Board of Trustees

Minutes of Regular Meeting

Tuesday, February 4, 2020

6:00 P.M.

Board Room

Minden-Gardnerville Sanitation District

1790 Hwy. 395

Minden, Nevada

*Board Members Present*: *Staff Members Present: Others Present:*

Barbara Smallwood Peter Baratti None

Michael King Cliff Simpson

Robert Allgeier April Burchett

Ted Thran Anthony LaRocca

 Bruce Scott

 Bill Peterson

*Board Members Absent*:

Mary Schilling

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

***Public Comment***: There was no public comment.

***Chairman’s Comment:*** The Chairman had no comment at this time.

***Claims Review and Approval***: April noted that Item No. 18 for JWC should be a capital charge, and she is working with the Great Plains consultant to correct this. **Motion by Ted Thran to approve the claims received for January, 2020 in the amount of $163,330.52 plus miscellaneous expenses in the amount of $51,938.19, and to approve the payroll-related expenses paid during January, 2020 in the amount of $102,978.88.** Seconded by Bob Allgeier. Motion carried [4 ayes (Allgeier, King, Smallwood, Thran), 0 nays, 0 abstain, 1 absent (Schilling)].

***Minutes of January 7, 2020 Regular Board Meeting*** : Mike noted on page 2 that the motion for the minutes of the December 26th meeting should be changed from “Regular Board Meeting” to “Special Board Meeting”. **Motion by Mike King to approve the minutes of the January 7, 2020 Regular Board Meeting with the noted correction.** Seconded by Ted Thran. There was no discussion on the motion. Motion carried [4 ayes (Allgeier, King, Smallwood, Thran), 0 nays, 0 abstain, 1 absent (Schilling)].

***GRGID:*** Peter reported that a letter requesting the purchase of additional edu’s was received by GRGID with a check for the fees. **Motion by Bob Allgeier 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 Ted Thran. There was no discussion on the motion. Motion carried [4 ayes (Allgeier, King, Smallwood, Thran), 0 nays, 0 abstain, 1 absent (Schilling)].

***Lien Finance Charge***: April referred to her memo included in the packet and reported that the fee needed an additional increase. Ted asked if we need to make the adjustment retroactive, but Bill didn’t feel it would be appropriate to make it retroactive and April stated that only a few accounts were short under the old fee. **Motion by Ted Thran to increase the finance charge for lien filings against delinquent accounts from $106 to $110 effective February 6, 2020, to reflect the increase to the recording fee of $2.00 per document implemented by the Douglas County Recorder. Second by Bob Allgeier.** There was no discussion on the motion. Motion carried [4 ayes (Allgeier, King, Smallwood, Thran), 0 nays, 0 abstain, 1 absent (Schilling)].

***Sewer Rate Study***: Peter stated that all we are doing with the process at this time is looking at the potential pricing for a rate study. He passed out information regarding the rates for the surrounding districts. He reported that Barbara brought to his attention another option that is worth exploring, which is called Waterworth. Peter showed a short video from Waterworth.net regarding setting utility rates and infrastructure replacement costs. He felt it would be prudent to look at all the available options and he noted that we don't have to settle on any of these options. Mike asked if we need to put money up front. Peter hopes to get general pricing from the industry as well as pricing from Waterworth and see what the best option is. Pete thought that Waterworth would require more staff time, since we have to input the data ourselves. But he is interested in their pricing. Mike felt we should look into it and keep an open mind, but it is important that we read all the fine print and have legal counsel review a contract.

Mike pointed out that what was on the agenda for tonight was to approve the timeline, and he thought the timeline was good. He thought we should approve the timeline and simultaneously look into Waterworth.net. Bill stated he would like to be involved in the Waterworth presentation. He has been through several rate studies. There are 2 principal aspects of a rate study: first, what the revenue requirements are to pay the expenses and depreciation, and second, the rate design which includes how the revenue requirements will be met and who will pay for it. He is not sure that Waterworth would perform the second aspect. Peter thought this would be a useful tool if we had a solid basis to get it going.

Barbara asked Bill about her concerns about doing a rate study. She doesn't care what other districts are charging, because we're different from them. She has to justify it to the rate payers. Bill agreed that what happens at other entities does not apply to us. He stated that most utilities do a rate study, and the cost of preparing the study is figured into the rates. He recommended doing a rate study, or at least getting an idea of the cost of a study.

