

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

PRESENT:	James Robison Robert Jones Kenneth Staton	Guy Doty Glen Hardy
	Brad Huza Joe Davis Bryan Mortensen	Susan Rose Ken Bessey
	Byron Mills	Vernon Robison, MV Progress
	Austin Eide, CC Jr. Livestock Show Kevin Willard, CC Fair Board	Ted Leavitt, MV Little League Jeremy Creager, MV Little League

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. Approval of the Minutes of the previous meeting held on January 8, 2009 (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.

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

There was no public comment.

3. Clark County Jr. Livestock Show - Donation – Austin Eide (Action Item)

Austin Eide explained that in previous years the District has made a donation to the Herdsman Award and he requested a donation for this year's award.

On motion of James Robison and seconded by Ken Staton, the Board voted 3-0 in favor to donate a \$100 to the Clark County Jr. Livestock Show for the Herdsman Award. Glen Hardy abstained.

4. Moapa Valley Little League – Donation - Ted Leavitt (Action Item)

Ted Leavitt explained that he is looking for a donation for the Moapa Valley Little League. Donations will be used for the scholarship program which helps kids whose parents can't afford the signup fee. Donations will also be used for new mounds and breakaway bases.

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 4-0 in favor to donate a \$100 to the Moapa Valley Little League and \$150 from the advertising fund for a banner.

5. Clark County Fair Board – Donation – Kevin Willard (Action Item)

Kevin Willard explained that in the past MVWD has donated water for dust control at the fair grounds during the fair and asked for a donation of water for this year's fair.

Chairman Robison explained that last year the District donated to the fair board \$1,944.80 which was for 805,000 gallons of water and the hydrant permit fees. He wanted to make sure that the fair board understood just how much the district is donating to them.

Kevin explained that the fair board could makeup a couple of banners for the District and could also recognize the District in the Moapa Valley Progress. Chairman Robison asked if a banner could be put on the temporary water tank. Kevin said that he would work on that.

On motion of James Robison and seconded by Glen Hardy, the Board voted 4-0 in favor to donate water for dust control to the Clark County Fair Board.

Chairman Robison skipped down to agenda item #9 while waiting for Byron Mills to call in for a conference call.

9. Tentative Budget for FY 2010 (Discussion Only)

The District will be starting the preparation of the "Tentative Budget" for FY 2010 in the very near future with the goal of completion of the budget process in mid May.

Staff has started the process by conducting a half day retreat to discuss the needs and wants of the District in the upcoming year. Staff reviewed last year's "Five Year Capital Improvement Plan" and felt that the plan was still valid.

The largest challenge in the budget process this year is the newly forming water production division budget. This budget will need to be developed on estimates only as no historical data will be available.

From a Staff perspective, the following is a summary of capital items that are being discussed for inclusion in the tentative budget:

- Employment of two additional individuals for the water production division
- Facility upgrades that include upgraded cooling / heating units, copy machine replacements and the implementation of credit card / online payment options for customer service
- Capital items for safety
- Truck replacement

One of Mr. Huza's concerns is adequate space for operational staff and where that space should be located. With the addition of the water production division, existing space will be tight and it will be an issue that will need to be addressed in the upcoming year. One possible solution would be to either rent or build in Moapa for the water production crew and possibly have a payment drop box for customers who live up there. There was some discussion on what could be done for extra space.

A copy of last year's five year capital improvement budget was available for the Director's review.

This was a discussion item only. No action was taken.

At this time Byron Mills joined the meeting through a conference call.

6. Approve the purchase of 4 preferred shares and 14 common shares of Muddy Valley Irrigation Company stock from Cal Payne at the total price of \$263,616. (Action Item)

Mr. Huza explained that staff has been approached by Cal Payne on the possible purchase of 4 preferred shares of MVIC stock and 14 common shares of MVIC stock. Mr. Payne expressed his desire to have the water the shares represent remain within the MVWD service area for use by the demands of the service area. The total purchase price for this offering would be:

• 4 preferred shares @ \$50,000 / share:	\$200,000.00
• 14.00 common shares @ \$4544.00 / share:	\$ 63,616.00
• Total	\$263,616.00

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.

The purchase of these shares would be made from the Water Rights Dedication Fund. At present, this fund does not have sufficient monies to make the purchase and an inter-fund transfer from the general fund to the water resource fund would have to occur to facilitate this purchase. The "general fund" has sufficient funds to accommodate the transfer without interfering with operations or planned capital expenditures. As the water resources are sold for development purposes, the repayment would be made to the general fund.

Mr. Huza would recommend purchase of these shares of water. This purchase would bring the District very close to its financial capabilities to purchase MVIC shares in FY 09.

Guy Doty came into the meeting at 4:40 pm.

