

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, NOVEMBER 14, 2019**

PRESENT: Kenneth Staton
Jon Blackwell
Ryan Wheeler

Lindsey Dalley
Randy Tobler

Joe Davis
Lon Dalley
Susan Rose

Jeannie Poynor
Kiley Bradshaw

Byron Mills

Chad Atkinson - Hinton Burdick

Vernon Robison

ORDER OF BUSINESS: At 4:00 p.m., Chairman Ken Staton called to order the regular meeting of the Moapa Valley Water District Board of Directors. The agenda items were addressed in the following order:

1) Public Comment (May be limited to five minutes)

None

2) Approval of the Minutes of the previous meeting held October 10, 2019 (For Possible Action)

On motion of Ryan Wheeler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the minutes of the October 10, 2019 meeting.

5) Manager's Reports

Office Manager

Assistant General Manager

General Manager

Office Manager – Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their board packets. We are at 25% of the way thru the year and at 36% of the budget but these were for the hot months and now we're going into the cold months.

Assistant General Manager- 1) Production - Lon Dalley explained that production is what our average is. In October we pumped 79,754,000 gallons. Everything was pumped out of Arrow Canyon #1. **2) Arrow Canyon Well #1 Well Level** – The well level graph isn't accurate because we're all over the place. It depends on what gpm we're pumping at the time. That determines what the well level will be at. **3) Meter Installs** – We installed one 5/8"-3/4" banked meter. Total meters so far this CY is 27 (6 sold & 21 banked meters). This month we will be putting a 1" meter in that belonged to Bill Leavitt. **4) Arrow Canyon Evaporation Basin** – Bill Lamping has started on this project Monday. It should be completed the first week in December. **5) Meadow Valley Wash** – We will dig that crossing Tuesday. We've got the whole project prepped with all the materials we need. They're doing the pressure test as we speak.

3) Presentation and approval of the FY19 Audit (For Possible Approval)

Chad Atkinson was at the meeting to go over the FY19 Audit. He thanked Jeannie and Ken and all of those who were involved in getting the audit done. Things went really well this year.

He had the audit report. There weren't a lot of exciting stuff in the report. There were no findings and we had a clean audit report so there were no issues there. Staff has been thru the process for quite a few years so they know what they're doing.

Chad explained page 12 in the statements. This page shows our operating income and expenses. As he was looking at our audit file to get ready for this presentation, he noticed that the district had a rate increase that started in July 2018 so they expected the revenues to go up but as they looked into it, it only went up a little bit. As they looked into that, they found that there was an increase in usage but it was all below the 3rd tier.

He had a graph that showed the expense trends. The top two lines that he was talking about were the revenues and expenses. They're consistent with last year. The operating items were similar to last year but there was a little bit of a reduction in interest expense so the interest went down \$75,000 from the previous year. That gave us a little bump in our non-operating interest so our overall change in net income for the district was \$803,456 which was up a little from FY 2018.

The next slide showed our net position (page 11). Net position is just the assets of the district. If you subtract the liabilities you get the net position. Net position is made up of a few different things like our capital assets and reserves that are left over. The unrestricted and undesignated is not designated for anything in particular. We also have designated funds and some restricted funds. He had a graph on that page and he explained what that graph showed.

Next was the cash slide. Our overall cash position is up. Our unrestricted amounts went up \$502,000 and designated cash which is related to what the board sets aside has gone down just a little bit. He also talked about the restricted amount for the AB198. Overall cash is up.

On page 26 in the notes of the financial statements there is some information in there about protecting the water rights of the district.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 5-0 in favor to approve the FY19 audit.

4) Presentation of the 5 year Capital Improvement Budget (For Possible Action)

Joe had a PowerPoint presentation for the 5 year Capital Improvement Budget. The big thing in the budget is that we have lots of leaks and other issues out there. Every year we're required to have a 5 year Capital Improvement Plan in the budget. Joe would like to come to an understanding with what our needs are. We can take these numbers and put them in WaterWorth so we can project out our financial needs for rate increases as a whole. If we can come up with what we want to put in the budget, we can put it into WaterWorth and it can project what we need to do.

Usually we start talking about this in January but we figured if we could start talking about this now, it would help quite a bit so we can get a head start. We need to get a dialog going because this is going to be the hardest decisions that we have to make. They're all high dollar decisions.

