

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, MARCH 15, 2011**

CALL TO ORDER – The meeting was called to order at the Kingsbury General Improvement District office located at 160 Pineridge Dr., Stateline, Nevada at 6:04p.m. by Chairperson Treanor.

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

ROLL CALL – Present were Trustees Yanish, Treanor, Vogt, Nelson and Norman. Also present was Legal Counsel Chuck Zumpft, General Manager Cameron McKay and Business & Contracts Manager Michelle Runtzel. Present for a portion of the meeting was Brent Farr of Farr West Engineering, Bob Cook, Larry Schussel, Steve Tognoli and Charles Cockerill.

PUBLIC COMMENT – There was no public comment.

APPROVAL OF AGENDA

M-3/15/11-1 – Motion by Norman, seconded Nelson, and unanimously passed to approve the agenda.

APPROVAL OF CONSENT CALENDAR –

Runtzel pointed out that there is an error in her recommended action for the extension of the legal services agreement and that the extension should be stated as March 31, 2012 not March 31, 2011 as written. The agenda is correct.

M-3/15/11-2 – Motion by Nelson, seconded Vogt, and unanimously passed to approve Consent Calendar Items as follows:

- A. Minutes of the Regular Meetings of January 18, 2010
- B. Claims in the amount of \$150,597.12 as represented on the List of Claims by check numbers 45654 through 45706
- C. Approve the Renewal and Extension of Agreement for Legal Services to March 31, 2012 between KGID and Brooke, Shaw & Zumpft at the existing hourly rate for additional services of \$200/hr for any additional hours over the eighteen (18) hours per month included in the monthly retainer of \$3,000 under the same terms as the agreement.

CONSENT CALENDAR ITEMS PULLED FOR DISCUSSION – Nothing was pulled forward.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

PRESENTATION OF DOUGLAS COUNTY EMERGENCY OPERATIONS PLAN – Steve Tognoli from the East Fork Fire District gave a brief presentation of the Emergency Operations plan that KGID is a part of. The GM noted that Johnson works closely with both fire districts and the Douglas County Emergency operations. There was no action on this item.

SELECTION OF ENGINEERING FIRM FOR THE 2011 PAVING PROJECT – I have

reviewed all of the proposals from the engineering firms and feel that we should continue with Farr West as the engineering firm for street repair. The reasoning behind this is as follows.

In early 2009 KGID sent out RFQs to a number of engineers in the area and asked them to submit their qualifications to KGID for review.

There were twelve initial respondents. Each was interviewed and the group was narrowed down to 5 finalists. These 5 were again brought in for another interview and sat before a panel of other operations manager, Public Works directors, and a contractor. The selection was to be determined on the engineer's ability and experience with water, sewer, and road repair/replacement.

At that time I sat as the facilitator and took my own notes. I was able to watch the interviewees from a different viewpoint and make my own decisions on the quality of the answers.

In the end it came down to Farr West Engineering and JWA Engineering. Of the five finalists, I felt that Farr West gave the best presentation and could easily assume the position of District Engineer.

After the interviews, three of the five panelists rated Farr West first with JWA second; one rated JWA first with Farr West second; and one rated Walters first with Farr West second. Since this selection process, JWA merged with Easter Sierra Engineering. This firm was in business at the time of the original selection, but was not included in any of the interviews.

This process was very intense and detailed. A considerable amount of time was taken in this selection process, not only by KGID staff, but by other GIDs, PUDs, and County staff members that sat on the interview panels for this selection. To change our engineering firm now without the same process would be unfair and a waste of time to all concerned.

KGID has used JWA in the past and my experience with them has not been good. They are designing the operations yard, which we had previously brought a massive amount of dirt in and have had compacted already. Jennifer was supposed to be coordinating this design with Douglas County and is a year behind schedule in the design due to Jennifer disregarding the project and not giving KGID the service that we had expected.

When we used JWA for the last paving project, they took nearly 8 months to finalize the project and bill out their time. Two to three months is normally the time taken to complete this billing out which gives us a better indication of the engineering costs on the project and allows us to look ahead for next years projects earlier.

Farr West already has a considerable workload with KGID, but these are in different areas of our overall services. Farr West has not designed any road repairs too date, so attempting to compare them to another engineering firm on experience is a moot point.

I did authorize Michelle to ask both ESE and Nichols to give us proposals, but this was more to see how the three firms compared to each other in work scope, costs, and ability; not for use necessarily to select a different engineer. An engineering firm should not be selected on price alone, but by comparing prices submitted, Nichols is completely out of the range of the other engineering firm costs.