On motion of Ken Staton and seconded by Guy Doty, the Board voted 5-0 in favor to approve the purchase of 4 preferred shares and 14 common shares of Muddy Valley Irrigation Company from Cal Payne at the total price of \$263,616.

**7. Approval of the Mills Road and Waite Street Water Improvements Reimbursement Area 003-009
(Action Item)**

Mr. Huza explained that the general area of Mills Road from Wells Road to Waite Street and Waite Street from Mills Road to Moapa Valley Boulevard was either void or had small diameter mains that were at capacity for serving domestic flows. The District was approached by numerous land owners wanting to develop their property. After discovering the cost to upgrade the system to deliver the Clark County Fire Departments required flows, they determined the cost would be too high economically to move forward with a project.

As part of the Logandale Well modification project, the District modified the scope of work and method of modification to allow for the extension of a 12" main in Mills Road and Waite Street. This extension provided for available and adequate water infrastructure to allow for development of vacant lands in the general area of Mills and Waite and make the development of lands financially feasible from a water infrastructure point of view.

Staff has compiled the associated costs borne by the District, identified the areas of benefit and developed the attached reimbursement area report in accordance with District policy. The report indicates the District funded approximately \$200,000, the improvements will benefit 112.53 acres and those lands that receive a benefit will need to reimburse the Moapa Valley Water District a unit cost of \$1,779.25 multiplied by the acreage of the parcel. It should be noted that without the Federal grant, the unit reimbursement figure would have been approximately \$3,700 per acre.

The duration for Reimbursement Area #3 is 15 years from the date of formation. As stated in the policy, the reimbursement costs will escalate in accordance with the published Engineer's News Record – Construction Cost Index.

A copy of the Staff report for Reimbursement Area #3 was available for the Director's review.

Mr. Huza recommended that the District approved the formation of the proposed reimbursement area as presented.

On motion of Bob Jones and seconded by Guy Doty, the Board voted 5-0 in favor to approve the formation of Reimbursement Area #003-09 in accordance with the provided Staff report with an implementation date of February 13, 2009 and an expiration date of February 12, 2024.

8. Muddy Valley Irrigation Company Shares and LDS Church Lease Water Update (Discussion Only)

Since the implementation of the "Secondary Water Phase I" began, the concern of not receiving an equivalent to SNWA's lease amount for water has been mentioned on numerous occasions. SNWA was offering \$1,800 / share. At present, the District has approximately 76.5 equivalent shares (60 preferred and 183.2 common) that could be leased provided the District could replace existing leased shares with the LDS Church lease water. This would yield an annual income of \$137,700 from SNWA.

Since the approval of the ICS credits in Lake Mead for Muddy River Water, the "Cooperative Agreement" between SNWA and MVWD will start to have a financial impact on the District.

If you recall that March 2006 agreement provides for:

- The equal sharing of the 2001 afa between the parties (1000.5 afa for MVWD and 1000.5 afa for SNWA)
- MVWD may use up to 500.25 afa without having to pay the lease rate
- MVWD will have to pay the \$130 afa for any water used over the 500.25 afa threshold
- MVWD will share equally the surcharge of \$100 afa for water used outside of the MVWD service area

One potential scenario, MVWD uses its 500 afa and SNWA uses the balance of 1500 afa, the financial impact to the District would be 1500 afa @ \$50/ afa = \$75,000.00. This amount represents the minimum the District would be financially liable for.

If the District were to consider bundling its MVIC shares and leasing that quantity to SNWA at the prevailing rate and continue with the same lease rate in the secondary water – phase I, the financial impacts will change dramatically.

Costs to the District:

LDS Lease Agreement Obligations (based upon 500 afa use)	\$75,000
MVIC Wheeling Fee	\$12,500
Total Costs	\$87,500

Revenues for the District:

Secondary Water – Phase I Lease Revenue	500 afa @ \$42 / af	\$ 21,000
MVIC Stock Lease to SNWA	76.5 shares @ \$1800	\$137,700
Total Lease Revenue		\$158,700
Net Gain for the District		<u>\$ 71,200</u>

This isn't a tremendous amount of revenue but it is more the anticipated \$12,000 from the present program.

The remaining 500 afa remaining in the LDS Church lease should be reserved for the second phase of the secondary system. The second phase of the secondary system is converting the large turf users to a non potable system. Mr. Huza feels that the District could provide this source of water to Fairgrounds / School complex for \$500 / acre-foot. This would reduce the end users cost by approximately 33% without sacrificing service or quality.

