

Minutes
Indian Hills General Improvement District
Public Hearing and Regular Meeting
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
November 9, 2009
6:00 P.M.

Trustees Present: Chairperson Dianne Humble, Vice Chairperson Denise Pierini, Secretary/Treasurer Brian Patrick, Trustee Laura Lau, Trustee Ronny Lynch

Trustees Absent: none

Staff Present: General Manager Jim Taylor, Field Operations Supervisor John Lufrano, District Analyst Human Resources & Community Sandi Eisele, Accountant Stacie Hunter, Administrative Assistant Karen Ziemer

Others Present: Attorney Scott Brooke, Engineer Brian Randall, Dave Fournier, Norman Streeter, H. Harris, Alfred Sheehan, Ruth Rodway, Phil Norman, Andy Sciarilla, Robert Coleman, Pat Kinder, Lyn Hemmings, Joe Polson, Nellie Polson, Ed Terlau, Karen Terlau, Brandon Rhodes, Kelly Bullis, Nancy Bullis, Dale Morlan, Frank Davi, Greg Malavazos, Jackie Stroud, Larry Logan, Wayne Easler, Bonnie Easler, Carl Carter, John Fickers, T.J. Gioia, Nicholas Muller, Richard Clark, Linda Clark, Bill Sweetwood, Stephen Jaenchen, Ruth Jaenchen, Barbara Weisenthal, Becky Templin, Ron Kruse, Howard Detro, Beth Detro, Gordan Ritter, Jeannine Weathers, Cal Sato, Irene Sato, Harold Lawler, Bev Lawler, Michael Olson, Judyan Bolduc

1. **Call to Order:** Chairperson Humble called the meeting to order at 6:02 P.M.

2. **Pledge of Allegiance:** Led by Trustee Lynch

3. **Approval of Agenda:**

Secretary/Treasurer Patrick motioned to move Item 17 to Item 8a. Trustee Lynch seconded. Motion carried 4-1, 4 ayes by Vice Chairperson Pierini, Secretary/Treasurer Patrick, Trustee Lau, Trustee Lynch; 1 nay by Chairperson Humble

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

5. **Public Hearing on the Proposed Action to adopt Resolution 2009R-03 establishing a new water monthly service fee by increasing the monthly basic service fee by \$17.77, taking the existing service fee per month from \$6.39 to \$24.16 per account:**

General Manager Jim Taylor explained that about 8 months ago the District was looking at trying to treat the water system that we have because we have arsenic in the water. IHGID is mandated by the Federal Government to do something about the arsenic. The District was also looking at the option of a pipeline coming up from Douglas County. The District opted to take water from Douglas County because there is no treatment involved. If the District has a treatment plant, we will have a yearly expense of between \$300,000.00 and \$500,000.00 to treat our system. The District will have to pay some amount of money for every 1,000 gallons of water delivered by the pipeline. The treatment project would have cost over 4 million

dollars and the pipeline is looking like approximately 3.2 million dollars. There will be no yearly upkeep with the pipeline. Staff has started paperwork to go to the State for funding. The State asked IHGID how we are going to pay for the funding we already have in our system. As a new manager, Jim researched all the funding IHGID has through the State of Nevada. Jim found out we have a 1999 Bond that is not being paid for through the Enterprise Fund. We have a 2000, 2003 and 2007 Bond. All of these Bonds have never had a mechanism to pay them back. The payments on them have been made using a savings account. If the District keeps paying from this account with no increase in rates, our funds will run out in approximately a year and a half. Jim put together a scenario included in the Board Packet to explain step by step how the proposed rate increase was derived.