Barbara asked about the time frame. April explained that it gives the Board flexibility in interviewing and selection. They can award the study at the March meeting or conduct interviews and award at the April meeting. Barbara expressed concern about the quick turnaround time. April explained that she based this on RFP’s from other entities, and potential bidders assured her it was enough time to prepare an RFP. Ted agreed that it was fine.

Bruce felt that getting bids is a good idea. He was intrigued by Waterworth but thinks we're going to need a study in place to get it started. He recommended that the District let bidders know that the Board is not going to immediately make a decision to award the rate study. Until we get some idea of the costs to prepare a rate study, we won't know what we're working with.

Bob stated that going beyond a one or two year time frame is not worthwhile. The Board has done very well in setting rates on their own and in financial management. They made some changes to the restricted accounts. The operations costs are actually within close proximity to the budget, even though there were extra expenditures. We have sufficient funds in reserve to meet non-capital expenditures. One of the problems we have is the fact that the amount of money we have for capital expenditures has been dramatically decreased, so it's harder to pay for capital expenditures. He thought we should increase the capacity fee. Bob pointed out we can also use tax revenue to fund capital expenses. We have increased the number of customers. Peter asked about the Operations revenue, and Bob said he would like to see what the budget looks like for next year first. He is not willing to put any money or time into a rate study.

Barbara pointed out that the agenda item is for approval of the timeline. Mike appreciated Bob's comments but agreed about the agenda language. **Motion by Mike King to approve the timeline included in the Final Request for Proposals for Sewer Rate Study, with a change to the award date to state “anticipated award date” and to direct staff to publicize the request for proposals.** Seconded by Ted Thran. Mike stated that if the motion does not pass, that there should be some reasoning to the denial so they can direct staff to address it. Ted stated that he is 100% for going out for proposal. He is also curious about Waterworth and to compare them to the models he has. Motion carried [3 ayes (King, Smallwood, Thran), 1 nays (Allgeier), 0 abstain, 1 absent (Schilling)].

***District Manager Review***: Barbara complemented April on the new District Manager evaluation form, the agenda wording, and providing the notification letter in the packet.

Ted complimented Peter’s relationship with the Board, and his ability to make recommendations. He would like to see him at more Chamber of Commerce meetings. He would also like to see Peter continue to learn more about finances. Peter replied that he has expanded his comfort zone, and he appreciates the comments from Ted and any constructive criticism.

Bob had nothing else to add from his previously submitted comments.

Barbara clarified that on Page 3 of 6 regarding effective leadership, was trying to suggest that there is some type of protocol in place if there is an emergency. Peter stated that that has been critical to him. He has been bringing other employees in to work with him through the reports and submittals. The employees generating the information were not sure where or how the numbers were applied, so it’s been effective for all the employees. His view is that he alone doesn't need the information, but rather we need the information. He has a blue folder from Frank that outlines the information that needs to be filed and completed, and he will continue to deal with the operations that way. But he doesn't want to be the only one to hold all the cards. He is also designating an additional employee who can submit reports to NDEP.

Peter stated that he appreciated the Board’s comments, and he feels he is able to work with them as a team for the good of the District.

Barbara appreciated that the total value compensation statement was included in the packet. **Motion by Bob Allgeier to increase Peter Baratti’s salary by $5,000 per year effective February 15, 2020.** There was no second. There was no further discussion on the motion. Motion carried. [4 3 ayes (Allgeier, ~~King~~, Smallwood, Thran), 0 nays, 0 abstain (King), 1 absent (Schilling)]. April asked if the Board had any goals they would like to see Peter work towards during the next review period, and they wanted him to continue to focus on learning the position and keeping the required submittals filed in a timely manner.

Cliff praised Peter for what he has done for the staff. When he stepped into his current position of Operations Supervisor, it was well laid out, and he still follows Pete's outline. He knows the expectations and the staff also knows their expectations.

***Attorney-Client Conference***: Bill reported that he, Peter, and Nicola Neilon met with the State finance board, and they were sympathetic and approved our filings. He has not yet spoken with Richard Peters. He is going to see what Richard can afford, and set up a payment plan that he can abide by. Bob asked for a reasonable rate of return, and Bill said the statutory rate is 6.5%. Bob asked if Bill was planning on drawing up an even payment schedule over time, and Bill said yes, it would be over 2 to 3 years if possible but the duration isn't necessarily critical as long as Richard makes monthly payments. Ted asked Bill to work with Richard and noted that if we need to adjust the rate we can, but we want to make it work for Richard. Bob asked if he was going to meet with Richard first or if he would just set the schedule. Bill said he wants to talk to him to see what he can work out. Bob requested that it be done by next board meeting.

