

**BOARD OF TRUSTEES
SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT
WASHOE COUNTY, NEVADA**

TUESDAY

11:00 A.M.

AUGUST 14, 2012

PRESENT:

Robert Larkin, Chairman
Bonnie Weber, Vice Chairperson
John Breternitz, Trustee
Kitty Jung, Trustee
David Humke, Trustee

Jaime Deller, Deputy Clerk
Katy Simon, County Manager
Paul Lipparelli, Legal Counsel
Dwayne Smith, Acting Sr. Licensed Engineer

The Board convened at 11:14 a.m. in regular session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, and conducted the following business:

12-26STM AGENDA ITEM 2

Agenda Subject: “Public Comment. Comment heard under this item will be limited to two minutes per person and may pertain to matters both on and off the STMGID Board of Trustees agenda. The Trustees will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Trustees as a whole.”

Robert Acheson said the Board would be asked to increase the amount of money required to meet the obligations to make the South Truckee Meadows General Improvement District (STMGID) a separate entity. He urged the Board to approve the request since due diligence was completed to ensure the best contractors were selected for all the professional consultant services.

Bill Maggiora felt that the initial guidelines for the feasibility study to determine if an independent STMGID was affordable were established to direct the conclusion that STMGID was not viable as an independent operation.

Mary Ann Williams said key words were “stewardship” and “preservation.” As a citizen and a stakeholder who lived in the area when Arsenic and Boron were present in the water, she wanted to maintain and preserve the quality of water that had been obtained through STMGID.

Dennie Hartman said he had been a part of the Galena/Steamboat Citizen Advisory Board (CAB), but felt there was a lack of communication in the community. He said during the time he served on the CAB, the County never provided an update or information on County issues.

12-27STM AGENDA ITEM 3

Agenda Subject: “Approve minutes for the Board of Trustees regular meeting of July 10, 2012.”

There was no public comment on this item.

On motion by Trustee Breternitz, seconded by Trustee Humke, which motion duly carried, it was ordered that Agenda Item 3 be approved.

12-28STM AGENDA ITEM 5

Agenda Subject: “Discussion and possible approval to increase the funding limit for professional consultant services required for the STMGID feasibility study from an initial limit of \$250,000 to a not-to-exceed limit of \$450,000 for all professional consultant services.”

Steve Cohen, Local Managing Board (LMB) Chairman, said due to his lack of experience in dealing with a scope of work, he underestimated the amount needed for professional consultant services. He was requesting the Board increase the amount from the pre-approved \$250,000 to the not-to-exceed limit of \$450,000 in order to meet the November 13, 2012 deadline.

Trustee Breternitz said he was in support of the concept to increase the amount. Once the information was gathered, he asked if there would be a referendum for STMGID customers to vote on if they wanted to become a separate entity. Chairman Cohen replied that a meeting was held in March where STMGID customers voiced their opinions. He said 300 customers, or 9 percent of the customer-base attended and all supported a stand-alone entity. He said the LMB would now attempt to define a parameter to determine if it were possible to move forward. If moving forward was determined not to be feasible, the LMB would then discuss other options. He explained when the study would be presented to the LMB and then to the Board of Trustees, it would be up to the LMB to decide on whether to proceed with a stand-alone organization. He said that recommendation would be presented to the Board after the study was reviewed by the LMB.

Trustee Breternitz said circumstances may change and it was hard to imagine the pursuit of a “go or no-go” decision without formulating all the information for the customers. After the information was generated, he questioned if there was a way to modify the November 13, 2012 deadline. Based on the importance of the decision,

Trustee Breternitz said the LMB would want maximum public input from their constituents on whether or not to proceed.

Chairman Cohen explained this option was being considered because the STMGID system was ground-water only and to see if the customers could save money by being fiscally responsible for the long-term and have a viable system. He commented that a link would be on the County's website with status updates and noted that mailings and inserts in monthly billings would continue to be supplied in order to keep all the customers informed on the progress.

In response to Trustee Breternitz, Chairman Cohen indicated that STMGID served 3,700 customers and noted that 300 attended the meeting in March equating to about 9 percent of the customer base. Trustee Breternitz said he was concerned on proceeding based on the input of only 9 percent of the constituents. Chairman Cohen reiterated that every person who attended the meeting was in favor of a stand-alone agency.

