

**MINUTES OF THE REGUALR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, AUGUST 10, 2010**

CALL TO ORDER – The meeting was called to order at the Kingsbury General Improvement District office located at 160 Pineridge Dr., Stateline, Nevada at 6:00p.m.by Chairperson Hayes.

PLEDGE OF ALLEGIANCE – Hayes led the pledge to the flag.

ROLL CALL – Present were Trustees Hayes, Schussel, Barratt, McDowell and Treanor. Also present was Legal Counsel Scott Brooke, General Manager Cameron McKay, Business & Contracts Manager Michelle Runtzel and Operations Supervisor Eric Johnson. Present for a portion of the meeting were Brent Farr, and David Pulley of Farr West Engineering and Nick Juvet, Mark Voohries, Chris Baus, Allan Wells, Jason Hudak, Bob Cook, David Lewis, Trustee candidates Dan Norman, Tim Stoll, Natalie Yanish, Leonard Kyle, Daria Voyt and Jodie Nelson.

PUBLIC COMMENT – Leonard Kyle resides on Kingsbury Circle, new construction since 2005. Has a meter and is billed accordingly. Agrees customers should be billed by usage. He is concerned that he can under utilize usage for 11 months and one month go over the 11,500 gallons and will be billed. Kyle wants the board to take into account his under usage for the 11 months. Hayes explains this is on the agenda.

APPROVAL OF AGENDA

Runtzel comments meeting minutes were not done.

M-8/10/10-1 – Motion by Barratt, seconded Treanor, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR –

B. Claims in the amount of \$626,734.17 as represented on the List of Claims by check numbers 44786 through 44870

M-8/10/10-2 – Motion by McDowell, seconded Treanor and unanimously passed to approve Consent Calendar Item A.

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION – McDowell asked about the check 44798 to TWSA, McKay reports this is an organization of water utilities. This is a yearly due to meet standards set. They work with NDEP and we would have to monitor creeks, education programs, flyers. This is a basin wide organization.

M-8/10/10-3 – Motion by Barratt, second McDowell and unanimously passed to approve claims in the amount of \$626,734.17 as represented on the List of Claims by check numbers 44786 through 44870.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

ACCEPTANCE OF RESIGNATION OF TRUSTEE BRETT BARRETT – At the last board meeting, Trustee Barratt announced he would be resigning his position effective August 31, 2010. Trustee Barratt didn't think to provide a formal resignation in writing but will provide one by the end of the week. He's enjoyed being on the board and has learned a lot. With new position, can't make commitment to KGID and is prohibited by law to have any other interests outside the State. Brooke requested Barratt to confirm the resignation is effective at the end of this month. Schussel appreciated having Barratt on the board, very good ideas and he appreciates everything he has done, McDowell agrees.

M-8//10/10-4 – Motion by McDowell, seconded Treanor, and unanimously passed to accept the resignation of Barratt effective at the end of the meeting tonight.

DISCUSSION AND POSSIBLE ACTION TO APPOINT A NEW TRUSTEE TO FILL VACANT POSITION ON THE KGID BOARD OF TRUSTEES

– There are 11 candidates running for election in November. Of these 11, Dan Norman and Darya Vogt have attended all of the meetings since they signed up to run for election in March. Jodie Nelson has missed only one, and Natalie Yanish has missed three. Richard Casa and Tim Stoll have attended two meetings. None of the other candidates have attended any meetings. Choosing one of these candidates may make the others feel that the existing board is trying to sway the elections by allowing one of them to be an incumbent of sorts. This could be justified by the time they have already spent learning how things are done at the meetings. Enough should be known of these candidates from the input they have already had in the past meetings.

B. Selection of someone that is not running for election would alleviate the calls of favoritism from others. The problem with this is that this person would only be in this position until the January meeting. This person cannot be anyone who has already served on the Board of Trustees for more than 12 years.

C. According to Scott, if the trustees do not select another board member, the selection will default back to Douglas County. Once the county gets this they would have to put this issue on the agenda and then the county would have to open the selection up to the public for at least 30 days. That would take us to the end of October. Then at the next meeting up at the lake the selection would be made. The selection would take place after the election. At that time, the selected candidate may not even be somebody that was running for election. The County Commissioners may listen to input from the Board of Trustees, but may select whomever they wish.

