

Best Water! Best Service!



Gardnerville Water Company
Regular Board Meeting Minutes
Tuesday, October 13th, 2020 5:00 p.m.
Board Room
1579 Virginia Ranch Rd
Gardnerville, NV 89410

Board Members Present:

Ken Deering, *Vice Chairman*
Barbara Henningsen, *Secretary*
Dave Ellison, *Treasurer*
Doug Sonnemann, *Member-at-Large*

Staff Members Present:

Mark Lovelady, *GWC Manager*
Kristien Bennett, *GWC Financial Officer*
Chuck Zumpft, *GWC Attorney*
Jonas Austin, *GWC Water Operations Supervisor*

Public Present:

None

Ken Deering called the October 13, 2020 Regular Board meeting to order at 5:00 p.m.

Approval of Agenda: Doug Sonnemann made a motion to approve the Agenda for the October 13, 2020 Board meeting Agenda. Barbara Henningsen seconded the motion. Motion was approved.

Minutes of the September 8, 2020 Regular Board Meeting: Barbara Henningsen made a motion to approve the September 8, 2020 Regular Board Meeting Minutes. Dave Ellison seconded the motion. Motion was approved.

Financial Statements for September 2020: Dave Ellison made a motion to approve the September 2020 Financial Statements. Barbara Henningsen seconded the motion. Motion was approved.

Water Operation Supervisor Update

Jonas Austin updated the board on work being done at Well 10, the security gate for the yard, and Eamon Webb's CDL License as well as his Distribution One test. Ken Deering asked about the status on hydrant maintenance. Jonas Austin explained that they were behind due to complications with water samples as they are a higher priority.

AGENDA ITEM 1: Old Business

A. Parceling of Well 10 Site

GWC's contractor, Sierra Nevada Excavation, began construction the week of September 12th. GWC staff installed the Meter pits and 1½ inch water service. Once the sewer project is completed, Douglas County will complete the parceling of the property in to three parcels. We will obtain new deeds and then put the house and lot up for sale.

B. Well 10 CMAR Project

Keith Shaffer of RCI has started on a preliminary drawing and will be sitting down with RDC and Mark to go over more details. A date is not set yet for the meeting.

C. 1394 Hwy 395 Parceling

Waiting for assistance from RCI for project.

D. Security Gate

Colbre Grading completed the pad installation mid-September. Artistic Fence installed most of the fence materials but is awaiting a backordered part to complete the work.

E. Election 2020

The ballots were mailed to all members on September 30th. The ballot is due on or before 2pm on November 3rd. All ballots will remain sealed and be deposited into a locked ballot box.

Agenda Item 2A: Discussion and Possible Action Regarding Well 3 VFD Installation

The soft starter at well 3 failed. GWC's electrician, Bryant Electric, was called in to verify the fault code, diagnose further issues and determine a resolution. Bryant Electric determined that the soft starter was beyond repair. The soft starter was on the replacement schedule for 2021.

It has been to practice of GWC to upgrade the wells for better control and information from the wells along with the cost saving in power.

A new VFD for a 25HP Motor is recommended to be installed. Some of the equipment at Well 3 is more than 20 years old. The encloser is small and will need to be replace along with new wire and conduits to accommodate the new equipment. In doing so, The SCADA System also needs to be up graded to accommodate the new VFD. This is due for an upgrade in 2021 Capital Improvement Plan, but we are at a point that makes sense to complete this to save time and money on redoing some of the wiring to accommodate the hardware.

Bryant Electric provided a quote for parts, installation, and setup at \$13,949. Sierra Controls will need to replace SCADA equipment, program the new VFD to integrate the with GWC SCADA system, and test all the equipment and programming. Sierra Controls quote for VFD integration is \$21,550. Total cost of the new VFD is \$35,499.

Furthermore, Sierra Controls recommends replacing the radio and communication equipment that was scheduled for replacement in 2021. They feel that it would be beneficial to GWC and Sierra Controls to replace all the radios and upgrade the programming at the same time as the Well 3 VFD SCADA upgrades. The current radio network of CalAMP Viper radios was installed in 2010. Since these radios were installed almost 10 years ago, Sierra Controls recommends that they be upgraded with newer radios. It is recommended that the existing 450MHz radios be replaced with 174 MHz radios. The lower frequency will create a stronger communications link between the individual sites and the office. Both radios and antennas will need to be upgraded to the new frequency. The quote from Sierra Controls is \$36,830.

Recommendation

Manager and staff recommend the Board of Directors award the Well 3 VFD Installation to Bryant Electric at \$13,949 and Sierra Controls Well 3 VFD SCADA integration at \$21,550 and radio upgrade at \$36,830.

