

**MINUTES  
MOAPA VALLEY WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
HELD  
THURSDAY, APRIL 3, 2014**

**PRESENT:** Kenneth Staton  
Randy Tobler  
Jonathan Blackwell

Scott Carson  
Lindsey Dalley

Joe Davis  
Lon Dalley  
Jeannie Poynor

Susan Rose  
Bryan Mortensen

Byron Mills  
Kevin Willard, CC Fair Board

Vernon Robison, MV Progress

**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 March 13, 2014 (For Possible Action)**

On motion of Chairman Staton and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the minutes of the previous meeting held March 13, 2014.

**2. Clark County Fair Board – Donation of Water – Kevin Willard (For Possible Action)**

Kevin Willard reminded the Directors that for years the District has provided water for the Clark County Fair. He knows that every year the amount they use fluctuates depending on the weather. The water will be used mostly for dust control. They've bladed the parking lots so some water has been used the last couple of days. Kevin asked if it would be possible to do a 3 – 5 year agreement between MVWD & Clark County Fair Board so he doesn't have to show up every year. He understands that he will still have to fill out the permit every year to get the hydrant meter. Joe said we've been doing this for years and it is a benefit to the community so he doesn't have a problem with us doing an agreement with the fair board. Staff could give the Director's an update on the usage every May so they'll know if it gets out of control. Chairman Staton also thought it would be a good idea.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to donate water to the Clark County Fair Board.

**4. Authorize the General Manager to sign five quitclaim deeds for the Rox water applications (For Possible Action)**

Joe Davis explained that in 2000 when PG&E was going to build a gas powered power plant the water was going to be used to feed the power plant and then after 25 years the water would be transferred to MVWD. 25 years was the life span of the power plant. PG&E backed out and the Riverview Development bought the water. The applications that went into the State Engineer's Office are in our name but the deeds are actually in the owner's name. The State Engineer wants them in one person's name. If they're put into our name then we're going to have to spend a lot of time to keep the applications current until they come to fruition. If they're in the owner's name then it's their responsibility to take care of that. We've already spent a lot of money keeping them in good standing so we want to make sure that if we sign this water back over to the owners they're not going to sell them to someone else. If that happens the water won't be available to use in our service territory. We're talking about 4300 af which is a lot of water. We've been talking for over two years about this very subject and we've finally got to a point where the last set of rulings closed down all the basins

except basin 205. It's the only one that's open right now. We had applications that were denied so this is a large chunk of water that we don't want to slip through our fingers. We also don't want to spend a lot of time and money in order to keep it in our portfolio. Bob Marshall and Joe came up with some language that would be recorded on the deed so the water can go back into the owner's name but with restrictions tied to them. The verbiage allows them to use it for farming but if they try to sell it or try to do anything else with it, they have to get our permission. This will keep the District whole. Joe's been getting two people to look at a lot of the stuff that we've been doing. When you're dealing with this much water you don't want anything to fall through the cracks so Joe had Stanka look at it also. Joe received their report today. Michael had two issues that he thinks we need to address in a letter so that it's covered. When the applications were approved the State Engineer required a 3M plan which is monitor, mitigate and manage. Monitoring plans are expensive to create and you have man time on top of that to take care of it. The order states that we have to take care of it. The problem is that if it's going to take 20 years for this to take place that needs to be on the owners. They need to pay for it. Michael thinks that we shouldn't release that, that we should stay on top of the mitigation plan because of the fact that it's going to deal with our valley eventually and we're going to have to deal with that area. He thinks we need to implement the monitoring plan, take care of it, set the trigger levels and everything else that needs to be done with it. When the State Engineer approves applications there is always some kind of monitoring plan that he requires. We signed an agreement with not only the National Park Service but also US Fish and Wildlife. The agreement says that we'll do this in order to create the monitoring plan. To have someone else do it might go against some of the agreements we have with the NPS and USFWS. We want to make sure we keep them in the loop and make sure that we're meeting all of the obligations that we have with them because we have those same obligations with Arrow Canyon. The Riverview owners would be reimbursing us for all of our materials, time and everything else, as it happens. If they let an application lapse and it's no longer in good standing then the State Engineer could deny it or do something else with it so we need make sure they stay in good standing. We've already invested a lot of money in these applications. Michael wants to make sure that those things are covered in a letter to Riverview. We need the letter to be clear and concise. When Michael called Joe Tuesday, Joe told him that he wanted a draft of the letter so the Board members would know what's going on. Joe would still like to get Board approval today to sign the quitclaim deeds. He would like to sign them tomorrow because we need the letter included in the package that will go to Riverview. Joe will start working on that letter next week and then when it's ready to go we can move forward. The problem is this is a unique situation. Joe kept trying to tell Riverview that they didn't buy the property and then we negotiated with the State Engineer, they came in ¾ of the way down the line so they already knew the strings that were attached to the water when they bought it. That's why there is no flexibility. They aren't happy with it but that's part of the driving fact. We received a letter from the State Engineer saying that they have 60 days to get this taken care of. The last day is April 5<sup>th</sup> so Joe has already sent a letter to the State Engineer' Office letting him know that we would be meeting today and that we would be talking about this during Board meeting. Joe asked them for another 45 days for Riverview to get all the paperwork done. Joe won't sign the quitclaim deeds until everything else is taken care of. Scott Carson asked what would happen if Riverview let any of the applications lapse. Joe said that the State Engineer will revert them back to the base rights so we will have wasted 14 years of our time. Stanka has dealt with this same situation so they're familiar with what we're trying to do. That's why they had some good ideas for the letter we're going send to Riverview.

