

**MINUTES  
MOAPA VALLEY WATER DISTRICT  
BOARD OF BOARD MEETING  
HELD  
THURSDAY, SEPTEMBER 13, 2012**

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

Joe Davis  
Bryan Mortensen  
Lon Dalley

Byron Mills

Vernon Robison, Moapa Valley Progress  
Richard Jones, MVHS Booster Club

Jory Spangler, Kolesar & Leatham  
Matt Forstadt, Kolesar & Leatham

Lindsey Dalley  
Scott Carson

Susan Rose  
Jeannie Poynor

Ryan Wheeler, Forsgren Associates

Richard Bruner, Kolesar & Leatham

**ORDER OF BUSINESS:** At 3:40 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. Litigation Discussion (Closed-Door Session)**

**Chairman Staton called a closed-door session at 3:40 pm. This was seconded by Lindsey Dalley.**

**Chairman Staton reconvened the open-door session at 4:03 pm. This was seconded by Randy Tobler.**

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

None

**3. Approval of the Minutes of the previous meeting held August 9, 2012 (for possible action)**

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to approve the minutes of the previous meeting held August 13, 2012.

**4. Moapa Valley High School Booster Club - Donation – Richard Jones (for possible action)**

Richard Jones, president of the Moapa Valley High School Booster Club, was at the meeting to request a donation for that organization.

Last year they gave \$20,000 to various organizations at the school. The money purchased sporting equipment, items for the cheerleaders and the cooking class, and many other groups received help also.

On motion of Lindsey Dalley and seconded by Randy Tobler, the Board voted 4-0 in favor to donate \$100 to the MVHS Booster Club and an additional \$100 from the advertising fund.

Jon Blackwell came into the meeting at 4:15 pm.

## 5. **Board review and discussion of the future direction of the Moapa Valley Water District (for discussion only)**

Joseph Davis thanked Vernon Robison for attending our meetings and giving us a lot of good publicity. We've had a lot of hurdles that have come up that we are going to have to strategize for in the next 10- 20 years. The Board has looked at the obligations we are bound by and strategized for our long term planning. They want to get out to the public some of the hurdles we have and the good things we've accomplished. Vernon has read through the agreements we have and has sat down with Bryan and Joe to talk about some of them. He has some questions that he would like to ask about those agreements.

Lindsey Dalley explained that as a new Board they wanted to review the agreements to see what the future could bring. Things can get very complicated. Because of that it's important to get some of those issues out to the public and not keep them bottle up in the Board. There are legal issues and potential litigations so the Board has to be careful what they talk about. He thinks the rate payers and the community need to know where the District is at and the forks in the road they may face. The Board has been dealt a hand and they are trying to make the best of it. Lindsey feels that the Board has made some good decisions in the past. He thinks it's important to discuss some of the issues so that the community knows what's going on. If something turns bad without any fault of theirs but because of circumstances being what they are, they need to have the community know what going on. That way the Board won't have to explain anything and won't have to make changes to keep water in the pipes.

Chairman Staton said he hopes that five or ten years down the road this community will be as confident then as they hopefully are today in knowing that the Board secured resources, got water, and were able to deliver a quality product for a quality price. He feels that is the goal of the Board to keep building on what we have. It's been a viable part of this community for a number of years now and people just take it for granted. If they turn the faucet on there's always water there and that's the way it should be. Hopefully that same attitude will continue on for the next generation. It's important for the Board today even though the economy is not the same as it was five years ago to understand how and when to find resources and when resources are available at an economical price to take advantage of it so that we don't price ourselves out of what we are trying to provide. As he looks down the road he looks back as well and thinks that they want to build on things they're changing and things they're adding to and hopefully 10-20 years down the road customers will still be able to turn the faucet on and water will still come out.

Joe asked Vernon if he had any questions from all of the notes he has taken the last eleven or so months. Vernon did have some review questions for them which he thought might provoke some comments from them.