Barbara Henningsen did not like that there were no other quotes for the VFD installation and the radio upgrade. Staff explained that there are no other local vendors to perform such a task. They would have to look outside of the state.

Consensus of the Board of Directors to table the agenda item until November 2020 board meeting to acquire more quotes for installing Well 3 VFD and the radio upgrade, agreed to allow Email voting.

Agenda Item 2B: Discussion and Possible Action Regarding Office Generator Transfer Switch

The office generator switch has failed. The transfer switch allows the generator to automatically switch from the NV Energy supplied power to the generator supplied power, it also allows the generator to turn its self-off when the power has been restored via NV energy. The unit is over ten years old is obsolete and no longer available.

Cashman provided a quote for a replacement switch cost is \$2,963 and installation by Bryant Electric is \$1,200. Total replacement cost is \$4,163 with a 3-4 weeks lead time for parts.

Recommendation

Manager and staff recommend the Board of Directors award the purchase a replacement switch from Cashman at \$2,963 and installation to Bryant Electric at \$1,200.

Dave Ellison made a motion to award bid to Cashman for a replacement switch for \$2,963 and installation by Bryant Electric for \$1,200, total cost \$4,163 with a lead time of 3-4 weeks for parts, Doug Sonnemann Seconded the motion, motion was approved.

Agenda Item 2C: Discussion and Possible Action Regarding Impact Fees

The GWC impact fees were last updated in April 2017.

Updated Impact Fees include the total impact fees without water rights and with water rights. For annexations prior to 2006, the water rights were included as part of the annexation fees. For post 2006 annexations, the developer was allowed to pay for the water rights at the time of connection.

The Capacity Fee calculations include (capacity fees are calculated and aligned by utilizing Equivalent Meter Size Ratio):

- Fire Reserve Fee - Fire reserve is based on reserve gallons of water equal to 1500 gpm @ 2 hours of duration
- Line Reserve Fee - Line reserve is based on the average cost per foot of construction for a 100-year expected life of C-900 8-inch water line
- Well Pumping Fee - Cost of pumping average of 1,200 to 2,000 gpm well
- System Buy-In Fee - System buy-in is an equity cost for the system at 1.5 times the line reserve
- Water Storage Fee - Cost associated with 1,000 gallons per day per ERU
- Well Development Fee (new fee) - Cost of developing a new well based on meter size - this added fee will provide almost \$1M towards a new well

Additional charges include:

- Install/inspection, meter and smartpoint fees for each connection - these are pass through actual costs
- Water Rights Fees - GWC ground water rights value is at \$8,000 per acre foot. At 1,000 gallons per day for SFU, this equates to 1.12-acre feet per year \$8,000 per acre foot X 1.12-acre foot per year equals \$8,960 per SFU for a ¾-inch connection. Each SFU and connection are credited with 24 fixture units. Water rights value was changed from \$6,500 to \$8,000 per acre feet with the last Impact Fee update April 2017.

Meter Size	Capacity Fees	Inspection Fees	Meter Fees	Smartpoint Fees	Total Impact Fees	Water Rights Fee (Per ERU)	Total Impact Fees With Water Rights
Footnote	1		4		2, 5	1, 3, 6	3,5,6
3/4"	\$5,856	\$125	\$200	\$200	\$6,381	\$8,960	\$15,341
1"	\$9,780	\$125	\$240	\$200	\$10,345	\$10,140	\$20,485
1 1/2"	\$19,502	\$250	\$630	\$200	\$20,582	\$13,260	\$33,842
2"	\$25,358	\$250	\$880	\$200	\$26,689	\$21,840	\$48,529
3"	\$64,421	\$250	See Note 4	\$200	\$64,871	See Note 6	See Note 6
4"	\$85,914	\$250	See Note 4	\$200	\$86,364	See Note 6	See Note 6
6"	\$119,062	\$250	See Note 4	\$200	\$119,512	See Note 6	See Note 6
8"	\$160,057	\$250	See Note 4	\$200	\$160,507	See Note 6	See Note 6

