

Best Water! Best Service!



Gardnerville Water Company
Regular Board Meeting Minutes
Tuesday, March 9, 2021 5:00p.m.
Board Room
1579 Virginia Ranch Rd
Gardnerville, NV 89410

Board Members Present:

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

Staff Members Present:

Mark Lovelady, *GWC Manager*
Kristien Bennett, *GWC Financial Officer*
Chuck Zumpft, *GWC Attorney*

Public Present:

Mark Chase, *CPA*

Ken Deering called the March 9, 2021 Regular Board meeting to order at 5:03 p.m.

Approval of Agenda: Barbara Henningsen made a motion to approve the Agenda for the March 9, 2021 Board meeting. Carl Spahr seconded the motion. Motion was approved.

Minutes of the February 9, 2021 Regular Board Meeting: Doug Sonnemann made a motion to approve the February 9, 2021 Regular Board Meeting Minutes. Barbara Henningsen seconded the motion. Motion was approved.

Financial Statements for February 2021: Dave Ellison made a motion to approve the February 2021 Financial Statements and the budget for Well 10. Carl Spahr seconded the motion. Motion was approved.

Agenda Item 1: 2020 Financial Review – Mark Chase, CPA

Mark Chase reported that cash went down, investments went up. Staff reviewed the depreciation schedule and removed \$344,000 of assets that have been removed or replaced. Mark fully depreciated those assets when he removed them from the depreciation schedule. Total assets increased about \$1,100,000. Income was up about \$50,000 and depreciation went up \$180,000 due to those assets removed. Interest income also went down from 2019 due to market downturn.

Mark Chase said very few companies have enough in reserves. One big crisis could wipe out the reserves. If he could recommend, he would want to see more in reserves. Reserves are usually always underfunded.

Dave Ellison asked Mark if GWC should go back to reporting investments at cost. Mark said no, he prefers them at market value. The accounting world is heading to a fair market value in its reporting. Dave also asked about the statement of cash flows. During the Water Rate Study, we focus on cash flow and capital improvements. Net cash provided (used) by operating accounts with ties is the amount that goes back into the infrastructure. It is important to understand these numbers and forecast the cash

flow.

Agenda Item 2: Old Business

A. House and Lot Sale

Dick McCole has both the house and lot for sale. There has been a lot of interest on both properties.

An offer on the house was presented to Dick, however, not on a traditional offer agreement. The offer was for \$375,000 with a 45-day closing. Barbara suggested a separate Zoom meeting with Dick McCole to review these issues. Mark will speak to Dick to arrange that.

B. Well 10 CMAR Project

- Permitting –
 - Douglas County Design Review – Expect County Comments March 12th
 - Town of Gardnerville Review – Complete – On meeting agenda for April
 - Building design and other elements look good
 - Fencing will be an ongoing item of discussion
- Design and Construction Documents – Ongoing
 - All elements of the project are under Design Development phase with design team. This includes pump sizing, electrical design, structural design, security design including fencing considerations.
 - Coordination with RDC (CMAR) for:
 - Pump manufacture and layout - Ongoing
 - Generator sizing and supplier – Ongoing
 - Building Subcontractor determination and bids – Ongoing
- CMAR – Schedule and Not to Exceed (GMP) Cost Analysis – Ongoing
 - See attached for initial estimate – (same as was presented at last meeting)
 - Updated GMP and Schedule is expected by April Meeting, after input from both Douglas County Design review, Town of Gardnerville meetings, and feedback from NV Energy.

C. Highway 395 Waterline Improvement Project

GWC and RCI has received plans late February. GWC will be reviewing those plans for specifics of NDOT's project.

D. Well 3 VFD

Well 3 VFD was completed February 2021

E. SCADA Server

The SCADA server is currently being built. There was a delay in receiving necessary materials.

F. Well 1 & 3 Complete Rehab

Carson Pump was contacted to put the wells on their schedule. GWC has not received an approximate date yet. Rehab is anticipated early spring.

Well 1 & 3 rehab will be scheduled with Carson Pump mid-to-end of March.

Agenda Item 3A: Discussion and Possible Action Regarding Annexation Request - Stoneridge

Stoneridge Communities, LLC has requested annexation of 29 acres into the Gardnerville Water Company's (GWC) service territory. The project proposed is a single-family 55+ residential community including 159 manufactured home units and a community center. The property currently does not have domestic water or fire water services, which will be required in order to serve Stoneridge Communities, LLC's anticipated uses. Annexation into the GWC's service territory, as well as the construction of new water service infrastructure, will serve to facilitate the use of the property.

