

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF BOARD MEETING
HELD
THURSDAY, MAY 17, 2012**

PRESENT: Kenneth Staton
Jonathan Blackwell, Absent
Randy Tobler

Joe Davis
Bryan Mortensen
Lon Dalley

Vernon Robison, MV Progress
Diana Morgan, Logandale Ragnar Team

Lindsey Dalley
Scott Carson

Susan Rose
Jeannie Poynor

Jay Lazaras, Glorietta Geoscience

ORDER OF BUSINESS: At 4:00 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 Final Budget for fiscal year 2012-2013 (for possible action)

A copy of the final budget was provided to the Director's prior to the meeting. Chairman Staton asked about the reduction in health insurance benefits. Jeannie Poynor explained that we received a 26% decrease on our premiums. She called the insurance company to make sure that it was correct and they confirmed it. The benefits will stay the same; the only change is that this contract will be for 18 months instead of two years.

There was no public comment on the budget.

On motion of Randy Tobler and seconded by Scott Carson, the Board voted 4-0 in favor to approve the final budget for FY2013.

3. Approval of the Minutes of the Previous Meeting held April 5, 2012 (for possible action)

Randy Tobler thought that maybe there should be more information in the minutes regarding the presentation on the Riverview Master Planned Development but Joe Davis explained that the minutes were recorded and if anyone would like to find out exactly what was said they can listen to them.

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

4. Logandale Ragnar Team – Donation – Diana Morgan (for possible action)

Diana Morgan was at the meeting to request a donation for the Logandale Ragnar Team. The Ragnar team consist of 12 runners who will be running a 190 mile relay-style race on November 9th and 10th. The race starts at Mt. Charleston and ends at Lake Las Vegas. The cost is \$1,392 which is \$116 per runner.

On motion of Ken Staton and seconded by Lindsey Dalley, the Board voted 4-0 in favor to donate a \$100 to the Logandale Ragnar Team.

5. Declare elected the incumbents who filed to represent Overton, Logandale and Moapa and who are running unopposed in the November 2012 General Election (for possible action)

Chairman Staton asked why the Directors were doing this now instead of in January after the November elections. Susan Rose explained that no one filed to run against our Directors whose terms were expiring this year. Therefore they would not be on the November ballot and could be declared elected before January. Susan has talked to the Clark County Elections Department and confirmed that no one else filed and that the Director's could be declared elected now.

Motion 1

In consideration that Mr. Staton is unopposed in the upcoming November election, on motion of Scott Carson and seconded by Lindsey Dalley, the Board voted 3-0 in favor to declare Mr. Kenneth Staton elected to the Board for the next four years. Ken Staton abstained.

Motion 2

In consideration that Mr. Blackwell is unopposed in the upcoming November election, on motion of Kenneth Staton and seconded by Randy Tobler, the Board voted 4-0 in favor to declare Mr. Jonathan Blackwell elected to the Board for the next four years.

Motion 3

In consideration that Mr. Dalley is unopposed in the upcoming November election, on motion of Kenneth Staton and seconded by Scott Carson, the Board voted 3-0 in favor to declare Mr. Lindsey Dalley elected to the Board for the next four years. Lindsey Dalley abstained.

6. Glorietta Geoscience Introduction and Order 1169 Update – Jay Lazaras (for discussion only)

Joe Davis explained that since the District's former hydrologist passed away in 2010, staff went out and interviewed other hydrologists and decided to hire Glorietta Geoscience to replace Tom Buqo. Tom had worked for the District for years.

Jay Lazaras, who is the president of Glorietta Geoscience, is very familiar with the region and worked with Tom for many years. Tom had talked to Jay about the majority of the stuff that he had been working on for the District so Jay is very familiar with the District and its water issues. Jay wanted to come down and introduce himself to the Directors and give them an update on Order 1169.

Joe explained that in October or November we are going to have to write a report about how the pump test is going. He wanted the Directors to be able to ask Jay any questions they might have regarding the pump test.

Jay said that in a few months he will come back and sit down with Joe and the Directors to figure out what we actually want in the report. Jay has reviewed all of our contracts so he's pretty well up to speed on what's going on and should be able to give us some clear direction on what we want to accomplish in the next couple of years.

