Board of Trustees

Minutes of Regular Meeting

Tuesday, July 7, 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 Catherine Hansford

Michael King April Burchett Tom Pavletic

Ted Thran Bill Peterson Craig Olson

Mary Schilling Cliff Simpson

Robert Allgeier Bruce Scott

*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 reported that the developer of the Residence 1861 project is not ready for the July agenda, and they will notify April when they wish to be agendized.

***Claims Review and Approval:*** Bob asked why face masks were purchased from 2 different vendors. Peter explained that we were having trouble getting masks, and the first order was backordered so we had to find a second source. **Motion by Mike King to approve the claims received for June, 2020 in the amount of $153,095.32 plus miscellaneous expenses in the amount of $2,301.47, and to approve the payroll-related expenses paid during June, 2020 in the amount of $98,524.72.** 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 June 2, 2020 Regular Board Meeting:*** **Motion by Bob Allgeier to approve the minutes of the June 2, 2020 Regular Board Meeting.** Seconded by Mary Schilling. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

***Fahad Arif*** – Barbara referred to the letter of request from Mr. Arif to waive the past due amount, and the NRS statute related to payment of fees provided by staff. **Motion by Bob Allgeier to deny the request from Fahad Arif for waiver of any unpaid fees from the prior owner of the property located at 1335 Waterloo Ln., under the terms of NRS 318.197.** Seconded by Ted Thran. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

***HDR Engineering*** – Item delayed (see Page 3) as Craig Olson had not yet arrived.

***MGSD Rate Study*** – First presentation by Catherine Hansford. Ms. Hansford Introduced herself and gave her background in rate studies in Nevada, Oregon and California, including similar work she has done for Georgetown Divide, Donner Summit PUD, and Woodbridge Sanitary District. She noted that Donner Summit PUD has an agreement to treat sewage with another community, similar to MGSD’s agreement with GRGID. She noted that MGSD’s RFP noted that we are looking for revenue consistency and stability as well as keeping up or building up prudent reserves. She discussed the need for equitable cost recovery for different customer groups, a smooth adoption process for any rate changes, and that the study meets an acceptability test for the public, including public workshops. She outlined the key elements in her proposal, and noted that she did not foresee a radical change to the rate structure. Discussion followed regarding comparison of rates with regional entities, and it was determined that this would be optional. Her proposed timeline would call for a final report in November or December. She could have it ready sooner, but felt this was a more realistic time frame. Peter stated that he noticed she has a 2020 deadline and asked her if it would be inconvenient if it stretches longer than that, and she said no.

Barbara opened the floor for questions for Ms.Hansford. Peter asked for more detail about how a public workshop would look. Ms. Hansford explained that there could be a workshop that is not a board meeting, with different stations explaining to the public what the costs are about and the reason behind them. Another option would be to have it at a board meeting, where a formal presentation is made, questions are asked by the public, but no action taken. Bill Peterson discussed the requirements of a business impact statement, and asked if public input is included in the scope of work. She said it is not included, but it wouldn't cost a significant amount, and most likely would not impact her cost proposal.

Second presentation by Tommy Pavletic. Mr. Pavletic passed out a study done for another entity to show a final product. He discussed a possible need for new customer categories, based on the combined strength of BOD’s and Total Suspended Solids to ensure that high-strength customers pay their fair share. He outlined his experience in sewer treatment and finance, including rate studies. He noted that a prior client needed to increase rates by 100% over 5 years, and how that was accomplished. He stressed that many of his clients are repeat clients. He noted that he liked to work with special districts, since they simply deal with one service rather than several items. His budget is based on 200 hours, but he preferred not to ask for change orders. He did not anticipate using the entire budget. His analysis would compare MGSD’s rates with other regional entities for fee amounts and the methodology of rate computations. He referred to MGSD’s financial statement, and noted that capacity charges come in and then they stop. He proposed a model that would align with MGSD’s financial statement to reflect what MGSD actually does. He mentioned there are various ways to handle capacity fee structure. He also noted that his cost proposal is negotiable, and tasks can be removed at the Board’s request. The timeframe and schedule is flexible.