On November 6, 2018 GWC issued Stoneridge Villas LLC a conditional intent to serve. It was contingent upon: application for annexation, construct and offer for dedication water infrastructure necessary to serve the project, and pay all necessary impact and fire impact fees, and other required fees.

The application is presented to the GWC Board for approval or denial of the application. If the application is approved by the Board the applicant is required to enter into an annexation agreement with GWC that includes required fees and costs for completing an application for service area expansion to the Nevada Public Utilities Commission (PUC) for approval.

The annexation agreement also will include a requirement to provide a deposit to GWC to cover anticipated costs for the preparation of an annexation agreement, PUC report preparation, a water model analysis, PUC application fees, legal ad cost, adjusted service area boundary description and map, report drafting, and any other costs necessary to obtain PUC approval.

Recommendation

Manager and staff recommend the Board of Directors grant the Stoneridge Communities, LLC approval of annexation of APN 1220-11-001-066, 29 acres subject to the following conditions:

1. execute a written agreement with GWC;
2. provide a non-refundable deposit of \$30,000;
3. agree to comply with all provisions of GWC's Tariff and all other reasonable conditions imposed;
4. upon execution of the agreement pay the current annexation fee;
5. agree to pay for the value of the water rights necessary to serve the property;
6. provide such other information GWC may reasonably require;
7. Diligently pursue the annexation process.

Barbara Henningsen made a motion to approve the annexation of APN 1220-11-001-066, 29 acres subject to the following conditions: execute a written agreement with GWC; provide a non-refundable deposit of \$30,000; agree to comply with all provisions of GWC's Tariff and all other reasonable conditions imposed; upon execution of the agreement pay the current annexation fee; agree to pay for the value of the water rights necessary to serve the property; provide such other information GWC may reasonably require and diligently pursue the annexation process. Carl Spahr seconded the motion. Motion was approved.

Agenda Item 3B: Discussion and Possible Action Regarding Agreement for Legal Services

GWC currently has an agreement for legal services Minden Lawyers, LLC which expired November 2020.

The current agreement includes: \$800 per month, which allows for 4 hours of service. All time in excess of 4 hours is billed at \$260 per hour.

The new agreement increases the monthly fee to \$1,000 with up to 4 hours, over 4 hours will be billed at \$260 per hour. The new agreement will be for 4/1/21 to 12/31/22. The last increase in fees was in 2015.

2020 Legal services:

Date	Mtg Hours	General	Copies/ Costs	Hours	Well #10 Site	Total Hours	Total Costs
1/31/2020	8.20	\$1,892.00	\$58.75			8.20	\$1,950.75
2/28/2020	6.90	\$1,554.00	\$16.50	0.30	\$78.00	7.20	\$1,648.50
3/27/2020	10.50	\$2,490.00	\$37.75			10.50	\$2,527.75
4/24/2020	0.80	\$800.00				0.80	\$800.00
5/22/2020	0.20	\$800.00				0.20	\$800.00
6/19/2020	0.30	\$800.00				0.30	\$800.00
7/17/2020	2.80	\$800.00	\$2.75			2.80	\$802.75
8/14/2020	4.40	\$904.00	\$15.50			4.40	\$919.50
9/11/2020	2.30	\$800.00				2.30	\$800.00
10/9/2020	5.10	\$1,086.00	\$2.50			5.10	\$1,088.50
11/6/2020	1.10	\$800.00	\$22.75	3.40	\$286.00	4.50	\$1,108.75
12/4/2020	3.10	\$800.00	\$26.50	0.90	\$0.00	4.00	\$826.50
Total	45.70	\$13,526.00	\$183.00	4.60	\$364.00	50.30	\$14,073.00
Average	3.81	\$1,127.17	\$22.88	Project Billed		4.19	\$1,172.75

Recommendation

GWC Manager and staff recommends approval of the proposed Agreement for Legal Services with Minden Lawyers LLC.

Carl Spahr made a motion to approve the new agreement that increases the monthly fee to \$1,000 with up to 4 hours, over 4 hours will be billed at \$260 per hour. Dave Ellison seconded the motion. The motion was passed with 4 votes in favor and one opposed (Barbara Henningsen).

