

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, JANUARY 8, 2009**

PRESENT: James Robison
Robert Jones
Kenneth Staton

Brad Huza
Joe Davis
Bryan Mortensen

Byron Mills

Guy Doty (absent)
Glen Hardy

Susan Rose
Ken Bessey
Burton Cox

ORDER OF BUSINESS: At 4:00 p.m., Chairman James Robison 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. Pursuant to NRS 318.090, appoint new board members to fill the vacant seats in the Overton, Logandale and Moapa Districts (Action Item)

On motion of Chairman James Robison and seconded by Glen Hardy, the Board voted 2-2 to appoint the following people to the three vacant seats. Ken Staton to the Overton District, Guy Doty to the Logandale District and Bob Jones to the Moapa District.

2. Approval of the Minutes of the previous meeting held on December 5, 2008 (Action Item)

On motion of Ken Staton and seconded by Bob Jones, the Board voted 4-0 in favor to approve the minutes of the previous meeting.

3. Public Comment (May be limited to five minutes)

There was no public comment.

Mr. Huza did introduced the District's two new employees and had them tell the Director's a little about themselves.

Bryan Mortensen is the new Water Production Superintendent. Bryan's previous employer was the City of Henderson Water Department. Burton Cox is the new Engineering Technician and his previous employer was Bulloch Brothers Engineering in Mesquite. Both Bryan and Burton started work this week.

4. Eagle Project - Donation – Kevin Cardinal (Action Item)

No action was taken as Kevin Cardinal was a no show.

5. Discussion on the financial audit for FY 08 (Discussion Only)

In early December, Hinton – Burdick CPA's completed their audit of the financial state of the District. The audit indicated that the District is in substantial conformance with the rules and regulations governing governmental accounting practices.

The auditors did provide a detailed list of recommendations for consideration. These recommendations are included in the attached "Findings and Recommendations" letter dated October 17, 2008. Staff is presently evaluating the Hinton – Burdick recommendations and will be following up with options that may address the concerns of the auditors.

State statute requires the financial statement be submitted to the Department of Taxation prior to December 31, 2008. The financial report has already been forwarded to the State of Nevada.

A copy of the financial audit and the Hinton – Burdick recommendations were available for the Director's review.

The Directors had a few questions for Mr. Huza and Ken Bessey.

This was not an action item so no action was taken.

6. Red Oak Rate Study Review (Action Item)

Mr. Huza reminded the Directors that in November of 2007 the Board approved a rate increase package based upon the Red Oak Consultants (ROC) recommendations adopted in December 2005. The Board also directed staff to report to the Board on the financial accuracy of the projections and make a recommendation for the upcoming year. Due to the fact that the 2005 study was based upon estimated construction costs for the arsenic treatment facility, the arsenic treatment facility financing was based upon the District financing the entire construction and growth was a major component of that analysis, Staff felt that it was prudent to have Red Oak Consultants rerun the analysis using current and accurate figures. If the Board recalls, the December 2005 analysis recommended an 18% increase through FY 09, 10% in FY 10 and 2% through FY 2015.

Staff had ROC conduct two separate analysis to compare the impacts on the rates. The first analysis dated December 12, 2008 did not allow for a deduction in the operating fund ending balance. This analysis yielded a recommendation for a 7% increase for the next 5 years and then reduce it to 3% for the remaining 5 years. The second analysis placed a basement on the operating fund end balance at \$1,500,000 and implemented two sinking funds to reduce the wide fluctuations in rate increases. This resulted in a recommended rate increase of 3% for two years, four years of 7% and the remaining four years at 3%.

The two sinking funds that were mentioned above include one mandated sinking fund as a condition of the AB198 grant. The other sinking fund is recommended. This fund would place monies in a non restricted sinking fund for the purpose of equipment replacement and arsenic media replacement. If adopted and implemented, there should be sufficient funds to replace the media and District vehicles and equipment without having large periodic budgetary expenditures.

With all of the unknowns coming up in the next year and half with the 340 A project, staff feels comfortable with recommending the results of the second analysis. In the event that the Board wants to continue to purchase available water resources, the December 12, 2008 analysis may be more desirable because of its revenue generating ability.

Mr. Huza explained that in 2008 a residential customer using 15,000 gallons per month would have a monthly bill of \$57.53. The monthly bill for 15,000 gallons in 2009 will be \$59.28.

Staff would recommend adoption of the proposed user fee schedule for the monthly meter charge and volume charge as shown in Tables B1 and B2 of the December 23, 2008 letter report from Red Oak Consultants, in addition meter charges and backflow charges should also be increased by the 3% factor. Staff recommends an implementation date of March 1, 2009. This will allow ample time to publish the public notice.

A copy of the ROC's December 23rd analysis was available for the Directors review.

There was a lot of talk about the District having enough money in the budget to be able to purchase Muddy Valley Irrigation Company water shares so the water would stay in the valley and how a larger increase could make that possible.