Jon Blackwell came into the meeting at 4:30 pm.

On motion of Randy Tobler and seconded by Scott Carson, the Board voted 5-0 in favor to approve the General Manager's signing of the quitclaim deeds for applications 66976 thru 66990 and 66992 thru 66999 contingent upon a letter addressing the concerns of the Directors on the reversion back to the base rights, 3 M plan and in keeping the water in good standing.

**5. Approval to purchase two preferred MVIC shares from Paul and Susan Nelsen for \$32,500 each for a total of \$65,000 (For Possible Action)**

Joe reminded the Director's that we had put out an offer that we would purchase preferred shares for \$32,500. Paul and Susan Nelsen accepted our offer and asked if we would pay the \$200 transfer fee for each share. We have always done that in the past so we agreed. Mrs. Nelsen wanted to make sure that the Board knew that they were getting a good deal. We have \$100,000 in the budget for the purchase of water shares. Since we are in the water business, Joe would recommend we purchase the 2 shares.

On motion of Lindsey Dalley and seconded by Scott Carson, the Board voted 5-0 in favor to purchase

two Muddy Valley Irrigation Shares from Paul and Susan Nelsen in the amount of \$65,000 and instructed Staff to pay the MVIC transfer fee of \$200 per share.

**6. Approval of the Tentative Budget for FY15 (For Possible Action)**

Joe explained that Staff took the comments made by the Board at last month's meeting and incorporated them into the budget. The only thing that has changed from last month's budget is that Joe pulled out the recoating of the Overton Tank. He did that because he has been in contact with a couple of coating companies who have given him some insight over the last little bit. We have Tnemec coating on the Overton tank right now. You can usually expect to get 15 years life out of a tank coating. We're sitting at the 20 year mark and the reason that we're at 20 years is that there was an inorganic zinc coating done on the roof. There's new technology out there which is not inorganic zinc. You can't put inorganic zinc inside a tank. It's not allowed by drinking water standards. We only have it on the roof and the exterior. The inside has epoxy on it. They spent extra money on the tank and that's why it's in such good shape on the outside and on the roof. They do make an organic zinc coating. They sandblast the tank and spray this zinc on and it bonds to the metal. Then they paint over it. All water is going to penetrate the tank at some time and the organic zinc acts like a cathodic protection on the metal so you can actually extend the life of the tank by another 15 years. You can get 30 years out of a coating if it's done correctly. The cost to apply it is about 8¢ per square foot. Joe decided that he needs to do a little more research on this so he pulled it out of the budget. He left the engineering work in so we can get some more engineering done. The engineers actually have the videos of the paint inspections so they are working on that. It will save us quite a bit of money since the inspection has already been done. Taking the recoating out of the budget reduced it by \$130,000. We will still show a decrease in the cash and cash equivalents of \$231,000 because we have quite a few capital improvements that need to be done. We're at a bare minimum on our budget so this is a worst case scenario. We should have a negative \$231,000 but we anticipate we'll be a \$100,000 in the positive.

Lindsey Dalley asked what was being replaced in the Vehicle Replacement Fund. Joe explained that the \$25,000 is going to be used to replace the meter reader truck. It has almost 200,000 miles on it and it's the vehicle we make money with. It will become the backup meter reader vehicle and we'll sell the 1998 extended cab.

Bryan Mortensen explained that our employees take really good care of the vehicles. A lot of Districts replace vehicles at about 75,000 miles because that's usually when the warranty runs out and they don't want to start having problems with the vehicles. Bryan and Joe's trucks are 11 years old and the dump truck is a 1995. They've lasted because we take good care of them. We only replace things when they have to be replaced. We replace them when the maintenance costs start to go up on them. Backhoes and service trucks will always be on the top of the list.