When looking at the scope of work from each firm, Farr West includes geotechnical engineering
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where ESE does not. Nor does ESE include the portion of engineering for the subgrade testing and design. These two portions of the scope of work are an expensive process that determines what the base or foundation of the road is, and how to reconstruct it properly. This is a necessary step as a creek runs underneath this section of road from the end of the Stagecoach ski run to the junction of Ridge Club Drive. As water flows down a creek, water infiltrates out of the creek and into the surrounding soil. The actual creek in this area is captured and channeled through a corrugated culvert to the end of Galaxy parking lot. The water that has escaped prior to this capturing will run along the outside of this culvert and has an erosion effect on the fine sands that support the road. By grinding the asphalt and using it as part of the base for the road, and reconstructing the road without examining the road material subgrade that the water flows through, will shorten the life of the road. Adding the geotechnical engineering on later could increase ESE's costs by upwards of \$15,000.

Farr West does not include permitting with NDEP pollution control if needed. This is a \$200 cost, is a simple form to complete, and is only needed if the construction area is greater than one acre.

I know that Michelle has worked with Jennifer in the past and that she has a good working relationship with her. I do not feel the same. I have had a considerable amount of road design in the past and feel that KGID has not received the same service from Jennifer as I had received from other engineering firms.

Although I have not worked with Farr West on any road replacement projects in the past, I have asked other cities about their experience with Farr West and received glowing reviews.

Therefore, I can strongly recommend that Farr West be used for the Quaking Aspen road project.

The GM notes this is Quaking Aspen, there is a lot of water activity underneath to where it drops off to Galaxy. The creek infiltrates into the ground outside of the creek. We need to rebuild the road as it takes a beating from traffic and drainage issues. We looked at a couple firms and decided Farr West can handle it, it will be difficult with traffic control. We can't just overlay, we need to put base under it so water doesn't remove fines. McKay reports we looked at a couple firms and decided that Farr West can do this job with no problem. Because this is a one-way road it will be somewhat difficult. Treanor asked where on Quaking Aspen are we going to pave? Runtzel clarified it is the section from the snow storage area across from Stagecoach to the dumpster shed past Ridge Club Drive. Treanor notes we paved portions of Quaking Aspen some years ago and asks if that is holding up. Runtzel states this is a different section of the road, the previously paved portions are holding up, and likely we will pulverize or complete a full reconstruction of this area.

Nelson asks if this project is included in the 2011 Paving Project budget. This is just the Quaking Aspen. The budget was \$100k, and Nelson confirms we aren't planning on doing any other paving this year. The construction will take place in August and the engineering will commence upon approval of the board. Yanish asked if the paving could be done earlier in the year because this is the Ridge Tahoe's busy season? McKay states we don't have a large construction window and we need proper temperatures to do proper roadwork. Norman asked if we can change the road configuration to two way for the project. The GM stated we will have two way traffic during construction because we won't be able to do the full circle with one-way traffic. Yanish noted there was a reference to using the adjacent Heavenly parking lots. McKay comments, rerouting through the Heavenly parking lots may be an option.

Nelson asked for background on how he arrived at his recommendation, is it based on high/low bid?

On engineering you are not supposed to select an engineering firm on low cost alone per Nevada Revised Statutes. You want to look at who will give you the most service for the money and that's how you select. We went through quite a lengthy process to select an engineering firm in 2009 and that's why we decided to stick with Farr West. If some specialty thing came up, we would consider looking at other engineers, but for now we are going to continue with Farr West. Yanish noted there are only two engineering firm proposals in the packet, she thought we got three proposals. The GM reported that Nichols was quite a bit different, and nearly double the costs. ESE didn't include geotechnical investigation in their costs, if it is not needed with Farr West we won't incur those costs. The only other difference was the permitting assistance. Farr West is only providing 10 sets of plans but ESE is providing 15 sets, there will be additional costs for extra plan sets if needed with Farr West.

Vogt notes the GM stated there were some issues with the other firms. Yanish clarifies this is the first time Farr West will do road rehabilitation for KGID.

Nelson comments that in her company, she ensures that she has two or three different suppliers she works with, and maintains a good relationship, so that if she needs different jobs done she can select who is the best for the job. Why doesn't KGID have several firms to work with. McKay states you can have but we went through a lengthy process to determine who would be the District Engineer and it took about six months. Farr West has experience in roads, water and sewer and they won that deal. According to the GM, any engineering firm you may use might have specialty services and they also may have weakness. The GM notes, once you go through the process you would typically stay with that firm until you have issues with their service. The GM isn't saying the other two firms don't have the experience or knowledge. Nelson asked who we used to use for the roads? The GM replied JWA. They merged with ESE last fall. The last project designed was in 2009.

