



The Minden Town Board special meeting was held at 5:30 p.m. on Thursday, May 23, 2013, at 1602 Esmeralda Avenue, Minden, Nevada.

Board members present: Matt Bernard, Charlie Condrón, Roxanne Stangle, John Stephans, and Steve Thaler.

Staff present: Jenifer Davidson, Bruce Scott, Zach Wadle and Ryan Russell.

The meeting was called to order at 5:30 p.m. by Chairman Condrón.

The Pledge of Allegiance was led by Mr. Bernard

Bernard/Stephans moved for the approval of the agenda as published. Motion carried unanimously.

Stangle/Thaler moved for the approval of the minutes of the April 25, 2013 Special Board Meeting.

Motion carried unanimously.

Acknowledgment of Gifts: None

Acknowledgement of service awards: None.

Public comment: None

STAFF REPORTS

Engineering Report: Report by Bruce Scott

1. Mr. Scott reported that two trees have been planted on County Road. Also, there will be three different design renderings for Gateway Park in the Town office soon for the Board to look at and give input.

2. Attorney Report: No report by Zach Wadle

3. Manager's Report: Report by Jenifer Davidson

Ms. Davidson said she hopes to have a grant update at the June meeting, as well as an update on the resident surveys.

4. Chairman's Report: Mr. Condrón announced that he will be sponsoring an impromptu gathering next week at Minden Food Company to thank the employees for all of their hard work. All Board members were welcomed to attend.

ADMINISTRATIVE AGENDA:

1 For possible action: Discussion and possible action to approve, approve with conditions or deny the Contract for Services of an Independent Contractor Between the Town of Minden and Ryan Russell, Esq. of Allison Mackenzie Pavlakis Wright & Fagan Ltd. Appearance by Jenifer Davidson, Town Manager.

The contract includes a flat rate for the Board meeting as well as an hourly rate. The format used was the Douglas County standard for an independent contractor.

Public comment: None

Stephans/Stangle moved to approve the contract for Ryan Russell and Allison McKenzie at the standard rate suggested in the contract. Motion carried unanimously.

Following the appointment of Mr. Russell, Mr. Wadle left the meeting.

2. For possible action: Discussion and possible action to approve, approve with conditions, continue or deny 1) the First Amendment to the Interlocal Agreement to Provide Wholesale Water Service made by and between Douglas County, a political subdivision of the State of Nevada, and the Town of Minden, an unincorporated town and political subdivision of the State of Nevada; and if 2.1 is approved, and 2) direct staff to negotiate similar amendments with Carson City and Indian Hills

General Improvement District for possible consideration at a future meeting of the Minden Town Board. Appearance by Jenifer Davidson, Town Manager.

Mr. Condron gave some background on the history of the rate process. He said he appreciates the hard work of staff to get to this point.

Ms. Davidson gave a history of this item; this is outlined in the meeting packet. A copy of the power point presentation is also in the meeting packet.

Board comment:

Mr. Stephans said that the original rate was based on a prorated usage that could be changed as operation and expense increased. The rate also would not go down to .45 until the usage of 6550 acre feet was being pumped. He does not think the rate should have gone down when Indian Hills came on line because the pumping was not at that volume, and this caused a shortfall in the Minden wholesale water account.

Mr. Bernard was mostly troubled that it took 15 months to get to the .54 cent figure that we talked about to start. He also felt that once again Minden gave most in the negotiations. He felt that we should pay back some of the money to retail. He was also concerned about the risk of not being able to sell enough water because of the delay with Carson City.

Mr. Stephans had several comments on each amendment.

On number 1, he is concerned with the possibility of Feds lowering standards and whether water treatment will be needed; who is to say we will never need this? He feels that politics are being played and water treatment would not be cheap. Mr. Scott said the Town Board position was that we needed to have treatment in the agreement, even if it is a modest amount. The agreement says that if there is a study obtained that says no treatment is needed, it can be re-evaluated, but this is highly unlikely. Mr. Condron said that the County's concern is about charging the customer for something that may never be needed. Mr. Bernard was concerned about the language and would like a more definite term than "reasonable and periodic review". Mr. Scott said that he felt that Minden would have to be the ones to be convinced of the need to re-evaluate. Mr. Thaler said we are the ones with the water and are in the driver's seat, and can make a decision different than the staff. It is easy to get lost in trying to predict the future. His concern is more of a major equipment failure and the need to set a defensible rate, and keep our townspeople happy. With the current rates, we will not be able to fix something breaking at the rates we are charging today. Ms. Stangle thanked staff; she has already asked her questions and trusts the staff.