Public Comment: Ed Terlau, Phil Norman, Lyn Hemmings, Bill Sweetwood, Andy Sciarilla, Jackie Stroud, Bill Moriarty, Norman Streeter, John Fickers, Wayne Easler, Scott Mulligan, Greg Malavazos

Residents and members of the public commented on the following topics:

- Accounting methods used for documentation of expenditures need to be changed and books cleaned up before a rate increase is imposed
- IHGID having the largest tax rate in the County
- charging four times the current rate being a hardship for senior citizens to pay
- charging a higher fee per thousand gallons rather than raising the fee for everyone so the largest users would be affected
- current water quality being deplorable and not drinkable
- waste of water in the irrigation system IHGID is paying for
- wasting of water by residents
- arsenic as a cancer causing agent with alpha particles in water coming through the skin
- past microfiltration testing and costs
- confusion on the issue to fix the contamination of water and not having a cost for the water itself
- payment of past bonds by citizens
- IHGID making cuts in other areas rather than charging costs to residents

Chairperson Humble commented that General Manager Taylor selected a water rate committee that consisted of General Manager Taylor, Secretary/Treasurer Patrick and Trustee Lau who met with Farr West Engineering to come up with the rate figures. Chairperson Humble stated that IHGID now has a CPA on staff.

Secretary/Treasurer Patrick clarified that IHGID is comprised of 3 different entities including Ad Valorem taxes that pay for the roads and parks, but do not pay for the water system or sewage system. The Enterprises systems are Water and Sewer that run together, but must balance each other separately. In 2007 there was a large sewage spill when a valve went out. NDEP came out and told IHGID to fix the system and also told the District to bring the whole system up to code. The 2 million dollar bond after the accident was for projects to bring the system up to code. Emergency electrical systems had to be installed, the valve that broke had to be fixed and several things were fixed in the sewage treatment plant. Most of the 2 million dollar bond project had to do with sewage treatment. The previous \$5.00 increase was for the sewage spill and to bring systems up to code as per NDEP requirements. The 2003 Water Revenue Bond was to find treatment for the smell, arsenic and coloring of water in Sunridge. 1.7 million was to put into the system, but at the same time IHGID did not raise water rates. The bond has been being paid from contingency funds that should have been saved. The State requires that money for bonding payments be kept in the bank untouched. Secretary/Treasurer Patrick acknowledged that IHGID paid for Gilmore Engineering to do microfiltration process tests.

These tests were done because arsenic was not being treated by the current system. The microfiltration system would have cost 4.5 million dollars and the District would have had to hire another employee. Another .5 million dollars a year would be necessary to buy the product to run the microfiltration system, not including the power needed to run it. Additional costs would include drilling a new well for treatment that would cost between .5 and 1 million dollars up front. While microfiltration was being looked at, the Town of Minden came forward with the pipeline program. Minden has good water and a lot of it. The pipeline will come to IHGID and go to Carson City. The pipeline will be less expensive and we won't have to treat the water. The District could then shut down the filtration program and the well that would have been used for redundancy purposes. The District would then have a backup program with a well to go online with in case of emergency. Secretary/Treasurer Patrick stated that IHGID will run a pipeline for 1 mile to connect to the Douglas County pipeline that will cost 3.5 million dollars. The phase of the Douglas County pipeline that comes through to IHGID will give us the water needed for this District.

Trustee Lau encouraged the public to come to IHGID Board meetings on a regular basis. She stated that the arsenic situation has been going on for some time. Trustee Lau explained that IHGID was supposed to be compliant for arsenic last January and was granted one extension from NDEP. In the past the bonds IHGID received should have been paid by a rate increase which could have been a gradual increase over the years.

Chairperson Humble stated that the arsenic level in water is mandated by the Federal Government and is an unfunded mandate. She explained that IHGID residents and the Board have been trying to find cheaper resolutions.

Trustee Lynch stated that NRS requires the District to send out meeting notices to interested parties. Residents may put their name on the mailing list by calling the District. Trustee Lynch responded to a comment made about Minden possibly raising water rates, saying if that happened the cost would be spread over all the people using the system.

