

**Minutes**  
**Indian Hills General Improvement District**  
**District Office**  
**3394 James Lee Park Rd. #A**  
**Carson City, NV 89705**  
**January 21, 2009**  
**6:00 P.M.**

**Trustees Present:** Chairperson Dianne Humble, Vice Chairperson Denise Pierini, Secretary/Treasurer William Eisele, Trustee Laura Lau, Trustee Brian Patrick

**Trustees Absent:** (none)

**Staff Present:** General Manager Jim Taylor, District Analyst Human Resources & Community Sandi Eisele, Water Supervisor Dave Wright, Wastewater Supervisor Andy Joyner, Water Operator Josh Joyner, Administrative Assistant Karen Ziemer

**Others Present:** Attorney Scott Brooke, Engineer Brian Randall, David Fournier, Art Baer, Kathryn Clark-Ross, Penni Eisele, Dale Morlan, Greg Malavazos, Jim Murphy, Bill Moriarty, Kurt Hildebrand

1. **Call to Order:** Chairperson Humble called the meeting to order at 6:00 P.M.
2. **Pledge of Allegiance:** Led by Vice Chairperson Pierini
3. **Approval of Agenda:** Chairperson Humble asked to move Item #11 up to Item 6

*Secretary/Treasurer Eisele motioned to approve the Agenda with the caveat that Agenda Item 11 become Agenda Item 6a. Motion carried unanimously.*

4. **Public Interest Comment:** (none)

5. **Reports to the Board:**

- a. **General Manager's Report (Exhibit A):** General Manager Jim Taylor reviewed his report to the Board. Jim updated his maintenance topic commenting that we now have generators installed at the water treatment plant, wastewater plant and Brown's well for backup purposes. By the end of this week the two generators at the water plant should be communicating with each other using a transfer switch. Jim commented that the January 12, 2009 Board meeting was called due to a stipulation in his contract with the District. He has not received any communication from the Board yet regarding what their priorities are. Jim explained that he works with an issue list rather than a priority list. His issue list is not in priority order. Jim stated his main priority for IHGID at this time is arsenic compliance. He commented the arsenic problem should have been addressed 4-6 years ago. He asked for a final Board decision by the March 18, 2009 Board Meeting, after the Board gets input from the District's Engineer and General Manager. Jim explained that deadlines have to be met if the District is going for filtration. Jim commented on Chairperson Humbles request for contracting services information. Jim has done a large investigation on this topic and is still working on it. He reported there are very few companies licensed to work in the State of Nevada who

cover both water and sewer. There is one company named SPB Utility Services, which does Churchill County, Winnemucca and all of Washoe County. They have a staff available to handle anything that might come up in the operation of the utility. SPB is available 24/7. They are highly bonded and have over 30 years of experience, 25 of agency in Carson City. SPB have said they can read our meters along with monitoring our lift stations. They would do anything the District would like for them to do in the lines of water and wastewater operations. Jim is in the process of comparing wages and other hidden items. He will come back to the Board with all the facts. Jim believes IHGID will have to go out to bid for these services since we are a governmental entity.

Trustee Lau asked Jim how he plans to pay for the arsenic removal system since it is his number one priority. Jim replied that part of the factual information he needs to bring back to the Board includes a rate study. Jim stated by April 15, 2009 the Board must make a decision regarding the direction the District needs to go with arsenic compliance. Trustee Patrick commented that the District needs to fix the arsenic problem or get another source of water. He asked Jim for an update on the pipeline running from the south end of Douglas County. Jim replied he has been to 3 meetings with Douglas County already. The county now needs to contact Jim to tell him if there is water available for IHGID. Jim explained the pipeline would involve a partnership with all parties tying in to the system paying an equal share of all expenses. Jim mentioned that the County has an arsenic problem now with a .07 reading. Jim is questioning that if more water is drawn from the pipeline, will the .07 go up to a .10 and require Douglas County to go to arsenic filtration. Trustee Patrick asked if the pipeline becomes available can we ask for an extension from EPA. Jim replied IHGID has an extension now with a deadline of June 30, 2010. Jim asked the Board for an answer by April 15, 2009 so there is enough time to go out to bid, get permission to order a filtration plant and procure equipment to make the June 30, 2010 deadline. Vice Chairperson Pierini commented on a previous rate study that was done. She would like to implement an increase in rates to be able to save for this expense. Jim hopes to have more information for the Board about the pipeline and filtration at the next Board meeting. He estimated the Douglas County pipeline extension will cost approximately 1 million dollars and a filtration system approximately 4.5 million.