Bob discussed the current capacity rate and the reallocation of the capacity fees from the plant maintenance fund to the collections rehabilitation fund, and he felt this has substantially reduced the amount of money available for plant capital improvements and replacement. He suggested increasing the capacity fee by $1500 for plant replacement costs, with none of the increase going to the line rehabilitation account. He asked Bill what we needed to do to raise the capacity fee. Bill responded that a business impact study and public hearing will be required. Peter noted that we structured the RFP to look at that fee as well. Ted asked if there has to be a cost analysis as a basis of an increase. Bill stated that it is all done on a cost-base. He noted that if the public is being overcharged, a grand jury can come in and scrutinize us. But for the most part the Board can decide what a reasonable charge would be. Ted explained that the next grand jury will be looking at fees for all districts in the County. Mike stated that while he appreciated Bob's proposal, he felt it would be wise to not come out with a single fee increase at the same time we're doing a rate study, and we should wait until we have all the information for all the fees. Mike asked Peter to give the Board a list of all equipment that will need to be replaced. Pete has been reviewing HDR's master plan, and they provided excellent critical data. By having the staff do some of the work outlined in the master plan, we can see some savings. He will bring a list to next month's meeting. Barbara asked if Bob was okay with waiting until the rate study to do the capacity increase. He felt it should be done as quickly as possible. Discussion followed regarding restricted fund allocations and scheduling an agenda item. Bill thought that the rate design will address where the rate increases should come from. It might be the capacity fees, the connection fees, the rate structure itself. Bill pointed out that it comes down to politics as well. A rate study might say the commercial operations may be undercharged. If we don't have enough money, it will determine what the best way is to get it.

Bill stated he noticed that the power company is increasing the interruptible irrigation rate which impacts the rate at the ponds.

***Engineer’s Report:*** Bruce Scott reported on the following:

Marvin Tebeau and Peter have been working with Bently Heritage and Baker Hughes regarding reviewing the discharge permits and getting them up to speed. Bently has an old disharge permit through MGSD which was based on a State discharge permit, but the State permit expired, changing the primacy to the EPA. We have our own pretreatment ordinance, so we are getting the data together to submit the information to the EPA. Our ordinance allows us to handle it directly. We will need to renew the permit in the next couple of months.

The next phases of Townes at Monterra and the Heybourne Meadows subdivisions are close to being completed. He anticipated receiving as-builts soon.

Their office is working with Craig Olson to finish the bid for the digester repair.

He pointed out to the Board that if a rate study is done, it will include suggestions, recommendations, and alternatives, but the Board makes the ultimate decision. The rate study doesn't tell you what you have to do, it will tell you the cost-base, and the Board can look at it and make decisions.

They are moving forward with the 2020 rehabilitation project, and they have also identified 2 companies who can reline the siphon under the river. They are going to explore a fold-in-place pipe that is steam cured, but he wasn’t convinced it is what is structurally needed. If this will work, he may look at a larger project scope on the GRGID line.

Bob asked how the residential development is looking in the District. Bruce said there is commercial and residential development at the intersection of Hwy. 88 and Hwy. 395. Otherwise, there is not a lot, but there is some, and it’s mostly infill. There is also commercial in Gardnerville.

Ted asked about Heybourne Meadows Phases 4 & 5, and Peter stated that they are ready to be inspected and he is anticipating receiving as-builts.

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

Biosolids Disposal: Last month Bob Allgeier asked about the contract with Bently Ranch for the biosolids disposal. Peter researched the agreement with Bently, and MGSD is charged $14 per wet ton. By comparison, he also checked into the cost of biosolids disposal prior to Bently receiving it, and the cost to MGSD to have the biosolids disposed of at the Lockwood landfill, which is our only other alternative, was $4,000 per month. Currently Lockwood would charge $13.50 per wet ton but we would also have to pay trucking costs.