Trustee Humke asked how the communication contract and community outreach fit within the scope of work. Chairman Cohen stated that the communication contract was to try and keep the customers informed. He restated that communications would be presented to the customers on the website, in mass mailings and inserts within their monthly bills.

In response to the call for public comment, Malachy Horan spoke about his concerns on the cost increase. He questioned the details on the \$50,000 communications contract and the \$95,000 project management contract and was concerned those amounts could dramatically increase. He questioned what controls were in place to ensure that the right product would be obtained at the right price. Mr. Horan also indicated that all the contracts were sole-source and second bids were not received.

Chuck Merkel stated his concerns about the pressure that was put on this concept since there was a date in November when the axe would fall. He only heard about this a few months ago after receiving a flyer in his water bill sent by the County. He said STMGID's water was exceptional and he hoped that quality would be preserved and maintained.

Mary Ann Williams agreed this was an important decision that was broad in scope, costs and impacts. She suggested after the information was gathered, the stakeholders have a say in the final decision.

Chairman Larkin inquired about the sole-source for the contracts. Dwayne Smith, Acting Sr. Licensed Engineer, replied that Professional Services Contracts did not require multiple contracts and were based solely on qualifications.

Rosemary Menard, Community Services Director, explained because of time-constraints, the LMB identified potential contractors for the various elements and

conducted informal interviews involving possible participants that could provide the needed services. Because of the nature of the compressed timeframe, Chairman Larkin said multiple interviews were conducted and the potential contractors were within 5 percent of each other. Ms. Menard stated that was correct.

Chairman Larkin said there was a question related to the communication plan and asked how that would relate to the next two months. Chairman Cohen indicated a copy was distributed to the Board about the communication scope that discussed the services to be completed. He said every customer would receive information on the status and reiterated that the LMB would not move forward if this proved not to be in the best interest of their customers.

Chairman Larkin said this was not-to-exceed \$450,000 and assumed that the LMB was using Washoe County services to negotiate those specific price points. Chairman Cohen replied everything was based on services not-to-exceed so, if the work was not completed, the providers would not be paid. He said there were no price negotiations, but after speaking with third parties the prices seemed to be in line.

Trustee Weber said project management was listed under the feasibility study as well as engineering and operational projects. She asked if there was one firm that could have supplied all the services. Chairman Cohen said there was; however, the LMB was advised that it would be better to have more eyes reviewing everything and noted the firm that was chosen had the expertise to provide that second eye. Trustee Weber commented there would still be citizens who said they had not heard about the stand-alone project, but that occurred with every project. She suggested an explanation of the timeline and urgency of the project also be posted on the County's website.

Trustee Breternitz inquired on the origin of the November 13, 2012 date. Ms. Menard replied that the Department of Water Resources (DWR) had been working with the Truckee Meadows Water Authority (TMWA) since 2009 to begin consolidating the DWR water utility with TMWA. Some resolution of the STMGID issue was relevant because of the nature of the County's operating agreement with STMGID and the interdependencies in the way the systems had been developed. She said the target date for implementation of the actual merger between DWR and TMWA was the beginning of the next fiscal year. She said the financial issues and the refinancing of the County's \$26 million debt had been resolved and market conditions were such that staff could move forward with refinancing in order for the County to transfer the assets. Ms. Menard said the resolution was needed on how STMGID would function, but had to occur in a timeframe that would allow the County to make their decision relative to a commitment with TMWA for the merger of the County's water utility and to also give STMGID, if it became a stand-alone agency, enough time to have that in place before the merger.

Trustee Humke stated the County was on a TMWA dictated schedule and TMWA actions acted as a tax. He said DWR had been directed by the Board to merge because it appeared there was sufficient desire by ratepayers to enter into that analysis. He said the County did not do communications, but this was a major undertaking and said

the communications received by STMGID customers was through the graciousness of some of those customers distributing flyers. Trustee Humke indicated that was after the LMB used focus groups, bill inserts and a number of techniques to communicate with their customers. He said he would vote for the increase because the key thing was the self-determination of the STMGID customer, which was the main governing factor.

Chairman Larkin asked if that could be treated as a motion. Trustee Humke asked if the communication costs needed to be included. Chairman Larkin stated that was correct. Trustee Humke said so moved. Trustee Weber seconded the motion.