District Engineer Brian Randall stated his firm Resource Concepts is under contract with IHGID for engineering services and are not water treatment specialists. Brian addressed the nitrate well, explaining the name was applied to this well at one time because it was high in nitrates from the septic systems which are no longer in service. There is little question that the nitrate levels will decline if the well is used again. It does not imply the well will be eternally high in nitrates. It is located close to the parks system and is a source that could be directly connected to the park irrigation system. It would not be treated water, so the District would not be paying a lot of money for such as water from the Hobo treatment plant. It is an alternative for replacing the irrigation of the parks system with water from a much less expensive source. Brian Randall stated he has been working with IHGID for 15 years. He explained the history of wells, water, arsenic and water quality changes that led to the Districts current ozone treatment of water. Brian stated that IHGID is in violation of an order issued by the State who acts as the enforcement arm for the Federal EPA. The District is in violation of the maximum arsenic level allowance of 10 parts per billion. This is an unfunded mandate. January 2009 was the imposed deadline. The District is now living under an extension given by the State on the promise that IHGID will go forward with a program which will eliminate the arsenic from our water and meet the federal arsenic standards. Brian explained that the Douglas County Pipeline has been brought north as far as Johnson Lane and Johnson Lane now meets the federal arsenic standards. At that time Carson City and Vidler Water Company became interested in the pipeline. Brian stated he is not qualified to speak regarding the quality of water from the Town of Minden. His understanding is it is a very good quality of water. It has arsenic in it, but meets the levels set by the Federal Government. Unfortunately the option of the pipeline came after the microfiltration testing done by IHGID. The microfiltration process would have been costlier due to custom design and building of equipment,

quality of water and capacity of the plant. Brian Randall stated his opinion is the District is exceedingly fortunate that this took place the way it did rather than let the District go forward spending a year and millions on the microfiltration system instead of participating in the pipeline and taking water service from Minden.

General Manager Jim Taylor explained that the \$1.95 per 1,000 gallons of water usage is not being increased. Jim stated that the \$1.95 may come down since it is for operation of the water plant. IHGID will be doing away with Browns well, treatment, pumping and electricity use. Jim explained that the \$24.16 base rate is for the bond, pipeline and getting good quality water. The \$24.16 flat rate will be in effect for approximately 20 years to pay for the loan. Jim stated that the pipeline work should start in April 2010 and be completed in June or July of 2010.

Recess: 8:10 P.M.

Reconvene: 8:25 P.M.

Secretary/Treasurer Patrick motioned to adopt Resolution 2009R-03 establishing a new water monthly service fee by increasing the monthly basic service fee by \$17.77, taking the existing service fee per month from \$6.39 to \$24.16 per account beginning December 1, 2009. Vice Chairperson Pierini seconded. Motion carried 4-1. 4 Ayes by Vice Chairperson Pierini, Secretary/Treasurer Patrick, Trustee Lau, Trustee Lynch; 1 Nay by Chairperson Humble.

6. Discussion and possible action to accept the annual audit for fiscal year ending June 30, 2009. Presentation by District audit firm Steele and Associates:

Jon Steele from Steele & Associates stated his firm has completed the annual audit for IHGID. Jon explained that one of the most important reports is the Independent Auditor's Report which shows Steele & Associates gave IHGID an unqualified opinion. The audit shows that the financial statements give a fair picture of what the IHGID organization is doing. This is the second year Steele & Associates have done the IHGID audit. This year the audit was easier to do as items were easier to trace through. Jon commented that the staff at IHGID has made progress since the first audit. Jon reviewed portions of the Audit report with the Board.

Public Comment: None

Chairperson Humble motioned to accept the annual audit report for fiscal year ending June 30, 2009 presented by Steele and Associates. Vice Chairperson Pierini seconded. Motion carried unanimously.

7. Discussion and possible action to approve a response from IHGID to the Department of Taxation regarding corrective measures IHGID has implemented to address deficiencies found in the Fiscal Year 2007-08 Annual Audit Report:

Public Comment: None

Secretary/Treasurer Patrick motioned to approve a response from IHGID to the Department of Taxation regarding corrective measures IHGID has implemented to address deficiencies found in the Fiscal Year 2007-08 Annual Audit Report. Chairperson Humble seconded. Motion carried unanimously.

8. Discussion and possible action on approval of Draft Minutes for the October 7, 2009 Board Meeting:

Chairperson Humble motioned to accept the Draft Minutes for the October 7, 2009 Board Meeting as they stand. Trustee Lynch seconded. Motion carried 4-0-1. 4 Ayes by Chairperson Humble, Secretary/Treasurer Patrick, Trustee Lau, Trustee Lynch; 1-abstain by Vice Chairperson Pierini.