Agenda Item 3C: Discussion and Possible Action Regarding 1394 Hwy 395 Parceling

Mark, Keith Shaffer, RCI, attended a pre-application meeting with Douglas County on 12/16/20. The determinations were the following:

- Water Conveyance Advisory Committee - There is an existing ditch running along the west property line unclear if it is actually on the parcel
- Gardnerville Town Board design review
- Adding a sidewalk, curb, and gutter along the property frontage

- Provide a private shared access easement from the existing easterly driveway for the fire station and GWC office
- Well area screening - the chain link fence is allowed under Public Facility zoning, adding slats to the chain link fencing was discussed

Keith has prepared a professional services agreement for this project. RCI Professional Services Agreement has a cost not to exceed \$17,000 and a timeline of eight (8) to ten (10) weeks.

- Task 1A – Project Coordination and Meetings - Cost: \$ 2,000
- Task 1B – Surveying Services for Tentative Parcel Map - Cost: \$ 10,500
- Task 1C – Engineering Services for Tentative Parcel Map - Cost: \$ 4,500

Anticipated Schedule

- Boundary and topo survey complete – March 26
- Mapping and Application preparation – April 16
- Submittal of Development Application to Douglas County – April 22

Recommendation

Manager and staff recommend the Board of Directors approve the professional services agreement for the 1394 Hwy 395 Parceling Project not to exceed \$17,000.

Dave asked about cost of sidewalk and driveway. Mark was unsure. Dave asked Doug what he thought, Doug suggested GWC sell it and get rid of the headache.

Ken asked if Mark could handle another project. Mark said yes, he can handle it and it can offset Well 10 or Tank rehab. Chuck asked about the lot size and easement for access to the well site.

Dave Ellison made a motion to approve the professional services agreement for the 1394 Hwy 395 Parceling Project not to exceed \$17,000. Doug Sonnemann seconded the motion. The motion was approved.

Agenda Item 3D: Discussion and Possible Action Regarding Interior Painting and Rehabilitation of 1.5 MG Tank

GWC requested proposals for Interior Painting and Rehabilitation of 1.5 MG Tank to 23 contractors.

The work to be performed shall consist of all work necessary to complete interior paint re-coating of a 1.5 MG welded steel water storage tank, including sand blasting all areas and re-coating all areas, and rehabilitate infrastructure of corroded materials.

Three contractors submitted bids for the project. The low bidder was Resource Development Company. GWC’s estimation of the project costs was \$350,000.

GWC has reviewed Resource Development Company references. All references said their work was very good, they would use again when needed and recommended Resource Development Company. They expect to begin the project on 4/1/21 with anticipated completion on 6/1/21.

The final bid tally was as follows:

Company	Bid
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Resource Development Company	\$349,230
Suez	\$590,000
Hulsey Contracting Inc	\$602,910

Recommendation

Manager and staff recommend the Board of Directors award the Interior Painting and Rehabilitation of 1.5 MG Tank to Resource Development Company in the amount of \$349,230.

Carl Spahr made a motion to award the Interior Painting and Rehabilitation of 1.5 MG Tank to Resource Development Company in the amount of \$349,230. Barbara Henningsen seconded the motion. Motion was approved.

Agenda Item 3E: Discussion and Possible Action Regarding Annexation Request - Ashland Park

Ashland Park, LLC has requested annexation of 18.9 acres into the Gardnerville Water Company’s (GWC) service territory. The project proposed includes 190 home units. The property currently does not have domestic water or fire water services, which will be required in order to serve Ashland Park, LLC’s anticipated uses. Annexation into the GWC’s service territory, as well as the construction of new water service infrastructure, will serve to facilitate the use of the property.

In 2006, H&S Construction annexed 40.59 acres however the 18.9-acre portion of the existing parcel was to become a separate parcel and was not included in the annexation. H & S Construction originally was to create 294 multi-residential units, for 5-acre parcel single-family residential units and, a 4.25-acre parcel for expansion of Stodick Park. H&S Construction eliminated the four 5-acre parcels, 18.9 acres, from the original annexation request due to the cost associated with each parcel. The 2006 board and Chuck Zumpft expressed concerns at that time of not including the 18.9 acres.

The application is presented to the GWC Board for approval or denial of the application. If the application is approved by the Board the applicant is required to enter into an annexation agreement with GWC that includes required fees and costs for completing an application for service area expansion to the Nevada Public Utilities Commission (PUC) for approval.

