

Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
February 18, 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, Accountant Stacie Hunter, Water Supervisor Dave Wright, Wastewater Supervisor Andy Joyner, Water Operator Josh Joyner, Wastewater Operator Scott Shook, Administrative Assistant Karen Ziemer

Others Present: Engineer Brian Randall, David Fournier, Dale Morlan, Nadine Hays, Leslie Sanford, Stephen Hays, Jim Murphy, Art Baer, Ron Kruse, Minden Hall, Kurt Hildebrand, Ralph Holliday, Penni Eisele, Steve Weaver

1. **Call to Order:** Chairperson Humble called the meeting to order at 6:00 P.M.
2. **Pledge of Allegiance:** Led by Trustee Patrick
3. **Approval of Agenda:**

Secretary/Treasurer Eisele motioned to move Item #10 down to #14a. Trustee Patrick seconded. General Manager Taylor asked that Item #6 be moved before Item #5. Trustee Patrick motioned to move Item #6 before Item #5. Secretary/Treasurer Eisele seconded.

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

6. **Discussion and possible action regarding an update to the Farr West 2007 Rate Study. Presentation by Brett Farr (Exhibit A):** Brent Farr introduced himself as the owner of Farr West Engineering in Reno, NV. Brent presented information related to a rate analysis Farr West did for IHGID in June, 2007. He reviewed the recommendations of the 2007 Study. Brent was requested by IHGID to update the June, 2007 Rate Study. He discussed several key topics in his update including Existing Rate Structure, Current Financial Condition, Depreciation & Capital Reserves, and Recommendations for Water Rate and Connection Fee Increases.

Public Comment: Bill Moriarty commented he was interested in a winter based rate.

Trustee Patrick motioned to appoint 2 Board Members and General Manager Jim Taylor to come up with rate increases that can be delivered to the District at the next Board Meeting. Secretary/Treasurer Eisele seconded.

Public Comment: Bill Moriarty commented he'd like to see the financial issue of budget vs. actual resolved before the Board addresses what they are going to do with rates. Kurt Hildebrand commented regarding the formation of a committee needing to be on an Agenda and a sub-committee of the Board would be subject to the Open Meeting Law.

Trustee Patrick amended his motion to notify the public we will be forming a Rate Study Committee next month and placing this item on the next Board Meeting Agenda. Secretary/Treasurer Eisele seconded the amendment. The amended motion carried unanimously.

5. Reports to the Board:

- b. **District Analyst-Community & H.R. Report (Exhibit B):** Sandi Eisele reviewed her report to the Board. Sandi requested an Agenda Item for the March Board meeting to form a Recreation committee. Chairperson Humble suggested the rental rates for the IHGID Board Room be comparable to other meeting rooms in the area. Secretary/Treasurer Eisele disclosed that Sandi Eisele is his daughter-in-law.
- a. **General Manager's Report (Exhibit C):** General Manager Jim Taylor reviewed his report to the Board. He commented that he works on the arsenic issue daily. The seasonal parks employees will be coming back to work 7 days per week from 10 A.M. to 7 P.M. There is no overtime involved with these positions. The Parks Department is researching automatic locks for the restroom doors and hand dryers instead of paper towels. There are 5 new Dog bag holders in all 3 parks. Jim will bring the location for a Dog Park to the next Board Meeting. The street sweeper is ready to use. Crack sealing will be done weather permitting.
- d. **Engineer Report:** Engineer Brian Randall reported that the Hobo Lift Station emergency generator project is finished. There are still some electrical issues related to power transfers. He has prepared for recording a notice of completion which will be submitted to Douglas County. Needed items are O & M manuals, record drawings and testing to show it works as it was designed. There will probably be one more final payment in March after the Agenda item tonight for Payment No. 4 to Petersen Construction.

Brian noted there is a meeting Monday of next week with NDEP regarding the Clear Creek Wastewater agreement. NDEP has concerns with the way the agreement was structured for fees for the backwash filter system. After this meeting there should be an agreement for the Board of Trustees and Douglas County to consider.