Jay explained that the last couple of years, Glorietta Geoscience has written the District's monitoring reports. Their main office is located in Santa Fe, New Mexico and they have offices all over New Mexico. They have been working in Southern Nevada for the last 15 years. They have been working for the Nye County Water District as well as Nye County itself. They work with large amounts of water rights and have been working with other water utilities in New Mexico. They have never worked for SNWA or anyone that associated with SNWA. They have a pretty good understanding of how SNWA operates based on their experience here in Nevada and by also working with the New Mexico Interstate Stream Commission. Jay works on Colorado River issues on New Mexico Interstate Stream Commission's behalf. From what he's seen the District has a very extensive water portfolio that needs to be both protected and possibly expanded in the future. His company will try to come up with some different scenarios that will allow us to put the maximum amount of our water to beneficial use so that it can be protected as much as possible.

He'll present some scenarios to Joe and Bryan so they can make an informed decision. It will then be presented to the Board to see what direction they want to take.

Jay explained that his company not only finds water but helps develop the whole water development strategy, helps with the acquisition of water rights, does modeling of aquifers, test wells, and negotiate with other governmental agencies. They provide their best professional advise and suggestions. They will give us several different ways to go and our Board will pick the one they think is best for the District. Glorietta Geoscience has a very close relationship working with the NV State Engineers Office and they work with water attorneys every day.

Jay has already attended an HRT meeting with Joe and had set in on meetings with Tom Buqo regarding Order 1169 (Coyote Springs). Jay will help us figure out exactly what information we need to submit in the report to the State Engineers office. He has also received all of the District's files from Tom Buqo's wife.

Jay has worked with the Pueblo Indians who have water with a priority date between 1600 and 1605. These Indians had received a land grant from the king of Spain. Those are the oldest ones he's ever worked on.

The Directors are looking forward to working with Jay and seeing what ideas he has for the District's water portfolio.

7. Water Resources Evaluation (for possible action)

Joe Davis reminded the Directors that when they were first elected they wanted to know how much water the District really has that is usable right now. Staff has gone through all of the reports, agreements, and correspondence and now have a pretty good handle on what's potable, what can be used in the future and what could occur in the future. The way our system is designed we do have flow capabilities and restrictions that are applied to that and some of the storage requirements that we have. This kind of dovetails into some of the Riverview stuff. This report will give the Directors an indication of what resources we have and what we are going to need if they decide to move forward with that development.

Any irrigation water that we want to change to domestic water will take a haircut of up to 30%. Anytime we are looking for future water we have to remember that we are probably not going to get the actually amount of water that we purchased.

With the present day demands we are using 2034 af at Arrow Canyon, 764 at Baldwin, 724 af from Jones Spring and we're not using anything out of the Logandale well. This comes to a total of 3522 af. We can use a total of 10 cfs at Arrow Canyon. Past reports given to the Board always referenced 2 cfs. The 5 cfs and 3 cfs were never mentioned because the stance from past management was that it's in a sensitive area so if an impact should be seen we could be capped at the 2 cfs pumping level. Joe said that if there is an impact, we won't actually get stopped, we will have a meeting, and we would probably have to go through mitigation. So there are things that could be done so that we could reach that 10 cfs.

Joe feels that the worst case scenario, if they capped Arrow Canyon at 2 cfs, would be 2810 af out of Arrow Canyon, 2172 af out of Baldwin, 724 out of Jones, and Logandale Well, 660 af. That gives us a total of 6366 af. Under the best case scenario, Arrow Canyon would have 6792 af, Baldwin 2172 af, Jones 624 af and Logandale Well 1000 af for a total of 10688 af. There is a huge difference between the worse case and the best case scenarios.

We have allocated 1.1 af for each residential meter connection. As of today, we 3001 meter connections. There are parcels that were created in the valley that received an exemption from the Water Rights Dedication Ordinance. The total committed water comes to 3821 residential meter connections so the worst case scenario for meter connections would be a total of 5787 and the best case would be 9716. This does not include any water that would be brought to the table.

Bryan Mortensen had suggested putting a population projection in the report. Right now we have 3001 meter connections and a population of around 9000. If you carry that out it gives us a good indication of what our valley can grow to. The worst case scenario would be a population of 13,890; the best case would be 23,319. Joe decided to cap it at 80%. When we reach that point

we'll need to start looking at water conservation, curbing growth, developing other water resources, things like that. Also, the figures don't include irrigation water.

Bryan Mortensen said that the best thing about this is that we don't have to rush into anything because things aren't as bad as they were painted. We have time to make good, informed decisions.

Joe feels we do need to do some short term and long term planning but we probably have a good 15 - 20 years before we really need to worry. The biggest thing that we need to remember is that all of our water comes from Warm Springs and has to go through the narrows. One of our limitations right now is the fact that during the three hottest months of the year we can only push so much through the narrows. Even if we had the water we wouldn't be able to get it down here. The way to fix that is to run another line through the narrows. In the mean time we could build some more storage facilities which would curb the peak hour and peak day demands.