The annexation agreement also will include a requirement to provide a deposit to GWC to cover anticipated costs for the preparation of an annexation agreement, PUC report preparation, a water model analysis, PUC application fees, legal ad cost, adjusted service area boundary description and map, report drafting, and any other costs necessary to obtain PUC approval.

Recommendation

Manager and staff recommend the Board of Directors grant the Ashland Park, LLC approval of annexation of APN 1320-34-002-001, 18.9 acres, of 64.23 total acres, subject to the following conditions:

1. execute a written agreement with GWC;
2. provide a non-refundable deposit of \$30,000;
3. agree to comply with all provisions of GWC’s Tariff and all other reasonable conditions imposed;
4. upon execution of the agreement pay the current annexation fee;
5. agree to pay for the value of the water rights necessary to serve the property;
6. provide such other information GWC may reasonably require.

Ken asked if Ashland Park will be fed water from Chichester, Mark said yes and will tie into a line off Toler and Muller Parkway.

Barbara Henningsen made a motion to approve the annexation of 1320-34-002-001, adding 23.64 ±, total acres for Ashland Park subject to the following conditions: execute a written agreement with GWC and provide a non-refundable deposit of \$30,000; agree to comply with all provisions of GWC's Tariff and all other reasonable conditions imposed; upon execution of the agreement pay the current annexation fee; agree to pay for the value of the water rights necessary to serve the property; provide such other information GWC may reasonably require. Doug Sonnemann seconded the Motion. Motion was approved.

Agenda Item 4: Attorney Report – Chuck Zumpft

Chuck thanked the board and staff for the confidence in retaining his services.

Agenda Item 5: Manager's Report

The following is a recap of work completed by GWC staff in the month of February 2021.

1. Meters, Plan Reviews & Impact fees
 - A. There were 1 meter replaced in February 2021
 - B. There were 0 plan reviews in February 2021
 - C. There were \$65,190 in impact fees invoiced in February 2021

2. Service Orders

There were 56 service orders completed by GWC staff in February 2021

3. Locates

There were 18 locates completed by GWC staff in February 2021

4. Leak Notices

There were 55 leak notices completed by GWC staff in February 2021

5. Monthly Water Operations Projects
 - A. Monthly bacteria and turbidity sampling and testing
 - B. Well 10 site clean-up
 - C. 1.5 MG tank project contractor visits
 - D. Painted floor at well 9
 - E. Well 3 VFD
 - F. NDEP sanitary survey
 - G. 2 final inspections

6. Current Projects in Review
 - A. Maverik Gas Station
 - B. Thoroughbred Crossing

7. Current Projects Under Construction
 - A. Great Life Church

B. Residence 1861

8. Current Properties in Annexation

A. Town of Gardnerville - Hellwinkle Ranch - 19.61 acres

B. Stoneridge Villas Manufactured Home Community - 29 acres

C. Corley Ranches LLC - The Farmstead at Corley Ranch - 130 acres

The Board of Directors approved Corley Ranch for 130 acres, however, they may want to annex all 230 acres and will come back to the board if that is decided. RCI will model to determine how much water to serve the project. Corley Ranch could bring water rights to GWC in exchange.

Chuck asked about sewer and Mark indicated MGSD will serve them.

9. SCADA Cybersecurity

There was a security breach at a water plant, in Florida, that uses the same programs as GWC. Mark sent a message to Andrew of Sierra Controls about our security on our system. He was informed that we have as much security as possible with the current system. The new server is currently being built. Andrew did recommend a new workstation that has the necessary security that the current does not. Mark approved the purchase of a new workstation. With the new server and workstation, GWC will significantly reduce our vulnerability to a cyberattack. GWC will continue to enhance security with the assistance of Sierra Controls and E Squared C.

The Florida utility set themselves up for failure with one login for everyone and did not have proper security. GWC will be getting a new server and workstation to prevent this. Major items like changes to pumps require a second login and password to make those changes, Sierra Controls assured Mark that they are doing everything they can.

Agenda Item 6: Board Comments

Doug mentioned there is a lot of development and preparing going on, Mark informed the board that 12 acres across from CVMC has sold and interested in building condos and annexing to GWC.

Barbara asked if the water rights review are done, Mark said yes by RCI. Barbara requested a tally on how many acres and feet we own, how many are spoken for and dedicated to future projects to show available inventory.

Agenda Item 7: Adjournment

Barbara Henningsen made a motion to adjourn the meeting. Carl Spahr seconded the motion. Motion was approved. Ken Deering adjourned the meeting at 7:45 PM.