8a. Discussion and possible action to renew an employment agreement for General Manager James Taylor: (Moved from Agenda Item 17 to Item 8a)

Chairperson Humble stated that IHGID policies adopted March 2008 state that the chair will request evaluations of the General Manager 14 days prior to a meeting. She commented that no Board members have presented their evaluation forms to her. Trustee Lynch commented that the adopted evaluation forms are a poor tool to use as some questions were impossible to answer. Chairperson Humble agreed that the evaluation forms were too detailed. As part of adopted policy, Chairperson Humble sent a letter to 5 outside contractors asking for their comments on how the General Manager performed in several areas. She was uncomfortable sending this letter out. Secretary/Treasurer Patrick stated he had asked to move this item forward on the Agenda because he had received two different forms to use to evaluate the General Manager. He has made up his mind regarding evaluation of the General Manager and does not feel it is necessary to give anyone a form to tally up. Secretary/Treasurer Patrick stated that the General Manager's contract is up tonight and we need to renew his contract. Trustee Lau commented that the evaluation procedure has not been followed as it was in the General Manager's original contract that he should be evaluated. Trustee Lau asked General Manager Taylor to provide the Board with a report of his goals and objectives for the upcoming year. Vice Chairperson Denise Pierini stated she used her own notes to develop her evaluation of General Manager Taylor. Denise commented that Jim Taylor has jumped through every hoop the Board has given him.

Public Comment: inaudible, not given at podium

Secretary/Treasurer Patrick motioned to renew General Manager James Taylors' employment agreement from November 9, 2009 through November 9, 2010. Chairperson Humble seconded. Motion carried unanimously.

Trustee Lau left the meeting at 9:12 PM

9. Reports to the Board:

a. General Manager Report: (Exhibit A)

General Manager Jim Taylor reported that he expects to get results from the Minimum Household Income Survey this week. He will distribute the results to the Board. The second mailing of the Income Survey letter has been sent.

b. District Analyst-Community & H.R. Report: (Exhibit B)

Sandi Eisele asked the Board if they had questions regarding her report. Chairperson Humble asked for Stacie Hunter's job title to include CPA. Vice Chairperson Pierini would like training for the Board after the first of the year through POOL/PACT. Sandi Eisele will bring training information back to the Board in January or February 2010 to set up a meeting.

c. District Accountant Report: (Exhibit C)

Stacie Hunter had left the meeting; the Board had no questions regarding her report.

d. Engineer Report:

Engineer Brian Randall reported on the status of Valley Vista Park construction. The plan is to be moving equipment in next week. Nothing has been done at the site yet. The deadline is January 4, 2010. Brian commented that per design plans there will be a non motorized walking path going between Valley Vista Park and James Lee Park. There is a substantial amount of work to be done by the developers of Valley Vista 7 before the District can take ownership of the property the path will go through. Brian commented the loan application for funding of the pipeline must go in tomorrow with the approval of a rate increase tonight. The Income Survey is needed to be considered for grants in March of 2010.

e. Attorney Report:

Attorney Scott Brooke reported the Board has been named in a small claims court action for violating the arsenic levels. This is a personal claim by one of IHGID residents. Scott will work with General Manager Taylor on an appearance for the January, 2010 court date.

- 10. Discussion only regarding a draft of an Interlocal Agreement between IHGID and Douglas County for future water service to IHGID through the proposed North Valley Water Line:** General Manager Jim Taylor asked the Board to give him input for any changes to the draft Interlocal Agreement by next Thursday. The Board agreed to have District counsel Scott Brooke and Engineer Brian Randall look at the agreement to cover IHGID interests. Engineer Brian Randall reported that Vidler Water Company has withdrawn from the project as a participant in paying for the construction of the pipeline. Vidler will probably purchase water from Carson City later as their need for water is so far in the future, they don't want to invest in the project now. Brian Randall stated he would like to come back to the Board with an agreement they will be ready to approve at the December Board meeting.