Paul Lipparelli, Legal Counsel, asked if the Clerk understood the motion. Jaime Deller, Deputy Clerk, understood that Trustee Humke supported the motion with the communication plan. Chairman Larkin clarified that the motion was made for Item No. 5 and asked if the communication plan needed to be included. Trustee Humke acquiesced and the seconder agreed. Trustee Humke stated the motion included each and every contract, contract element and contract price listed in the staff report. The seconder agreed.

On motion by Trustee Humke, seconded by Trustee Weber, which motion duly carried, it was ordered that Agenda Item 5 be approved.

12-29STM AGENDA ITEM 6

Agenda Subject: “Approve a professional services agreement with Lumos and Associates for consulting engineering services to support the evaluation and development of a feasibility plan for the possible establishment of the STMGID as an independent water utility contract not to exceed \$127,496.00.”

Dwayne Smith, Acting Sr. Licensed Engineer, commented that Lumos and Associates were tasked with the engineering and operational components. He said Gray and Associates was selected there as a separate project management firm because of the timeframe.

Trustee Breternitz asked if the \$127,496 was included in the newly approved not-to-exceed \$450,000. Mr. Smith confirmed that to be correct.

There was no public comment on this item.

On motion by Trustee Humke, seconded by Trustee Weber, which motion duly carried, it was ordered that Agenda Item 6 be approved.

12-30STM AGENDA ITEM 4

Agenda Subject: “Status report on the analysis and development of a feasibility plan related to the possible establishment of the STMGID as an independent water utility, which plan shall be presented to the Board of Trustees no later than November 13, 2012.”

Dwayne Smith, Acting Sr. Licensed Engineer, explained as the South Truckee Meadows General Improvement District (STMGID) moved through the process, the County could not do the actual work, but were stakeholders and present in a data support role. He stated this item would be included on future agendas to allow the project manager to explain the process and provide updates on the feasibility study.

Steve Cohen, Local Managing Board (LMB) Chairman, indicated that Gray and Associates had been selected as project managers for the feasibility study.

Rod Savini, Gray and Associates, said he attended a LMB meeting on August 2nd and presented the approach and scope of work that would be provided for the feasibility study, and the timeline with the development of the constraints that needed to be completed by November 13th for the Board’s consideration. As part of the process, he said outreach and communication would be established and executed in a timely and repetitive occurrence to allow the ratepayers and other stakeholders an opportunity to understand the process. Mr. Savini said the initial strategy had been reviewed in order to provide the ratepayers and stakeholders a sound and consistent basis on how the system was built, who it served, operated and, if STMGID became a stand-alone agency, the magnitudes of the needed improvements in the development of the study.

There was no action taken or public comment on this item.

12-31STM AGENDA ITEM 7

Agenda Subject: “Management Report”

- (a) **Water system update**
- (b) **Financial Report – June 2012**
- (c) **Minutes of Local Managing Board regular meetings of June 7, 2012 and July 9, 2012.**

There was no action taken or public comment on this item.

12-32STM AGENDA ITEM 8

Agenda Subject: “Public Comment. Comment heard under this item will be limited to two minutes per person and may pertain to matters both on and off the STMGID Board of Trustees agenda. The Trustees will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Trustees as a whole.”

Bill Maggiora stated his concerns over the cost of the separation between the Department of Water Resources (DWR) and the South Truckee Meadows General Improvement District (STMGID). He was also concerned on the assumptions the customers may have to pay to separate the STMGID infrastructure from the DWR infrastructure.

Roberta Carver read a letter from Sydney Lyles, which was placed on file with the Clerk.

Ted Short stated the overwhelming opinion of the ratepayers and taxpayers was that the assets did not want to be given up. He said maintaining a system that was feasible was also requested.

12-33STM AGENDA ITEM 9

Agenda Subject: “Trustees, LMB, and Staff Comments (limited to announcements, requests for information, statements relating to items not on the agenda or issues for future agendas.)”

There were no Board member or LMB member comments.

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12:25 p.m. There being no further business to come before the Board, on motion by Trustee Humke, seconded by Trustee Weber, which motion duly carried, the meeting was adjourned.

ROBERT M. LARKIN, Chairman
South Truckee Meadows General
Improvement District

ATTEST:

AMY HARVEY, County Clerk and
Ex-Officio Secretary, South Truckee
Meadows General Improvement District

*Minutes Prepared by:
Stacy Gonzales, Deputy County Clerk*