Hayes asked for confirmation that the appointed Trustee will finish Barratt's term, 2 more years. Per the GM, according to Douglas County, because they are appointed, they would have to be elected at the next election. Therefore, there would be 4 elected at the next election and one position off term in two years. Schussel's impression is this is Brett's position which still has two years left. Schussel doesn't believe this person would have to run until 2012. According to the Douglas County clerk's office, they have to run at this election. Brooke believes this is good through the next election provided they are elected. If they are running for election and elected, they will fulfill Brett's term, if not, they will not continue. If we appoint someone who is not running for election now, they will serve until January 2011. If we appoint someone who is running but is not one of the top vote getters for the three positions, they will also serve until 2011. If this were a non-election year, the appointed position would fulfill the term. Brooke will look into this further.

Schussel would not support selecting someone who is not running for election. He wants to pick someone for the long haul. Hayes has no problem picking one of the eleven candidates. He would prefer to select one who has attended meeting. McDowell does not want to defer to Douglas County to appoint our vacancy. It's not likely with timing that the County would appoint the position before the election. Hayes asked if we want to have a special meeting to allow the candidates to speak again or to select someone tonight.

M-8/10/10-5 – Motion Schussel, seconded McDowell, and unanimously passed to appoint Dr. Dan Norman as a KGID Trustee.

Darya Vogt asked about the term limits, it is 12 years.

ELECTION OF SECRETARY/TREASURER FOR THE KINGSBURY GID BOARD OF TRUSTEES

– With the resignation of Trustee Barratt, there is a vacancy in the Secretary/Treasurer Trustee position. It is recommended that the board appoint a new Secretary/Treasurer for the remainder of the calendar year.

M-8/10/10-6 – Motion by Treanor, seconded Schussel, and unanimously passed to appoint Trustee McDowell as Secretary Treasurer.

REQUEST FOR REIMBURSEMENT FOR PRIOR CLEANING OF SEWER MAIN AT 373 ANDRIA DRIVE, DOUGLAS COUNTY APN 1319-18-310-023

- At the July 21, 2010 regular board meeting, Mr. Juvet was asked to estimate his out-of-pocket costs for cleaning the KGID main sewer that runs in an easement along his property line. Mr. Juvet provided the attached letter estimating the costs at \$510.00 plus an unknown amount for clean up labor.

Please see Eric Johnson's report provided to the Board at the March 23, 2010 meeting.

It is recommended that we reimburse Mr. Juvet in the amount of \$510.00 for his efforts over the years.

M-8/10/10-7 – Motion by Schussel, seconded Barratt to approve reimbursement to Nicholas Juvet for cleaning costs associated with a KGID sewer main previously thought to be the customer lateral on his property located at 373 Andria Drive, Douglas County APN 1319-18-310-023 in the amount of \$510.00.

REQUEST FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH WATER DAMAGE OCCURRING ON JULY 28, 2010 FOR THE PROPERTY LOCATED AT 276 ANDRIA DRIVE, DOUGLAS COUNTY APN 1319-19-112-007 - Attached is Ms. Martineau's

request to be placed on the agenda for damages she suffered due to a very high water pressure at her house. On July 28, 2010, Ms. Martineau called to report she had a plumber at her home and they measured 180 psi after she had some problems within the home as discussed in her email to me. KGID staff was asked to turn off the water and they confirmed that in fact there was 180psi at the hydrant next to her home. Staff on hand started trouble shooting a pressure reducing vault on Drew Ct they believed to be the problem and changed out one of the prv's. That didn't reduce the pressure near Ms. Martineau's home and eventually they spoke with Eric Johnson, who was on vacation at the time, and found there was another prv located near tank 4. The crew replaced a faulty prv there which reduced the pressure at approximately 11:00pm evening.

Per Ms. Martineau's plumbing invoices submitted, her internal home prv was not working and was replaced at a cost of \$390.74. In my discussions with both Cam and Eric, had her internal prv been in working condition, our high pressure would not have affected her property or caused damage.

I believe once the issue was brought to our attention, our crew worked diligently and expeditiously to correct the problem. This was not something we could have known about without a customer reporting an issue unless we found it during routine maintenance. Therefore, our insurance would deny the claim. We have not submitted this to insurance for that reason. Ms. Martineau reports that several other property owners had issues as well but KGID did not receive any calls or complaints from other residents.