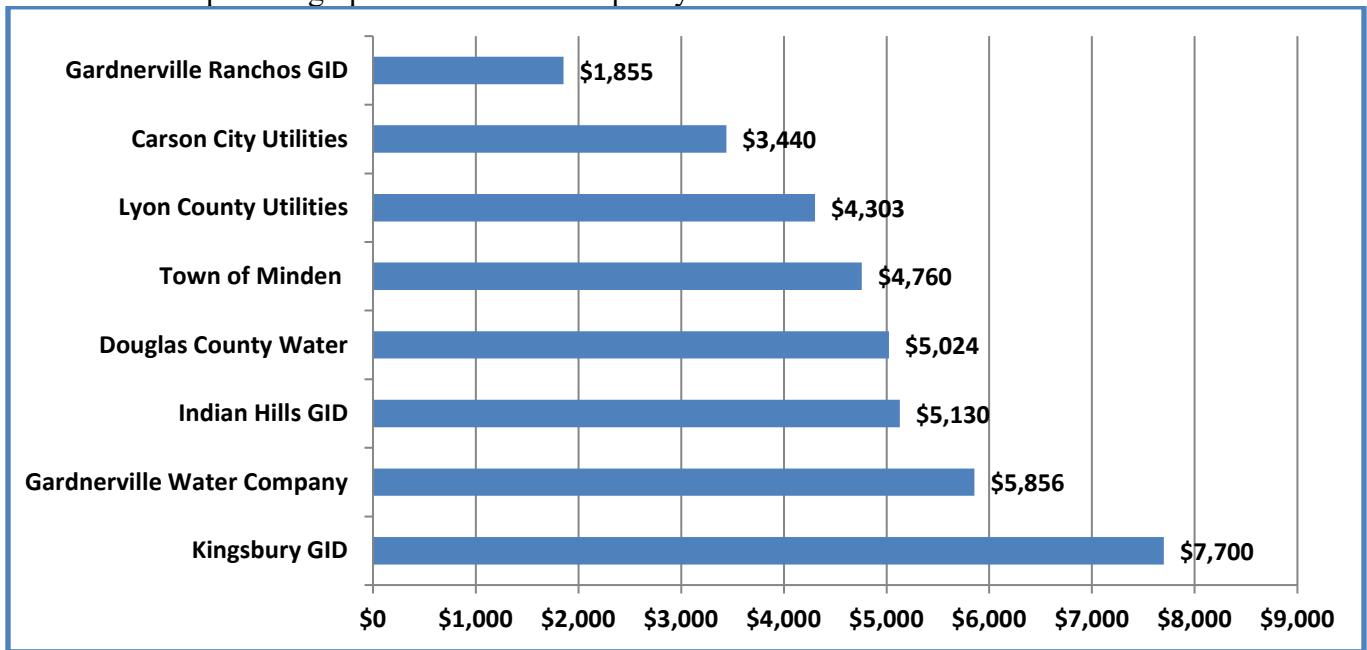
Below is a table showing Impact Fee amount of change:

Meter Size	2017	2020	Difference
3/4"	\$5,160	\$6,381	\$1,221
1"	\$6,623	\$10,345	\$3,722
1 1/2"	\$8,842	\$20,582	\$11,740
2"	\$14,258	\$26,689	\$12,431
3"	\$51,619	\$64,871	\$13,252
4"	\$65,749	\$86,364	\$20,615
6"	\$98,719	\$119,512	\$20,793
8"	\$136,399	\$160,507	\$24,108

Below is a table showing comparison capacity fees:

Meter Size	GWC	Douglas County	GRID	IHGID	Minden	Lyon County	KGID	Carson City
3/4"	\$5,856	\$5,024	\$1,855	\$5,130	\$4,760	\$4,303	\$7,700	\$3,440
1"	\$9,780	\$12,560	\$2,790	\$5,130	\$7,930	\$8,606	\$12,800	\$8,600
1 1/2"	\$19,502	\$25,120	\$7,050	\$5,130	\$15,870	\$17,212	\$19,250	\$6,219
2"	\$25,358	\$40,192	\$13,350	\$5,130	\$25,390	\$27,538	\$25,600	
3"	\$64,421	\$80,384	\$32,375	\$5,130	\$55,530	\$55,076	\$40,900	
4"	\$85,914	\$125,600	\$60,000	\$5,130		\$86,056	\$81,800	
6"	\$119,062	\$251,200		\$5,130		\$172,112	\$127,800	
8"	\$160,057	\$401,920		\$5,130		\$275,380	\$255,600	

Below is a comparison graph for a ¾” meter capacity fee:



Recommendation

Manager and staff recommend the Board of Directors adopt the Impact Fees as presented.

The board had much discussion on if GWC's Impact Fees were too high but determined that the fees were based on GWC's real numbers. Staff reminded the board that GWC has no debt & must pay for capital projects via reserves.

There was also discussion of the GWC's water rights value. It was determined that GWC would evaluate the value of water rights in 2021. GWC would have to enlist aid of other qualified vendors to determine an accurate value.

Barbara Henningsen made a motion to adopt the Impact Fees as presented, Doug Sonnemann seconded the motion, motion was approved.

Agenda Item 2D: Discussion and Possible Action Regarding 2020 Audit

Mark Chase previously discussed with the board the option of changing its service with his office. He suggested conduct a review of the financial statements instead of a full audit.