- b. District Analyst-Community & H.R. Report (Exhibit B):** Sandi Eisele reviewed her report to the Board. Sandi commented that the Seasonal Techs included in her Payroll Report are no longer working, their season is finished. Sandi reported she included an event budget for every event Parks and Recreation sponsored in the last half of 2008. She noted the budgets were similar, except the Concert in the Park had an income generated page. Chairperson Humble asked if there had been any response from the Company that was asked for reimbursement to the District for Overtime that IHGID paid out when the company was not available. General Manager Jim Taylor replied that the Company has not responded. Secretary/Treasurer Eisele disclosed that Sandi Eisele is his daughter in law. Sandi reported that interviews were conducted last week for the Field Operations Supervisor, there has been an offer made and we should have a new employee on Monday. Sandi stated this employee lives in the District.
- c. District Accountant Report (Exhibit C):** Both Secretary/Treasurer Eisele and Chairperson Humble commented they liked the layout of the report Accountant Stacie Hunter had prepared. Vice Chairperson Pierini asked if the final report to the Department of Taxation had been signed and if the deadline had been met. General

Manager Taylor replied in Stacie's absence that it has been done, the deadline was met and he will give a copy of it to Board members.

- d. **Engineer Report:** Engineer Brian Randall reported that the lift station and generator project is essentially completed. He has given General Manager Taylor a notice of completion that must be recorded as a requirement of the State. The lift station and wastewater plant generators are in full operation and the lift station is working very well. Most of the electrical work will be finished by end of week. There was a power outage in the area. The lift station and its emergency power worked well. There is a SCADA glitch for the level in the wet well that needs to be looked at by Sierra Controls. Last month RCI filed for an extension of time for 11 of the District's water rights with the State Engineer's office. This filing is required yearly to show total beneficial use of the water rights. Brian commented the biggest issue now that will take the majority of his time, is arsenic treatment. He suggested the Board get serious about this issue with the biggest problem being funding. His concern is the District won't have the funding in place when it is needed to meet the state initiated schedule. An administrative order is coming out this week from the Division of Environmental Protection which will establish the deadline as the end of June, 2010. Engineer Roger Gilmore, who IHGID has contracted for the design of the arsenic removal system, has already established a timeframe for construction, completion and initiation of the arsenic removal system. The timeframe is no earlier than the end of 2010 which is 6 months behind the administrative order deadline. Brian suggested the District needs to show clear evidence during the next year and a half that they are proceeding on a reasonable schedule. The District needs to show diligence and good faith in going forward with compliance. Brian commented this is a very expensive project. The District will have a problem if they don't address funding quickly because they won't be able to go forward with procurement of treatment equipment due to funding not being in place. The District may not be able to go forward with the solicitation of funds for installation of the project if a rate structure is not in place to support this kind of project. This is supposing the District goes forward with the installation of their own treatment facility. Brian urged the Board to move forward based upon the timeframes General Manager Taylor had mentioned. He commented it would be hard to put together a reasonable rate structure based upon relatively accurate estimates within that timeframe.