Barbara opened the floor for questions for Mr. Pavletic. Peter noted the proposal mentioned capital reinvestment and asked if that was a standard development in rate studies. Mr. Pavletic stated that it isn't always reinvested right away. Discussion followed regarding calculating depreciation and reinvestment amounts. It can be difficult since the cost of replacement goes up over time. You should be reserving or spending, but it is difficult to reserve, and that makes it difficult to do a rate study since there is so much money in reserve for capital improvements. Barbara asked Ms. Hansford if she wished to respond to Peter's question, and she said she agreed with Mr. Pavletic’s discussion. Peter clarified that Mr. Pavletic’s model will also ensure the rate increases are defensible, and Mr. Pavletic said that's one of the reasons for the additional amount in the proposal.

Board Discussion: Barbara stated she was troubled by the use of models, since we are a unique district. She noted that we don't have water use information for every customer since not all customers are metered. She was also concerned about the cost to the District. If the Code or any contracts of service have to be revised, that's more money the District will have to spend. Bill stated that our contracts of service are tied to current rate and he felt Barbara made a good point. Bill thought GRGID will also probably need to be involved in any rate changes. Barbara did not feel it was appropriate to compare MGSD to other agencies, although she emphasized that she did care about the overall health of the District. Mike stated that the average sewer rate for other entities in our area is $57 and he noted that the agenda item is to select one of the two consultants to do the rate study. He also noted that when the study is complete the Board will have some difficult conversations. He felt that both presentations were good, and no matter who is selected MGSD will be well served. Ted stated for the record that he had previously worked with Mr. Pavletic for a rate study for the Town of Minden, and he noted that the need for a rate study was identified by the auditor. He is interested in seeing where we stand with respect to the rates and the expenses, as well as planning for future capital expenses and the possibility for reinvestment. With $9 million in assets we’re not coming close at this point with our current rates. Bob asked if we are required to have a rate study. Bill said no, but it is a part of establishing reasonable rates. Bill explained that nobody is going to sue us for equitably charging costs, but it is good governance to allocate costs to the users. Bob stated that he does not support a rate study. Mike stated that the low bidder is not necessarily the best one to choose if it can be seen that the higher bid is better, but he felt that Ms. Hansford is the low bid and will do as good **a** job.

**Motion by Mike King to accept the proposal prepared by Hansford Economic Consulting LLC for a sewer rate study in the amount of $21,350.** Seconded by Mary Schilling. Motion carried. Vote: [4 ayes (King, Schilling, Smallwood, Thran), 0 nays, 1 abstain (Allgeier), 0 absent]

**HDR Engineering**: Peter stated that the project is an approved budget item, and he recommended approving the agreement with HDR. Craig stated that the belt press addition will resolve a soft spot in the District's processing. Barbara clarified that it is a redundant piece of equipment that has been needed for a long while, and the equipment will be alternated for use, and Peter stated that she was correct. Mike asked if Bill Peterson has read the contract. Bill stated that he had not read this particular contract, but he has reviewed HDR’s other contracts with MGSD and he felt that the Board should not hold up the process to await his review. Bob asked if we can use the same parts on either belt press. Craig stated that technology has advanced since the first belt press was installed, but they can provide an identical piece of equipment. He stated it would be a sole source provider, and he would like Bill's opinion on that. The Board directed that Peter and Craig work this out with Bill later. **Motion by Bob Allgeier to approve to Agreement between Minden-Gardnerville Sanitation District and HDR Engineering for Professional Engineering Services for Additional Belt Filter Press in an amount of $179,904.** Seconded by Ted Thran. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].

***Attorney-Client Conference –***  Bill reported that the repayment contract was signed by Richard Peters. April stated that Mr. Peters has made the first payment.

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

He has had discussions with Rob Anderson regarding the slope problem at the Townes at Monterra project. He told Rob that we can't accept a substandard slope and that the Board can't have one unaccepted line in the subdivision.

Bruce reported that he has received a letter from the Kingslane Homeowners’ Association requesting RCI’s interest in analyzing their sewer system in order for them to get federal money to rebuild the sewer system. He spoke to the gentleman who sent the letter and told him to look hard at this. Bruce let him know that a lot of money could be spent and the lines still may not meet the District's standards. Bruce wasn’t clear if they're having a lot of problems, but he wanted the Board to know they are thinking about that. Bruce noted that the lines are too shallow and too flat to rebuild without redoing everything.