On the 1st slide on the right hand side of the slide is a list of the top 25 priority list. These are the top things that need to be done so we can solidify our system. Everything past 25 are all pipelines that need to be replaced. Joe took the top 25 things that need to be done and color coded them. On page 2, Joe had the list so everything in blue were programs and projects currently implemented or completed. The items highlighted in green were projects listed on the current 5 year CIP and the items in orange were projects that have been modified to better fit the District's needs.

Below is list of the Capital Projects:

Build repair material inventory for "bottleneck" pipelines
Rehabilitate Arrow Canyon Well #2
Install 20-inch Meadow Valley Wash pipeline crossing
Replace Baldwin Springs booster pumps
Install 16-inch Baldwin Springs transmission line replacement
Acquire ownership or long-term lease of MX-6 Well assets
Install a 0.5 million gallon storage tank at Arrow Canyon
Install Arrow Canyon Well #3
Certificate Arrow Canyon Well water rights

Complete ongoing SCADA system maintenance and upgrades
 Implement a PRV/PSV/ACV control valve maintenance program
 Complete regular tank condition inspections
 Budget for five year interval capital improvements planning
 Implement an ongoing meter replacement program
 Implement a 20-year cycle ongoing valve replacement program
 Budget annually for fixed asset replacements
 Replace arsenic media at the arsenic treatment facilities
 Pursue water resource development
 Refurbish the Logandale East Tank
 Install a 3.1 million gallon storage tank in "The Narrows"
 Install backwash basins for the arsenic treatment facilities
 Install 16-inch pipeline with appurtenances-Waite St. River Crossing
 Install 16-inch pipeline with appurtenances - Pioneer Rd. 14" Loop Line
 Install 20-inch JM Eagle PVC pipe replacement
 Replace existing standpipes with fire hydrants

When you look at the list, there's a lot of things that we are doing or have all ready completed. One project on the list just isn't viable. The MX 6 Well pumps water from 1,000' underground and then we might get 400 gpm. It cost us 8 times more power to pump out 400 gpm. It cost a lot less to pump 1,000 gpm out of Arrow Canyon. Maybe we can transfer that water over to Arrow Canyon. Joe thinks this project is obsolete.

Joe went thru the list and updated the directors on what's going on with most of the other projects. The big project is drilling Arrow Canyon Well #3. The last time staff looked at it, it was going to be very expensive to drill. Depending on what happens with the State Engineer's Office, we might go ahead with that new legislation where we can go across the section corner or we could drill inside of our existing spot. We could cut that cost way down. We're at the \$3M mark to drill that well.

Historically we've talked about if this is an actual need or is the need there but we can't afford it. How are we going to plan for the future?

We participated in a study that the Utah State University did called a Water Main Comprehensive Study in 2012. In March 2018 we received a copy of the study. This study covered the US and Canada. One thing of interest is that between 2012 and 2017, overall pipe breaks had increase 27%. Nationwide one mile of installed main serves 308 people but in our system we only serve 48 people per one mile of pipeline. Nationwide 85% of water mains are on less than 12" lines & 67% of water mains less than 8". For us, 12" and under is at 76% and 8" and under is at 69%. Small utilities have two times more breaks than large utilities. Joe explained that large utilities crush up all of the rock under the pipes so they have less leaks. Smaller utilities can't afford to do that. The study also said that 45% of cities are experiencing more than 50 breaks annually. We had 56 which was 3" and larger so we're pretty close. The big thing that's mind blowing is poly pipe. Last year in a 10 month period we had 133 leaks. That's not feasible to us but we did have a plan in place where we would replace 5,000' a year would be a 190 - year replacement schedule. We used to use the ¼ cent sales tax to do the pipe replacement. The Yamashita project will be 4100'. We know that we have small main problems. We're starting to have mass meter failures. During the last meter reads we had 11 pages of rereads and over 80 meters that were not reading anything at all. That's a lot of lost revenue. We've got to decide what we're going to do. The State Engineer hasn't decided what he's going to do with the White River Flow System so we don't know how much water we're going to have.

Joe said we have two options. One is to drill a very expensive well at Arrow Canyon to try to get a whole lot of water out of it or we could save a lot of money because we won't have to do a whole lot of environmental work if we can punch a hole in the property we all ready have. That's kind of an unknown.

One thing that we know we have to move forward with is arsenic media replacement. The media is starting to fail. We were lucky because we had some leftover and we were able to suck out the two vessels and replaced the media in there. We we're able to stay in compliance the whole time. That's a good indicator that the ones that are

running at 7 & 8 are going to fail also. We're going to have to replace them sooner than later. We're getting the life cycle out of the media but we're going to have to move the arsenic media up two years to FY 2021. It's a must.

