

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, MARCH 10, 2016**

PRESENT:	Kenneth Staton Jon Blackwell Randy Tobler	Lindsey Dalley Ryan Wheeler
	Joe Davis Lon Dalley Jeannie Poynor	Susan Rose Bryan Mortensen
	Allie Nelson Lauren Nelson	Vernon Robison, MV Progress

ORDER OF BUSINESS: At 4:05 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 February 11, 2016 (For Possible Action)

On motion of Jon Blackwell and seconded by Randy Tobler, the Board voted 4-0 in favor to approve the minutes of the February 11, 2016 meeting.

Lindsey Dalley came into the meeting at 4:10 pm.

3. Clark County Jr. Livestock Show – Donation – Allie Nelson (For Possible Action)

Allie Nelson was at the meeting to request a donation for the Clark County Jr. Livestock Association.

Allie thanked the Directors for their past support and asked for the District's continued support of the Herdsmanship Award.

On motion of Lindsey Dalley and seconded by Ryan Wheeler, the Board voted 5-0 in favor to donate \$100 to the Clark County Livestock Association.

4. 4th of July Committee – Donation – Lori Houston (For Possible Action)

No show.

5. Review the FY17 Tentative Budget (For Possible Action)

Joe reminded the Directors that at last month's Board meeting we talked about the budget and all of the capital improvements that need to be done. Since we don't have the revenues to do all of the projects Staff went thru the capital improvements and tried to identify the items that absolutely have to be done. Joe wants to have a study done by a professional to solidify what Staff thinks needs to be done. They may even identify some things that we don't have on the capital improvement plan. The Directors asked Joe to write down the risk that we would be taking by not doing the capital improvements that were taken off the list. They also asked that they be put in a different place on the capital improvement plan with no date attached to them. After the study is done we will be able to see what really needs to be done according to a professional. The Directors also wanted the budget to be a positive ending budget. After removing most of the capital improvements, we have a positive ending budget of \$500. Three things were left in the budget; the Arrow Canyon Chlorinator (for public safety), the engineering for Arrow Canyon well #3 (backup well) and the Genset. Joe was adamant that we have to have the Genset. If the power outage that happened last weekend would have happened three weeks from now we would have been losing

water instead of making water. In order to make the budget positive everything else had to be pulled out of it. We will still be doing maintenance though out the year. In 2014 when we had the flood, we had at least six months worth of cleanup to do. When we got done with that we had capital improvements that had to be done. Because of that, some maintenance was put on the back burner so we're going to have to do some maintenance while the study is being done. That's going to increase costs. It's not going to increase it a lot but it is going to increase it. Last month the Directors also asked Staff to look at the 2008 Red Oak Rate Study. Joe did a Red Oak Rate Study Analysis that showed the rate increases that were supposed to be done in 2012, 2013, 2014, & 2015. It also showed how much revenue we lost because those increases weren't done. Joe estimates that we lost roughly 1.4M in revenues just by using the lowest rate tier and that doesn't include the base rate. Joe included a risk assessment on all of the capital improvements that were in the budget last month but were removed. Joe went over the risk assessment and explained the risks the District is taking by putting off those projects. There was a lot of talk about the Small Meter Replacement Program.

Randy doesn't think we need to replace meters that run fine but won't data log. If they have five years left on them we need to get the five years out of them. Randy liked the spreadsheet Joe made and he thinks that the report is going to be very helpful.

Ryan thinks that if we decide to move forward with the small meter replacement program, Staff should talk to USDA to see if we can get some grant money to help pay for it. That decision should be made after the study is done because it will help the Board to decide what is critical and what's not.

Randy reminded everyone that we have \$1.2M in the infrastructure account that's just sitting there. If it comes back as a priority then we can use some of that money.

Joe explained that there are different kinds of grants. One is a full grant that pays for everything and then there are cost share grants. Those could be 50%-50% or 60%-40%. One of the things that is on USDA's radar is water conservation because a lot of utilities don't even have meters. There's a good chance we might be able to get some matching funds.

Joe said that because we've streamlined our budget so much over the last four years it's going to be extremely close. He wanted the Directors to realize that at the end of this fiscal year there's a possibility that the budget is going to be in the negative because of maintenance issues or we could have another catastrophic failure that we're going to have to fix. Joe asked the Directors if they wanted to throw a dart to find a number to put in the budget or if they wanted to cross that bridge at the end of the year when it looks like we're going to overspend. There is a slim possibility that we won't go over budget.

Randy said that he wants the budget to be positive and he won't vote for one that's not. The rest of the Directors can do what they want. Things come up like the flood because you don't know what's going to happen. He doesn't have a problem with augmenting the budget if we have to but he wants Staff to do their best to work within the budget. If they don't, then we'll augment it. He thinks it's important to stay within our means.