Ms. Martineau is uncertain whether she will be able to attend the board meeting to discuss the issue further with the board but received a call that a family member is not doing well.

Runtzel explained that Ms. Martineau hired a plumber after having pressure problems at her home and it was recorded that she had 180 psi. Our crew responded and turned water off and they worked into the night and determined that we had a pressure reducing vault fail. It is Runtzel understands that had her prv been working, she would not have had internal issues. McDowell asked if all residents have a prv, McKay replied they do not. He also asked whether she should have a prv at her home due to location. Per the GM, AWWA standards are recommended at 20-120psi. If you are in the bottom of a zone that has excess of 100 psi, you should have your own prv. Hayes comments a prudent homeowner should have one. All hot water heaters have a pressure relief valve. KGID has 50 pressure reducing vaults in our system. Runtzel reported in Ms. Martineau's case, she is at the bottom of zone 5. She also reported that her neighbors experienced problems as well, however, to date we have not heard from anyone else.

We meet the NAC and AWWA standards on a normal basis. There was discussion on the pressure requirements and whether our customers are aware of the potential of high pressures. We can include information on this in the next newsletter.

Runtzel's understanding from staff is that our vault failure would not cause her prv inside the house to fail. Schussel feels we should not approve this request and doesn't understand how she could request we replace her prv also.

M-8/10/10-8 – Motion by Schussel, seconded McDowell, and unanimously passed to deny claim, in next newsletter, remind customers that anything beyond our meter/valve is customer responsibility and pressures can be high. In next newsletter, remind residents that anything beyond our valve is the homeowner's responsibility, everyone is susceptible to high pressures and suggest installation of pressure reducing valve and include this information on website.

Hayes asked what would happen if you had a working prv and we sent 180 psi to a home. The prv would limit the pressure to the amount set at the individual prv. Although we did send 180 psi, it was not due to lack of maintenance, there was a mechanical failure and over and over again our insurance has denied these type claims because there was no direct fault of the district. This was an unforeseeable event, not caused by lack of maintenance. Runtzel explained further that the district was not negligent in this case and therefore, insurance would deny the claim.

There was further discussion on KGID liability with those attending the meeting

REQUEST TO INSTALL WATER METERS ON PRIVATE PROPERTY LOCATED AT 179 AND 183 JUNIPER DRIVE, DOUGLAS COUNTY APN'S 1318-23-810-102 AND 1318-

23-810-100 - 179, 181 and 183 Juniper Drive are the three properties staff has been referring to as a metering issue over the last several months. The middle property, 181 Juniper, has a single 3/4" waterline that runs up the driveway and branches off underneath the garage structure to serve each of the 3 homes.

Per GM direction, the BCM informed Mr. Voorhees (179 Juniper) and Mr. & Mrs. Wells (183 Juniper) that KGID would install a new water service tap, service line and meter pit to the edge of right-of-way and they would be required to bring a new lateral water line from the house to the meter pit at their own cost. Each would have to abandon the previous service line to KGID standards. They would have one year to complete this work. 181 Juniper would keep the existing service line as their own and would not be subject to any costs or re-plumbing...

The BCM met with both owners separately. Mark Voorhees stated he would not install this water line and believes he should not be required to do so. When he purchased the house some 8-9 years ago, this shared line was not disclosed to him. He has no issue with water pressure or flow and never has. He is not opposed to water metering but feels there is a viable solution so he does not have to incur expense. He showed me where there is a shutoff valve below his porch and another under a crawl space approximately 6' away. He suggested KGID install the water meter in either place and he would be happy to grant an easement to KGID for access and maintenance of the KGID owned meter. He was informed if this proposal was approved by KGID we would not accept responsibility for the waterline that runs under 181's garage. I explained I would discuss this with our GM and/or the KGID board and get back to him next week. He's indicated he will hire an attorney if necessary and file suit. This property would be the most expensive to run a new line from the street to the house as there is significant rock in the area. I've requested a quote from V&C Construction to install the meter at either location and expect to have more information by the meeting.