Brian commented the North County Water Line will primarily serve the north county commercial and residential areas east of Hwy 395. He and Jim Taylor had a February 9, 2009 meeting at IHGID with the Town of Minden, Douglas County, Carson City and IHGID. The Town of Minden has the water rights and will be providing water from their system. These entities are the four major participants in the project and those who would be most interested at this point in seeing the project go forward and completed. Potential other users in the future on the north and west side would be Genoa and Clear Creek. Both Town of Minden and Douglas County have authorized funding for going forward with design. There is still question as to which of the two entities will be primary on the design. Biddler Water Company is a private water company that has the ability to finance these types of large projects. They could participate in the construction

of the line to those entities seeking service, Douglas County, Carson City and IHGID. Douglas County, Carson City and Town of Minden are anxious to move forward with this project to help IHGID meet its commitment to NDEP and to the Federal EPA under the arsenic treatment question. Douglas County and the Town of Minden would go forward with development of preliminary cost estimates for design and construction of the water line at no cost to IHGID, to be provided to IHGID this month or next month. They understand clearly the position IHGID is in. They would like to see IHGID participate in the construction of the waterline as one more party to assist in the cost of the water line. NDEP is strongly supportive of the water line alternative to the District's water treatment system due to the ongoing costs of maintenance and operation each year to have your own water treatment system, rather than be in combination with other entities on a pipeline. Brian and General Manager Jim Taylor should have at least a preliminary cost estimate for IHGID's participation in the pipeline for the next Board Meeting so that IHGID may go forward with a rate study structure. Brian commented he has no idea how long it will take for the pipeline to be built, or if it will be in time for the July 2010 deadline. There are alternatives the District has that are being considered in the event the deadline isn't met. Trustee Lau asked if there is any guarantee that water coming from the pipeline will not have the high levels of arsenic. Brian answered that this issue was discussed at previous meetings and there is no guarantee. However, it has been found that in well sources in Minden the more they pump the better the water quality becomes. If the arsenic level did become higher, IHGID would not be on their own as far as construction, operation and maintenance of a system. It will be the responsibility of all users of the system who are served. Brian noted that IHGID is on the edge of its ability to meet quantity demands.

Trustee Patrick asked for clarification of Browns Well not being on District owned property. Brian Randall responded it is on a privately owned property to which the District has an easement. The well is located at the ski lake. The ski lake owners had water rights at the time Browns Well was drilled. They had their own wells they used to maintain the water level of the lake. As part of the agreement for IHGID to place Browns Well on their property, the District took ownership of their water rights. IHGID also took responsibility for maintaining the ski lake water level. The two old wells they had have been abandoned and the lake owners are totally reliant on the IHGID water system. Vice Chairperson Pierini asked about District owned water right usage. Brian Randall replied that the District currently owns approximately 1600 acre feet of water rights. The District is currently distributing between 900 and 1000 acre feet per year for service within the district. The District has a substantial body of water rights in excess of what is being used for service. Water rights have significant value and will be part of the discussion if the District decides to go with the North County water line. The water rights would be considered an asset brought by IHGID as participation in the cost of construction because water rights can be used in future development of the regional water distribution system in Douglas County and potentially north to Carson City.

- c. **District Accountant Report (Exhibit D):** Chairperson Dianne Humble asked Accountant Stacie Hunter about her report that stated the need for financing to cover upcoming capital improvements the District needs to make. Dianne asked if IHGID was eligible for another bond without a water rate raise, or if eligibility required a water rate raise. Stacie stated it required a water rate raise. Vice Chairperson Pierini asked

why there was no actual depreciation shown in the budget report. Stacie responded that this was because no depreciation had been funded. Stacie noted that last year the audit showed \$9,000.00 in depreciation but this year no depreciation has been recorded. Chairperson Humble asked Stacie to find out when the prior Board took action to start 1% depreciation. Stacie will provide a column on future budget reports for a percentage used to date.

- e. **Attorney Report:** None, Attorney Scott Brooke was absent.

7:42 Recess

7:50 Reconvened

7. Discussion and possible action regarding the Arsenic Treatment Project:

General Manager Jim Taylor asked for this item to be brought back to the next Board Meeting when he will have more information from Lane Christensen Company who is currently testing water samples for arsenic, PH levels, silica and other components.

8. Discussion and possible action regarding review and approval of Petersen Construction Inc. Application and Certificate for Payment No. 4, in the amount of \$37,979.95, under the Hobo Lift Station and Emergency Power Installation contract:

Public Comment: none

Chairperson Humble motioned to approve the Application and Certificate for Payment No. 4, in the amount of \$37,979.95 to Petersen Construction Inc. for the Hobo Lift Station and Emergency Power Installation contract. Secretary/Treasurer Eisele seconded. Motion carried unanimously.

9. Discussion and possible action regarding rehabilitation of Browns well:

General Manager Jim Taylor reported that Browns Well has not been looked at in the last 10 years and is slowly declining in water output. Staff has recommended that the well be looked at during this time of year due to lower water usage. A day's usage of water can be put into storage tanks to enable the draw down of the well to remove the pump and refurbish the system. Jim presented a proposal from Carson Pump LLC for removal of the pump and rehabilitation of Browns Well. Jim noted the District is using other wells in the peak of summer and rehabilitation of Browns Well may produce more water. Browns Well pumps 8-9 hrs per day now and in the summer will be pumping 20-21 hours.

