

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, FEBRUARY 6, 2020**

PRESENT:	Kenneth Staton Jon Blackwell (Absent) Ryan Wheeler	Lindsey Dalley Randy Tobler
	Joe Davis Lon Dalley Susan Rose	Jeannie Poynor Kiley Bradshaw
	Byron Mills	Vernon Robison - Progress Joe Phillips – Sunrise Engineering

ORDER OF BUSINESS: At 4:03 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 January 9, 2020 (For Possible Action)

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 3-0 in favor to approve the minutes of the January 9, 2020 meeting.

3) Bureau of Reclamation Funding Update - Joe Phillips, Sunrise Engineering (For Possible Action)

Ryan Wheeler came into the meeting at 4:05 PM.

Joe Phillips was at the meeting to talk about the possibility of getting some funding from the Bureau of Reclamation.

Joe Davis, Lon and Joe Phillips went into the Bureau of Reclamation to talk to them about funding opportunities for projects. What came out of it was pretty interesting. He felt it would be very prudent to have Joe P. come down and try to explain it all since he is the one who is helping us fill out the application.

Joe P. said that while he and Joe D. were down there, they talked about all of the funding programs that the Bureau offers. The purpose of meeting with them was to try and find funding that the district could be contemplating especially the ones that are on the high priority list. One of the first ones that we were going after was the Water Smart grant. It's a funding program that the Bureau offers that is really for water conservation purposes. The examples are pipeline replacements, making canals into pipes and things that would otherwise help conserve water in the American West. The program that we're targeting right now is meter upgrades. We have an ongoing need to replace meters. With the Bureau of Reclamation funding opportunity, you can upgrade your meters. With this opportunity the Bureau would offer \$75,000 at the upper end which is a 50/50 minimum match that could go up to \$200,000. It would be about a 40% match if we went that high. They won't fund meters if they are the same meters we used before. The application needs to be written as a sales pitch as well as an application for funding so when they write that they will do their best to help explain why this project is a betterment to water conservation in Moapa Valley as well as in the American West. Some of the things they referenced in there are the relationships that the district has with SNWA for the Warm Springs area and the preservation of the endangered species so they'll tie that all together to show that it's important to the valley and why it helps Moapa Valley. It will help with staff's work load and will help conserve water and it helps it look like an eligible project, so the Bureau will look at it as an eligible project.

Joe D. wants us to tie ourselves to someone that has already used the Bureau for funding. That would help us get more points in the grading system, then when we start coming back to it, we can use ourself to get those points and you don't have to use someone else. One of the negatives is that the application might end

in September and it could be awarded in December, but it could still be two years down the road before we might get funding. If you go for those larger grants it takes longer to get but the smaller ones take less time. We're going to start with a smaller project. They said that we need to be looking 2-4 years down the road for grants. The smaller grants are handled in Boulder City, but the larger ones have to go thru Denver. We would be competing with everybody. When we go through Boulder City we're competing with a very small pool. While we're trying to figure out what we have for capital improvements, Joe P. will be filling out the application. It was a very informal meeting and they offered a lot of assistance to us. We might have some areas where we were thinking that we might be able to incorporate conservation into other aspects that Joe P. will cover.

Joe P. mentioned some of the entities that applied for grants and what they received. The Bureau has a lot of different kind of grants out there. One of them is the Drought Response Program. He explained that drought doesn't just mean a weather pattern that causes it to not rain. What they interpret as drought means any stoppage of the ability to produce water for a community. He and Joe both explained what can be done with that program. They also explained that we can possibly get some money from USDA and the State Revolving Loan Fund. We definitely have some different options to consider. The Bureau has been very helpful.

4) GIS Leak Location Presentation – Mason Stratton (For Possible Action)

Joe explained that Ryan had asked him about the leaks in our system and how we identify them and track them. Joe asked Mason to come to the meeting and show the directors what he's accomplished. He's been working on this for two years. We have repair sheets that go way back but it takes a while to go back and put that info in and make sure that we have the correct location of where the leaks occurred. The data that we have is pretty solid. It will also give us an opportunity to discuss this as we move into the capital improvement plan and the small main replacement. We talked about doing the lines on Yamashita and Gubler. We're getting Yamashita done but more than likely, we need to move away from Gubler and target some of the areas where we're having mass failures.

Mason showed them the major leaks areas that we have. He showed them the 12" Tortoise line in Moapa. He had maps that showed where the lines are. He showed them Henrie Rd/Ranch Rd. We've had 28 leaks on those roads from 2016 to now. Mason had all of the information on the leaks like the day it happened, what happened and what they had to do to fix the leak. He also had pictures of what the leak was. Most of the leaks have GPS coordinates attached to them. He has been trying to find the dates the lines were installed.