I also met with Alan and Janet Wells of 183 Juniper. They generally feel the same. They believe that KGID accepted the water system as is and they should not have to incur any costs to install a new water line. They indicate they have never had water pressure or flow issues either. They would like KGID to explore the possibility of intercepting the water line outside of the garage on their property and install the water meter at a mutually agreeable place. They also understand an easement agreement would be required.

In both of these cases the BCM believes it is feasible with the agreement prepared by Scott Brooke to install the water meters on the private property without accepting responsibility for the shared water service line. If these were approved each of these meters would be subtracted from the already installed master meter at 181 Juniper and we would be able to capture and bill for the individual water usage. However, if a water leak occurred on the shared line before the individual water meters for 179 & 183, 181 Juniper's meter would capture the usage and be billed for it.

The BCM explained to both property owners that as far as KGID is concerned, any leak on the lateral beyond our water meter at 181 Juniper is a shared water line between the 3 homes. If a leak were to occur underneath the garage structure at 181 and cause damage, I believe 179 and 183 could potentially be held liable since it is a shared line.

As of this writing, I have not been able to have any discussions with the owner at 181, but hope to do so prior to our meeting.

The BCM included an exhibit showing what we believe to be the plumbing configuration for these properties.

On another note, as of today, I found out that there is a single 1" service line serving another 3 homes on Juniper. The addresses are 153, 154 & 155 Juniper and I've included an exhibit for board reference. We are going to try to locate the manifold to determine whether we can install new service lines and meters to segregate the properties.

All three homeowners attended the meeting and explained their concerns. Brooke asked if the existing meter is in the location where we would want all three water meters. Runtzel clarified that we would not ask one homeowner to cross another property to have an individual meter and install a new line. Johnson explained this situation is not an unknown. We've known about this situation for a long time.

Mr. Voorhees commented that he has never had a water pressure issue at all. He would like each of the homes metered individually. Runtzel explained under his porch is a shutoff valve and additionally there is a crawl space under the home. Mr. Voorhees asked specifically for us to install the water meter either under the porch or under his house. The problem with this is that the waterline from the KGID valve is a shared valve between the three homeowners so if there is a break under the 181 Juniper garage, each of the homeowners would have liability.

Brooke is not aware of any similar court cases that could be followed. Our district is unique. The homeowners should either have a HOA or an agreement to deal with the upgrade and maintenance of the shared water line. This would be a requirement in order for us to meter. It would be a recorded document for any future owners.

All three owners are not full time residents. The owners are now facing considerable expense in installing new waterlines. Schussel thinks the three owners should figure out how to split up the bill if they don't want to install the new waterlines. Either we could have one master meter divided between the three properties or we could have individual water meters and a master meter. If our attorney agrees with the language in the agreement we are ok going either way.

Mr. Voorhees asked if this can be tabled. Each of the situations we deal with will be different. Schussel thinks the three homeowners should get together and come to agreement on how to meter. Mr. Voorhees believes the common thread is multi-family residences on one service line. He thinks we should put together a committee of residences to put our heads together and find a common solution. The urgency now is that we have a contractor installing meters in the area.

Runtzel does not recommend that we master meter only at all. She recommends that we incur the costs of the additional three water meters or as the GM directed, require new line installations. The master meter can not be split three ways in our billing system. If we have three individual meters, we can shut off individual homes. With a master meter only, we have no ability to shut off a house. Chris Baus, owner of 181 Juniper is concerned that we would have to have a separate rate due to the tiered rate system if they have three homes on the same line. Mr. Baus also believes that if we have to install the fourth meter, master meter, the district should incur that as part of the overall cost to implement metering. Hayes believes the majority of the district would disagree.

Brooke thinks staff should be available to work with these homeowners to try to work something out. We were trying to make an exception in this case. Runtzel would like direction from the board on whether we are willing to install the three individual water meters. Hayes wants to move to the next agenda item 14 to come up with options available and then staff can work with these homeowners on any options we can offer. Chris Baus prefers that all the waterlines stay in the same location and KGID installs three additional water meters. McDowell confirms we are talking about the possibility of installing a total of four meters. Slippage is a concern on the master meter. Runtzel explains that in this situation, slippage should not be a factor because all of the water meters are ¾". McDowell asks if it would be fair to all of the other customers if these three owners pay the cost of the fourth meter. The GM comments that we will discuss this under the next item.