Grease Processing Tipping Fees: Peter did research regarding the feasibility of collecting tipping fees for the grease disposal, and due to the trucking costs that Reno Rendering incurs, it would be a loss to Reno Rendering to charge them tipping fees, and they would have to cease bringing their grease to us for processing.

Plant Items: Peter reported that we now need to replace 3 VFD’s instead of 2 for the Grav Belt. We also need to get a flow meter into the Grav Belt building. The meter readings are part of regulatory compliance, and we have been estimating them. We need hard numbers, so it really needs to be replaced.

Grit Project: We have had good success with the grit project. It has been cleaned, and staff is preparing to set the equipment. We're trying to get this done as soon as possible before the digester project gets going. Bob asked if we're staying in the budget, and Pete said it looks like we're going to be under the budget.

Mackland: Peter reported that Ridgeline Construction has pulled a permit for one residence in Mackland.

Peter reported that GRGID has been billed for the fixed costs, and he will start working on the annual billings to Park and Galeppi. He also filed the 4th quarter DMR’s with NDEP.

Collections System: Peter reported that staff is gearing up for an aggressive line cleaning project this summer.

Mike asked about the Champion Chevrolet building will serve letter and wondered if this is the old COD Garage/Michael Hohl Chevrolet building. Peter said it is, and apologized for the incorrect information in his report. Peter stated Robb Hellwinkel is having a dispute with the County as to what he can use the building for. The County asked for some of the verbiage to be eliminated, since there is already service to the building.

Barbara asked about the location of the Carter Hill property on Gilman, and Peter clarified it is east of Hwy 395 adjacent to the Esplanade project.

Bob asked about the annual increase for the utilities that are generated by the co-gen system. Peter will research this and get the number to him. Bob stated that our electrical expense is currently about $10,000 per month, and it looks like we're going to go over the budget. He asked if there is any way to make this cost-effective. Peter said he will try to run it more effectively, but we have had too many bad years to make it cost-effective. A co-gen system is where the future technology is headed, so we will be in the right at some point. Also there may come a time where we will be mandated to run this equipment to capture more of the power and methane. We were also spending an excessive amount on pump replacement, but that problem has been mitigated. Peter hopes to get the co-gen system back online as soon as the digester lid is replaced. Ted agreed that we are going to have to start watching our methane discharge, and noted that either the EPA or the California EPA came down on 3 landfills for discharging too much methane. Peter pointed out that Reno is only breaking even on their co-gen. But it is the future technology for the wastewater industry, and it is ecologically the right thing to do. Anthony said that we did not know how to operate it 100% efficiently at first, and staff was asked to appease the delivery companies rather than do what was recommended, which resulted in poisoning the digester. The staff now knows how to run it efficiently.

***Administrative Report by Staff:***  April reported on the following:

Past Due Accounts: After 20 accounts were flagged for lien filings, all of them paid except for 3, and liens were filed for those accounts.

MGSD Website: The website has been updated with the current meeting submittal dates, the new fees for 2020, and addition of board meeting packets. Some links were also updated. She still needs to add the minutes from 2015, add the system mapping, and repair a couple of links on the education page. She is checking the website weekly to ensure the links are working and the website hasn’t been hacked.

Accounting Software Training and Bank Reconciliation: Nicki Neilon gave us new numbers and they are being input into the GP program. The action plan for the audit findings were included in the packet under the District Manager’s report.

***Board Comment:*** Mike stated that he was skeptical about the Chamber of Commerce and their Two-Minute Review report, but he has found some information that helps him be a better trustee. Today's review has an item relating to the skyrocketing real estate market. It's titled "The Everything Bubble". We have the factors leading up to 1929 stock market crash, and we came close to it in 2008, and the slide presentation shows the national home price index exceeds the national historic price index highs. Stocks are also high. These are the two things that caused the stock market crash. Part of being a trustee is being able to see into the future.

Discussion followed regarding sending flowers to Mary Schilling for her surgery tomorrow and having board members donate for a flower arrangement. Bill Peterson will determine if MGSD can pay for a flower arrangement, and April will arrange for flowers and collect money from the board members if needed.

Barbara reported that Jeremy Hutchings from R.O. Anderson Engineering is on the docket for the County Engineer position.

***Public Comment:***  There was no public comment.

***Meeting adjourned 8:35 p.m.***

Approved by the Board of Trustees on:

3/3/20 By Ted Thran .

Date Ted Thran, District Secretary

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