Public Comment: Dave Wright, Water Supervisor commented that Browns Well has not seen attention in a decade and is overdue. Dave put this item in last year's budget. He noted with refurbishment of the well we may see more production. Last summer he saw a drastic increase in draw down with the same production. This may be an indicator of the condition of well screens and well piping. There will be a good chance we'll see a drastic improvement in drawdown. Dave reported we are still getting an artesian effect from the test well. He has not seen an artesian effect from Browns Well and is hoping to see artesian action again after refurbishment. Dave explained the artesian effect as being water bubbling out of the ground under its own pressure, meaning the aquifer has positive pressure to cause the water to flow out of the ground on its own, so you don't have to pump it. This was a big benefit in the past in keeping the ski pond full. The water would just flow into the ski pond and didn't have to be pumped in. Now the District pumps approximately 250 gallons a minute into the

pond, which detracts from the amount of water that can be delivered to the system. Dave noted this is the agreement to utilize the well on private property. Trustee Lau asked Dave if the \$23,000.00 was budgeted this year as a line item. Dave replied yes.

Chairperson Humble motioned to approve the Carson Pump proposal in the amount of \$23,355.00 to refurbish Browns Well. Trustee Patrick seconded. Motion carried unanimously.

- 11. 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 reviewed the Third Amendment to Agreement for Legal Services submitted by Attorney Scott Brooke.

Trustee Patrick motioned to accept the legal services contract with Brooke, Shaw & Zumpft. Chairperson Humble seconded. Motion carried unanimously.

- 12. Discussion and possible action regarding approval to purchase a line striping paint sprayer from Kelly-Moore Paints in the amount of \$6,807.00:** General Manager Taylor commented that we are responsible for the roads in IHGID. The current District paint sprayer is worthless, due to the care of it. If the purchase of a new sprayer is approved there will be different rules and regulations set up for working staff on how to maintain and clean the machine every time it is taken off the road. Jim reported he has seen the need for striping lines, identifying stop signs and crosswalks in the road. These are the District's responsibility and there may be a liability if someone should get hurt. The sprayer comes with training and a 3 year warranty.

Public Comment: Art Baer commented regarding the yellow striping.

Chairperson Humble motioned to approve the purchase of a line striping paint sprayer from Kelly-Moore Paints in the amount of \$6,807.00. Trustee Patrick seconded. Motion carried 4-1. Ayes: Chairperson Humble, Vice Chairperson Pierini, Secretary/Treasurer Eisele, Trustee Patrick; Nays: Trustee Lau

- 13. Discussion and possible action on approval of Draft Minutes for the January 12, 2009 Board Meeting:**

Secretary/Treasurer Eisele motioned to approve the Draft Minutes for the January 12, 2009 Board Meeting. Chairperson Humble seconded. Motion carried unanimously.

- 14. Discussion and possible action on approval of Draft Minutes for the January 21, 2009 Board Meeting:** Engineer Brian Randall asked for a correction to page 4, second to last paragraph regarding the plant rating at .6 million gallons per day and is probably close to 4 million gallons per day now. Change this to probably close to .4 million gallons per day now. Chairperson Humble asked for a correction to page 7, Item #9, first sentence that reads Dianne Humble commented she needed to correct figures that were given to her by the District Office. Change this to Dianne Humble commented she did not get the correct figures from the District. In the same paragraph the sentence Chairperson Humble commented that this would be a potential of \$300,000.00 in savings. Change to Chairperson Humble commented this may be a potential savings of \$300,000.00.

Chairperson Humble motioned to approve the minutes with Brian Randall's changes to page 4 from 4MGP to .4 MGP and Chairperson Humbles changes to page 7. Secretary/Treasurer Eisele seconded. Motion carried unanimously.

