

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
WEDNESDAY, JULY 21, 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 and Operations Supervisor Eric Johnson. Present for a portion of the meeting was Nick Juvet, Jim Beattie, Robert Cook, Dan Norman and Darya Voyt.

PUBLIC COMMENT – Bob Dever of 495 Tramway comments he lives here ½ of the year. He found out that his KGID bill went up again and notes the current bill is over 300% of the original billing amounts charged. He is curious why there was a basic rate increase without any knowledge of what revenues would be produced by metering. Will this be a windfall of revenues, will the increase be permanent. There are a lot of people at the top of the hill that feel they have been subsidizing the revenues for a long time. Why has it taken so long to meter the district, why does KGID have to purchase the meters, why can't he buy his own meter. Hayes explains we've been talking about rates for the last 6 months and that under Agenda Item 11; we will be talking about metering. He wished Mr. Dever would've attended the rate meetings. Barratt agrees and acknowledges that it is difficult to get everyone here to discuss the various issues such as landscaping and water use. Hayes wants to include on the next agenda to include water rates, ordinances and meter installation so these items can all be discussed. McDowell strongly suggests that Mr. Dever go to the KGID website and review the agendas and minutes for this year to obtain some understanding on how we've gotten to this point. Cook comments that we spend three times more money plowing snow in the upper mountain and it costs more to pump the water to the upper mountain and he doesn't feel the upper mountain is subsidizing the rates.

Barratt reports that he recently got a new job and as a result he unfortunately will have to resign his position on the KGID Board. He hoped to find a way around the resignation, but he is prohibited by statute to have other interests outside of his position and also feels that he would not be able to meet the time commitments of KGID. He's enjoyed working on this board and didn't envision this turn of events. Barratt was appointed to the Insurance Commissioner of the State of Nevada. McKay comments to appoint this position he will contact those who have filed for election.

Brooke suggests that the GM bring alternatives for board consideration at the next meeting. Discussion of this item needs to take place under an agenda item at the next meeting. At the next meeting, when agendaed, either the board can accept the GM recommendation or discuss something else. Brett will resign as of August 31, 2010.

APPROVAL OF AGENDA

M-7/21/10-1 – Motion by Treanor, seconded Schussel, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR –

A. Minutes of the Regular Meeting of June 15, 2010

M-7/21/10-2 – Motion by Barratt, seconded McDowell and unanimously passed to approve Consent Calendar Item A, Minutes of the Regular Meeting of June 15, 2010.

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION – Schussel requested the List of Claims are pulled and asked whether check 44651 to Stationary Engineers Local 39 was for all employee medical insurance. McKay explained there are a few employees in the state plan and the rest are in the Local 39 plan. Check 44713 to Egon Klementi in the amount of \$940.00, McKay clarified this was for snow removal damage and KGID incurred these costs. Schussel thought usually Manchester would pay for the damage; McKay replied Runtzel would know more about this. Sometimes we don't have enough easement for the snow storage.

M-7/21/10-3 – Motion by Schussel, second Barratt and unanimously passed to approve Consent Calendar Item B Claims in the amount of \$855,584.47 as represented on the List of Claims by check numbers 44619 through 44785.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

REQUEST FOR CONSIDERTION OF COSTS ASSOCIATED WITH REPAIR OF A DAMAGED CULVERT PIPE FOR THE PROPERTY LOCATED AT 373 ANDRIA DRIVE, DOUGLAS COUNTY APN 1319-18-310-023 – This item was tabled at the last meeting to provide time for Mr. Juvet to provide a final bill from F & B for board consideration. In addition to the final billing from F&B in the amount of \$2,600, Mr. Juvet provided a denial letter by his homeowners insurance for the repairs. Also included is the staff report and background information from last meeting.

Mr. Juvet has paid F&B the full \$2,600 for this work and notes that for many years he has had to hire a sewer cleaning contractor to clean part of what we now know as KGID's sewer main. He is asking for "some" financial consideration for this damage.

Mr. Juvet commented that this was put on hold at the last meeting because he didn't have a final bill. His insurance turned the claim down and we turned down his request because it was in the easement. He's asking for consideration towards his costs. He indicated that he has been cleaning a sewer main and incurring costs for years that KGID didn't know was part of our system. This is a shared sewer lateral and main.