Engineer Brian Randall explained that IHGID will have to have an agreement with the Town of Minden who is providing IHGID with water. Brian commented that the question is where are the water rights coming from to provide the service to the District. Currently the discussion has been for IHGID to move its water rights to the wells in Minden that will be providing the service. The water rights will remain in IHGID name. Attorney Scott Brooke stated he did not think the District could go forward with the Interlocal Agreement until the agreement with the Town of Minden is in place. Scott stated he has not seen the Town of Minden agreement yet. Secretary/Treasurer Patrick questioned if we didn't have water rights and we were going to purchase water from the Town of Minden, his guess is the water would be extremely expensive and we are talking about a trade here. Engineer Brian Randall replied water cost presently is in the range of \$10,000.00 to \$12,000.00 an acre foot.

Engineer Brian Randall commented that Carson City, Douglas County, IHGID and Town of Minden will all be relying on the Minden water, so everyone will be participating in whatever cost is necessary to treat the water to a level that is necessary to meet the standards. Brian stated that Carson City would have the most users on the pipeline. He noted that Douglas County may have more users than IHGID because Johnson Lane would be counted in as their users.

General Manager Taylor commented that for the first three years of the Interlocal Agreement with Douglas County, rates would be visited every year and after that every three years.

Vice Chairperson Denise Pierini questioned the Draft agreement regarding who is going to have input. Attorney Scott Brooke answered that staff of Douglas County and IHGID will

mutually develop operational guidelines. Staff included is typically whoever deals with operational issues such as Mr. Taylor and Brian Randall on behalf of the District. Chairperson Humble asked if Scott Brooke didn't think he should be present for a mutual agreement and that the Board would like him to be involved. Scott Brooke replied he'd be happy to.

Public Comment Taken After Item 11:

Scott Mulligan stated that his comments are issues of due diligence before the Board completes an agreement:

1. You should have a test done to determine the disinfectant byproduct formation potential of this water. Scott stated his reason for this is that you want to be aware up front of what you might in the future have to spend money on in addition to what you have right now.
2. We should have some idea of what resonance time is in this waterline coming from the well field to delivery at this point, in case Minden has to chlorinate the water at some time in the future. As long as they are not chlorinating, there's not an issue of bi-product formation. If they are forced to chlorinate to control bacterial growth in the pipeline again, you are right back to that same issue. When you start pumping the water you are introducing oxygen into it and you are going to, as a result, create bugs. So, we just need to ask these questions.
3. Scott asked if anybody has done a pump test to see that this well field can produce water as designed through Carson City and can they produce it over a reasonable period of time.
4. Scott commented that the question was raised about the water rights of this well. You'll need to verify this with the State Engineer's office. You'll file an application that will be submitted to the State Engineer's office with presumably something attached from the Town of Minden as owners of the well. You'll be requesting authorization to change the point of diversion of water from Brown's Well, which is where it is now, to the well field down in Minden. It is critical that you not give them the water rights.

Engineer Brian Randall explained to the Board that there are two sources of water rights, the water rights that are owned by IHGID currently in our wells and the water rights that are owned currently by the Town of Minden in their wells. Minden has a vast store of water rights and as it stands now they have water rights to provide you service if you choose to take water service from them without using your water rights. What they are intending to do is to allow IHGID to transfer your water rights to their wells so that you will not be required to pay the cost of their water rights. Yes, you will have to file an application to change the point of diversion of your water rights. You will have to move them to their wells unless you choose or opt to purchase water rights from them. Brian commented he doesn't understand the justification for this possibility. One of the things you have to understand about changing water rights is, it is a public process and is always open to public protest. Hearings on applications to change your water rights to Town Of Minden could drag on for years. Minden, as a part of the intended agreement will commit to providing you water service on the basis of their water rights until such time as your water rights are authorized for use of their wells. They will not charge IHGID for the cost or value of the water rights that they are using as payment for service.

Scott Mulligan commented he thinks the technical point is to make sure the only water rights that you own are those water rights that will be for domestic consumption and that should be a specific amount.