Joe reminded the Directors that we have to approve the final budget on the 3<sup>rd</sup> Thursday of May. He asked them if they wanted to move the regular meeting to the 3<sup>rd</sup> Thursday or have the regular one on the 2<sup>nd</sup> Thursday and the budget meeting on the 3<sup>rd</sup> Thursday.

On motion of Randy Tobler and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the tentative budget as presented and to establish a public hearing on the budget on May 15, 2014 at the Moapa Valley Water District.

**7. Approval for all current and future expenditures to be referred to the auditors without further action of the Board and for Expenditures to be listed on the future agendas as being for informational purposes only (for possible action)**

Randy Tobler felt that even if this is approved he would still have to make the statement that he has an interest in a business on the list. Byron Mills said that he doesn't have to because no action will be taken.

On motion of Scott Carson and seconded by Jon Blackwell, the Board voted 4-0 in favor for all current and future expenditures to be referred to the auditors without further action of the Board and for Expenditures to be listed on the future agendas as being for informational purposes only. Randy Tobler abstained.

**8. Office Manager – Jeannie Poynor had an administrative report with information on what's going on in the office. She will be providing the Directors with the report every month. 1) Budget - This last month Staff met to discuss the budget and to prepare the budget packets. 2) Bank of America - Joe and**

Jeannie met with Bank of America and Bank of Nevada. We are looking at changing banks because Staff feels like Bank of America's customer service is lacking. They don't communicate with us. The only time Jeannie hears from them is if she sends them an email. Both Joe and Jeannie think it would be a good thing to change banks. Bank of NV is in Mesquite and the guy they been speaking with seems to be on the ball. Joe said that OPD changed over to Bank of NV and they have been very happy with them. Virgin Valley also uses them. We've stayed with B of A because they had a branch here. Randy is fine with with changing banks but he thinks Staff needs to make the decision.

**3) Automatic Pay with Credit Card** – Jeannie contacted Payclix who does our credit card stuff and they've set it up so our customers can make automatic payments with their credit card. Three people have sign up so far but we've only offered it for a little over a week. The payments will come out the day before the due date so we are having the customer's sign up online themselves. That way they have to acknowledge that they know it comes out the day before it's due. **4) Budget vs Actual** - Our expenses are down a little bit from last year. They're at 49.52%; they were at 55.26% this time last year. Revenues are down a little bit. It is starting to warm up so they should start to go up.

**Water Distribution Superintendent** – **1) Leaks** – There was a 4" leak on Pueblo Street. The service saddle had eroded away. There was also a 20" leak on Hwy 168 & 2021 Silver St. The PVC had an 18" split. That leak was on JM pipe. Lon hopes the lawsuit gets taken care of soon since we have 3½ miles of 20" line that needs to be replaced. We lost a lot of water from that leak. **2) Customer Complaints** – A customer called about no water. The problem occurred when the meter lateral blew out on the District crew when replacing a 2" meter up the street. **3) Hwy 168 Project** – The permit has been approved through NDEP. We received it last Friday. Lon dropped off the plans to NDOT again today. They sounded positive for once but he's not going to hold his breath. **4) Miscellaneous** – Lon's been attending weekly meetings for the Cooper Bridge project. District crews have been installing sample ports upstream and downstream of sample stations used for monthly bac-t's and other required sampling. We have 10 sample stations. If we ever have a hit we have to resample upstream and downstream of those sample stations so that's what the sample ports are for. Six distribution personnel tested for T1 or T2 operation certification.

**Water Production Superintendent** – **1) Arrow Canyon VFD** - Bryan Mortensen explained that we are continuing to work with the contractor on the Arrow Canyon Well #2 VFD failure. We paid a super special IT guy to come out and check it out. He said that he knew what the problem was and he overnighted the part. Wheeler Electric pulled out the drive for us. The tech guy disassembled the whole drive and the parts are laying on the floor at Arrow Canyon. He marked all the parts with tape and hopefully took good notes. Now he needs two more cards. Our unit needs three output board cards and he only ordered one. We're weighing some options. Joe said that it's \$16,000 to get the VFD back in operation. You can buy a new unit for \$40,000 so Joe and Bryan are trying to decide if we should buy a new unit or fix the old one and get 4-5 more years out of it. Joe's leaning on repairing it because we've removed all of the chlorine that used to be in that room. The vapors shouldn't cause anymore problems with the VFD. Bryan's doing some research on whether we should replace it or fix it. A new VFD should last 10-12 years. Bryan thinks we should just fix it for now. We have a lot of other projects that need to be done that are probably more important since we only run that well a couple of times a month. **2) Baldwin Springs** – It has been up and running almost non-stop since March 7<sup>th</sup>. We've shut it down a day here and there and that seems to be going well. Bryan hasn't heard any complaints. The Baldwin flow meter was actually scheduled to be replaced this week but it will have to be done next week. We had 71 shutoffs for non-payment so we had to have a couple of extra guys help with that just to get it done. That was a record. The last record was 48. The other thing that pushed off the replacement of that flow meter was that we were waking up the 340A system. We ran into some problems that we had to work on right away in case they do turn the well back on. We've obtained our discharge permit and the only thing left to do is set out hay bales in the dechlorination unit and that takes about an hour. We can then start flushing so we're ready on our end. We will have to flush for a week before we can actually turn it on. That's under the six week timeline they're supposed to be working under. Bryan sent an email to the guy who is supposed to be in charge and he said he'd call Bryan back on Monday about the schedule. They don't seem to be in a hurry to get it on. **3) Registers** – We've changed out 192 registers. We just received another 192 in the mail today. **4) Meter Upgrades** - We've upgraded three meter setter installations. They replaced one 2" and two 1½" meters. **5) Hydrant Meters** – We have 22 hydrant meters in service right now which is all of our hydrant meters.