Treanor asked the GM to provide background information on how we selected a district engineer. He reports prior to this time KGID didn't have anyone designated as the district engineer. In February 2009 he put out an RFQ to 12 engineers, all 12 responded. A panel of Eric, Michelle, Cam, the Director of Public Works for Douglas County and the Manager of Sun Valley GID sat down and interviewed all of the firms and narrowed it down to 5 firms. We set up another panel and completed a second interview with the new panel. Farr West was selected overall as the best for the District Engineer. Zumpft explained to the board that when you hire a professional there is a lot of judgement involved.

Yanish asked whether this project is similar in size to previous projects, Runtzel explained it is quite a bit smaller.

M-3/15/11-3 – Motion by Yanish, seconded Vogt, and unanimously passed to approve Task Order #9 from Farr West Engineering in an amount not to exceed \$52,155.

TASK ORDER #10 – LT2ESWTR PRE DESIGN FOR MODIFIED EXISTING OZONE AND NEW UV TREATMENT FACILITY - The Long Term 2 Enhanced Surface Water Treatment Rule or LT2 for short has been issued to all water systems that use surface water as a source and currently are filtration exempt. Kingsbury GID falls into this category.

This means that having a single treatment process will no longer suffice to treat the water from Lake Tahoe.

This dictate from the EPA states that a secondary barrier must be used along with the ozone treatment.

A study had been done in 2007/2008 by HDR on the installation of a secondary Ultra Violet (UV) barrier, and HDR did another study in 2009 on the feasibility of combining both the KGID system and the Douglas County system at Marla Bay. Putting in a connection pipeline and building only one plant to cover the two systems. Just as the second study finished, the economy stalled thus eliminating the grant funding to tie these two systems in together. That left KGID to go on their own. Edgewood is interested in what we find out, but will make no commitments at this time.

The GM sat down with Farr West and have laid out a preliminary manner in which I feel the project should be approached.

The engineers will first study the quality of the power supplied to KGID. This is very important as the normal power supply can fluctuate up to 3%, which is considered an acceptable level for residential, and normal commercial use.

A fluctuation of over 0.1% can cause the UV system to shut down and go into a hot restart. This would cause the UV system to stay in a fail mode and not allow it to run. Power conditioning will be needed, and by looking at the supply now, will allow us to put the proper equipment in the plans.

For this upgrade to UV, we will be removing the air make-up ozone system and installing liquid oxygen (LOX), type of ozone treatment. The old make-up air system is obsolete and would need to be upgraded anyway. Once the new LOX ozone system is in place, the air compressors would be removed, and this area would be used for the UV tubes. The type of lamps used will be determined on the amount of room available.

The existing generator will not have the capacity to run the UV system and the pumps. The sizing of this now will depend on the UV lamp draw, and can be incorporated in the final design.

I requested the engineers look into the total capacity that we could pump per day. Currently, the plant is rated at 4 million gallons per day (MGD). This is the amount that can be pumped at maximum flow over a 24 hour period.

We have cut down considerably on our power use by going to off-peak pumping or pumping water at night when the cost of power is lower. With increasing demands and possibly smaller off-peak pumping windows, I want to increase our capacity to at least 6MGD or higher if possible. This would allow us to move more water during the night than we can now. The cost for this pre-design will be charged to the LT2 project.

This is part of LT2 compliance, we are starting to work towards meeting the requirements. We have to verify the type of equipment we are going to use before design. Must look at transmissivity of the water to determine what type of UV reactor we need to use. Need to look at ozone treatment plant upgrades, ours is obsolete and needs to change as well. Norman asks if we can stay within our existing footprint, the GM believes so. The GM reports right now we are a 4MGD plant and if we can double our capacity we may be able to supply Edgewood, this is included as part of this task order.

M-2/15/11-4 – Motion by Norman, seconded Nelson, and unanimously passed to approve Task Order #10 – LT2SWTR Pre Design for Modified Existing Ozone and New UV Treatment Facility, by Farr West Engineering for a cost of \$27,200.00

OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE – PURVANCE - The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, is included for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The Clint Purvance project was issued one (1) allocation for APN 1319-19-802-007 with a validity date of March 22, 2011 to obtain a Douglas County Building Permit.

Mr. Purvance provided the attached report on March 2, 2011 for the boards review and discussion. In a discussion with Mr. Purvance on March 7, 2011, he will allow the allocation to expire and make a new application for another allocation. The Paiute Pipeline project is still planned for this summer, and he is somewhat dependent on the outcome of the Douglas County, Rancho Pacific settlement agreement that is still pending before he can obtain a building permit.

There was no action on this item.

OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE – COLE - The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, was included under Agenda Item 11 for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The William Cole project was issued one (1) allocation for APN 1319-19-802-006 with a validity date of February 4, 2011 and one (1) allocation with a validity date of March 19, 2011 to obtain a Douglas County Building Permit.

Paiute is planning to construct approximately 1000 linear feet of 12” gasline from S. Benjamin Drive, Jack Drive and down Gasline Road next year which will impact Mr. Coles ability to build on his property.

At the February 15, 2011 Board meeting, the KGID Board approved tolling of time to February 4, 2012 because Mr. Cole provide a letter from Douglas County that they cannot issue a building permit due to the Paiute Pipeline project in the area.

Mr. Cole provided the attached status report for board review.

There was no action on this item.

OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE – RANCHO

PACIFIC, INC. - The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, are attached in agenda item 11 for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The Sievers/Rowles (now Rancho Pacific, Inc) project was issued fifty-two (52) allocations for APN 1319-19-802-001 & 002 with a validity date of May 24, 2007, was granted a one-year extension on May 15, 2008 and had one year from that date, or May 24, 2009 to obtain a Douglas County Building Permit for forty (40) of the fifty-two (52) water allocations currently held. The remaining twelve (12) water allocations were granted an extension until October 1, 2008 to allow time for Douglas County to make changes in the zoning ordinances to conform to the Master Plan.

On January 12, 2010, the board approved and acknowledged the Ninth Judicial District Court Order in Case No 08-CV-0166, Rancho Pacific Inc. V Douglas County, requiring Tolling of Time to August 16, 2010 for Rancho Pacific, Inc to obtain a Building Permit from Douglas County on APN 1319-19-802-001 & 002 for fifty (50) Out of Tahoe Basin Water Allocations. Rancho Pacific relinquished two (2) allocations.

On October 19, 2010, there was a hearing with Judge Gamble, but to date, there has been no written decision. Scott Brooke received word from the court directing KGID to continue tolling the time until further notice. This is because the Douglas County Settlement Agreement is being challenged where Douglas County directed Rancho Pacific to improve the roadway that they later found was actually on Heavenly property.

Rancho Pacific, Inc. provided the attached status report on March 2, 2011 for board review. There was no action on this item.

BOARD REPORTS – There were no board reports.

STAFF REPORTS – Written staff reports were provided by the General Manager, Business & Contracts Manager and Operation Supervisor. The Bookkeeper provided a Cash Position Statement as of February 28, 2011.

General Manager Report – The GM noted that Johnson was awarded an Operator of the Year from Nevada Rural Water. The GM has contacted the Tribune and would like to publish a congratulations to him.

Nelson asked about the resident with no water service, the health department advised the GM to contact the county. McKay contacted the county and found that they are not willing to do anything about it because they would be liable to relocate the family per state law. Runtzel explained the water was initially turned off due to major leaks in the homeowners plumbing. The owner indicated he could not afford to repair the lines and has not paid his water bill since.

Business & Contracts Manager – Runtzel advised about status on the prevailing wages investigation on the 2010 Waterline Replacement Projects. The determination was submitted to the Labor Commissioner showing approximately 20k in wages owed and 26k in penalties assessed. We will see what the Labor Commissioners office will do next. The contractor has 15 days to respond with an objection, which she assumes they will do. If they fail to do so, the Labor Commissioner will approve KGID’s finding.

ATTORNEY’S REPORT – There was nothing to report.

ENGINEER’S REPORT – A written report was provided to the board. Brent Farr notes that they went through a rigorous process, they are constantly looking at ways to improve and he appreciates the work.

CORRESPONDENCE – The following correspondence was received during the month: 1) Email to Runtzel regarding Heavenly parking, 2) Notice of Public Hearing of the California Regional Water Quality Control Board.

ADJOURNMENT TO CLOSED SESSION PURSUANT TO NRS 288.220 TO DISCUSS LABOR/MANAGEMENT ISSUES

M-3/15/11-5 – Motion by Vogt, seconded by Nelson and unanimous approval the meeting was adjourned to the closed session at 7:50p.m.

RETURN TO OPEN SESSION

M-3/15/11-6 – Motion by Norman, seconded by Nelson and unanimously passed to adjourn the closed session and return to the regular meeting at 8:10p.m.

DISCUSSION AND POSSIBLE ACTION ON LABOR/MANAGEMENT ISSUES - There was no action.

ADJOURNMENT

M-3/15/11-7 – Motion by Norman, seconded by Vogt and unanimous approval the meeting was adjourned at 8:12p.m.

Respectfully submitted,

Carolyn Treanor –Chairman

Attest:

Jodie Nelson, Secretary