Lindsey said that as he was reading over the information at home, he wanted to throw out his feelings. He likes the stats and he thinks their important. He often finds that sometimes agencies will use stats to justify complacency. He doesn't feel that we're complacent. We're able to maintain our system the way we have been because we have great help and we're engaged in it. Otherwise our numbers would be way worse.

Joe said that he was really surprised when he saw the total on leaks annually. He thought we would be way over the national average. The big thing that we did have over this last year is some of the leaks dropped off of some of the larger lines. He thinks Kiley said close to half of those 50 that we have were on 3" lines and there all from 1974.

Joe turned the time over to Ryan. He has some good ideas he'd like to share.

Ryan met with Joe and Lon earlier this week. Joe said that this data will go into Water Worth so we want this data to be accurate because we look at WaterWorth for whatever we need to do, like getting a cash flow perspective or bonding on some of these big projects. It also helps us decide on rate increases. It affects all that we do so it's important. Ryan had a couple of things that he had that he will probably have to follow up with staff on them. Some of these capital things are heavy on tanks. Storage is needed so we can provide water to the system to help the system operate better. Over the last 6 months his mind has changed from being a tank priority and part of the reason why is because of all the leaks that we've had recently. He also talked to Joe Leslie about the Narrow's tank which has been something we've had on the CIP for quite a while. Because most of our water comes from Arrow Canyon, the Narrow's tank will be bypassed nine months out of the year. If we don't put a tank in than the interaction between the pump and the PSV causes more stress on the pipe. Think about the well as a tank and a water source. Ryan said that he's talking about tanks vs. working on the skeleton distribution system. His mind set is that maybe we don't focus so much on tanks, and focus more on the skeleton system and the reason why is if we remember back when we had the flood and we had the leak and everyone was putting water in their bathtubs. We thought having more storage would be more beneficial not just for that but also for fire protection. He thinks when that happens we should have a 24 hr storage capability if something like that should ever happen again. So the question for him is do we spend \$3,500,000 on tanks when we have all the issues with media replacement, main replacement and upkeep of the system like Joe mentioned. 5,000' a year is a 190-year replacement schedule. That's going to have issues in and of its self if we're not replacing our distribution system. as it is. Should we be spending \$3,500,000 on tanks on an event that might happen every 70 years or less or more? How would we combat that? If we don't do tanks than the district would need to have the supplies ready to fix a supply line from Warm Springs vs the value of having more tanks to last us instead of one day, a day & ½ or whatever those numbers are. That's where his mind set is right now as he thinks we should transition to working on the skeleton system more than tanks. Joe and Lon disagree at this time and that's fine because they're the seasoned pros. The three of them are going to have additional discussions on this.

Randy said that he views tanks the same way he views emergencies. He asked if there are other reasons we're not seeing that Joe sees as benefit in tanks.

Joe said that tanks fill at night and drain during the day. We fill the Moapa tanks at night and they drain during the day. They also feed the system as a whole. There are a lot of community's out there that drain almost all of their tanks during the day.

There was some discussion and questions on the Narrow's tank and about the lines. Joe answered their questions and also talked about some new things that are being done back east on water lines. If our water resources break down or the State Engineer rules that we only have a certain amount of water, we could be in trouble.

Joe reminded the directors that some of these projects are out there quite a ways.

Randy thinks that we need to do the meter replacements and that kind of stuff and take that out of cash because that's hurting our cash flows. He doesn't think we should float a bond and he thinks we should do rate increases a couple more years. He thinks we should wait to bond when we do Arrow Canyon #3. He thinks that we have some money in the budget for meter replacements. He would like staff to figure out what that cost is going to be and take the money out of savings and use AB198 to buy media for the arsenic facilities.

Randy thinks the next project should be Arrow Canyon Well #3 and Ryan thinks it should be the Logandale Tank Recoat and the Baldwin 14" A/C line.

Joe thinks we need to focus on the Baldwin Line.

Ryan said that Mason has been tracking all the leaks we're having & 128 have been on poly pipe. He thinks it would be interesting to see how many are on the small mains so they can see what ones need to be replaced.

The general consensus was that we're going to start hitting meter replacements hard. That money is going to come out of savings and we are going to see if we can take the money out of the AB198 account to pay for the arsenic media.

There was quite a few questions and comments.

No action was taken.

