



A special meeting of the Minden Town Board was held on Monday, November 23, 2009 at the CVIC Hall, 1602 Esmeralda Avenue, Minden, Nevada beginning at 8:00 a.m.

Board members present: Ross Chichester, Bob Hadfield, Dave Sheets, John Stephans, and Steve Thaler.
Staff present: George Keele, Trish Koepnick, Tim Russell, and Bruce Scott.

I Meeting called to order by Chairman Dave Sheets

1. Pledge of allegiance
2. Approval of agenda
3. No public comment

II. Discussion and possible action concerning lease agreements with Town of Minden tenants in Suites 202 and 203 of 1604 Esmeralda Avenue, regarding utilities and other related items.

Mr. Sheets noted that Suite 201 is now vacant. Minden Electric would like to have first right of approval for Suite 202 if it should become available.

Mr. Chichester would like to simplify the utilities and charge a flat \$100.00 per unit. There is no way to split out a percentage fairly because of the erratic rental of the CVIC Hall. He asked for a modification on the current leases. In the private sector tenants would be paying for utilities and it is still a superb deal, it is necessary to do right by the taxpayers of Minden.

Public Comment:

Debbie Orr Fifth Street Salon in Suite 202 said that an increase of \$100.00 would definitely put a hardship on her business. She does not believe that the price is fair for her usage, and believes that she has been a good tenant.

Eddie Almeida said he considers it a privilege to be a tenant. He understands the concept and agrees with the flat fee but would ask for a smaller amount due to the tight economy. He asked the board to consider that he pays a tenant tax in this building he would not have to pay elsewhere.

Mr. Keele said that the lease would put the common area maintenance including snow removal, elevator maintenance, and utilities in one paragraph with the tenant responsible for \$100.00 flat fee.

Hadfield/Thaler motioned that the lease charges for the suite spaces are \$1.00 square foot and beginning in May of 2010 everyone will pay \$100.00 a month flat rate for utilities and common area. Motion carried with Stephans voting no.

III. Discussion and possible action to increase one Town of Minden Maintenance Assistant I position from nineteen to twenty one hours per week, and other related items.

Mr. Chichester said that we have decided to take the most prudent action and would like to go ahead with advertising and hire for the 19 hours a week position. No action required.

IV. Annual Town of Minden Board, staff, and residents workshop:

Discussion and possible action on direction to be given to staff and coordination with board members regarding flood control and drainage; garbage collection; parks; streets; streetlights; water distribution; compliance with federal water quality standards; acquisition, maintenance, and improvement

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of real property; expenditure of funds for Town purposes; bylaws for Town meetings and other matters of internal governance; capital projects and related items.

Mr. Scott and Mr. Russell have been working on the North Valley water line, the intent of this workshop is to bring everyone up to speed, answer questions, cover the history and also address where we might be going.

Partners in North Valley water system in audience were Andy Burnham (Carson City), Greg Lynn, Michael Brown, and Carl Ruschmeyer (Douglas County) and Ed James (Carson Water Subconservancy District).

There are three agreements in the works with Carson City, Indian Hills and Douglas County that hopefully will be finalized very soon.

Background on water rights: In 1994 the Town of Minden changed the place of use for its water rights to encompass the entire Carson Valley in an effort to protect the Town's water rights and be good stewards of the water rights for the entire valley. This demonstrates due diligence to the state engineer and also has the potential to provide water to other entities who have water that does not meet the federal standard.

The first part of the connection to the county is working well, delivering water to the East Valley Airport area.

The next step extends that water main to the north into Carson City. Minden would fund its portion of that through the acquisition of a block of water rights by Carson City. The proposal at this time is that approximately 1000 acre feet of water would be acquired by Carson City; Minden would put the money into the infrastructure within the town of Minden to supply the water that will go north. Carson City, Indian Hills, and the County will participate in the funding, Minden will do the infrastructure, which needs to be reliable and have a redundancy to insure that we can meet our obligations.

Carson City has a legitimate legal right with approximately 1800 acre feet of water rights in the Carson Valley.

Douglas County has started design work, with the goal to deliver water to Indian Hills by 2010. There is a significant amount of engineering and design work to pursue if we will be able to meet the 2010 goal.

Mr. Hadfield does not want to get to the point of having bond money available and then have to do the design work.

Mr. Scott says that the working group includes staffs of Carson City, Indian Hills, Douglas County and the Carson Water Subconservancy District; he anticipates that in December an agreement may be reached.