Paragraph 3d.5: Mr. Stephans appreciates the added verbiage for over usage. His concern is charging the surcharge for them to take as much water as they can get. Ms. Davidson said that in recent history, we have had our highest and lowest pumping total year. We want to allow for the fluctuations that are dictated by weather and demand, etc. and then address this if it becomes a pattern. Mr. Stephans said that he is interested in protecting an asset. Mr. Condron said that this brings up the question of how deep we want to go; looking at putting a limit on what we will sell. Mr. Thaler said that the problem is how much we are willing to invest to get that water out of the ground. Mr. Scott said that this is a tool that allows for a red flag; a window that will be a warning about using too much water. Mr. Bernard said that we could have been much stricter as an incentive to not overuse. Ms. Davidson said that this new agreement addresses the possibility of a capacity fee if they are exceeding the water rights that they have in the system.

Paragraph 5b1: Mr. Stephans said that we have 4 categories that we will use for specific expenses: O&M, Treatment, R&R, and Service charge. He asked if the .54 charged to the County and the .52 that the Town of Minden is paying, will fully covers these expenses, and if every account has been set up. He felt that this will be a problem, and that we are underfunding them. Ms. Davidson said all are fully funded at year one except R&R, which is phased in to be fully funded over ten years. Mr. Condron

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said that one of the things that needs to happen when you look at a ten year adjustment is that we need to maintain the integrity of that ten year plan and make sure that that bottom line 10 year target is maintained. The Board will need to be stewards of the 10 year plan and we will earn the trust that we have had to fight for in this partnership. Mr. Scott said that if the volumes are larger than the minimums projected, we will be generating more money and will have the opportunity to accelerate the funding of R&R. Mr. Thaler said we know what these rates are, and our rate is backed by a rate study. He feels we need to focus on what we need to do to protect our system.

Mr. Russell addressed some of the comments so far. Periodic review cost will be borne by the party that wants the review, and there needs to be a reasonable study involved. Taking the agreement piece by piece is smart. The agreement has protection built in every step of the way to protect us, achieves the goals, and is in line with the law. Everything including the service charge needs to be renegotiated after ten years; after three years there will be a rate review.

Mr. Stephans asked if we are behind, even, or ahead at this rate after one year. Ms. Davidson said that using the rate study as comparison, we fall behind in fiscal year 16 and catch up in fiscal year 19.

Public comment:

Ms. Davidson read a letter of support and thanks from the County Manager dated May 22, 2013.

Bob Pohlman said that Minden should ask USGS to come and do a presentation concerning the model that was completed; the County owns the model, and Minden might be interested. Also, Carson City still owns water rights in the valley that they have not turned over to Minden. The County C.I.P. talks about the line going south with Minden water, instead of using Gardnerville water. He assumes that exhibit B will come back to Minden for approval and this table does not say what the ratepayers of Douglas County have to pay into the intertie line for depreciation and operation. He would like to see this in the table. He believes that the rate payers should be able to see what is going on. It has been five years since the line to the airport was put in and no depreciation has started yet. Mr. Scott said that the last Carson City transfers are in process; every unused water right is either in our wells or pending under an application at the state. All of transfers and permitting should be finished within 60 days.

Mike Olsen says this negotiation has been quite lengthy. The .54 should have been acted on a long time ago. He is not sure what took so long but he is thankful that Minden has taken this on and appreciates all of the effort.

Jack Van Dien reiterated that the County has had a policy of lunacy phasing in depreciation over five years, trying to cushion the rate payers from too big an increase in rates. The County Board also follows a practice of robbing their utility funds for expansion. You will always have a problem dealing with the County because they will always be short of money and putting things off. Also, at the County budget meeting he asked the County whether next year's budget has a provision for the retroactive payment of .54. Mr. Ruschmeyer said that it was going to be paid this year; it wasn't a provision but .54 was in the budget for next year.

Ms. Davidson said that all accounts are in place to be started on July 1. Mr. Bernard asked to see the accounting start up on this each month.

Bernard/Thaler moved to approve the First Amendment to the Interlocal Agreement to Provide Wholesale Water Service made by and between Douglas County, a political subdivision of the State of Nevada, and the Town of Minden, an unincorporated town and political subdivision of the State of Nevada; and if is approved, direct staff to negotiate similar amendments with Carson City and Indian Hills General Improvement District for possible consideration at a future meeting of the Minden Town Board. Motion carried unanimously

Mr. Condron said that Minden has been invited to present this at the June 6 meeting of the County Commissioners, and anyone with a desire to attend is more than welcome.

ADJOURNMENT

Thaler/Stangle motioned to adjourn. Motion carried unanimously.