He asked if the Directors could give him a general idea of how much water we have in terms of how many people we can serve and what we need right now to serve the population.

Joe said that we can provide water to 9,000 meter connections which means that we could triple in size. That's using the potable water we have right now which could be put into our system with our existing infrastructure. This is the absolute best case scenario. With the worst case scenario we could almost double in size. With conservation we could double in size.

Vernon asked what the main concerns are from the Director's standpoint about the agreements, and the difference between doubling and tripling in size.

Lindsey said that his overriding concern is making sure that MVWD remains independent and stable like we are now with our cash reserves, and that water is comparably affordable in the future as it is now. Ultimately you can cure any problem by stuffing more dollars into the pipe but at some point nobody could pull the water out of the other end because it's too expensive. People would only be able to afford to drink the water.

Randy Tobler feels that we need to protect and manage the resources we have that are under contract so that we don't end up in the worst case scenario or even worse than that. His position is that if we aren't proactive and try to find ways to alleviate some of those concerns it makes it harder. We want to have water at a reasonable price. We don't want to raise rates year after year. He feels that transparency is important also. The community has a right to know what things have been done in

the past, what are in some of the contracts, and what some of the problems are that may arise in the future. Transparency is huge and it should be out there for the public to know.

Vernon asked about some specific concerns that they are most concerned about.

Randy is concerned about Jones Springs and even Baldwin for that matter. That right is a senior right and in the State of NV that is how they determine who gets the water. It also comes right out of the ground. We don't have much pumping costs for it. The contracts have encumbered that right and we have to be careful to do all we can to protect and secure it. He hope it's not already too late for that That's what the Board is trying to do. The church lease agreement is one that we are paying for which from Randy's perspective he doesn't see any benefits from so the Board is trying to manage that.

Chairman Staton said that we could probably take every contract that we have and have a concern about something in every one of them. It's hard for the Board to give him one example from a contract when's there's issues with several of them. Lindsey talked about remaining stable and independent. We don't want to get into a situation where we are controlled by what has taken place or by contracts that have been signed in the past. We want to have control but it's a touchy situation.

Randy believes in involving the community and educating them on what's going on. He also thinks we should use other resources like lawyers, hydrologist, and other things that we've used in the past that maybe haven't been used the last few years. Involving them in the future will benefit us. More oversight in negotiations and contracts and management is something that we have to watch real closely. That's where we kind of lost track of what was going on in the agreements.

Scott Carson said that there are a lot of contracts that they need to go through and have a different set of eyes look at so that maybe they can see something that would be a benefit to us. One of the positives that the Board has been able to do has been to keep rates stable. They haven't raised rates the last two years and with the great employees the District has they've been able to find lots of ways to run this Water District like a business. Employees realized that they have to cut costs when revenues are down. People have not been using water like they used to. That's our revenue so the employees have been great about helping finding ways to keep expenses down even in the middle of the worst recession that we've seen in our lifetime. The Board has been able to bring the overall budget inline and not run a deficient, they've been able to lower some of our customer fees, they've been working on getting our contracts in a better position, and Scott thinks that overall the District is a much more stable District then it was before the majority of the Board first came on. One of their biggest accomplishments was bringing Joe on as the General Manager. He has more experience than all the past employees of the District combined. He knows the District from the bottom up and knows what makes the District run. We've been very fortunate in having him make this a very stable atmosphere. The Board will continue to dissect these agreements and hopefully get the good out of them. Then they will hopefully be able to work on Jones Spring, Baldwin Springs and the Church Lease. Then hopefully we will be in a stable position for the foreseeable future.

Joe said that in 1996 when we originally started the process of settlement agreements and various other things with SNWA, there was always the concept that this project was built for the 340A project and that we would be able to acquire water resources off of it for a cost. Unfortunately, the amount of money that it took to build this facility was in excess of \$50M dollars. That puts the cost per acre-foot more than what we sell water for now so our rates would have to increase if we were to try to acquire any of this water or use any of it. A lot of the agreements that we have signed have lined us up so that we can get this water from Coyote Springs. It's good water; it's the same water that we get out of Arrow Canyon but unfortunately it's just too expensive for us to bring to our customers without having a huge rate increase.