Lindsey said that there are a lot of things that are out of our control like PERS and medical insurance.

Ryan said we don't have control over that but we can plan for it. What Randy's talking about are catastrophic things that we have no idea are going to happen.

Lindsey said there are others things that can throw us over budget that we need to consider.

Joe reminded the Directors that the tentative budget has to be approved at the April Board meeting. Staff has tried to incorporate into the budget the information that was requested at the last Board meeting. He asked the Directors if this was the budget they wanted to move forward with. If not, Staff needs to know tonight.

Randy said that if maintenance is over budget he'll be ok with it as long as Staff can tell him why. Randy would like to see what we need to do to cover those costs excluding capital improvements. We're going to have insurance increases of 7% - 12% every year and PERS increases by 2% - 2 ½% every two years. It would be interesting to see what we need to do and what other costs have gone up so we can roll out a plan. The Red Oak Rate Study is a good place to start. He would like to see what Staff feels

they need in the next four or five years excluding capital improvements. That could be done thru bonding and can be rolled into whatever we decide on the rates. He would like it separated out so we can see what we're really looking at. He would like to have that at next month's meeting if the rest of the Board agrees. He also wants Lon, as the assistant manager, to learn more of the financial side of things. He thinks Joe, Lon and Jeannie need to work together on that.

Ryan thinks it's a little premature to talk about rates right now. He thinks the Directors need to have more information first. Basically we're holding hostage our capital improvements to cover all our other business expenses. Capital improvements are going to begin to pile up and we're not going to be maintaining the system. That's being reactive not proactive. As a Board they need more information to make good decisions.

Lindsey asked Joe if we're kicking it down the road.

Joe said that we're definitely kicking capital improvements down the road.

Lindsey explained that he was talking about the budget.

Joe said that the budget is ok.

Randy said that nothing has changed on the capital improvements since he's been here. We did two projects which we funded and tried to do a third. This year we have a bunch of capital projects that we added to the radar and now we're trying to figure out how to pay for them. We don't even know if they're essential. It's not like we haven't been doing capital improvements. There's been a lot of money spent there. Like Ryan said, we need more information to see what's critical.

Ryan said that we're taking care of what we feel is critical like the Overton Tank. After looking at the tank we knew that it was a critical need and a good decision.

Randy reminded the Directors that we have \$1.2M in infrastructure and we have \$395,000 in fixed assets so we've put money aside. When Staff was figuring out the costs for the backhoe, we found out that it had went up quite a bit from the last time we purchased one. Are we putting enough in the budget for equipment replacement? If we need to increase that then it needs to be reflected in the budget. Those are the things we need to look at and see what kind of rate increase we would need to cover just the cost of doing business.

Ryan thinks that Staff has been pretty good about knowing those costs because they can call a vendor and request those costs. As we've experienced in some of our projections of our capital improvements, having this study done will help us to better estimate some of those costs. We know that in the end it's just an estimate and not real until we receive a bid but it would be a validation on Staff's estimate at this point in time.

6. **Manager's Reports**

Office Manager – Jeannie Poyner went over the financial dashboard with the Directors. She corrected the water resources fund and the infrastructure replacement fund. She had the budget numbers thru January. For this budget we're at 58.33%, revenues are at 64.68% and expenses are at 43.91%. We should be close to 100% at the end of the fiscal year. There was a lot more discussion on having a positive budget, augmenting the budget and trying to get a matching grant. **Assistant General Manager** – **1) Production** – Lon Dalley said that production was up a little from the previous months. Lon's going to try to be better at making sure that water sales match our production. He's going to add that to his report so the Directors can compare them. Joe asked him to add the diversions for each source that water was diverted from each month. In February Arrow Canyon #2 pumped 24,057,880 gallons from the 1st – 18th and Arrow Canyon Well #1 pumped 23,668,650 from the 18th – 29th. **2) Meter Installs** - Last month Ryan asked Lon to add meter sales to his monthly report. In January one banked residential meter was installed and in February two residential meters were installed. Both of those included a Water Dedication Ordinance Fee. **3) FY15/16 Capital Improvement Projects** – The Gubler project is done and was on schedule. It was also done right on budget.