Brian stated the other alternative is the Douglas County pipeline. This option has as much danger time wise as does installing an arsenic system. Brian reported there has been very little movement on any ones part, specifically Douglas County to go forward with that project. He does not know why, but reported concern on the part of some administrative agencies. RCI was contacted a week ago by NDEP. The District has submitted a pre-application to NDEP seeking funding for the cost of their own arsenic removal system. The estimate submitted in the pre-application was approximately 4.3 million dollars for the entire project. The State saw that amount and questioned whether it is the best way for the District to spend its money, or would participation in the extension of the pipeline be a better option for the District. The only answer RCI can give is the pipeline should be an option that is considered, and may prove to be the best option financially for the District. The problem is NDEP has established timeframes which may not allow the District enough time for the pipeline option to come to pass, or to find out costs associated with it. Brian reported there are 3 or 4 entities including Douglas County and Carson City who are interested in the pipeline project, so the

District won't be the only user. There is an administrative order coming out from the State that by July of 2010 arsenic removal must be in place. This means the District has to go forward and show due diligence, but still have to find the best option for the District. We are caught in a bad timeframe. Two weeks ago NDEP indicated to Brian they were going to hold a meeting for potentially interested parties, but he has not heard anything since. NDEP would be the department to contact if the District does not meet the deadline and needs an extension. NDEP has the ability to get people together and focused. Brian wants to make the Board aware of the schedule issue. Brian commented that Roger Gilmore will have procurement documents ready in the next week to solicit proposals to manufacturers for the micro filtration system that has been selected for the District's system. If funding is not available, the District can't accept bids. The rate study and funding will drive the whole project. Brian will call Jennifer Karr at NDEP to find out if they have any intention of getting interested parties together. Biddler Water Company is interested and can be a potential source of funding. Brian suggested the District ask Roger Gilmore to give them the best price estimate he can give, and then go to the firm doing the Rate Study revision. Brian suggested Douglas County or Biddler could be contacted for a pipeline cost. Brian commented if the District does go with the pipeline, they walk away from their water plant, as there is no use for it then. This would be considered an added cost of the project if money is still owed on the water plant.

Trustee Patrick asked how soon the District should have a rate increase. Brian Randall replied last year and that the rate study must factor in the arsenic treatment costs. Trustee Patrick asked about the plan for expansion of the sewer treatment plant based on the existence of the Clear Creek project. Brian Randall replied the Clear Creek project would have been a source of funding that could help the District go forward with the construction of a third basin. There are two basins now which create a real problem for the operator when one needs to be offline for maintenance. The District is at the point that it needs a third basin. Trustee Patrick asked if the loss of commercial centers and their industrial waste will give the District extra time with the treatment system here, or are we already overloaded. Brian Randall replied that the District is still within design capacity of the plant itself. The plant was rated at .6 million gallons per day and is probably close to .4 million gallons per day now. If the commercial is offline it will create breathing room and less flow to the plant, making it easier for the operator. If a basin is offline for maintenance it will be easier, as there is not as much going through the plant and there will be a better quality of treatment during that time. The District still needs the third basin, but doesn't have a funding source for it now. Clear Creek or the casino would probably have supported that. There will be a reduction in grease and a reduction in flow will increase the capacity available for new services. The expansion was to allow for better maintenance.

Trustee Patrick commented he believes that since the District has not raised rates, we have fallen below the level to be able to borrow money from the State Revolving Fund. Brian Randall agreed that the State typically applies a level of funding by the District as a basis of additional funding from the State Revolving Fund. Brian was told by a principal at his firm, who is on their Board, that at this point there is little chance IHGID would be considered favorably for funding from that particular fund because of the District's current rate structure. Chairperson Humble asked if the District could have an agenda item for raising rates by a certain amount to qualify for funding. Brian Randall replied the District would need to go through a rate study process.

Secretary/Treasurer Eisele suggested going back to Farr West as soon as possible to put the rate study in place. Vice Chairperson Pierini summarized Brian Randall's suggestion to get dollar amounts from Roger Gilmore and give them to Brett Farr of Farr West to see what kind of increase is needed to fund the arsenic project. Trustee Patrick noted the 2 million bond that was taken last year has not been funded and needs to be a part of the rate study as well. Secretary/Treasurer Eisele asked General Manager Taylor get hold of Roger Gilmore and give information to the Board at the next Board meeting. Chairperson Humble requested an Agenda Item for discussion and possible action regarding Roger Gilmore's estimate at the next Board Meeting.