**General Manager- 1) Bob Marshall** – Joe has been speaking with Bob Marshall on the deeds. In the past the Board has had conversations regarding water rights attorneys. Jay Lazaras knows someone who works in the same office as Bob Marshall that he highly recommends. The guy grew up in a small town, he's a rancher, his family were ranchers and farmers so he understands water dynamics. This guy handles water rights, mining, land acquisition, & mineral research so he's a jack of all trades. Joe thinks it would be a good idea to have two people look at our stuff. **2) Hoover Power Allocation** – Mendis over at OPD helped us fill out the application and it has been submitted. They did a quick

review of it and had a couple of concerns on our loads. We spoke with Mendis and he gave us the correct verbiage to use. We were grateful for his help. The application is a place holder. They're going to go through and review it then we'll find out if we'll be able to get any of the power. If so, then there will be a contract we will have to enter into. We could save up to 30% but Joe thinks it will more than likely be around 15%-25%. Anything will help. **3) Conservation Plan** – Joe finished updating our conservation plan. It was originally done in 2004 and updated in 2007. It has been emailed to the NV Division of Water Resources so they can review it. Once they have approved it we will have it available for public review. **4) Basin 220 Appeal Direction** – The appeal was filed on February 24<sup>th</sup>. One of the things that we're going to have to do is address what direction we want to go if it does go to litigation. We also need to decide how we're going to approach the State Engineer's Office and where we're going to go from there. Byron Mills said that the Engineer's Office filed a motion at the Attorney General's Office to defend which they needed to do in order for us to proceed to court. We're in the discussion period. **5) Logandale Office** – SNWA's lease of the District's Logandale building will be expiring on May 19<sup>th</sup>. We were supposed to be contacted by SNWA's office 90 days prior to May 19<sup>th</sup> to try to negotiate another lease and they still have not contacted us. Joe did let MVIC know that they could be homeless. They would like to get a new office up at Bowman Reservoir. They need to have a presence up there to keep people out but it's going to cost them too much money. Joe told them that he would keep in contact with them. We could re-lease it to them or sell it to them but the problem is that it is zoned a public facility. Back in 2004 we found out that if we changed the zoning there would be a whole lot of improvements that would have to be done. It would be very expensive to do those improvements. We really don't want to have to spend money on it. If it reverts back to us we could store pipe up there and we would keep someone in the front office to keep the building from getting run down. If we decide to sublease to MVIC, we will open up the drop box so customers can put payments in it. We already do that in Moapa. When we pick up the payments in Moapa we can stop by and pick up the ones in Logandale. There's not going to be a very big time span between our next Board meeting and when the lease is up but as long as we're working on it, it should be ok. Joe has been talking with Scott Carson about it since he's over capital improvements. **6) District Elections** – Randy is running unopposed and is considered re-elected. Scott will only be running against Ryan Wheeler since Rick Eide withdrew. **7) - Christmas Social** – Joe asked all of the employees where they wanted to have the Christmas Social and the majority of the employees want to have it in Mesquite. Since that's what the majority want, Joe recommend going there. All of the Directors were ok with that except Randy. He would still like to keep the business in the valley.

**9. Director's Preference**

- **Review Monthly Expenditures**

**Chairman Staton called a closed-door session at 5:43 pm. This was seconded by Jon Blackwell.**

- **Litigation**
- **Discussion on SNWA's proposed contract modifications**

**Jon Blackwell reconvened the open-door session at 7:10 pm. This was seconded by Randy Tobler.**

**10. Personnel – Closed Door Session**

**11. Approval of the May 8, 2014 Board Meeting**

The general consensus was to hold the next Board meeting on May 8, 2014 at 4 pm.

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

None

**13. Adjournment**

The meeting adjourned at 7:15 pm.