Mr. Chichester agrees with concept but takes issue with putting more town money into the project. We have put a lot of money out already, and the town water fund simply does not have the money right now to finance the engineering costs. Mr. Scott understands this, and Douglas County is trying to address that to allow this project to move forward. We have already spent approximately \$70,000 in design for the projects that will be outlined by Tim Russell.

Tim Russell presented a slide show showing the master plan and phases of the north county water line and summarized the project. Phase 1 is the current connection to the county and the remainder of phase 1 starting at Johnson Lane down old Heybourne to Carson City. Also in Phase 1 there is a spur line to Indian Hills a booster station at the north end of the valley to provide service to the North Valleys and Carson City, a new water tank in Johnson Lane adjacent to the current water tank, an upgraded water line on Johnson lane and a new booster station at the north end of Minden to provide the additional pressure to move the large volumes of water to the north. Phase 1 will meet the existing demand of Indian Hills and Carson City.

Phase 2 is the waterline up 395 and down Johnson Lane; it will be triggered by demand.

Right now the line coming north from Johnson Lane in Phase 1 is assumed to be 30 inch but might be upsized to 36 inch. Existing line to the county connection is 24 inch, and booster in Minden will allow us to put water through a smaller line. Approximate cost for engineering and construction for Phase one is conservatively estimated at just over 13 million dollars to be split by Indian Hills, Carson City, Douglas County and Carson Water Subconservancy District proportionally based on maximum allocated flow. There is still a need for major improvements and redundancy within the Town of Minden water system. There are plans for interior town improvements and improvements just outside Minden including the new tank. The site for the booster station in north Minden has not yet been determined.

This is becoming a regional system and water can flow both ways; there will be flexibility to have sources plugged in from a lot of different places.

Mr. Hadfield noted Ross' concern about the 1.4 million for engineering costs for design and construction. He agreed that reserves are for the existing system in case some major thing happens. Mr. Chichester

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would like to see some signed agreement before going forward. We have made substantial investments and would like some assurances before going forward.

Mr. Scott said that historically the town has been able to benefit from connection fees and they are not what they used to be. We need to fund reserves for replacement and establish rates that cover all of this. This would in effect cause us to conduct the water department more as a utility than we have done in the past.

Mr. Hadfield wants to be sure that all parties agree there is no way funds can be used for any other purpose; there can be no phony depreciation. Stewardship is legal obligation to guarantee the money.

Mr. Keele noted that it would be likened to a trust fund and penalties can be attached for violating restrictions.

Mr. Scott said that Douglas County is working hard to consolidate their water system and establish legitimate industry standards for rates and reserves. They are setting aside a separate sinking fund, changing standards, and incrementally raising the rate over a 7-10 year period. We are utilizing the same format for proposed rates that we will be working out; in those proposed rates we will have increments that intend to set aside a separate saving fund for unknowns in the future such as changed standards for water quality.

Public comment:

1. Michael Brown, Douglas County Manager: The issue is challenging but we all recognize that we will all be better off in the end. The effort is to meet standards in the least expensive way with a strong interest in recognizing that all entities are operating separately.

They are under a very tight time frame. We need interlocal agreements established and funds in place by June of 2010 to apply for the improvements. As far as Mr. Chichester's issue about funding, the county is taking a risk and is committed to make it happen. There is a great concern about the interlocal agreements and the water rights issues need to be resolved. He agrees with Mr. Hadfield about guaranteeing reserves. The challenge is that unless set by NRS the board of commissioners can make decisions and change policies. The county's intent is to have regional water line within its own department. The current board of commissioners is taking a lot of heat from decisions made in the past that they have to deal with now. They are attempting to have a long term solution to these problems and the partnership with Town of Minden is absolutely vital.

2. Carl Ruschmeyer, Director of Public Works: County agreements are in process but we need to move forward. We will have biddable project ready by the first of March.

Mr. Chichester is proud of county for increasing valley water rates; these are enterprise funds and should not be subsidized by the general public of Douglas County.

Mr. Hadfield also appreciates the difficulty of this and the efforts of the commissioners and the staff.

3. Andy Burnham, Carson City Water engineer: He greatly appreciates the cooperation of all the entities; it is proof that we can work together. When Viddler Water Company dropped out, Carson City took the opportunity to move forward buying water rights; it will be costly but necessary because of water quality issues. They are making sure that the depreciation is set aside and held for these projects; it behooves them to move ahead as quickly as possible. The main purpose is that water rights are put to use for the benefit of the citizens of the area and not to have to build treatment plants.