Joe said that all of this information is on the field guys phones so they can pull it up and see everything they need to know about that location. That helps them know what parts and equipment they are going to need. Our system is pretty big so it's hard to know every single line that's out there. It's a very powerful tool that saves us time and money. Every meter, every valve, every hydrant and every line has GPS coordinates.

There are some things that Mason found as he was going thru stuff that was missed by the person he replaced. He's been going out and making sure that the information gets put in the program. Everything new like the 12" Swapp line, he creates a folder for it. He will put all the information in the folder along with pictures. He also created a utility layer that shows what utilities are near.

Mason showed them what the employees can see when they get into the program. He said that we have about 10 leaks every month. He's been using the logger to find the leaks. He goes out in the morning and he puts the magnet on the valve and leaves it there until the next morning. He uses his computer to start the logger at 2 am and it runs until a 4 am when it's most likely that the least amount of water is being used. It listens for sounds during the 2 hours. Mason also has a leak layer and he keeps a list of the leaks he finds.

Joe reminded the directors that the problem we have is the section that goes thru the Narrows. It's really long and it's too far between the valves, so we need to go in and install some listening ports. Then when Mason goes out he can actually check everything that goes thru the Narrows and everything else that's there. The ports will help him catch high volume leaks that we wouldn't catch otherwise.

Lindsey asked how we know how much water we've been losing.

Mason said that if he's not out at the leak, the guys will estimate what they think we lost. He has a list he's keeping of the lost water.

There were a few questions from the directors which Joe answered.

Mason's doing a great job.

5) Budget Review (For Possible Action)

Joe said that Jeannie had to print a new budget report. There was a discrepancy on the estimated ending this year.

Jeannie explained that on the estimate ending this year she had included the \$200,000 in the revenue and had also included it in the cash received from customers, so she took that out. In the board packets it said \$3,901,000 now it's down to \$3,701,000.

Jeannie printed out two pages. She's not finished with the rest of the packet but will have the whole thing next month. We increased our water sales by \$100,000. Last year it was \$3.7M so we hope to be at \$3.8M. She doesn't think we're going to make the \$3.7M this year. The \$200,000 is the agreement with have with SNWA. We've been really conservative on connection fees because Valley Heights has built all their going to build. The great news about that is that we got most of the banked meters off the list. We have eight standard meters left but they don't want them installed until June. We went conservative on the Capacity Fees as well. All of our expenses like operating income and loss are in the negative but that comes back around when our non-operating income comes into play. The non-operating is like the ¼ cent sales tax. Those are things we need to spend on that are not operating. On our change in net position we're budgeting for an increase of \$154,328.

Jeannie went over the cash flow statements and explained what was on them and Joe went over the Capital Improvement Budget.

Randy asked when we're buying stuff like the dump truck, are we adjusting the cash accounts that are set aside for fixed assets and arsenic treatment? Will those drop down to zero this year? He wanted to make a note that the accounts are earmarked for some of that stuff that you can't show that being put back into the cash flow statement. When you look at the \$978,000 in the hole, that's not all actually cash being distributed, we have funds set aside for some of that stuff so that will take it down. We can't reflect that into it. It looks terrible and it's not great but at least the accounts are used for that so when we want to get a dump truck there's a \$107,000 sitting there to help get it.

He said that it looks like we're going to draw down all of these accounts that we have so if we want to fund them, we need to reflect that somehow in the budget. If we don't, we need to either get rid of those and not show them in there to make it simpler so we know what we're looking at.

Joe explained that the purpose was so when a new board comes on, this will help them understand how things work. It's hard to say that we have this pool of money. When it's detailed out on what's in there, and what it's for, it will help them understand what going on with the money. It shows us going in the hole but it's because we've been saving so we can go in the hole. Joe likes the accounts that are setup. The question is, how do we adjust to what we just accomplished when we have a dry or a wet year? We need to figure out how we're going to fund those accounts. We haven't been funding them for 3 or 4 years.

Randy likes having money set aside for two reasons. From staff's perspective, he feels like they can come to the board and say we need this and the money's there. Joe put it the best way. We have a 1/3 of Mesquites revenue yet we have more pipe in the ground. He feels like we're playing a shell game that we're pushing out expenses and in the long term it's not a great picture but we can do things like we talked about and we've have that software program that we can do different scenarios with and do lots of other things with it too. That pushes it out 10 to 20 years but at some time we have to have growth. That's what we've been trying to do. We need to sit down and talk about how we address these capital improvements and how we're going to fund them. It will be several things, not just rate increases and bonding but a whole package. We really don't know what to do until the ruling comes in. We have to wait and see what happens.