M-8/10/10-9 – Motion by Schussel, second Treanor and unanimously passed to table this item until item 14.

WATER ORDINANCE/FUTURE WATER RATE WORKSHOP DISCUSSION OF POSSIBLE FUTURE CHANGES TO THE EXISTING WATER ORDINANCE - As we move forward with the changes to the water ordinance, changes must reflect how KGID expects to do business in the future and how we will ensure that all residents are treated equitably. There are a number of changes that I have already made to the ordinance as you will be able to see by the red-line copies attached. The main item that I would like to discuss at the meeting is how KGID will provide meters to the multi-family houses such as the 4-plex and 6-plex properties. Please look at section 3.06 on page 20 of the attached draft ordinance. These properties are located mostly in the Tahoe/Summit Village and the Lake Village areas.

The service lines to the Tahoe Village and Summit Village multi family housing units are mostly undersized with a ¾ or 1 inch service line serving 4 to 6 units. Under these buildings is where the separate lines to the individual residences are separated.

Lake Village has service lines to blocks of houses that are the proper size. These lines split either under the dwellings or just outside the dwellings.

Michelle Drive has a number of duplexes that have a single service line that splits just at the foundation of the buildings. These lines are probably sized properly.

What this shows us is that there is no common denominator for these or many other multifamily residences within the district.

If meters are placed under the residences where a manifold splits the water use to the individual properties, then leaks on the main service line will not be recorded and a considerable amount of water could go unaccounted for. If master meters are installed, an association of all property owners within the structure/structures served must be developed by the owners to pay the water bill. If a master meter is used to account for any lost water due to leaks etc and individual meters are installed under the buildings to account for usage, then KGID will have to assume higher maintenance costs including replacement of one extra meter.

What is needed is an equitable way of ensuring all residents are treated the same or are given the choice to be treated the same.

i That could mean that property associations could be set up to handle the bills with one specific address being selected as the responsible party for a master meter bill.

ii A “default” alternative would have to be established.

iii A time period to come into compliance with this ordinance would have to be given in order to allow property owners time to discuss and come back to KGID with their choice.

iv An alternative may be given to cover the cost of service line installation and assess the water bill of the property owner in question to repay the installation cost.

There are a number of other changes that will need to be discussed on these ordinances but I feel that this is the highest priority. This will affect the way that KGID puts the next year’s project out for bid and will have an impact on our daily maintenance costs for many years to come.

Other items to look at are:

- 2.17.1 Appeal for Relief from Excessive Water Charges.
- 2.22 Remodel or redevelopment
- 2.23.a Time of use
- 8.09.1 Redevelopment
- 9.11 Discounts
- Some minor changes to fees and call out charges.

These are the other major changes to the ordinance. I doubt that we will have time to discuss all of these so I do plan to bring this item back to the Board for the next few meetings for discussion.

Hayes comments we have at least two options, 1) Customer can bring service line to main at their cost, KGID will provide and install water meter and pit, 2) Form HOA and install master meter only. Per the GM, the HOA would have to be associated with one of the individual properties recorded against that property. Brooke corrected that an HOA is an individual entity that legally exists.

Leonard Kyle believes if we are providing a meter to each household, we should therefore provide meters to each property and if there are excessive charges then those should be incurred by the three homeowners.

Hayes asks if there is a way to come up with a third option. Runtzel explained they may be less expensive ways to complete this. Hayes explained this is an inherited water system. A third option may be to have individual water meters at each unit. Possibly the homeowners could pay for and adjust the bill themselves. If we own the meter, how do we maintain them? Can we install the master meter and individual meters; this would be the least expensive. Barratt thought the idea all along was that each residential unit would have their own meter. The GM says no. In Barratt’s building, it is impossible to run 18 new service lines out. In a four-plex it would be easier to run separate lines. Barratt asks if we can’t install a meter for each unit. The GM states we are on private property.

A resident states with all due respect we have already tabled this item. The board clarified we have moved to item 14. Yanish asks whether she be entitled to an individual water meter in a four plex. We are assuming a larger building will already have a homeowners association and would be master metered. The GM reports the default should be that each unit should install its own service line. Brooke suggests as an example, that in the event a HOA is not formed and individuals will not install their own water service lines to the district main, the District can create a new water rate where the homeowner will pay maybe twice the base rate than everyone else.