Joe explained that in 1993 the District filed four water applications with the State Engineers Office. They are still open. There are three in basin 220 and one in basin 219. These applications come to a total of 30 cfs but Joe thinks we might only get 5 cfs out of them after the haircut. This is where Jay comes in. We won't be able to do anything until our report is done. The results of the report will back us up as to why we think we can drill in those places. Jay has a copy of the report and is going to review it.

Joe has met with Lincoln County and they have water that they haven't been using. They may be willing to trade some water with us. The small rural utilities are going to try to work together on their water issues.

Lindsey asked about building the east Overton Tank. Joe explained that it has been on the books for five years. The pipeline has been run but the tank was just never built.

The Overton West tank has had a complete paint failure on the inside of it. It needs to be recoated which will cost around \$60,000 to have done. The problem is that if we take it offline, we don't have any other storage capacity in Overton. Six years ago when we had it inspected, they said we needed to have it recoated but it was never done because we needed another tank. Building another tank was in last year's budget but we removed it. The tanks not going to fail but the paint is getting to the point that we need to move forward and get it done. Having the other storage facility in Overton would make it possible for us to do it. It would probably cost about \$500,000 to build another tank. The tank could be recoated during the winter months but even then the fire flow would be really low. The tank would probably be down for over a month. The guy who cleaned the tank said he didn't think the tank would be any worse off in two years than it is today and he's been doing this for 20 years or so.

8. Confirm the acceptance of the bid and ratify payment to Dana Kepner for the purchase of 2500' of 12" pvc pipe in the amount of \$38,575 (for possible action)

Joe explained that we went out with an RFP for waterworks supplies because we were going to start stockpiling 12" pipe for the Cottonwood Street project. We received three bids which are as follows:

Dana Kepner	\$38,575.00
Mountainland Supply	\$40,368.42
Scholzen Products	\$41,775.00

After the bids were opened Joe received a call from Russ Soderquist and he said that the resin plant had burnt down again so prices were going to go up on pipe. Joe called Mountainland and Scholzen to verify that and even though there's not a shortage of pipe, they also said that prices were going to go up. Joe called Chairman Staton and asked if he could go ahead and get the pipe so that we would get the best price possible. Joe purchased the pipe and it's sitting out in our yard. The last time we purchased pipe it was \$16.50 a ft. so \$15.43 a ft. is a good price.

On motion of Ken Staton and seconded by Randy Tobler, the Board voted 4-0 in favor to confirm the acceptance of the bid from Dana Kepner Company and ratify payment of \$38,575 for the purchase of 2500' of 12" C900 PVC pipe.

9. **Manager's Reports**

Office Manager- Jeannie Poynor reminded the Directors that at the last couple of Board meetings we have been talking about the Payclix interface with RVS and that was hopefully completed as of about 10 minutes before Board meeting. It was a little more work than Payclix thought it would be because we already had a website in place that the customers could make payments on.

The budgets are looking relatively well. We're up a little on revenues and staying right in line where we need to be. This is the time of year when water usage goes up therefore revenues go up. Cash flows are looking up as well.