One of the last pieces to this puzzle is the Jones Springs bypass water. Starting in 2010, the District will have to shut down Jones Springs. The 724 af will be provided by SNWA. MVWD still has the right to divert that water down stream of the Moapa Dace habitat. It may be in the best interest of the District to effectuate a short term lease with SNWA for that 650 afa. The difference between the 724 afa and 650 afa is the anticipated 10% transmission loss. If the District can effectuate the same type of lease of \$300 / afa, it could net the District approximately \$200,000 per year in revenue. These dollars could be used to expand the secondary system, purchase additional MVIC shares, etc.

The Moapa Valley Water District – Water Resource Committee discussed the above concepts and felt that the concept contained enough merit to discuss at a Board level. The Committee gave tentative approval to initiate an informational gathering process which would include contacting SNWA and the Muddy River Irrigation Company.

A copy of the agreement between MVWD and SNWA regarding the Church lease was available for the Directors review.

The general consensus was that Mr. Huza needs to pursue this concept.

This was a discussion item only. No action was taken.

The conference call with Byron ended at this time.

10. Manager's Report

Administrative Services Manager – Monthly Budget Report- Ken Bessey reviewed the monthly budget report with the Directors. He explained that the budget is way under on total operating costs. The

arsenic budget is a little over because the money that was budgeted for last year is being used this year. Otherwise all other budget items are where they should be.

Water Production Superintendent – Bryan Mortensen had a chart for the Directors showing the monthly diversions for the last two years. Total diversions for January 2009 were 52,418,000 gallons with a daily average of 1,690,900 gallons. December 2008 diversions were 53,367,000 gallons with a daily average of 1,721,520 gallons.

He reported on the arsenic levels at Arrow Canyon. The influent was at 14 ppb and the vessel effluent and combined effluent were a non-detect. He also reported that the responsibility for the production facilities was turned over on January 21, 2009.

Water Distribution Superintendent - Joe Davis informed the Directors that district crews installed a hydrant and a meter on Paiute Street. He also informed the Directors that Clark County Public Works purchased property in the Cooper Street area for flood control. They requested that the water meters that went with the property be removed so three meters were removed from the system.

District crews also removed a meter located on BLM property in Moapa. The meter was abandoned by the company that installed it.

Staff received plans for the Muddy River Flood Control Phase 1 for review and comment on any conflicts with the District's distribution system from Cooper St. to Ingram Ave.

Joe also had a timeline of the events that took place on the recent fire at the old Logandale church. He explained that the District's system automated controls and alarm functions performed flawlessly. District personnel's communication with the Clark County Fire Department's coordinator about slowly closing down the water flow to the site as the need for water diminished helped with system pressure fluctuations and water hammer. The direct result was that there were no leaks or customer outages from the shutdown. He estimates that about 535,000 gallons of water was used to fight the fire. Joe gave a copy of the timeline to each of the Directors.

General Manager- 1) Arsenic Treatment Project - The arsenic treatment project is entering into its final stages of construction. The major accomplishments for the past 30 day period include:

- "Substantial Completion" of the Arrow Canyon facility was issued on January 22nd.
- Staff training was conducted on January 22nd.
- The Arrow Canyon facility was placed into operation on January 22nd. This allowed the District to maintain the system in compliance with the arsenic standard of 10 ppb.
- Work continues on the Baldwin Springs site, with the mechanical plumbing at the 95% level, the electrical work at the 85% level and the completion of the exterior concrete work. The booster pump has not arrived.
- Staff anticipates that the seven day functional test will begin the first of March.

2) Dechlorination Facility - Staff completed its plan review of the dechlorination facility and returned the review comments to the engineer. It was also discovered that the plans were not forwarded to the local utilities and the irrigation company for review and approval. This task is suppose to be completed by February 2, 2009. This over site by the engineer will result in a postponement of the bid award by 30 days. The project is now scheduled to be presented to the Board at the April meeting.

3) Meadow Valley Wash Exploratory Drilling - Staff has yet to receive a response to the permit request from BLM. The District has been in this permitting process for the past three and half years. Mr. Huza does not feel the District is any closer to obtaining a permit now than a year ago. The District's geologist has agreed to move the drill site onto private property. A draft of the easement was forwarded to the property owner. The property owner only wants to give the District a temporary easement. Mr. Huza is still trying to get him to grant the District a permanent easement. If access can be obtained, Staff hopes to have a set of drilling plans and specifications available for potential contractors by the end of February.

11. Ratify payment of January Expenditures

On motion of Guy Doty and seconded by Ken Staton, the Board voted 5-0 in favor to ratify payment of the January expenditures.

12. Director's Preference

13. Personnel – Closed Door Session

14. Approval of March 12, 2009 Board meeting

On motion of James Robison and seconded by Ken Staton, the Board voted 5-0 in favor to hold the next Board meeting on March 12, 2009 at 4 pm.

15. Adjournment

The meeting adjourned at 5:55 p.m.