- e. **Attorney Report:** Attorney Scott Brooke provided the Board with a memo regarding litigation matters he is continuing work on with the District's insurance company. Scott has been working with the District's Engineer and General Manager on ongoing contract matters.

**6. Discussion and possible action on Approval of Draft Minutes for the December 15, 2008 Board Meeting:**

*Secretary/Treasurer Eisele motioned to approve the Draft Minutes for the December 15, 2008 Board Meeting as they stand. Trustee Patrick seconded. Motion carried unanimously.*

- 6a. **Discussion and possible action regarding a request to continue a Forensic Study performed by Muckel Anderson CPA's on their recommended items for further analysis, as shown in their Forensic Report submitted to the District October 22, 2008:** Secretary/Treasurer Eisele commented that the Muckel Anderson Forensic Study report recommended several things they were unsure of. Some things have been corrected as far as checks and balances. Trustee Patrick asked what the specific charges were that needed to be looked at. Chairperson Humble reviewed the Muckel Anderson reported items of concern. Trustee Patrick asked what it would cost to continue the Study. Secretary/Treasurer Eisele commented that the Forensic Study was done for Pool/Pact and they paid for it. The Study so far has not cost the District anything. There may be additional costs of approximately \$5,000.00 to \$6,000.00 for another report. Trustee Lau asked General Manager Jim Taylor if there are controls in place now. Jim replied yes. Jim commented regarding Page 6 of the report regarding use of a signature stamp. The stamp is in Jim's possession now and will not be used. Secretary/Treasurer Eisele reported that the Forensic Study report has gone to the District Attorney's Office. They are also looking at what is fraud or could be fraud in the report and are very interested in pursuing this. Trustee Patrick asked if there was a written statement from the District Attorney's Office. Secretary/Treasurer Eisele replied no, they had contacted him. Trustee Lau suggested the District allow the District Attorney to go forward at no cost to the District.

**Public Comment:** Resident Greg Malavazos asked where the \$5,000.00 figure came from and how many hours were being billed for that amount. Chairperson Humble answered that the cost is unknown at this time. After the General Manager shows what controls are in place now, and what the company will need to investigate, a cost will be known. Attorney Scott Brooke suggested the Board ask Pool/Pact if they share the Board's concerns and if they would continue the study. Art Baer commented that he was Interim General Manager when the Study took place. Muckel Anderson was at the District for 5 days doing the Forensic Study and did a limited study on last year.

*Secretary/Treasurer Eisele motioned to have General Manager Jim Taylor contact Muckel Anderson CPA's and have them go back to look at the 2 or 3 items they recommended they'd like to take another look at.*

*Secretary/Treasurer Eisele motioned to move ahead, have Muckel Anderson come back in, take a look and give the District a written report.*

*Chairperson Humble amended the motion to include that we contact Pool/Pact and Muckel Anderson CPA's to find out what areas of this analysis have not been taken care of, what the fee would be to do this, and place this Item on the next Agenda for discussion and possible action. Secretary/Treasurer Eisele seconded. Motion carried 3-2, 3 Ayes: Chairperson Humble, Vice Chairperson Pierini, Secretary/Treasurer Eisele; 2 Nays: Trustee Lau, Trustee Patrick*

*Trustee Lau asked for someone to come back to the Board with the status of what is going on at the District Attorney's office.*

- 7. Discussion and possible action regarding review and approval of Petersen Construction Inc. Application and Certificate for Payment No. 3, in the amount of \$295,208.76, under the Hobo Lift Station and Emergency Power Installation contract:** Engineer Brian Randall commented there would probably be one more payment application after this payment.