Johnson explained there is a line that comes down and collects from houses above. There was an overflow and initially we thought this was a private lateral. There is actually an easement for the line that picks up the sewage for the three houses above. We propose to replace the line to a 6" size. Our sewer as-builts only show a stubbed line and not the extension for the collection of the three homes.

Mr. Juvet estimates it costs him about \$100 each time he's cleaned it. Brooke notes there is no issue on the agenda regarding the sewer issue. McDowell asked why Mr. Juvet did not use the lowest bidder. He wasn't comfortable with the insurance contractors bid and was more comfortable with F&B's.

M-7/21/10-4 – Motion by Schussel, seconded Treanor, and unanimously passed to deny request by Mr. Juvet to participate in costs associated with the repair of his damaged driveway approach at 373 Andria due to inappropriate original construction.

McDowell recommends that we pay ½ of the lowest bid, or approximately \$830.00. Brooke points out that the insurance company provided the estimate that McDowell is referring to. There was some discussion on the substandard construction of the culvert pipe. McDowell met with the contractor while the repair to the culvert was being made and he believes that for years this pipe has been deteriorating. McKay reports that all corrugated pipe will rust. Mr. Juvet purchased this house with the culvert already in place.

Dan Norman asked if we could notify all owners of potential future issues and responsibilities regarding culvert pipes. McKay doesn't believe it is the districts responsibility; these improvements were constructed in the right-of-way. We could include information on the website.

Mr. Juvet was encouraged to come back to the board for consideration on his past sewer main cleaning costs.

PRESENTATION ON BEST MANAGEMENT PRACTICES (BMP'S) AND TOTAL MAXIMUM DAILY LOAD (TMDL) BY NEVADA TAHOE CONSERVATION DISTRICT – NTCDD requested to prepare a presentation in front of the board and any attending residents. Eric Winford introduced himself and provided a video presentation. Eric explained that the draft TMDL document is available for review on the website. McKay explained we are working with Douglas County on this issue. Currently we are documenting the amount of sediment we collect in the various drainage systems.

No action was taken on this item.

APPROVE TASK ORDER #5, HEAVENLY SKI RESORT COST OF SERVICE STUDY –

Heavenly Ski Resort currently has a contract with KGID to supply snow making water to the Nevada portion of Heavenly Ski Resort. This agreement was initially drawn up in 2001 for a 5-year term with a second 5-year option. It will terminate in October 2011.

Heavenly is looking to renew the contract but is looking for a much reduced price on the snowmaking water.

The GM wants to look into the cost of supply to Heavenly is to see exactly what the cost is to KGID to get the water up to tank 10 and if a new agreement is reached that is below the current rate, what will the revenue impact be and will this affect the proposed rate structure that we have worked on these last few months?

Yearly revenue from Heavenly is as follows:

2005	\$129,779.73
2006	\$135,435.49
2007	\$100,986.66
2008	\$281,587.28
2009	\$142,150.80

This shows that KGID receives a fairly large income from Heavenly, and any change to their rate will have an impact on our revenue.

It must also be noted that Heavenly has drilled a well up near East Peak for snowmaking water and they may attempt to use this supply as a bargaining tool in an attempt to get a lower rate from KGID. The agreement with Heavenly was provided for board reference.

By dealing with this now, it will give the newly elected Trustees an idea of what they will have to deal with when they are sitting on the Board.

The GM is asking for the cost of service study because it is so unique how they get their water and we need to evaluate how a reduced rate will affect our revenues. Schussel is concerned about getting into a five year agreement knowing that we will be setting metered rates in a couple years for our residents. Treanor wants to be sure we are going to give Farr West a timeline to complete the work which we will. Barratt asked whether Heavenly should kick in for this study. Schussel asked if there was anyone else that could compile this information, seems like a lot of money. McKay feels this is a very reasonable price and the cost would be included in their rates.

M-7/21/10-5 – Motion by Treanor, seconded McDowell, and unanimously passed to approve Farr West Engineering to proceed with Task Order #5, the Heavenly Ski Resort Cost of Service Study with a report delivery date due in 90 days.

Heavenly can take about ½ of our tank 10 storage capacities. We will have to look at their pumping times to ensure we can still meet the off demand electricity charges.

The Chairman called for a 10 minute break.

WATER ORDINANCE 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.