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 4-0 to adopt the recommended revenue enhancement proposal with a 4% increase. Implementation date will be March 1, 2009. The rate review will be looked at again next year.

7. Manager's Report

Administrative Services Manager – Monthly Budget Report- Ken Bessey reviewed the monthly budget report with the Directors. He explained that revenues are down because of the winter months. The arsenic budget is over a little because money that was budgeted for last year is being used this year. Otherwise all other budget items are where they should be.

Water Distribution Superintendent- Joe Davis explained that two meters were installed last month. District crews replaced one standpipe on the corner of Ash and Pirate with a fire hydrant. They also eliminated approximately 1000' of dual main in Logandale.

The Logandale well plumbing froze on December 27th which caused the 8" relief valve to discharge water onto the adjacent property. There was some damage to Jack Nelson's garage. District crews will be repairing the damage done to the garage.

Total diversions for November were 63.6 million gallons with a daily average of 2.1 million gallons. In December diversions were 52.2 million gallons with a daily average of 1.7 million gallons.

General Manager- 1) Arsenic Treatment Project- The arsenic treatment project is entering into its final stages of construction. The major accomplishments for the past 60 day period include:

- The 7 day functional test was completed on December 23rd at the Arrow Canyon site. The plant performed well. Due to storage limitations full flow tests were conducted but for a limited duration. From an overall standpoint, the functional test should be considered a success.
 - Coating of the pipes and tanks started this week.
 - Staff training at the Arrow Canyon site is scheduled for January 21st.
 - The Contractor is anticipating obtaining substantial completion of the Arrow Canyon site by January 16th. The District is scheduled to turn on the facilities on January 20th. Staff anticipates Baldwin Springs substantial completion to be lagging the Arrow Canyon facility by 35 days.
 - Staff hosted a tour of the Arrow Canyon facility and the Baldwin Springs facility for the Nevada Water Finance Board and the representative from the Indian Health Services. All in attendance were happy with the progress and felt their grant funds were being put to good use.
- 2) Dechlorination Facility -** The Army Corps of Engineers has completed their review of the dechlorination facility plans. Minimal comments were received. SNWA has recently submitted their review comments. Both sets of comments will be incorporated into the final set. From a scheduling standpoint, Staff anticipates the following schedule:

➤ Advertise for Bids:	January 21 st and 28 th
➤ Open Bids:	February 26 th
➤ Present Bids for Action	March 12 th
➤ Issue Notice to Proceed	March 30 th

3) New Employees – As mentioned earlier, the two vacant positions have recently been filled. The "Engineering Technician" position was filled by Mr. Burton Cox. Mr. Cox has numerous years as a CAD drafter. He was recently employed by Bullock Brothers Engineering in Mesquite, Nevada. The Water Production Superintendent position was filled by Brian Mortensen. Brian has his T-3 and D-3 water certifications and was employed by the City of Henderson. The production superintendent will be responsible for the new arsenic treatment facilities, existing water production facilities and the upcoming 340 A project.

4) FY 2010 Budget - As the new calendar year begins, it becomes necessary to start thinking about the upcoming budget process. FY 2010 will be even more of a challenge as the 340 A project will start mid fiscal year. Mr. Huza will be scheduling a staff retreat to discuss goal and objectives for the upcoming year in late January. If the Board so desires, staff can have a similar workshop with the Board in February. This would likely occur before or during the February meeting. If the Board doesn't feel this is necessary, Staff will present the preliminary budget at the March meeting, take Board comments, and fine tune the budget for a tentative adoption of the budget at the April meeting.

8. Ratify payment of December Expenditures

On motion of Glen Hardy and seconded by Ken Staton, the Board voted 4-0 in favor to ratify payment of the December expenditures.

9. Director's Preference

- **Election of Officers** - On motion of Ken Staton and seconded by Glen Hardy, the Board voted 4-0 to leave James Robison as Chairman of the Board.

On motion of James Robison and seconded by Glen Hardy, the Board voted 4-0 to move Ken Staton to the Vice-Chairman and Secretary/Treasurer position.

- **Committee Assignments** – Committee Assignment will stay the same with Water Rights/Resources handling the Water Production Operation.

10. Personnel – Closed Door Session

- General Manager's Annual Review (Action Item)

Chairman Robison called a closed-door session at 5:10 pm. This was seconded by Bob Jones.

Bob Jones reconvened an open-door session at 5:35 pm. This was seconded by Glen Hardy.

On motion of James Robison and seconded by Ken Staton, the Board voted 4-0 in favor to give Mr. Huza a 7% salary increase this year which includes the cost of living and step increases.

11. Approval of February 12, 2008 Board meeting

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 4-0 in favor to hold the next Board meeting on February 13, 2008 at 4 pm.

12. Adjournment

The meeting adjourned at 5:40 p.m.