larger ones. This week he was informed that one of our boilers will need to be replaced as it's over 30 years old. Regardless of selling edu's, the equipment is still running 24-7.

Barbara explained once it is awarded, the company will come in and meet with staff to acquire documents. She is concerned about the impact on staff at this time to provide the information. Staff is busy with other compliance items. She felt that doing a rate study is a good process, but MGSD has always operated on a cash basis, other than the co-gen fund, which gives the Board more control on how money is allocated in case of emergency expenditures. MGSD is unique in that we have that control. Ted stated that he has been through several rate studies and there isn't a lot of impact on staff time since much of it can be handled electronically. Barbara noted that Douglas County and Town of Minden are different than MGSD, while Ted didn't think there was much difference.

Barbara asked if we decide to accept email submittals, whether we have to print out all the copies. April said yes. Barbara asked when a business impact statement is done, and April explained that the business impact statement comes in when a rate increase is proposed.

Bob stated that when he came onto the Board the cash was about \$5.3 million and that amount has increased to \$10 million. There is also a special fund for emergency repair. The operational fund has increased almost \$4 million in the ensuing years. The capital money comes from the sale of edu's. We have about \$3.5 million in the operations funds. We have sufficient money available to cover a loss over the next 4 years. The raising of the user fees is an increase in the operations account. It would be difficult to explain to the users why we need a rate study or a \$2.00 rate increase.

Barbara asked how we justify the expense of a rate study? She thought it would be about \$80,000 plus staff time. Mike stated that it doesn't cost us anything to get a quote. Barbara stated they will need to meet with staff in order to put together a quote. Mike said we don't have to accept a quote and he would like a CPA to address the financial situation. Mike stated we need equipment, such as a new belt press, the manager says that things are breaking, and we have a rehab project coming up. He felt that the board can't keep putting off fixing things, and the money isn't there to fix them.



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Ted stated that he was concerned that we were doing what Douglas County did, which was kicking the can down the road and not putting any money aside in reserve. He felt it was important that we start putting money aside. We might have enough for the operating rate, but we don't have enough money for the replacement rate, and that's what we need to look at. Barbara agreed that we need to put money aside. Her point was that right now we're working through several things with staff. The study discussed staff participation, and they will come in and demand meetings and information from staff. She had been through this twice at Gardnerville Water Company. One of the studies was \$120,000 and one was \$80,000. She didn't dispute that this would be good information, her problem was staff time.

Mike asked Peter if he is a proponent of doing the rate study, and Peter stated he is, especially since the auditor stated that we're operating at a loss. We're funding the deficit with capital money. He would like to be a good steward of MGSD and there are things that need to be fixed and replaced soon. There are lines that are degrading because they've been in the ground a long time. He thought we should get a study because it would be nice to know if we're in good shape. They will also help us determine that our rates and fees are adequate.

Motion by Mike King to approve the Draft Request for Proposals for Sewer Rate Study, taking out the ability to submit electronically, and to direct staff to return to the February meeting with a timeline for approval. Seconded by Ted Thran. There was no further discussion on the motion. Motion carried [3 ayes (King, Schilling, Thran), 2 nays (Allgeier, Smallwood), 0 abstain, 0 absent].

Attorney-Client Conference: Richard Peters was present to discuss the loss of his license, resulting in new audits for the last 3 years. Richard Peters apologized to the Board. He has had a long relationship with MGSD, and he is very embarrassed by his behavior. He would like to make sure the District is reimbursed for the fees. Barbara appreciated him stating that he wanted to repay the District for the costs. April explained that Bill Peterson stated a repayment schedule can be set up through his office. Barbara directed that he work with Bill Peterson to work on a schedule. Mike said it means a lot for Richard to come in and speak to the Board, to apologize, and to make amends. He wished Richard well.

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

It was pretty quiet during January. There have been some plan reviews for small projects.

They are working on a bid package for this summer's rehab project, which will go out to bid this spring.

They have had a good working relationship with MGSD staff. They also have been working with County staff to make sure that the County is providing us with the appropriate submittals. Barbara noted that the County allowed the ice house in Genoa to be torn down, and due to the new staff at the County there was



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no coordination with the Town of Genoa. So she was thankful that RCI was coordinating with County staff to make sure MGSD stays in the loop.

District Manager's Report: Peter Baratti reported on the following items:

We received payment from Dotty's today, in addition to the 2.2 edu's sold during December.

The Towns at Monterra is about ready for final inspection.

He received a notice to appear from the Department of Taxation for a meeting being held January 28th at 9:00 am. Peter, Bill, and Nicki will be attending. It will mostly be a formality as the audits are complete and have been submitted to the State.

We received prompt shipment of the channel monster, and staff is proceeding with the cleaning of the channel, so when the pista grit gets here it should be ready to go.

Our new UTV has been very helpful for weed abatement. Peter thanked the Board for approving that. It has cut weed spraying time down.

He is trying to put together more informational packages regarding equipment needs and replacement costs so the Board can also be aware of repair, maintenance, and replacement items.

Administrative Report by Staff:

April passed out packets for Peter's review next month. She asked the Board to return the review evaluation form with comments to her by January 24th. She will put together a master sheet for inclusion in the February board packet, and the Board can then focus on the points they prefer to address, rather than going through the review item by item.

April did not include a past due accounts summary in the packet, since nothing has changed since last month. There were quite a number of accounts that have been tagged for liens and staff has been receiving a lot of calls from these people. Notifying these customers by certified mail has been successful in getting payments.

April reported that she has training scheduled for later this week for website training. She asked the Board to let her know if there is anything else they would like to see on the website.



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Training with LaVonne Ghanavati is being worked on. It appears GP training and bank reconciliation will be completed during February.

April reported that Anthony LaRocca has begun updating the inventory management program.

April stated that when she and Peter met with Kathy Lewis last month, they also discussed setting up a taxing district solely for MGSD. Kathy said the County was concerned about getting the election district maps updated to be accurate with all the boundaries for each district, and she didn't realize there was a discrepancy between the Town of Minden's and Town of Gardnerville boundaries and MGSD's. April will be working with Kathy during the next several months to get this resolved.

Board Comment: Barbara asked about the order of the names for the Board members on the minutes. April explained they are not in any order but they can be if it is preferred.

Public Comment: There was no public comment.

Meeting adjourned 7:45 p.m.

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

2/4/2020
Date

By Ted Thran
Ted Thran, District Secretary

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