4. Ed James, Carson Water Subconservancy District: He really appreciates the effort to move forward because it makes sense for the community and will ultimately save a lot of money. He proposed that the CWSD could possibly help with funding projects on a regional basis, in this case to finance towards Minden's design and engineering work for the project to be able to move forward. It is a very simple process and could be on the December board agenda if desired.

5. Greg Lynn, County Commissioner: He reiterated what Michael Brown said, how we absolutely must make this happen. He asked the board to please take the offer of Mr. James seriously. Mr. Sheets stated appreciation of commissioners' involvement right from the start. Mr. Lynn could remember a time when he was considered nuts for thinking of a regional water system.

6. Bob Pohlman: was informed that most likely the Muller line is on the south side of Muller. The new line will connect us to Gardnerville, but there is a potential further south and east.

Mr. Thaler questioned where we go from here. Tim Russell will get the agreements in place; estimate they will be done by mid December at the latest, then bonding will take 4-6 months. Design work needs to be done for County and Indian Hills. We will need to get the town design moving. If we have funding from CWSD it could go toward the Minden tank.

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Mr. Scott was directed to work with Mr. James on the CWSD funding process.

Mr. Chichester was told that no ties come from that money. The goal is to promote a regional system. No funds need to be paid back; we only need to prove a regional benefit. CWSD will have no ownership of the system, or the ability to dictate the size or condition.

Mr. Sheets emphasized that the water goes two ways and provide assurances for emergencies that happen.

Mr. Scott said that we are incorporating a number of redundancies. There will be parallel lines from Johnson Lane area to booster pump that serves Carson City. Also, within the town we will have multiple redundancies. Tank will help store water and meet peaks.

Mr. Burnham agrees with the both ways concept, and in fact their connection to Lyon County provided water to Carson City in the peak season.

Mr. Sheets noted that this is has been an unbelievable undertaking and gave thanks to all involved.

Mr. Chichester said that the only issue not answered is Minden's concern about cash flows. This board needs to approve those engineering items it is willing to fund up front to get control on the costs. They need to be approved as water expenditures.

Mr. Scott will be happy to do that; he will break it down and seek approval by the board.

Mr. Scott said that Douglas County suggested setting up a meeting to talk about the interim financing. Mr. Stephans and Mr. Chichester will attend and the county manager's office will set it up. Staff will bring back to the board a detailed cost estimate of the design process to get an idea of required cash flow.

The county is sensing a tight budget themselves, and talking about bonding. They have two significant contracts with Manhard Engineering for design of other portions of the project.

Mr. Hadfield noted willingness to be contacted if it is critical because he will not be at the December board.

Mr. Keele passed out a handout concerning budgeting and water litigation as requested by the board. Possible litigation scenarios were highlighted depending on who prevails; they see litigation work tapering off in the upcoming year. Mr. Hadfield noted he has been very pleased with this firm and the merger would indicate it to be even stronger.

Mr. Keele noted that Mr. Scott has labored much more intensely than himself and quite effectively did all the homework. The rest of the budget would be \$25-40,000 for Bruce and George.

Mr. Scott said by way of total costs, 66% of the RCI were related to Tom Cargill from RCI.

Mr. Keele referred to the memo concerning town services: The town is an adjunct to the county. The Legislature has endowed this town board with certain powers. We are authorized to perform 15 services in theory but only 11 have been called out. The Board of County Commissioners can be petitioned to supplement this list. Enterprise funds can realistically be allocated appropriately for depreciation, so a portion can be used for other non-enterprise funds.

With respect to this memo, each of five board members has their own area of expertise. Over the next few months, each board member should label the areas he feels most comfortable with, and any successor of his should know about. Final concept is that each board member has the right to develop bylaws for town meetings and other matters of internal governments.

George received a letter from Tim Lucas concerning WES bankruptcy. A motion was filed by Jan Chubb and Tim Lucas that took Minden's \$212,000.00 out of bankruptcy, Mr. Lucas and Ms. Chubb will be working out details and make arrangements to disperse and get fees paid, including all sub contractors. Roy Walker purchased the bid contracts from WES, it was approved and no longer a part of bankruptcy proceeding. He stood in so the bond did not have to be called. He was a former owner of WES and wants to keep them out of bonds.

Mcqueary Excavating bond may or may not be implicated. Ms. Chubb is working on that and expects an answer perhaps by the next board meeting.

Mr. Hadfield expressed hope that any candidates that run for the three board positions will talk to outgoing members.

Mr. Hill said that all is on track for the gazebo lighting; the tent will be put up on Thursday.

Hadfield/Stephans moved to adjourn the meeting at 11:01 a.m. Motion carried unanimously.