

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, NOVEMBER 12, 2009**

PRESENT:	James Robison (absent)	Guy Doty
	Robert Jones	Glen Hardy
	Kenneth Staton	
	Brad Huza	Susan Rose
	Joe Davis	Ken Bessey
	Bryan Mortensen	
	Byron Mills	
	Vernon Robison, MV Progress	Myrtle Keller, Toys for Tots

ORDER OF BUSINESS: At 3:05 p.m., Vice-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. Board of Director's tour of the District's new dechlorination station and new SCADA building at the Moapa Tank

At 3:05 the Director's and Vernon Robison left with Mr. Huza and Joe Davis for a tour of the new dechlorination station and the new SCADA building located at the Moapa Tank.

At 5:05 pm the following items were heard.

2. Approval of the Minutes of the previous meeting held on September 10, 2009 (Action Item)

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 3-0 in favor to approve the minutes of the previous meeting. Guy Doty abstained since he was not present at the September 10, 2009 meeting.

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

4. Marine Corps Reserve Toys for Tots –Donation- Myrtle Keller (Action Item)

Myrtle Keller is the local coordinator for the Marine Corps Reserve Toys for Tots here in Moapa Valley. They are collecting toys and cash donations for needy children that live in our valley. Last year they provided toys for 659 kids. All of the money collected here, stays here and is used to purchase toys.

On motion of Guy Doty and seconded by Glen Hardy, the Board voted 4-0 in favor to donate \$100 to the Marine Corps Reserve Toys for Tots.

5. Discussion and possible approval of the purchase of 1.5 preferred shares of Muddy Valley Irrigation Company stock from Mr. Royce Ficklin for \$50,000 and Doug Barlow for \$25,000 (Action Item)

Mr. Huza explained that Staff has been approached by Mr. Doug Barlow, acting on behalf of himself and Mr. Royce Ficklin, on the possible purchase of 1.5 preferred shares of MVIC stock.

Mr. Barlow has indicated that Mr. Ficklin has one share and Mr. Barlow has 0.5 shares. Both gentlemen have expressed their desire to have the water the shares represent remain within the MVWD service area for use by the demands of the service area. The purchase price for these offers would be:

This value is in concert with the value presently offered by the Southern Nevada Water Authority.

This purchase would be in accordance with the policy the Board has adopted, by retaining this water within the Moapa Valley Water District service area for use by new customers within the service area.

The most probable way to place this water to use is through an exchange with SNWA. The water the "shares" represent would be used in conjunction with the other shares to allow for full utilization of both the common and preferred shares.

As discussed at the August meeting, the planned monies for purchase of MVIC shares have been exhausted for this fiscal year. Staff indicated that it would bring forward any offers to purchase to the Board for consideration. If the Board so desires to purchase these shares, a decrease in another budget category could occur or next year's ear marked money for purchase of MVIC shares can be decreased

Mr. Huza reminded the Directors that last year a similar situation developed and the Board decided to instruct staff to contact the potential sellers and inform them that the District had expended the present year's budget for purchasing water resources. At the beginning of the next fiscal year, the District will contact them to inquire on their interest in selling at that time.

On motion of Glen Hardy and seconded by Guy Doty, the Board voted 4-0 in favor to instruct Staff to contact Mr. Barlow and Mr. Ficklin to inform them of the budgetary constraints for this fiscal year and that we will contact them next fiscal year to see if they are still interested in selling their shares to the District. The Board also instructed Staff to let anyone else who contacts the District about selling their shares know that MVWD won't be purchasing anymore shares until next fiscal year.

7. Presentation of the Moapa Valley Water District's Annual Report (Discussion Item)

Mr. Huza went over the District's Annual Report for 2009. The following are a few of the items which were discussed in a PowerPoint presentation Mr. Huza put together.

- An overview of water distribution's and water production's accomplishments
- An overview of the past year's revenues and expenditures
- A discussion on noticed changes that are or may cause issues with the District
- A detailed look at the major accomplishments of the District over the past year
- A review of the work plan for the upcoming year

One item in the report that caused a lot of concern was the high percentage of lost and unaccounted for water. There was a lot of discussion about where the water could have gone. Mr. Huza assured the Directors that his goal is to find out where the water went.

Mr. Huza explained that another area of concern is the ¼ cent sales tax. The sales tax keeps decreasing which is a sign of the slow economic times. This money is used for debt retirement payments.

Mr. Huza also explained that the District's two largest commercial customers have cut their water consumption. NV Energy is using about 3 ½ to 4 million gallons less water a month. The other

customer is the Clark County School District. They're using about a million gallons less a month.

The District has accomplished a lot of things this year.

6. Discussion and possible approval of a 5% revenue enhancement proposal with an implementation date of January 1, 2010 (Action Item)

Mr. Huza reminded the Directors that Staff had Red Oak Consultants (ROC) conduct a rate analysis last year to compare existing and planned rates, proposed expenditures and anticipated revenues. The 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%. After discussing the analysis and the Board's desire to continue the purchase of MVIC shares, the Board opted to increase rates 4%, by utilizing the 1% increase to assist in funding those shares.

Over the past year, two separate factors that have budgetary impacts are occurring. The ¼ cent sales tax received from SNWA has decrease by approximately \$40,000 per year. The multiplier used to calculate the District's portion has actually increased but the overall collection of taxes continues to slide backward. This decrease is attributable to the sluggish economy. The other factor is a notable decrease in the volume of water the large commercial customers are using. This decrease started in the last half of FY 2009 and appears to be continuing into fiscal year 2010. This trend may also be a product of the economic times the region is presently experiencing.

In consideration of the Board's decision last year and the two factors mentioned above, Staff has taken the liberty to prepare two separate rate matrixes. One matrix utilizes last year's 4% increase and a 5% increase.