- 11. Discussion and possible action to amend the current IHGID Purchasing Policy:** District Analyst Human Resources & Community Sandi Eisele stated the current Purchasing Policy is dated 1999. Sandi has been reviewing IHGID policies and procedures in general. Sandi suggested that budgeting does not need to be included in the Purchasing Policy as it is handled elsewhere. Sandi commented that the purchasing procedure is out of date and not being followed which puts the District at risk. General Manager Taylor stated he has not studied the policy and can bring it back to the Board. Chairperson Humble asked that the Policy be brought back to the Board next month. Chairperson Humble clarified for the Board that policies and procedures need to be updated every 2-4 years.
- 12. Discussion and possible action to adopt a new provision in the District's Personnel Policy 5.3(Sick Leave Policy) allowing the employer to send employees home who exhibit signs of illness:** District Analyst Human Resources & Community Sandi Eisele stated this would be a revision to the current policy manual. Douglas County has just passed a similar provision. Due to the H1N1 flu, Sandi suggested the District go ahead with the provision so as not to spread flu and listen to supervisors if they are seeing signs of flu. General Manager Taylor stated he is in favor of the provision and the General Manager should have the final say on sending an employee home if a supervisor finds someone is sick.

Chairperson Humble motioned to accept the new provision in the District's Personnel Policy 5.3(Sick Leave Policy) allowing the employer to send employees home who exhibit signs of illness. Vice Chairperson Pierini seconded. Motion carried 4-0-1. 4 Ayes by Chairperson Humble, Vice Chairperson Pierini, Secretary/Treasurer Patrick, Trustee Lynch; 1 Absent Trustee Lau.

- 13. Discussion and possible action to approve new job descriptions and positions for Safety Officer and Water & Waste Water Technician and to approve revisions to several current job descriptions:** District Analyst Human Resources & Community Sandi Eisele explained the job descriptions and positions are not for the hiring of new positions but are needed to be in effect for current employees working under them. Sandi stated that the Board must approve new positions but all others can be approved by the General Manager.

Secretary/Treasurer Patrick motioned to approve new job descriptions for Safety Officer and Water & Waste Water Technician. Trustee Lynch seconded. Motion carried 4-0-1. 4 Ayes by Chairperson Humble, Vice Chairperson Pierini, Secretary/Treasurer Patrick, Trustee Lynch; 1 Absent Trustee Lau.

- 14. Discussion and possible action to elect at least two members of the Board of Trustees to judge the IHGID Holiday Lighting Contest on December 12, 2009:** Vice Chairperson Pierini volunteered to judge the lighting contest and will find a neighbor to go with her. General Manager Taylor will ask Trustee Lau if she is interested in being a judge.
- 15. Discussion and possible action to postpone an evaluation and renewal to the employment agreement for General Manager James Taylor until the January 20, 2010 Board Meeting:** Chairperson Humble stated there was no need for this item since the renewal to the employment agreement had taken place.
- 16. Discussion and possible action to select a General Manager Evaluation procedure and forms:** Trustee Lynch stated he would help develop a tool for evaluation based on input from all Board members. Chairperson Humble and Trustee Lynch will work on a General Manager Evaluation Procedure.

Item Tabled until May, 2010.

17. **Discussion and possible action to renew an employment agreement for General Manager James Taylor: (Moved from Agenda Item 17 up to Item 8A)**

18. **Chairman and Trustees Reports, Correspondence:**

Chairperson Humble announced a free meeting on Stormwater Management to be held November 20, 2009. She suggested that IHGID needs representation at the meeting. General Manager Taylor noted that the next scheduled Board Meeting is December 16, 2009, however, a Special Meeting may be necessary to approve an Interlocal Agreement with Douglas County. Chairperson Humble requested that Attorney Scott Brooke be involved in making the agreement.

19. **Adjournment:**

Chairperson Humble motioned to adjourn the meeting. Secretary/Treasurer Patrick seconded. Motion carried 4-0-1. 4 Ayes by Chairperson Humble, Vice Chairperson Pierini, Secretary/Treasurer Patrick, Trustee Lynch; 1 Absent by Trustee Lau

Meeting adjourned at 10:30 P.M.

FINAL APPROVED MINUTES AS PRESENTED

**Secretary/Treasurer
Brian Patrick**