General Manager- 1) BLM Easements – Staff sat down with County Staff and BLM. Some of the things that transpired in that meeting were discussions on the ACEC and why there is a cut across our service territory which cuts off where our tanks and waterlines sit. BLM just scratched their heads. Everything that we have Joe has been able to get into Shape files for GIS. He's given those files to BLM and they have imported it into their own Shape files. Those files show where our lines are at. 90% of the

easements we have run thru BLM property & we don't have Shape files for them. They're very expensive. Two of our main waterlines, the 14" and the 24", come from the Moapa Tank and run all the way down into our valley. They are the longest easements that we have that run thru BLM and private property. Those are the ones they were scratching their heads over. They wanted Joe to show them where they're at. Joe explained to them that they have the paperwork and the documentation. It ultimately comes down to the fact that we're paying a company \$18,000 to put the files into GIS files so we can fight BLM. It's costing us money to fight them over the RMP process and it's going to get even more expensive. It's not just the GIS information, it's actually taking the BLM easements that we have and physically going thru the folders and making sure that everything that we have is legit, that there's no issues, that nothing's has been lost and nothing has been set aside. In 2007, we ended up losing an easement because it expired. We were able to re-acquire it by paying a fine. You can't do that anymore. If you let a BLM easement expire you lose it forever and have to start all over again. We can't afford to have that done so that's the way we're going to handle them from now on. This company is going thru our BLM easements and making sure that all of our standings are in good order. Marilyn Kirkpatrick said that she might be able to help us get a grant from the State or from the County to do this. She sent the information over so Staff will start working thru the process to see if we can qualify. We're going to have more that we'll have to do in the future. Anything new applications we do we'll have to perform this work. It's just part of doing business. We're moving forward to fight a process that we got drug into. We should have been included in it six years ago. They want to get their document out by fall. The only reason they keep pushing it off is because Marilyn has been in there keeping their feet to the fire. She fighting for us, she makes them give us reports and she makes them report to her. She's been a huge asset for the District. The problem is we're fighting the government. We have waterlines easements on BLM property and if we have an issue with those waterlines what happens when we go out and start repairing them? Are we going to get fined for repairing an existing waterline? Who knows what that can get into? **2) Overton Tank** – The Overton Tank is completed. They disinfected it today and the doors are closed on it. We'll have it sealed up tomorrow morning. We'll have to wait five days to pull bac-t samples and the voc's and then we can put it back into service. Simpson Sandblasting did a great job. **3) Logandale Tank** – All the repairs have been made. We did look at a patch they did in 2012 when they were here to clean the tank. It was in the middle of the floor where we had a really bad corrosion problem. They used the technology that we've been talking about where you do the whole interior of the tank and it would cut the cost in half. The patch is holding up really well. They did a really good job on the repairs they did in the tank. We know we'll get at least another four years out of it, maybe even more. We'll know more in four years. **4) Meter Impact Fee** – Ryan reminded Staff at the last Board meeting that when the Directors lowered the impact fee they had said that they wanted to discuss the impact fee every quarter in case it needs to be adjusted. We haven't been doing that. In the last 11 months we've sold 11 meters. 10 of those were 5/8" meters and one was a 1" meter. That number does not include the one that was banked.

Randy would like to lower it again but his concern is that a contractor would come in and want to buy a bunch of meters. He just wanted to have meters for people in the valley. He's open to look at lowering it even more.

Four people have talked to Joe but he hasn't heard anything back from them. There have also been a couple of individuals that have talked to him about subdividing but he hasn't heard anything else from them either. There's nothing that's rock solid. One company was extremely aggressive on trying to figure out what they could do on the end of Henry Rd. When Joe explained to them it would be a \$1,000 to do the computer modeling to see the exact upgrades they would have to do, they said they would cut him a check but he hasn't see it yet. That was 10 days ago.

Joe said that we are going to have to pay for the cathodic protection in the Overton Tank. The only thing that was salvageable was the rectifier. The Overton Tank is newer then the Logandale Tank. The Logandale tank has a suspension system and the Overton Tank has a buoy system. The buoy system kept falling to the floor and that's what caused a lot of our problem. Joe's getting an estimate to put in a suspension system. We have to have cathodic protection no matter what. We didn't know the condition of it until we tore the tank apart. It's actually lying on the floor in the shop if anyone wants to see it. Lon said the rough estimate was \$26,000 and that includes the installation.

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

None

8. 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 Ryan Wheeler the Board voted 5-0 to call a closed-door session at 6:05 pm.

- **Litigation (Closed-Door Session)**
- **Water Rights Discussion (Closed-Door Session)**

On motion of Chairman Staton and seconded by Jon Blackwell the Board voted 5-0 to reconvene the open-door session at 7:07 pm.

9. Personnel (Closed Door Session)

None

10. Approval of the April 14, 2016 Board Meeting

The general consensus was to hold the next Board meeting on April 14, 2016 at 4 pm.

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

None

12. Adjournment

The meeting adjourned at 7:09 p.m.