The GM suggests that we bring back three solid proposals with alternatives for board consideration. It will include bringing a service line out, an HOA billing, shared billing with a master meter and individual meters.

In the Juniper case, staff will work with the homeowners to try to get a proposal together and figure out how to meter these individuals. Chris Baus recommended that we define multi-family properties (ie: condos and townhouses), multiple houses on one service line and apartment buildings and then within those definitions we look at the various engineering required for each of the identified types of housing.

Runtzel suggested that the board not limit the GM to 3-4 possible options and that they recognize if we don't nail this down in the next month or so, we will not have a construction project next year. We need to be communicating with our residents and need input from them.

McDowell suggests that the three owners of Juniper get together to try to come to a solution and meet with staff.

CHANGE ORDER FOR V&C CONSTRUCTION'S KINGSBURY VILLAGE WATER METERING PROJECT TO ADD WATER METERING OF THE SINGLE FAMILY HOMES LOCATED IN AREA 3 IDENTIFIED IN THE METERING IMPLEMENTATION MAP AND SINGLE FAMILY HOMES LOCATED WITHIN OLIVER PARK GID -

Attached is a recommendation letter by Farr West Engineering, the proposed change order and bid tabulation provided by V&C Construction. The recommendation letter does a good job of explaining the purpose of completing the single family residence metering this year so I won't be repetitive. I would add that I believe it is very important that we focus all of our efforts on deciding how to move forward with multi-family water metering at this meeting so we can have a project next year. At this point, Farr West is unable to complete design work until we know how/where we are installing meters. As discussed many times in the past, coordination with homeowners on their options or our requirements is critical. We should do our best to try to have all properties metered by the end of next summer so that we can apply for any available grant funding toward LT2 requirements, likely in the millions and with a compliance deadline of June 2014. In order to meet this timeline, we need clear and concise board direction on how to move forward.

With the GM's approval, I have ordered the water meters and meter pits for this proposed addition. In the event the board chooses not to authorize this task this year, we will have the materials for next year. The meter pits have a 28 day (optimistic) lead time and therefore, we felt it was important to get the ball rolling in order to construct before October 15. It seems that STPUD, North Lake, much of California is installing water meters right now and the demand is extremely high for the pits. The manufacturer of the pits is Mueller and it is my understanding they are working 24/hours per day and 7 days per week to fill their orders.

The funding for this project is provided 100% by the SRF Loan #3 obtained this year. Adele Basham does not require a review of the change order as it meets the intent of the loan funding scope. NDEP will require a review but they have indicated that the project should be turned around quickly from their offices. I was able to negotiate V&C's original bid price down by \$12,000 to be more competitive with the two projects under construction.

Runtzel explained that she came up with this idea to complete single family metering so that we can focus our efforts on the multi-family metering next year. We are pushing forward for various reasons. One cost of moving forward now is that we propose to contract out the Vesper Court Waterline Installation Project as our staff would not have time to complete the construction and maintain the inspection requirements of the metering.

M-8/10/10-10 – Motion by Barratt, seconded Schussel and unanimously passed to authorize the Business & Contracts Manager to approve Change Order #5 for the Kingsbury Village Water Metering Project to include the addition of approximately 160 water meter installations for single family residences located from Kingsbury Estates to Palisades and Oliver Park areas in an amount not to exceed \$196,000 and authorize the BCM to approve change orders of up to 15% contingency, or \$29,400, and, approve the order placed by the BCM to purchase meter pits and meters for the project in an amount not to exceed \$140,000.

AMENDMENT NO. 2 OF TASK ORDER 3 FOR THE PROFESSIONAL SERVICES CONTRACT BETWEEN FARR WEST ENGINEERING AND KGID FOR THE KINGSBURY GENERAL IMPROVEMENT DISTRICT WATERLINE REPLACEMENT PROJECT TO INCLUDE THE ADDITION OF THE VESPER CT. WATERLINE REPLACEMENT PROJECT CONSTRUCTION INSPECTION SERVICES AND RELATED SERVICES

- Brent Farr of Farr West provided the attached Amendment #2 at the direction of staff. Items 1-3 of the amendment are relating to items not included in the original scope of work as prepared by Farr West. Item 4 was requested by staff for board consideration to add Vesper Ct construction administrative services and inspection. As discussed in greater detail under Agenda item 17, Vesper was originally planned to be constructed by in-house personnel and now we propose to allow Spiess to construct the project under a separate change order for the Hubbard Drive Waterline Replacement Project; so that we can further our metering efforts this summer and get all single family homes metered. Under the originally planned construction there was no need to have inspection or contract administrative services, however, if approved by the board, we would need these services to ensure the project is built to specifications and pay request quantities, potential change order, etc. would be handled through Farr West.