5) **Manager's Reports**

General Manager 1) AB62 Workshop – Joe and Lon went to the AB62 Workshop - AB62 was designed to stop water speculation. An individual could put in a permit application and they would never put in any infrastructure or drill a well. The hole would be there but it wouldn't be equipped or have any piping installed. It would just sit there for years and that's why we're in today's world of CSI. That's what happened with CSI. Nothings ever been done. AB62 was designed to stop that. If we put in an application and they grant it, you have to get the works in the ground so that you can show you're moving forward. It got hijacked and not a whole lot of changes were done. You could get a five year extension but it became a paperwork nightmare. We kept arguing that at a bare minimum a utility should have at least 15 years but we really should have 50 years. Warren presented that to the board back then but the legislature didn't pass it. They wanted us to go to a workshop talking about what the language should be. We expressed our concern because we're required to have a 20 yr CIP. Why do we have to renew the applications every five years if you're a municipality? If we have to plan for the future, then we have to get our permit approved and we don't have to do anything until our plan shows that we have to have it. It saves a lot of shuffling of paperwork. What happens if there's a new State Engineer? Caliente had that happen to them and the State Engineer took water away from them. **2) Water Dedication Ordinance** – A couple of months ago we talk about this. The District's WDO already calls out that if a developer comes in and wants to utilize any of our water resources while we're waiting for this ruling to come in, instead of us creating a temporary rule, we'll just follow what it calls out in WDO which means that if a parcel maps comes to the district (5 parcels or more), we tell them that it has to be presented to the board and the board has to decide if we have the resources. The WDO requires developers to bring water to the table. We compromised because we had 600 AF at the Logandale Well. There's just so much that is unknown with what's going on in the State Engineer's Office.

Randy feels that it's our responsibility to listen to them so we need to let them come to the board meeting to talk about their projects. Instead of making an interim policy, we'll follow our current policy. They will have to bring a presentation for the board to see what they are doing. **3) Business Impact Statement** – Staff prepared the Notice of a Potential Increase and it was mailed out on October 16th. The rules are that they have 15 days to respond but we extended that out a little so they were actually due on November 12th. We then compiled all of the responses. Those responses will be put into the Business Impact Statement for the board to review at the December 6th board meeting. At that meeting the community will be able to come in and make any comments or ask any questions. The directors would review it and at the January 9th meeting it would be approved. Once it's approved there are 30 days for someone to come in and say that we didn't do a BIS or that what we have calculated is wrong. Then we have 30 days to do something with it. We didn't get any responses on the BIS. Joe forwarded it over to Byron for review. It has to be posted 14 days before our December board meeting. It will be on our website and a copy has to be available up front in case anyone comes in and wants to see it. **4) Water Resource Acquisition** – Joe is getting more and more phone calls from individuals that have, through an inheritance, received water resources and are wanting to sell them. When he called them back they already had a buyer. He's had three other people call so there are people out there wanting to sell water. What do we want to do? He has had some conversations that deals with that. Ryan had a concern that when the time comes for the State to make their ruling, what if we have a bunch of developers come into the meeting before and want to see if they can get their maps approved? He would like Joe to start thinking about that in case that should happen. Maybe we should come up with a policy just in case we're asked that question. **5) Employee Negotiations** - Joe explained that staff would like to sit down with the board and go thru the negotiation process. Historically staff has gone to Randy. The question is that we talked about having it presented to Randy and coming up with framework and then have it presented to the board. The question is since we've been approached does the board want to have a member talk to them or do they want to have it come to the board.

Randy said that it's frustrating because they talk to him and he's not speaking for the board, he's speaking for

Randy. He thinks sometimes that they're all there they can all express to the board what they are feeling. One drawback is that they might not tell the board their true feeling. That's his only concern.

Joe said that they want to present it to somebody about longevity pay. They presented their ideas to Joe and he liked it.

Chairman Staton said to have all them come to board meeting.

No action was taken.

6) Public Comment (May be limited to five minutes)

None

7) Director's Preference

- Review Monthly Expenditures
- Litigation
- Other Related Water Rights Issues

Randy Tobler disclosed that he has an interest in a small business that is on the monthly expenditures list.

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to call a closed-door Session at 6:05 p.m.

8) Personnel

- Employee Christmas Bonus

On motion of Chairman Staton and seconded by Randy Tobler the Board voted 5-0 to reconvene the open-door session at 6:48 p.m.

9) Approval of the December 6, 2019 Board Meeting

On motion of Lindsey Dalley and seconded by Ryan Wheeler, the Board voted 5-0 in favor to hold the next Board meeting on **December 6, 2019 at 3 p.m.**

10) Public Comment (May be limited to five minutes)

None

12) Adjournment

The meeting adjourned at 6:48 pm.