- 10. Discussion and possible action regarding support services for the water and wastewater facilities:** General Manager Jim Taylor commented it looks like the District needs to do some trimming, yet still supply services to residents and customers of IHGID. He recommended a complete overhaul of IHGID. He asked the Board to consider a proposal from SPB Utility Services to supply operations of the water and wastewater plants on a temporary basis. Trustee Patrick asked where the union would stand on this issue if the District goes to a contract. General Manager Taylor replied he could ask questions about this. Trustee Patrick asked why the District went from a contract arrangement originally to what we have today. Trustee Lau asked Jim if during research of this issue did he ask employees for their input. Jim responded he had asked employees some time ago to help him put a budget together and show him how they could possibly cut corners. He had no response from employees. Trustee Lau mentioned there are rules and regulations the Board needs to adhere to such as Request for Proposals. Jim commented there are no other companies other than SPB that have met the criteria that the State has put forward to the District. Companies must be licensed in the State of Nevada and have to have the Grade of operators that we need. Jim noted he talked with the State of Nevada NDEP, who told him there is nothing wrong with what the District is trying to do as SPB now takes care of 15 other entities. Trustee Lau told Jim she knew of at least one other company available. Trustee Lau questioned how SPB could run the operation with 70 hours of work as compared to 160 hours for our current employees. She voiced concern about who would pick up other tasks that need to be done. Jim Taylor replied SPB can provide Grade III operator coverage 7 days out of week. Trustee Lau commented she has a concern with cutting in Water and Wastewater as they are the District's revenue generating departments. Laura suggested that with the possibility of raising rates to the public, that Jim sit with water and wastewater employees for suggestions and have them be a part of the decision. Vice Chairperson Pierini asked the Board to arrange to take a tour of the water and wastewater plants. She asked how many jobs a contract would directly affect. Jim Taylor responded at the present time four jobs. Jim commented that SPB had mentioned they may be able to pick up some of our employees. Secretary/Treasurer Eisele commented that there are companies in California who have dual licenses to operate in NV and CA. He'd like to see information from other companies as well as a proposal in writing from employees as to what they can do to cut down their expenses.

Public Comment: Water Supervisor Dave Wright distributed and read a letter (Exhibit E) dated February 18, 2009 to the IHGID Board of Trustees from Business Representative Jerry Frederick of Stationary Engineers, Local 39 regarding concerns of Agenda Item #10.

Former Board member Steve Weaver cautioned the Board regarding privatizing during the current labor contract. Steve noted that although this can be bid, he highly advised against using costs as the only determining factor and to use other criteria such as quality of service. Steve remembered when the District was privatized; it was Dennis Mills Water Company that ran the operation. It was a small operation at that time and basically a one man operation with a couple of part time employees. As the District grew and added more facilities, Dennis became overwhelmed. That is when the District started looking for their own staff.

Andy Joyner, Wastewater Supervisor distributed a letter (Exhibit F) that he wrote to the Board of Trustees dated February 18, 2009 regarding comparison of services and a cost analysis of the SPB proposal and the current IHGID Wastewater Facility. Andy commented he studied the SPB proposal

and determined it was a labor only proposal to put people here for baseline services. Other costs in the proposal such as maintenance are considered costs to be determined. Andy read a statement to the Board and public regarding his tenure of 6 1/2 years with the District and his working relationship with other agencies. He is a Grade 4 Wastewater Treatment Operator now, which is the highest level available in Nevada, due to the District's willingness to train him and his willingness to learn. Andy noted that he and the District realized when he got to a certain level, the District could be self sufficient and no longer have to rely on outside agencies. Andy commented he has watched his budget closely and thought his budget was alright. He suggested when there are budget problems the District could discuss identifying problems and finding solutions as a District wide collective effort.

Bob Loding introduced himself as President of Tri State Water Operations which is a corporation that supplies Water Operations to Nevada and California. Bob commented he had worked for IHGID for couple of years in 2005-2006 when the District's supervising operator left. He acted as supervising operator until Andy Joyner got trained and certified. Bob now manages about 10 different water and wastewater facilities. Bob said when he is hired he tells his clients that contract services are good, but they must invest in their own infrastructure and people. He advised the Board to look very closely at contractors, as the savings are usually not there to justify. He suggested the Board contact the Rural Water Association. During the time Bob sat on their Board, one of the big problems they had was finding qualified people.

Bill Moriarty commented that when the Board analyzes numbers, they should ask Jim Taylor to itemize where he got his numbers. He mentioned the quality of the SPB proposal seemed unprofessional.

Pat Murphy commented when you have an outside contractor, they don't care about arsenic in the water; they are interested in a paycheck. The people that care live and work here; keep it home.

Secretary/Treasurer Eisele motioned to instruct General Manager Jim Taylor to contact other companies in this line of work and have them come to the next meeting to propose what they can do and provide for services of the District. Trustee Patrick seconded with the addition of having a union representative here to instruct the Board regarding why we should wait until the end of the union contract. Vice Chairperson Pierini added that we should invite everyone to attend that needs to. Motion Carried 4-1, Ayes: Chairperson Humble, Vice Chairperson Pierini, Secretary/Treasurer Eisele, Trustee Patrick; Nay: Trustee Lau

15. Chairman and Trustees Reports, Correspondence: Denise Pierini commented she's in agreement with General Manager Taylor that every company is looking for ways to cut back.

16. Adjournment.

Secretary/Treasurer Eisele motioned to adjourn the meeting. Trustee Patrick seconded. Motion carried unanimously. Meeting Adjourned at 9:58 P.M.

FINAL APPROVED MINUTES AS PRESENTED

**Chairperson
Dianne Humble**