Joe explained that we had put in the budget for next year the purchase of a new billing software. Bryan and Jeannie have spent a lot of time looking at the different companies that are out there. We were going to go out with an RFP however, we did find a company that is just a little over \$10,000 which is about \$40,000 cheaper than most everyone else. Jeannie and Bryan went up to Ivins and Enterprise, UT and checked out the software. Both cities really liked it. They are running their entire cities with it. Bryan explained that the gentleman who started the company is an accountant/auditor and he use to audit utilities all over Utah. Most of them hated their billing software so he decided to build one. It hasn't been around very long so it's a fairly new company and that's why they are selling the software at a rock bottom price. With conversion it would be around \$15,000. The next cheapest software that Bryan and Jeannie could find was between \$35,000 - \$40,000. This software does about 99% of what the other ones will do. The weak point of this software is that it's new (7-8 years old) and it does not have a really good web interface. At least the web interface is not as good as the other software companies they looked at. Ivins and Enterprise both said that the customer service is great. You always get a live person and that person does not transfer you, they take care of any problem right then which is better than any customer service we have on any of our other software or piece of equipment we own. The guy in Enterprise said that they custom build something for him almost every week. That's included in the price of the software so there's no extra cost. Once it works on his system and he's happy with it, they offer it to their other customers. They have customers all over Utah that are mostly small utility companies like us. If something does happen to the software company, we would still be able to keep using the software we would just lose our support. Joe said that it's a feel good story. After we've done all the research and the cost is under \$25,000, we don't have to go out with an RFP. We can go ahead and purchase the software as long as it's approved by the Board. It would be fantastic if it could be switch over by July 1st since that is the start of the new fiscal year but that probably won't happen. Jeannie said that another good thing about the company is that the software was built by accountants. Our auditors are the ones that suggested that we look at this software. This company will help us put together our audit. We just send our paperwork up to them and they will tell us what they think we need to do. We then send it to our auditors. Enterprise is actually going to go out and rebid their auditing services because they feel that they are paying too much for auditors now. Bryan and Jeannie are still doing research so they're not ready to purchase this software just yet. We so have quotes from the other companies, it just wasn't sent out as an RFP. Randy Tobler wanted to know if this is really going to save the District money. Bryan said that is not going to save money in the short term but what brought this up is that we are fed up with our current software provider. Their customer service is terrible. This new software will take all of the different programs that we use and combine them into one so it will free up time so that the employees can get more done. Joe explained that it will save time because a lot of times information is not entered just once but twice. Jeannie explained that every time she asks RVS to make a change to something, they bill us. She called them and asked them to remove one word on the late notices and they wanted to charge us custom programming. We aren't allowed to make those kinds of changes ourselves. AND they treat us like crap as they charge us. They charged us \$750 to get us setup for Payclix and all they had to do was push one button. We also pay for support to every software company we use so we will save money because we will only be paying for support with one company. Scott Carson asked if someone could put together a cost analysis and also something that shows how much time we are really going to save. Bryan said that he would do that. Joe said that what started this was one day he went in to Jennifer's office and she was crying. She had called RVS for support and they had basically treated her like she was an idiot. Joe called them and asked to speak to the owner and they even treated him bad. They are located in Texas so they close at 2 pm our time. If we have an issue after 2 pm, we can't get any help.

Interim Water Distribution Superintendent – 1) Leaks - Lon Dalley explained that there were four leaks last month. One 1" leak (MV Blvd & Gubler), one 2" leak (Bob Lewis Ranch), one 3" leak (Arrowhead PRV), and one 6" leak (Meter lateral to high school south meter). They were all small except the 6" leak. Las Vegas Paving was putting in the sewer line lateral when they thought

they had hit one of our valves box. Lon went up to check it out and saw that there was water 20' down in their trench. He asked them how long the water had been in there and they said 200' ahead and 200' past. Lon thought that was really odd that there would be water up in the sand hills like that so staff dug it up and discovered that we had a leak on the high school meter lateral. It had been leaking for a long, long time. **2) Customer Complaints** – There were two complaints on low pressure downstream of the Ishimoto PRV. The automatic control valve wasn't operating correctly. The problem has since been fixed. **3) County Asphalt Repair Patches** - Savanic Transport paved eight separate asphalt patches which were throughout our distribution system. We waited till we had quite a few to repair so it would be cost effective. Most of the patches were small but there was a large patch by the mortuary. **4) Omer Street Project** – This is one of the small main upgrade projects. We have all of the permits. The project has been started and as of today it's about half way done. After the line is all in and it's been pressure tested and chlorinated, we will have to get approval from NDEP before it can be tied in to the existing system. **5) Upcoming Projects – MV Blvd/Liston Street Asphalt Repair** – We have all the permits; we're just waiting on the contractor to get it scheduled. The contractor wants to do the Dollar Store at the same time. **Lytle Ranch** – We're still in the process of gathering everything up. Rockaway Precast is building the vault. It's just as expensive for us to do it ourselves as it is to have them do. The plus side is that we can dig the hole, drop the vault in and bury it in one day. When we did the PSV in Moapa, we had the holes open for weeks which is a liability issue. **Gann Ave/Leavitt St/Doty St Project** – We are still waiting on the permits. We have the dust permit but we're waiting on the traffic control plan. When we receive we will submit the paperwork to the County for the encroachment permit.

Water Production Superintendent – Bryan Mortensen reported that water usage is holding steady thanks to the contractors that are using water up at the MX-6 well. Lon put together some flag and barricade training for staff. They also had some water quality training. The State is now requiring us to do certain things to prove that the chlorine tester kits we use are working properly. We've been that stuff for awhile now so we're ahead of the curve on that.

We've added entry alarms to all of our facilities so they will be more secure. Production staff made some repairs at the Intermediate Booster Station. It gets struck by lightning quite often. They also flushed the 24" main again for the 3rd time from Coyote Springs to the Moapa Tank in preparation to bring it back online. The Las Vegas Valley Water District on behalf of SNWA, is paying a lot closer attention to that treatment plant. Not as close though as we would like them to but at least they are taking samples once a week now. Unfortunately, we are starting to see Ferric buildup in the tanks again. We're not going to let it get to the point it was at the last time. Joe explained that Andrea Seifert from NDEP is coming down to do a sanitary survey of the Coyote Springs facilities the beginning of June.