**Public Comment:** (none)

*Vice Chairperson Pierini motioned to approve Payment No. 3 to contractor Petersen Construction Inc. in the amount of \$295,208.76 under the Hobo Lift Station and Emergency Power Installation contract. Trustee Patrick seconded. Motion carried unanimously.*

- 8. Discussion and possible action regarding billing the homeowner rather than tenant for water and sewer:** General Manager Jim Taylor reviewed information distributed in the Board Packet regarding water service being in the name of the property owner or an agent (property management company) name only. Jim commented it has always been hard to collect from tenants who may leave a residence with a delinquent account. Chairperson Humble commented she'd like to see the wording be that the homeowner is the only one billed and they are responsible for water and sewer bills.

**Public Comment:** Greg Malavazos commented that he owns several properties in Carson City and Douglas County. Carson City bills him for services. Greg asked if billing the homeowner is necessary since the gas and electric companies don't do this. If the tenant's bill is delinquent, the gas company reads the meter and then the account goes back in his name. He then goes to the tenant for payment. Water costs vary from month to month which makes it hard to bill a set amount to a tenant. Art Baer commented that when properties are very delinquent a lien can be put on the property which makes it unable to be sold. Brent Johnson, District Manager of Minden Gardnerville Sanitation District commented that they bill the homeowner. If there is a delinquent account and the homeowner is out of state, a lien is put on the property. A constable serves the homeowner with paperwork. MGSD gets immediate results by doing this. They have no outstanding accounts like this.

*Secretary/Treasurer Eisele motioned that the homeowner be billed for water and sewer. Chairperson Humble seconded. Motion carried unanimously.*

9. **Discussion only regarding contracting sewer and water operations. Presentation and report by General Manager Jim Taylor including savings to the residents of Indian Hills:** Dianne Humble commented she did not get the correct figures from the District Office. She now has the correct paid benefit amounts for water and sewer from the 2007-2008 Audit Report. General Manager Jim Taylor commented he is still looking into and comparing figures to give the Board true figures. Jim found there is only one contractor in town that does this work and he would like to find out if there are more companies available. The one contractor gave an amount of \$298,000.00. Chairperson Humble commented this may be a potential savings of \$300,000.00. She would like to have further discussion with the Board about available companies and look at proposals from other companies. Jim Taylor asked the Board for permission to investigate if there are other companies in the state who can do this. Trustee Patrick remembered IHGID had a contracted outfit several years ago and he'd like to know why the District left it. The District then hired one of the guys they contracted with. Trustee Patrick questioned since the District has union involvement, if we go to a contract outfit do we have legal or financial responsibilities to the union contract. If we go to arsenic treatment, we may need more qualified people than a contracted outfit.

**Public Comment:** Wastewater Supervisor Andy Joyner commented he knew SPB, the company that used to be at the District. Andy explained that the District has a Grade 3 plant for reporting purposes. When SPB was here, we did not have a Grade 3 operator. Andy commented we worked to get our Grade 3 so we could do the work that SPB did, and didn't have to pay SPB. Andy stated in looking at SPB's contract price of \$298,000.00, he determined that amount is to put people here and their labor only. In looking at the back page of their proposal, amounts for building, site and pond maintenance are not included. SPB's Grade 4 operator makes \$52.00 per hour. Andy is a Grade 4 operator. SPB's labor for that operator would be 24 hours x \$52.00 per hour. Andy acknowledged SPB is in the business to make money. They do not include things we do already as part of our job. Andy noted \$298,000.00 is a baseline labor cost per year, and everything else would be billed out to the District. He gave examples of additional costs for lab analysis, building site maintenance, sewer cleaning and jetting. Andy commented these are all part of current employees jobs now, at their current rate of pay. Andy stated he does not make \$52.00 per hour. He and Scott Shook, Wastewater Operator have salaries and benefits that amount to \$107,000.00 per year, plus \$400.00 uniform allowance per year. Their gas costs are approximately \$4,000.00 per year. This is a total of \$111,000.00 total for two people who do all tasks already included in their job. Andy remembered when SPB was at the District before, there was an Operator here one hour per week and the District was charged \$1,200.00 per month. Andy commented that SPB runs small outfits where they don't have to have people on site all the time. They pick up samples and take them to Reno. Chairperson Humble asked Andy and Dave Wright, Water Supervisor to give written information to General Manager Jim Taylor regarding what they do daily, weekly and monthly that is not included in SPB's proposal. She asked both Andy and Dave to come up with some ways to cut costs in their departments.