Vernon said that he thought that the Jones Springs agreement was a trade over the table so that there was no additional cost to the District. Joe explained that we agreed not to pump Jones Springs inside the Moapa Habitat area for the possibility of receiving future water out of Coyote Springs. Unfortunately we stopped pumping one resource for the possibility of receiving water for the future. For Joe personally, it's hard to give up a sure thing for a what if thing. Even if it turns into a for sure thing, we can't afford to get any of that water to us. In 2002 when these agreements started moving really fast, nobody realized how much it was really going to cost to build the facilities. We still don't know what the final costs for the project are. Jones Springs was a source that came out of the ground which was perfectly drinkable, we just put a little bit of power behind it, pushed it to the tank and it gravity fed to the system.

Vernon remembers the agreement saying that the trade for Jones Springs was water for water. Joe explained that we don't have to pay for that water. SNWA has to pump their facility and deliver that 724 acre-feet to us. We didn't lose anything but we also didn't gain anything. If any of the extra 2,500 acre-feet gets approved we have to give the 724 af back to SNWA so technically we still get Jones Springs out of Coyote Springs but we gave up 724 af out of the 2,500 af. The next part of that contract says that if we ever start using the Coyote Springs water, we have to start paying for Jones Spring water so it's no longer a free trade. The ramification for taking Coyote Springs water is that we lose the free water we use to get from Jones Springs.

Randy said that USFW manages Jones Springs and we gave up senior rights. We don't know if we can ever get that back. He thinks that if things do fall through, there are going to be some challenges and hurdles. Lindsey had given the Directors a copy of an article about Tombstone, AZ and some of the challenges they've encountered with some of their water rights. We could also have problems with Baldwin. It's not encumbered right now but you never know what can happen. It could create a situation that we would have to manage.

Lindsey explained that all of the agreements are very technically orientated and the water attorney's interpret them differently but the one thing they all want to know is why we signed them. The agreements are not cut and dry.

Chairman Staton's biggest concern is the 340A contract and he feels like it is also the other Director's biggest concern. There are so many things that depend on it and yet it's so iffy at times.

Joe has asked SNWA more than once for the costs of the 340A project. It is in the contract that they have to provide that to us. Unfortunately they haven't been able to determine that cost yet because they haven't been able to finalize the project.

Lindsey explained that we haven't been able to make any decisions about maintaining independence and stability because we don't know what those costs are. We do know that of all the water SNWA has to date, the 340A water is the most expensive water they have and we are poised to have to buy it. We don't know what the future's going to bring but if something like that were to occur rates would go through the roof. Whatever Board would happen to be sitting at that time is going to end up taking the heat. It may or may not be the current Board. This Board is trying to look 6-10 years down the road so that we can have that independent, stable water district.

Randy said that it's the Board's goal not to raise rates. They want to break the trend across the country that you raise rates every year. It doesn't need to be that way. The Board is trying to be customer friendly and control that but with this floating out there, things could change. There are some issues that hopefully they'll be able to manage.

Joe said that the biggest picture we are trying to look at is that there are benefits and good things in the contracts. The problem is that each contract intertwines with another contract. Something good in one contract, could have negative impacts in another so we have to make sure that we get the biggest bang for our buck without having a big negativity attached to it. We do have resources so that we can grow. We have to be able to manage those resources as we continue to grow without having to raise rates.

Vernon wanted to confirm that the 340A water was not included in the projections Joe gave him on how much water the District has. Joe said that was correct.

Randy said that we still have to remember that we don't know what's going to happen with Jones and Baldwin. We don't know how that's going to affect us.

Vernon asked about the LDS Church Lease water.