We are continuing to work with Master Meter on our data log problem. It escalated to the General Manager and he had a heart to heart talk with our distributor at Master Meter. He's telling us the same thing which is that the people in Isreal are looking at the technology. Bryan spoke with Ted Curl today and he said that they think it is a bad battery. The batteries are guaranteed for 10 years, anything after that is a bonus. What's happening is the meters get weak so they're not able to push the bandwidth out to talk to our laptops. They are frantically trying to come up with software that will talk to a weaker signal.

General Manager – 1) Blvd Widening – We had the final walk thru with the engineer and Don Whipple. Everything looks good. All we need to do now is get Don to get a letter from the County releasing their bond. We have plans for an Eagle Scout Project to replace the trees and get the demonstration garden ran along the whole area out there. Eagle View and Don did a great job. Don was on top of everything. They finished the job almost \$3,000 under budget and they're bid was already around \$30,000 less than everybody elses. **2) Moapa Tank Cleaning** – Advanced Diving Services cleaned the tanks of the Ferric that was in them. The Moapa Tank had 2" of Ferric it, the East Logandale tank had 2", and West Overton had 1/2". The Ferric was caused by system failures at SNWA's controlled and operated arsenic removal plant. We don't have any control over their plant; we just accept the water they dish out. They had a problem which they claim has been fixed. Joe and Bryan don't believe it so staff has been taking daily samples for Iron throughout their system along with doing visual inspections. We are seeing Ferric build up again. The NV Division of Environmental Protection will be out to do a sanitary survey. Joe and Bryan will get a chance to talk to them about the problem at that time. It's not a health issue but was definitely a nuisance. We had customers complaining about their whole house filters being completely plugged plus we had plumes in our system that we've never had to deal with before. We had to dump water on the ground so customers saw us out there flushing the system trying to keep it clean. It could have been a public relations nightmare. Joe made sure that everyone knew who was rightfully to blame. We have made sure that everything's been documented. **3) Lost and Unaccounted for Water** – When Joe first calculated it the lost and unaccounted for water was at 11%. He didn't have

the NDOT usage or the amount of water that was discharged for the tank cleaning. With that information and a correction to the figures that Ken Bessey sent to Joe, we are actually at 6%.

4) **340 Wheeling Fees**- Joe said that the best story of all is the wheeling fees. We sent an invoice to SNWA for the wheeling fees they owe us. They contacted us and said they thought that the amount was excessive. They also expressed concern on the price per acre foot. They said that they were told by the previous manager that no wheeling fee would be assessed for calendar years 2010 or 2011. Joe informed them that Brad Huza had no authority to waive those fees. Joe also explained that he has no authority to waive those fees either. That could only be approved by the MVWD Board of Director's through a board approved action and it would require a contract modification. All of this was done in writing. Joe explained to them that they could talk to the Board about the wheeling fees if they wanted to. SNWA said that the Operations and Maintenance Agreement doesn't state how wheeling fees will be calculated by us. Joe explained that it does state how the wheeling fee that SNWA can charge us is to be calculated. We took that calculation and that's how we charged them. They didn't like that answer. Bryan gave them a little more information and they were supposed to get back to us. We haven't heard from them so we've requested information from them. We want to know what it cost to build the plant and what they're going to charge us for a wheeling fee. The contract states that they have to give us that information. The contract also says that if we can't come to an agreement, the two general managers will meet and they will try to come to an agreement. If that doesn't happen then it goes to an arbitrator and if the arbitrator can't come to a decision then it goes to court. Joe will let the Board know what happens.

9. Director's Preference

- Review Monthly Expenditures

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 Lindsey Dalley, the Board voted 3-0 in favor to refer the monthly expenditures to the auditors. Randy Tobler abstained.

- Litigation

No update.

- Committee Assignments

The committee assignments are as follows:

General Manager/Administration – Ken Staton
Personnel & Office/Computers – Randy Tobler
Equipment & Physical Facilities – Jon Blackwell
Capital Improvements/Installations & Line Upgrades – Scott Carson
Water Rights/Resources – Lindsey Dalley

On motion of Chairman Staton and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the committee assignments as discussed.

10. Personnel- Closed Door Session

8. Approval of the June 14, 2012 Board Meeting

The general consensus was to hold the next Board meeting on June 14, 2012.

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

None

10. Adjournment

The meeting adjourned at 6:15 pm.