Staff recommends this amendment request. Funding for this work will be provided 50% grant funds from STPUD/USFS and 50% match provided through SRF Loan #2 funding.

Runtzel explained that the majority of this scope change is for the addition of Vesper Court.

M-8/10/10-11 – Motion by Schussel, seconded McDowell, and unanimously passed to authorize the Business & Contracts Manager to approve Amendment 2 of Task Order 3 provided by Farr West Engineering to include construction inspection and administration services relating to the addition of the Vesper Ct water main installation proposed to be constructed by Spiess Construction under a change order and further discussed under Agenda Item 17 for this meeting date, in an amount not to exceed \$26,500 bringing the total task order for the water main replacement projects to \$109,300.

CHANGE ORDER FOR SPIESS CONSTRUCTION'S HUBBARD DRIVE WATERLINE REPLACEMENT PROJECT TO ADD CONSTRUCTION OF THE VESPER CT. WATERLINE REPLACEMENT PROJECT WITH MATERIALS PROVIDED BY KGID

- The Vesper Ct. Waterline Replacement Project was originally going to be constructed using in-house personnel and planned for construction in May 2010. Because we did not receive the NDEP permit before mid June, we were unable to complete the project as planned. In early June the water metering projects began and it was soon realized that these projects would consume a good portion of staff time. We planned to complete the installation in late August or September when the waterline replacement projects and metering projects were completed, however, it is now proposed under agenda item 15, that we issue a change order to V&C Construction to finish metering virtually all single family residences. Assuming this request is approved by the Board, KGID's Operations crew will remain busy on metering projects likely into October this fall and therefore would not have time to install Vesper's water main this grading season. Additionally, staff is somewhat concerned that in the event we were to run into rock on Vesper, we don't have the appropriate rock-breaking equipment or excavators to complete excavation, therefore, delaying the project and inconveniencing our customers until we either rent the appropriate equipment or hire a contractor to complete trenching for us.

Because of these unknowns, we recommend issuing a change order to Spiess Construction to complete this work. KGID has already purchased materials required for the job which are staged onsite at the end of Vesper.

Attached is a recommendation letter from Farr West Engineering and the proposed Change Order and bid schedule for board consideration. Also attached is an email approval to add Vesper Ct to the project from Adele Basham of NDEP to utilize our existing SRF funding for this project. SRF Funding will provide the 50% match required from the STPUD/USFS Grant Funding already in place for Vesper. I will be submitting a QE application to TRPA to permit this project under our existing MOU.

M-8/10/10-12 – Motion by Schussel, seconded Barratt and unanimously passed to authorize the Business and Contracts Manager to approve Change Order #4 for the Hubbard Drive Waterline Replacement Project to include the addition of installation of approximately 400lf of water main replacement on Vesper Ct, three service line replacements, meter installations, hydrants, air-release valves and associated fittings with KGID and authorize the BCM to approve changes to the Vesper Ct Waterline of up to a 15% contingency of \$6.117.15.

Hayes appreciates that staff is able to this work and switch gears, we bit off a lot for our crews this summer and he appreciates we found an alternate way to get the work completed.

REVISED SCOPE OF WORK AND CONTRACT AMENDMENT FROM RESOURCE CONCEPTS, INC FOR THE KGID WATER TANK SLOPE STABILIZATION PLAN, STATUS OF AB198 FUNDING AND RELATED MATTERS - Please see attached proposal for tank slope stabilization provided by RCI as well as my letter to Michelle Stamates requesting an extension of time for the AB198 grant funding agreement.

Runtzel apologized that she didn't provide a more detailed staff report but felt that the letter she wrote to Michelle Stamates was very detailed and indicates how we've gotten to this point. The GM reports that with the significant rain we had in July, there was significant erosion that we must address. We believe AMEC may have dropped the ball on this, possibly because we denied their request for additional engineering costs.