In 2009, the average residential usage was approximately 17,000 gallons per month. A residential customer using 17,000 gallons per month in 2009 would have a monthly bill of \$64.31. Using the 4% increase scenario the monthly bill would be \$66.88 and the 5% increase would result in a monthly bill of \$67.52.

Staff prepared two separate scenarios but there are a multitude of other options that can be explored. Both scenarios were available for the Director's review. Mr. Huza explained that in order to maintain the current level of service, continue to purchase available water resources, and complete the capital improvement plan, some sort of rate increase will need to happen.

Staff would recommend adoption of the proposed user fee schedule that utilizes the 5% increase. Staff recommends an implementation date of January 1, 2010. This will allow ample time to publish the public notice.

After much discussion on motion of Bob Jones and seconded by Glen Hardy, the Board voted 4-0 in favor to adopt a 3% revenue enhancement proposal with an implementation date of January 1, 2010.

8. Manager's Report

Senior Accountant – Monthly Budget Report - Ken Bessey reviewed the monthly budget report with the Directors. He explained that things are looking good for the first quarter. Payments on the arsenic treatment project are almost done and there weren't any payments made on the 340 A project in October. We are also pulling meters out of the ground on accounts that haven't made any payments in over a year. These accounts are being written off as the meters are being pulled.

The audit is pretty much finished. The auditors still need a few things from Ken which he hopes to have to them tomorrow.

The Director's asked Ken to get them a report of how much money the District has in the bank, how much is restricted and how much is unrestricted. They would like to see this report

every month at Board meeting so they will have an idea how the 3% increase will affect the operating fund ending balance.

Water Production Superintendent – Bryan Mortensen provided each Director with a chart showing the monthly diversions for the last two years. He explained that diversions have gone down a little since the weather has started to cool off. Total diversions for October were 92 million gallons with a daily average of 2.9 million gallons. September 2009 diversions were 111 million gallons with a daily average of 3.6 million gallons.

Last month the water production staff worked on the following items:

- 1) Repaired the meter at Carefree Living Senior Apartments
- 2) Started 60-meter inspections/maintenance for sequence 2 (4 setters, 1 AV and 4 boxes)
- 3) Made repairs to Jones meter vault (ground water intrusion)
- 4) Relocated chemical injection line at Baldwin Springs
- 5) Staff attended training for certification (Tri-State, Backflow)
- 6) Set Connex box at Arrow Canyon (Production/340 A storage)
- 7) Working with Trace Detect on arsenic analyzers
- 8) Installed privacy fence at Logandale Well in preparation for upgrades (freeze protection)
- 9) Theft of Water – LVP
- 10) Customer Service Requests - 11

Water Distribution Superintendent - Joe Davis informed the Directors that the new building and SCADA upgrade at the Moapa Tank are complete. These upgrades are part of the 340-A project.

System upgrades were performed in the Whitmore Street and Wittwer Avenue area. This looped dead end main lines together to improve water flow and quality.

Crews also removed eight meters from the system. There were three removed in Overton, four in Logandale and one in Moapa.

Fire flows and maintenance are being conducted on the hydrants in the distribution system, with reflective bands being installed indicating the flow capability of the hydrant. The following is a list of the colors of bands associated with the flow of the hydrant:

- Red – below 500 gpm
- Orange - 500 to 999 gpm
- Green- 1000 to 1499 gpm
- Blue – 1500 gpm or more

No meters or hydrants were installed the last two months.

General Manager- 1) Dechlorination Facility - The construction contract with Pride Construction has been finalized. The Pride Construction contract included the installation of the pipeline, installation of the buildings and the outfall structure. This portion of the project was completed on time and within acceptable cost limits. The project has had 4 change orders that equate to a total increase of 3.84%. The original contract costs were \$306,915.00 and the final contract costs will be \$318,700.60.

The building supplier (EFI) is still working on metering issues but it is anticipated these issues should be resolved within the next thirty days.

2) Intermediate Booster Station – The bidding of the intermediate booster station closed today and the bids were opened. The apparent low bidder is Harber Company with a bid of \$676,350. The next lowest bidder is Eagle View Contractors with a bid of \$682,354. The project includes the installation of the larger booster pump and a new pressure reducing valve station at the Mining PRV site.

3) Small Water Main Replacement – Staff continues to work on the construction plans for the Water Main Replacement Project. The plans should be completed and necessary approvals obtained by late fall. Operational staff plans on starting construction shortly after the first of the year.

4) Upcoming Board Meetings – Staff received a letter from SNWA indicating their intent to deliver water through the 340A pipeline on April 19, 2010. This letter triggers the six month notification as required by the O&M Agreement.

Staff will be formulating its staffing, equipment and tool needs in the upcoming month.

In December, Staff anticipates on starting the recruitment process for employees and developing specifications for needed equipment and tools.

9. Ratify payment of September and October Expenditures

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 4-0 in favor to ratify payment of the September and October expenditures.

10. Director's Preference

11. Personnel – Closed Door Session

Personnel–Approval of the December 4, 2009 Christmas Social (Action Item)

Personnel-Employee Christmas Bonus (Action Item)

- Potential Litigation (Discussion Only)

Bob Jones called a closed door session at 6:35 pm. This was seconded by Guy Doty.

Bob Jones reconvened an open door session at 6:50 pm. This was seconded by Guy Doty.

On motion of Bob Jones and seconded by Guy Doty, the Board voted 4-0 in favor to hold the Christmas social on December 4, 2009.

No action was taken on the employee Christmas Bonus.

12. Approval of the December 4, 2009 Board meeting

The general consensus of the Board was to hold the next Board meeting on December 4, 2009 at 4 pm.

13. Adjournment

The meeting adjourned at 6:55 p.m.