There were a few questions on the budget which Joe and Jeannie answered.

Joe reminded the directors that in April we have approve the tentative budget and have it to the state by April 15th.

Lindsey left the meeting at 5:31. He will be on the speaker phone.

6) Discussion and possible increase of the Payment in Lieu of Water Rights Fee (For Possible Action)

Joe explained that the majority of this item is informational. Staff's recommendation is we need to do something but it's up to the board's discretion. Joe had all the options in the memo. Currently we're collecting \$3,150 for every new lot that's created. The mindset when the WRDO was developed was that growth would have to pay for growth. If you created a new lot, you would have to bring water to the table. The WRDO created that policy. There was a lot of the developer community that had maps out there that had already sold their water to Las Vegas. There were still developers that didn't have any water and wanted to know what they could do so the Board create a policy for Payment in Lieu of Water stating that since the Logandale well was there and they were going to build a treatment facility for it, there was a possibility of getting 600 AF of water that would be available and they would split that up and give individuals opportunity to purchase that water. In order to have growth pay for growth, they were going to have to bring water to the table in order to pay for that growth to happen. Water wasn't coming to the table. We were just letting people use our existing sources and we would collect the fee and use it to go out and find more water with the fees. The concept is ok when water's available but there isn't a lot of water available. There are only two sources, the Muddy River and ground water. We all know that the alluvial is the only water that's going to be available and only in small pieces that farmers have and they're still stuck with the cost of a treatment facility. The parts that's fuzzy is that in the Dedication Ordinance, it calls out that you have to bring potable water to the table. You also have to put in a well, you have to have a treatment facility and you have to deliver it to the district. When they gave them the option to have a Payment in Lieu of Water, it skirted over that aspect because you can bring other water in like Muddy Valley Irrigation shares and they weren't filling the whole commitment. It's supposed to be potable water.

We no longer have that extra water at Arrow Canyon Well. Once the state engineer ruling comes out, we'll know how much water we have. We figured we had excess water at Arrow Canyon, we lowered that cost down to be based off what it cost to acquire that water.

Randy already knows what he wants to do. He would like to raise it somewhere between \$6,500 - \$7,000. He's basing that on irrigation shares. He only knows of one ditch that the shares go for \$50,000. Again, it's growth for growth. It won't affect those lots that are already allocated. That was our intent when we lowered it to get those lots sold. He would like to see that money go towards water resources. Everywhere else, growth pays for growth. When we didn't do that, that's when people got into trouble. As much as it stinks, if someone buys a 2 acre parcel and splits it into 2 lots, they are going to benefit from it, maybe not as much as they expected, but at least it makes the rate payers whole. They pay into the system that they're going to benefit from. It helps pay for arsenic treatment, the system, infrastructure and everything that's been incurred over the years.

Joe said that anytime money is collected, it goes into that account.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to adjust the Payment in Lieu of Dedication Fee to \$6,500.

7) Move to approve the purchase of Arsenic Media from De Nora Water Technologies in the amount of \$459,404.00 for the Arsenic Treatment Facilities (For Possible Action)

Kiley Bradshaw explained that they changed the arsenic levels from 50 ppm to 10 ppm back in 2006. We've been using Sorb33 since 2009 and it's to a point now that a lot of our media is getting used up quick and needs to be changed out. Staff talked about the quote from DeNora Water Technologies at last month's meeting. That's where we usually get the Bayoxide 33 from. Their estimate came in at \$459,404 for the replacement media

Joe tried to get a comparison cost from another manufacturer but they never responded back. After we purchase this, we want to do a test of the other stuff to see if it performs as well as this does.

On motion of Randy Tobler and seconded by Ryan Wheeler, the Board voted 4-0 in favor to approve the purchase of arsenic media from DeNora Water Technologies in the amount of \$459,404.

8) Approve the purchase of one-hundred 5/8" - 3/4" and ten 1" Badger Meters in the amount of \$30,082.50 (For Possible Action)

On motion of Ryan Wheeler and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the purchase one-hundred 5/8- 3/4" and ten 1" Badger Meters in the amount of \$30,082.50.

9) **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're at 50% of the year. The reports are thru December. We're a little high on the revenue side and that's because of the \$25,000 we got in connection fees. Expenses are looking good. We're at 37% right now. The budgeted side includes depreciation so that adds \$750,000 to it so it looks really good right now. We haven't calculated any of the depreciation yet. Everything else is looking good and everything's going good in the office.