There are three services a CPA can perform compilation, review, and audit. The differences are:

- Compilation - the auditor simply presents financial statements based on the representations made by management, with no effort to verify this information.
- Review - the auditor conducts analytical procedures and makes inquiries to ascertain whether the information contained within the financial statements is correct.
- Audit - the auditor must corroborate the ending balances in the client's accounts and disclosures. This calls for the examination of source documents, third party confirmations, physical inspections, tests of internal controls, and other procedures as needed.

Thus, the differences between a compilation, review, and an audit are as follows:

- Level of assurance - the level of assurance that the financial statements of a client are fairly presented is at its highest for an audit and at its lowest for a compilation, with a review in between.

- Reliance on management - in all three cases, the auditor begins with the account balances provided by management, but an audit requires in a significant amount of corroboration of this information. A review requires some testing of the information, while a compilation almost entirely relies on the presented information.
- Understanding of internal control - the auditor only tests the internal controls of the client in an audit; no testing is conducted for a review or a compilation.
- Work performed - an audit requires a significant number of hours to complete, since there are many audit procedures to be performed. A review requires substantially fewer hours, while the effort associated with a compilation is relatively minor.
- Price - it requires vastly more effort for an auditor to complete an audit, so audits are much more expensive than a review, which in turn is more expensive than a compilation.

GWC's staff and board perform a lot of internal controls such as signing checks, reviewing: invoices, credit card statements, bank reconciliations, vendor payments, financial statements, and rules and regulations. If this were not the case, Mark said he would recommend GWC continue an annual audit.

If GWC changes its accounting staffing, they can request testing of different accounts such as: accounts payable, accounts receivable, internal controls, or inventory to verify accuracy.

The process for audits is changing. All of the review will be done by one CPA and the actual audit will be done by another. Resulting in a higher cost for the audit. The review is estimated at \$11,000 with the audit at \$13,000, total audit cost \$23,000. Mark suggests contracting his office to perform the review of the financial statements with a cost of \$11,000 and \$4,000 for the tax return preparation.

Recommendation

Manager and staff recommend the Board of Directors contract Mark Chase of Chase and Sheets CPA to conduct a review of the financial statements in the amount of \$11,000 and \$4,000 for tax preparation.

The board agreed that it is in GWC's best interest to have an annual clerical review done. They suggested that staff seek quotes for the 2021 financial review from other local CPA's.

Dave Ellison made a motion to approve the review of the financial statements in the amount of \$11,000 and to approve the tax return preparation in the amount of \$4,000 with modification for Kristien Bennett to negotiate a better rate, Doug Sonnemann seconded the motion, motion was approved.

AGENDA ITEM 3: Attorney Report – Chuck Zumpft

Nothing to report

AGENDA ITEM 5: MANAGER'S REPORT

The following is a recap of work completed by GWC staff in the month of September 2020.

1. Meters, Plan Reviews & Impact fees
 - A. There were 4 meters replaced in September 2020
 - B. There were 0 plan reviews in September 2020
 - C. There were \$0 in impact fees invoiced in September 2020
2. Service Orders

There were 51 service orders completed by GWC staff in September 2020

3. Locates

There were 22 locates completed by GWC staff in September 2020

4. Leak Notices

There were 92 leak notices completed by GWC staff in September 2020

5. Monthly Staff Projects

- A. Monthly bacteria and turbidity sampling and testing
- B. Well 10 CMAR project
- C. Construction inspections
- D. Fire hydrant flows
- E. Weed control

6. Current Projects in Review

- A. Great Life Church
- B. Maverik Gas Station
- C. BDR Construction Project
- D. Town of Gardnerville's Hellwinkle Ranch

7. Current Projects Under Construction

- A. High Sierra Fellowship
- B. Firestone - Tires Plus

8. Christmas Kickoff

The Town of Gardnerville will be holding a modified Christmas Kickoff with fireworks and pavilion lighting. Would the GWC Board consider donating to the Town toward the fireworks cost instead of what we would spend in supplies? Traditionally GWC has spent \$600 to \$800 a year.

9. November Board Meeting

In person meeting or via Zoom?

Consensus of the Board of Directors to hold November's meeting via Zoom.

AGENDA ITEM 5: Board Comments

Barbara Henningsen asked about GWC Christmas Party. Kristien Bennett explained that Trebeca had secured The Overland restaurant. Invitations will be sent to everyone and those that feel comfortable can attend.

AGENDA ITEM 6: Adjournment

Barbara Henningsen made a motion to adjourn the Board meeting. Dave Ellison seconded the motion. Motion was approved. The meeting was adjourned at 7:36 PM.