Bill Moriarty asked how long the Field Operations position had been open and commented that maybe it was one position that didn't need to be filled.

Chairperson Humble asked General Manager Jim Taylor to bring this item back to the next Board meeting. She asked him to include proposals and salary reports as well as Andy and Dave's written suggestions. Jim Taylor commented he will contact SPB regarding issues they didn't put in their proposal and will bring information back to the Board.

**10. Discussion and possible action regarding review, amendment, discussion and examination of the existing and desired parameters of the legal services contract with Brooke, Shaw & Zumpft :** Chairperson Humble commented that this should have been done in December. She asked Attorney Scott Brooke if we could look at his price coming down now, since there are fewer meetings. Scott replied yes, he will look into this. He expects that additional services needed in the past will diminish in the future. Scott will review his contract and make a suggestion at the next Board meeting.

**11. Item was moved up to Item 6a.**

**12. Discussion and possible action regarding the Board of Trustees' pay date:**  
General Manager Jim Taylor went over suggestions for a specific pay date for Board Members.

*Chairperson Humble motioned that the Board be paid on Wednesday after the Board Meetings. Secretary/Treasurer Eisele seconded. Motion carried unanimously.*

**13. Discussion and possible action regarding the General Manager's auto expenses:**  
General Manager Jim Taylor explained how he uses his personal vehicle for District business. . Jim commented it is difficult to keep track of mileage expense. He asked the Board for a flat allowance of \$200.00 a month. Jim agreed he would keep track of his mileage and receipts for gas purchased.

*Secretary/Treasurer Eisele motioned to approve \$200.00 per month for a gas allowance for the General Manager. Chairperson Humble seconded. Motion carried 3-2, 3 Ayes: Chairperson Humble, Secretary/Treasurer Eisele, Trustee Patrick; 2-Nays: Vice Chairperson Pierini, Trustee Lau*

**Public Comment:** Bill Moriarty suggested that the District be run like a regular business and reimburse employees for mileage. He commented that the State does it this way. A log of expenses should be submitted and reimbursement given.

**14. Discussion and possible action regarding budget line item, SUV for \$20,000.00:**  
General Manager Jim Taylor commented he did not need a fancy SUV. He would like a nice vehicle for himself and office staff to use, but does not need a \$20,000.00 vehicle. He suggested a 4 door used vehicle to transport people and do District business. Jim stated he had wanted to use some of the money in the budget for storage containers at a cost of \$3,000.00 each. Trustee Patrick asked about the ongoing cost of another vehicle and insurance for it. Trustee Lau questioned if staff used their own vehicle and got in an auto accident, what the liability is to IHGID. Attorney Scott Brooke commented that IHGID has a potential liability regardless of what vehicle an employee is driving. The Board discussed a used vehicle purchase and suggested Jim Taylor look around for one and come back to the Board if one is found.

**Public Comment:** Art Baer commented that it is illegal for anyone to own a vehicle in this State without insurance. Greg Malavazos commented regarding insurance, if you don't let your insurer know that your vehicle is being used for business as well as personal use, your insurance is null and void.

**15. Chairman and Trustees Reports, Correspondence:** Secretary/Treasurer Eisele commented on the Clear Creek and arsenic treatment problems and reminded everyone we need to watch every dollar the District is spending. He noted that after hearing Brian Randall's report tonight, the District needs to put out some prices and costs to the public for sewer and water right away.

**16. Adjournment:**

*Chairperson Humble motioned to adjourn the meeting. Trustee Patrick seconded. Motion carried unanimously. Meeting Adjourned at 8:37 P.M.*

**FINAL APPROVED MINUTES AS PRESENTED**

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**Secretary/Treasurer  
William Eisele**