

5. Preliminary Infrastructure Engineering – Sunrise Engineering (For Discussion Only)

Joe Davis asked Joe Phillips to come to the board meeting to explain to the board and staff some of the conversations he had with regulators in Reno on matching grants and partnering with USDA. Joe P. has started working on the BLM application process.

Joe Phillips explained that about a month ago, Joe D. and Lon had a conversation with him. It sounded like the board, Joe D., and Lon were looking at kicking around some of the storage improvements that Sunrise had recommended as part of the capital improvement plan that Sunrise Engineering did a few years ago.

There are two storage sites by Arrow Canyon well and one in the narrows. A driver for the Arrow Canyon site was that we don't have any storage in that upper zone and the 1st three zones on the north end of the system. It would be good to have some emergency reserve storage that would feed down thru the system. The narrows tank would provide emergency reserve storage down at the bottle neck.

In addition to those recommendations that were made, as part of the CIP, the district is in debate with the State Engineer's office on what will happen to the water rights up there. We're trying to think of solutions to make sure that we have enough sources and storage to put the district users in a position where water will be available with sufficient quantity and quality. Subsequent to that, we talked about approaching BLM as the 1st step to building the tanks is actually getting the ROW to do that. Right now the tank sites that the district has looked at are all on BLM land. Joe P, Joe D and Lon have started looking at what it's going to take to get those properties out of BLM's hands so we can get ROW's granted to the district. While Joe D. and Joe P. were at NVRWA Conference they met with Jason Cooper from NDEP. He's the account manager for the State Revolving Loan Fund. They found out that the State and the USDA are in a position where they have excess funds to obligate to projects throughout the state. Right now the district has projects and the funding package that they could put together for these projects for the preliminary engineering report, environmental phase and the ROW work that are required to have to get the land released from the BLM. A lot of it could be funded by a grant of \$100,000 which is 85%/15% match money so for a \$100,000 we would have to kick in \$15,000. It's a very favorable position to be in. That conversation led into a discussion about the whole project. What if we wanted to fund an improvement project that included storage and well improvements that have been considered up at Arrow Canyon? That led into a conversation that if they could put together a package between the State Revolving Loan Fund and USDA where they were talking about half a package figured in with a principal forgiveness loan which is equivalent to a grant. The rest would be low interest loan with a 2½%-3½% annual rate which is usually a 40 year loan.

There were quite a lot of questions and a lot of discussion by the directors on this item.

Joe Phillips said that after their conversation with NDEP & USDA, Joe D. and Joe P. decided to add some additional money to the environmental on the front end side to cover preliminary engineering and the environmental review that will be required to get USDA matching funds and then we'll resubmit it. Joe P. explained the process to do all of the projects which was very informational. The environmental process takes the longest to get done.

Joe P. had a letter for the directors and staff that explained the projects and why they are needed.

6. Regulatory Services Cost – (For Possible Action)

Joe explained that the board talked about this at our meeting last month. They asked staff to put some tasks on paper. There were two scenarios that we talked about. One was that we get comments about our base rate all the time. The second scenario was that we've been having rate increases. We're trying to associate that with the fact that we have increases in our costs. We're trying to let customers know that these regulatory things on the bill cost us a lot more than they use to. The problem with that is that some of those costs are already built into other bills that have already been sent out. Joe asked the board what they are trying to accomplish. Are we trying to justify our base rate or are we trying to take the next step like Mesquite did with a fee that pays down debt? Joe knows we're trying to make up the shortfall. We're not doing tons of stuff; we're just doing some of the stuff. What we think we want and what the directors want are two different things. Over the next month we need to think about what we want to really accomplish.

Lindsey said that it's not just an either or sort of thing. There are going to be people that think that we are just adding an additional cost but we'll fight that no matter what we do. If we raise rates or whatever we do to make up the shortfall, we're going to fight that no matter what. The question is how do we want to fight it? What's the most effect way to fight it? We're still going to get the calls about it or customers are just going to cut back on watering. Either way we're losing something. How do we manage it? This is the proposal on the table to try to layout to the public that these are costs that we don't have any control over. Our role as the board is to come up with something that is manageable for the district.

There was quite a lot of discussion on this item also.

This item will be on next month's agenda.

7. Manager's Reports

Office Manager

Assistant General Manager

General Manager

Office Manager – 1) Financials/Budget - Jeannie Poynor had the financial dashboard, the budget report and the revenues put in their board packets. Cash flows were down in January because we made our large bond payments. Revenues are declining because it's cool outside. The budget looks ok. We're a little higher than usual but not by much. We're at about 66.67% of the year.

Assistant General Manager – 1) Production - Lon Dalley explained that production is down a lot. That's has to be because the weather has been cooler than normal. In April we pumped 29,627,000 gallons out of Arrow Canyon #2 & 12,968,000 out of Baldwin for a total of 42,595,000 gallons. **2) Arrow Canyon Well #1 Well Level** – Arrow Canyon Well #1 level was normal. **3) Meter Installs** – We installed one residential banked meter in March. That makes a total of seven meters through March. **4) Marshall's Corner** - On Marshall's corner we had a leak on a line that went across the highway to feed the Marshall's house and Hymas house. To fix the leak crews decided to do a push to separate those meters. Then we had a difficult time finding the tap that fed John's meter and the other meter. The crew went back this week, regrouped and found the tap. That work should be completed by now. It took two weeks to complete the project.

General Manager – 1) LWRFS – This item continues to dominate most of management's time. There have actually been some really good meetings. The question is how do we take and build on those. It's going to be a long road. We've had some really good meetings with the MOA Stakeholders, the Tribe and SNWA.

2) SB236 – Joe already talked about this. **3) The Clark County Lands Bill** – They gave Joe the maps and the language so that he could put it in his report. There are some lands that are going to be conveyed to us 100%. There are other lands that we can use but they cannot become our property. **4) Jim Hardy** – Jim Hardy purchased a property from his father-in-law and he doesn't want to pay the fee for the reimbursement area his lots are in. The policy reads that if you buy a meter, it has to be installed.

Lindsey said that if we do anything it would have to be a policy change.

The general consensus of the board was to leave the policy alone.

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

9. 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 5 minute closed-door session at 5:55 p.m.

On motion of Chairman Staton and seconded by Lindsey Dalley the Board voted 5-0 to reconvene the open-door session at 6:00 p.m.

10. Personnel (Closed-Door Session)

11. Approval of the May 23, 2019 Board Meeting

The general consensus was to hold the next Board meeting on May 23, 2019 at 4 p.m.

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

None

13. Adjournment

The meeting adjourned at 6:03 pm.