For the Digester Lid Replacement project, RCI is hiring the coating inspector as a subcontractor, and the cost will be about $24,000. The coating is critical with the construction of the digestor. Bob asked about the time frame. Bruce noted that a member of the contractor’s crew had a COVID-19 positive test, and that resulted in work stoppage. He is waiting to hear what the time frame is, and emphasized that they are trying to get it done before the frost.

He and Peter have met with GRGID regarding expanding the scope of the interceptor rehab work for the lining. It appears that GRGID is looking at doing it as one complete project, maybe two. He will have more specifics at the next meeting.

Mike discussed his concerns about the Townes at Monterra issue and the fact that Rob Anderson gave a rosy picture for a solution. Bruce stated that any Board member should not hesitate to call him if they have questions or concerns.

Bob asked about an article in the Record Courier about a road in GRGID being brought up to county standards, and the county did not have the money to put in the road which would impact a proposed subdivision. He wondered if the subdivision going to go ahead. Bruce stated that the proposed subdivision is going at the south end of the Ranchos, but he did not know if the subdivision is still moving forward. It will not impact sewer, as we have enough capacity if the project does go through.

Barbara stated that last week the County commissioners approved $300,000 to do an audit of community development, and there was talk about making community development an enterprise fund. She expressed concern that the process of all entities will be ~~convoluted~~ **controversial**. Bruce noted that Jeremy Hutchings has made a positive improvement at the County and Bruce was encouraged about the direction they're going. They are getting more reasonable decisions out of staff.

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

Summary of June items: Four edu's were sold, he had meeting with RCI and GRGID and has a follow-up meeting with Greg Reed scheduled to look at some lining they have done on their lines.

The cyber assessment was completed by Tony Rucci under contract with POOL/PACT, and referred to the report included in the packet (*Note: The Assessment report was later deemed to be confidential under the regulations of NRS 239C and has been redacted from the packet).* Mr Rucci gave a high-five to Randy Williams and he was impressed with some of the things Randy has done to stop people getting into our system. A few things were noted, but mostly they related to SDBX Studios who manages our website and with the equipment utilized by Tesco. We have our own firewall in place, but three email accounts were of concern, two of which are now defunct. April’s email has been in use for so long it was identified as a possible weakness. Mr, Rucci recommended upgrading our firewall and Randy is looking into something more cost effective than the one presented at last month's meeting. We scored in the low categories in the Burp Suite. We do have some areas of concern, but they can be easily fixed. April will follow up with SDBX and Peter will follow up with Tesco. We need to ensure that our consultants are also protected.

Projects in the District: At Heybourne Meadows Ph, 4-7 most of the sewer runs are in place, but we have not done testing yet, and they still have to relocate our interceptor line. The construction is going well so far. At Heybourne Meadows Ph. 3 A-C, there will need to be some abandonments, and Peter has concerns with those. Bruce is doing a letter to ask for clarification on how those abandonments will be handled. At Nevada Northwest at Hwy. 395 and Hwy. 88, they are in their final process. Peter confirmed that they will do the cleaning of the system.

Peter gave a presentation of the progress made at the ponds. The total cost of the **project** to date is $22,000 including manhours. He noted the water truck rental cost and stated that we will be using the truck rental for the next phase as well. The water truck will be needed for dust control due to the proximity to the highway. Cliff and his crew have done an excellent job. The east side slope of the ponds has been completed and the rock application process is next. He hopes that this will serve as a model for the dam inspectors from the State.

Peter stated that the scaffolding crew is starting their work on the Digester.

***Administrative Report by Staff***: April had nothing to report.

Bob asked if we are having problems with people paying due to the COVID-19 situation, and April said that we have **not** seen any issues yet. Discussion followed regarding the flexibility to deal with each account if a hardship is experienced.

***Board Comment –***  Ted received an email from Nicki Neilon who is very impressed with the progress staff has made with the findings noted in last year’s audit.

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

***Meeting adjourned 8:05 p.m.***

Approved by the Board of Trustees as presented on:

By .

Date Ted Thran, District Secretary

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