Joe explained Baldwin Springs was built on Church property. They helped us secure the land so we could build the spring sites. The Church always had some type of hand in helping the District through the 60's and 70's. They had water called Twin Springs which was behind the Baldwin Springs so we made negotiations with them to purchase that water. The water that comes out of Twin Springs equals about 500 af. The Church had a total of 2,000 af that they were willing to lease to the District but the cost was too high for us to be able to afford. SNWA became a joiner of the agreement so that they would cover the whole cost of the lease and we wouldn't have to pay any of it. We would split the water at 1,000 af for us and 1,000 af for them. We wouldn't have to pay until we

needed the water. The cost was \$230 of which is a reasonable charge for water. The Church was very concerned about the water not being used in the Valley so they added an extra \$100 surcharge for every af that leaves the Valley. We agreed that we would split the surcharge. At that time there was no ISC Credit available on Lake Mead so the past Board figured it wouldn't cost us anything so it wasn't going to hurt us. One year later legislature was created that allowed SNWA to create a surplus in Lake Mead that they could receive credit for. That water is considered as being used so the District will now have to pay over \$100,000 a year for the next 15 years for water that we don't need so we can't use it. That's another financial burden that we have with an agreement that benefited the District at the time. We weren't looking far enough in the future to see that SNWA was getting a law passed thru the Legislature that would allow them to utilize this water and they would get to use 100% of it. There is no consumptive use reduction that comes out of the river.

Joe would like to periodically have articles in the newspaper to keep the public informed on what's going on here are at the District.

Chairman Staton told Vernon that the Director's and employees appreciate his attending our monthly meetings.

## 6. **Manager's Reports**

**Office Manager** – Jeannie Poynor provided a report showing the budget for the end of last fiscal year and the beginning of this fiscal year. She explained that System Operations are so high because of the insurance payment for general liability. We will be spreading that money around to the other departments as it should be.

She explained that the Pelorus conversion is going to start the week of September 24<sup>th</sup>. We will go live on October 1<sup>st</sup> so they will be here on the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> of October to walk us through the process.

**Interim Water Distribution Superintendent – 1) Leaks** - Lon Dalley explained that we had two 14" leaks last month. One was at the Baldwin Springs Headhouse and one at Ishimoto/Bryner. There were three 1" leaks. One was Vanguard pipe so we removed the whole section and replaced it. There was a 1" leak on MV Blvd/A & W Farm Rd. and another at MV Blvd/Bowman. There were two 2" leaks (Moapa Court House & Lawson/ Barlow) and both were Vanguard pipe. There was also a 6" leak at Hidden Valley Rd/Hwy 168. **2) Customer Complaints** - Most of the complaints that we received were due to no water which were caused by leaks in our system. There was one complaint of no water but it was due to a leak on the customer's side of the meter. **3) Omer Street Project** – This project is all but done. We still have to finish the patches at the road crossings. Those are cold mixed right now. We are going to wait for Gann Ave. to be done and then do them all at once for cost effectiveness. **4) Gann Avenue Project**- We've been working on this project for a little over a month now. The Doty leg is completed and we're going to start next on Gann Street and then down Leavitt Street. All of the homeowners have been happy with us so far. **5) Lytle Ranch Project** – We haven't put a lot of effort into this project. Lon was trying to get Omer Street done and get going on Gann Street. We're going to spend a little bit of time this week on this Project. Hopefully, next week we'll have everything ready for our SCADA guy who's going to be coming in to tie everything together. Everything works manually as of right now we just can't monitor it off SCADA. That's all that's left to do on this project. **6) Cottonwood Avenue Project** – The status is the same as month. We're still working on getting ready for permitting then it will be sent to NDEP for approval.

**Water Production Superintendent** – Bryan Mortensen explained that production has started to go down. It's probably what our normal trend would have been if we hadn't had that contractor using so much water those few months.

Bryan used Mica Leatham to construct a lid for the chemical injection vault up at Arrow Canyon. We have some redundancy up there so that if any of the quills plug we can switch over to another one and not be out of chemical. We are also going to utilize some of the equipment that was bought for the Baldwin Springs upgrade that was never used.