The Chairman appreciates the GM working on these. Going into metering, we need to have a framework that is fair to our customers. We are dealing with various types of buildings some of which weren’t built to code. In order to design the metering project we need to make some decisions, do we design water meters at the street. Brooke suggests that Treanor disclose her positions at the top of the hill. Treanor reports she is the GM for the Tahoe Village and Summit Village Homeowners Associations. In the event Treanor feels she has any conflicts of interest, she should bring it up and possibly withdraw from participation.

The GM explains that in multi-family building, usually there is one service line. One option is that each of the units could bring new service lines out to the street and each individual unit would be responsible for their meter. Another option is to install meters under buildings on private property and meter each individual unit at that point. A consideration under this option is that the service line can be leaking and we would not be able to monitor the usage. A third option is to install a master meter and either split the usage between all units served, or bill one entity for the master meter use. You could also install a master meter and the four sub-meters. The GM reports one person would have to be responsible for the master meter. We want to give all residents a choice, but we would have to have a default. There are many options and all need consideration as to who is going to pay and what are we going to offer.

Brooke understands that there are situations where installing new service lines are very difficult. Where a HOA doesn't currently exist, you must have unanimity to form an HOA and he doesn't believe that would happen. Brooke thinks we need to start with the premise that each unit needs to be metered individually. We can require apportionment of the master meter to each unit in our ordinances. The GM notes that there is extra cost to install the master and the four sub-meters and the sub meters will never equal the usage on the master meter.

Government has the right to mandate a requirement for us to provide a service. (ie: sewer assessments and connection) We can mandate that we install meters at the street and it's up to the homeowners to bring new lines out to connect. This is one extreme. Hayes asks whether we should make this requirement since we have been serving them water service. Barratt want to treat everyone the same. Some of the people financially can't afford to bring new lines out. Government has a responsibility to make accommodations in special circumstances. Schussel was concerned that if a property wasn't built right to begin with, can we make homeowners bring the buildings up to code. Brooke reports, we approved these developments and have been serving water to them.

We have situations where a 4-plex is served by a 1" water line which is inadequate. Another concern is we need to have the ability to shut off water to an individual unit who may not pay their bill. If we are going to require new line installation, what period of time will be provided until water is shut off? There are various considerations with each of these options. Uniform Plumbing Code requires certain line sizes based on the number of fixture unit counts for each unit. We have never had access to perform these counts to determine appropriate line size.

Dan Norman comments that we are not the first to go thru this and asks whether we have surveyed other districts. North Tahoe PUD will install a master meter to an 8-plex and will split the bill evenly between the 8 units served. Brooke believes it is hard to find comparables to KGID due to topography and TRPA requirements. Access is a problem to a lot of these problems. Included in correspondence is a 4 page pamphlet from TMWA who initiated separate rates for properties who haven't been metered yet, and a separate rate for those who refused to participate in the metering program. Hayes hopes board members will review this document as an example of different ways we can charge units.

If we require each homeowner to install new water lines, we may have to upsize our waterline from the main as well. The GM doesn't recommend we supplement homeowners the cost of individual service lines. Treanor will provide existing homeowners association and number of units per building.

BOARD REPORTS – There were no board reports.

STAFF REPORTS – Written staff reports were provided by the General Manager, Business and Contracts Manager and Operations Supervisor. The Bookkeeper provided a Cash Position Statement and draft Financial Statements for the month ending June 30, 2010. Staff reports were given.

ATTORNEY'S REPORT – The attorney report was given.

ENGINEER'S REPORT – A written status report was provided to the board. David Pulley.

CORRESPONDENCE – The following correspondence was received during the month: 1) Pool Loss Run from Alternative Service Concepts, 2) Letter to Harry Reid for the Nevada Public Water System Funding for Lake Tahoe Fire Protection, 3) Thank you letter from Natalie Yanish of 425 Andria Drive, 4) TMWA Water Rates Schedule, 5) Douglas County Board of Commissioners Agenda

ADJORNMENT TO CLOSED SESSION PURSUANT TO NRS 288.220 TO DISCUSS LABOR/MANAGEMENT ISSUES – The Board adjourned to the closed session at 8:48 p.m.

RETURN FROM CLOSED SESSION

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

ADJOURNMENT

M-7/21/10-6 – Motion by Schussel, seconded by McDowell and unanimous approval the meeting was adjourned at 11:01 p.m.

Respectfully submitted,

W.R. Hayes –Chairman

Attest:

Brett Barratt, Secretary