Runtzel explained that there is plenty of budget left from our original grant, but that we are out of time on the funding agreement. Runtzel believes if the request is denied by the BFWP for use of the AB198 funding, we have almost \$1m left in SRF funding that we would be able to use to complete the work needed.

M-8/10/10-12 – Motion by Schussel, second McDowell and unanimously passed to authorize the Business and Contracts Manager to approve the Revised Scope of Work and Contract Amendment for the KGID Water Tank Slope Stabilization Plan Proposal provided by Resource Concepts, Inc. in an amount not to exceed \$24,200 and authorize the BCM to approve changes up to 10% of the amount, or \$2,420.

BOARD REPORTS – There were no board reports.

STAFF REPORTS – Written staff reports were provided by the General Manager, and Operations Supervisor. The BCM provided a verbal report. The Bookkeeper provided a Cash Position Statement for the month ending July 31, 2010.

General Manager Report – McDowell asked if there was anything new on the Shady Lane issue, the GM met with the County Engineer, the design engineer ensured that all of the GM's concerns would be addressed in the plans and we would have the ability to review and sign off on the final plans.

Barratt asked where we stand on Station 4? The GM doesn't have anything new. We are waiting to hear back from the title company and then we will have Scott Brooke work on this.

Business & Contracts Manager Report – Runtzel provided a verbal report.

Metering - The Kingsbury Village Water Metering Project is substantially complete. The Lower Kingsbury Water Metering Project has been moving forward, there are a few properties where we have been unable to find the waterlines or valves. This has been very consumptive of our staff time either finding valves or dealing with change orders, etc. We are having bi-weekly progress meetings.

Waterlines – Weekly meetings on the projects, trying to find water service lines. The Hubbard Drive waterline is in service, meters are not in yet. There are a few punch list items. Ski Ct – they are still installing services this week, the waterline is loaded and we are waiting for the samples to come back before they plumb the services. Sherwood Drive – project is taking much longer than anticipated, they are hitting a lot of rock and there is a gas line conflict.

Sealing Project – starting next week, we are holding off on slurry so we can include Sherwood. Tramway, Quaking Aspen, Hubbard and Andria will be slurry sealed and the rest of the project will be fog sealed. Because the metering contractor is vactoring the meter pits, there isn't risk of damaging the road seal.

Tank 10 – Aspen has asked another fencing contractor for a bid because Artistic Fencing has not been responsive.

Audit begins next week, Kim completed the physical asset inventory and she is preparing the schedules and journal entries for the audit.

Operations Supervisor Report – Eric apologized for his report being late, he was out of town as well. He reports last year we budgeted to replace some manholes but NDOT would not allow us to close the road to complete the work. We are scheduled to work with Peek tomorrow to replace one of the manholes. We will not have to provide traffic control which saves us about \$1,700.

ATTORNEY’S REPORT – Scott Brooke provided a memorandum about the Rancho Pacific litigation where the court has issued orders instructing KGID not to issue those water service allocation units previously allocated to Rancho Pacific to any other applicant and until further order of the court.” Scott also advised on the status of Whitebark.

ENGINEER’S REPORT – A written status report was provided to the board. Hayes asked what other entities are doing as far as multi-family metering, has this been evaluated. Farr has provided some information to staff and we’ve had some discussions on this. Is there a way that we help multi-family buildings divide usage, or can we provide the meter, what options can we look at.

CORRESPONDENCE – The following correspondence was received during the month: 1) Federal Financial Assistance Award of Domestic Grant

ADJORNMENT TO CLOSED SESSION PURSUANT TO NRS 288.220 TO DISCUSS LABOR/MANAGEMENT ISSUES – There was no closed session this meeting.

RETURN FROM CLOSED SESSION

DISCUSSION AND POSSIBLE ACTION ON LABOR/MANGEMENT ISSUES – There was no action on this item.

ADJOURNMENT

M-8/10/10-13 – Motion by Barratt, seconded by Treanor and unanimous approval the meeting was adjourned at 8:48 p.m.

Respectfully submitted,

W.R. Hayes –Chairman

Attest:

Brett Barratt, Secretary