We had to install some larger pumps at the Bowman vault because it flooded again. The ones that were there before the last rain came through had been upgraded last time the vault flooded so we installed even larger ones.

Master Meter came out and replaced 96 of the registers. They left the meter in place. We really have a neat residential meter. They come in two parts so instead of replacing the whole meter we can just replace the part that's broken. They sent the registers to Israel to be tested. The best part is that the warranty period starts over with the new registers.

Master Meter is also working with us on the new Octave meters we bought. The radio part that transmits the usage to us doesn't like to work with the setup we have now. It's caused some headache for the office. They've actually overcharged and undercharged some customers depending on the readings we got. Master Meter is going to replace all of the Octave meters at no charge and

give us the new firmware that we need. We actually have two Octave meters out of the eight that have the new firmware in them and they work just fine.

Scott, Lon and Bryan all attended a Backflow Technician Certification course. Scott and Lon were recertifying and Bryan was taking his for the first time. Lon and Bryan passed and tomorrow they should know if Scott passed.

There were 29 data logs for high/low pressure requests, one for water quality, two meter leaks and three miscellaneous.

**General Manager – 1) Vanguard Lawsuit** – Some of the representatives from the law firm that handled Mesquites Vanguard lawsuit were at the meeting. Joe turned the time over to them after his report. **2) State Engineer** – Joe and Bryan went to Carson City and met with the State Engineer on some of the different issues concerning basin 219, the test pump and some of the other ramifications that are in there. It was very informative. They came away with quite a bit of information that has a lot to do with our strategizing and how we want to pursue some of the contracts we have. **3) Office Staff** – Julie Nelson has decided to move back to Alaska. She is an outstanding employee and we're really going to miss her. Her position has been advertised in the paper and Joe wanted to talk to the Directors about it after the lawyers from Mesquite were done. **4) Lost & Unaccounted for Water** – Staff spent a lot of time going back to try to find out why we had such a large amount of water that was missing or unaccounted for. It was at 16%. What it boiled down to was that some of the large water meters were misread. The billing software that we currently have is designed so that it will print out a list of all customer bills that are a lot lower than normal so that we can investigate why it has dropped so much. For some reason that didn't happen. The ladies in the office and Bryan went through all the paperwork to try to find out what happened. They were able to track it down. The meters were reread and all of the water that we were missing was found. It dropped us down below the 7% mark for the last two months. We did have one meter that was overbilled \$53.00. We've sent letters to the customers that were under billed letting them know that we will work with them on spreading out the money they owe for the last two months. They shouldn't have been surprised since they normally received a \$5,000 bill and their bill had gone down to \$500. **5) Website Issues** – We have a billing portion of the website that allows customers to look at their bill and see when it's due. That portion of the website went bad so it was giving customers the wrong information. We contacted RVS about the problem and it took them over a week to get back to us. It was a huge problem so we went through our website designer and had him to remove the information from the website. RVS finally got a hold of us after Jeannie sent them a bunch of nasty grams. This is just another issue in a long list of issues we've had with them.

## 7. **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 Jon Blackwell, the Board voted 4-0 in favor to refer the monthly expenditures to the auditors. Randy Tobler abstained.

### - **Litigation**

**Chairman Staton called a closed-door session at 5:40 pm. This was seconded by Jon Blackwell.**

**Chairman Staton reconvened the open-door session at 7:52 pm. This was seconded by John Blackwell.**

## 8. **Personnel- Closed Door Session**

### -**Approval of the December 7, 2012 Christmas Social (Action Item)**

On motion of Chairman Staton and seconded Jon Blackwell, the Board voted 5-0 in favor to hold the Christmas Social on December 7, 2012.

## 9. **Approval of the October 11, 2012 Board Meeting**

The general consensus was to hold the next Board meeting on October 11, 2012.

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

None

**11. Adjournment**

The meeting adjourned at 7:55 pm.