Assistant General Manager- 1) Production - Lon Dalley explained that he had to estimate the production because board meeting was earlier than normal. Lon estimated 42M and we actually used 46.9 M. All of that came out of Baldwin. **2) Arrow Canyon Well #1 Well Level** – There's no change in the well level. **3) Meter Installs** – No meter installs last month. **4) Arrow Canyon Basin-** Bill Lamping did this. He was very thorough and did a great job. Lon had some pictures so the board could see what it looks like. **5) Meadow Valley Wash Project** – This project is more than 90% complete now. There was a lot of mud we had to haul off. Brian Greig was over this project and they did really good with the cleanup. **6) Yamashita Project** – This projects in full swing. **7) Organizational Chart** – Our Organizational Chart has been changed over the years. We need to update it and fill in the positions. Lon would like to hire someone else to work with Vic in meter services. Mica would be good because he already has the certifications. Another option would be to hire someone like Ryan. He can be mentored and come up as he goes. As far as cost goes, he thinks it's sixes. Lon asked the directors to think about this and if it's ok with them, he would like to have it on next month's agenda. Ken said it was be fine with him.

Randy said that when we sat down and discussed the Modified Class and Compensation Scale, he thought it was the right thing to do. He was adamant that we didn't lose employees because of pay and he still believes it. He thinks what they did was the right thing to do because we needed to make the difference smaller, but we have lot more leaks. Randy made the statements a few months ago that the guys are walking in pretty tired and beat up. We do a lot of projects inhouse and there's savings there. He has a customer that comes in and every time there's an article in the paper he gives Randy a hard time. He gave Randy a hard time about this and Randy explained to him that for seven years we cut costs and the staff agreed not to do cola. If you put the numbers out there, it's massive. This is our way to compromise but he thinks we want protect the rate payers as board members and we also want to protect them by having enough staff and qualified staff. He was getting a lot of feedback about the field crew being spread too thin and they're on standby a lot. We've been talking about the Capital Improvement Projects over the next 5-10 years and we want to do meter replacements and meter maintenance. There are basic things that haven't been getting done. By investing in another person, it would benefit everyone at the district. Randy has to be careful because he monitors what we have for revenues and then he takes our costs for employees. He likes to see it at 50% or less because that's sort of average and we're starting to push that limit. That's his only concern. Going forward after this we have to get creative on how we're going to do things in the future. He thinks another person is needed out there, so Randy supports hiring another employee.

General Manager – 1) Washington D.C. Joe's been in D.C. He went back there with the National Rural Water Association to represent NV to talk to our senators about keeping the funding for the circuit riders and everything that NV Rural Water Association does for small utilities. They've helped us out a lot. There are 260 small utilities that are members in NV. You don't even have to be a member to get the free service. While Joe was back there, he was able to talk to our senators and congressmen. The thing that he found interesting was the very first day he was able to talk to Senator Roy Blanco from Missouri. He was telling everyone at the conference that his mantra was that he was trying to get congress to understand the funding opportunities for rural utilities that have so much pipe in the ground per meter connections and that it cost so much more than larger utilities. That was funny because we've been talking about that. That's his biggest thing. He wants everyone to realize that. It takes so much infrastructure in order to help the rural utilities but then they have to turn around and pay for it. NV Rural Water Association specialist that come in and help train people, help the small utilities write water conservation plans, troubleshoot, help write O & M manuals, etc. Joe was also able to have breakfast with Senators Masto and Rosen when he was back there. They give you a handout sheet for the funding we requested in order to fill those in. He was also able to sit down and talk to all of them about the Southern NV Lands Bill. He flew out on Sunday and the Wednesday before that, Masto's office had reached out to Joe because there's a large solar plant that was scheduled to go in the Moapa area and part of the land conveyance is coming to us and they were raising opposition to it. Masto's office reached out and wanted to know the history behind it. Joe explained to Zach in the Las Vegas office about the 2001 application and all of our years and efforts of trying to acquire that Zack made sure that Red Valley Solar reached out to us and that they have to work with us. Joe conveyed to him that we're willing to do something

that's amicable, we just want to follow the gravel road that's out there. Individuals use that road also. When Joe went in there and was talking to Senator Masto, she reiterated that information so he knows that information made it to her. She did indicate that we will be held whole. One of the big things we were talking to them about was making sure that all the other Senators that were there realize that we are not SNWA. MVWD stands alone. Because of some of the language there is the opposition that's coming up to the bill, the senator has a draft out right now that's getting ready to be submitted. The language that's in there that none of this land conveyance cannot be used for any of the Northern NV Land Pipeline. When Joe sat down and talked to them, he was really surprised at the level of knowledge that the two senator's helpers have.

Things went really well and it was very productive.

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

11) 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.

12) Personnel

13) Approval of the March 13, 2020 Board Meeting

The General Consent was to have the next board meeting on March 12, 2020.

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

None

15) Adjournment

The meeting adjourned at 6:28 pm.