

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
THURSDAY, MAY 20, 2010**

CALL TO ORDER – The meeting was called to order at the Tahoe Regional Planning Agency office located at 128 Market Street, 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, McDowell and Treanor. Trustee Barratt was present by conference call. Also present was Legal Counsel Chuck Zumpft, 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 Josh Theriot, Jim Brockway, James Beattie, Larry Goodman, David Lewis, Robert Cook, and Trustee candidates Natalie Yanish, Daria Voyt, Dan Norman, Jodie Nelson, and Tim Stoll.

PUBLIC COMMENT – Dr Stoll comments about the water meters, has concern about those with landscaping. Trustee Hayes explained this will be discussed under Agenda Item 12 later.

APPROVAL OF AGENDA

M-5/20/10-1 – Motion by Schussel, seconded McDowell, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR –

- B. Claims in the amount of \$365,989.86 as represented on the List of Claims by check numbers 44418 through 44537
- C. Extension of General Manager Employment Agreement

M-5/20/10-2 – Motion by Schussel, seconded Treanor and unanimously passed to approve Consent Calendar Items B through C, Minutes as written.

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION – McDowell pulls item A, Minutes of the Regular Meeting of April 20, 2010 and comments he did not attend the meeting and therefore shouldn't vote.

M-5/20/10-3 – Motion by Treanor, second Barratt and unanimously passed to approve Consent Calendar Item A. Minutes of the Regular Meeting of April 20, 2010. Schussel and McDowell abstain.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

PUBLIC HEARING ON THE INTENT OF THE BOARD OF TRUSTEES OF THE KINGSBURY GENERAL IMPROVEMENT DISTRICT, TO ISSUE GENERAL OBLIGATION (LIMITED TAX) WATER BONDS ADDITIONALLY SECURED BY PLEDGED REVENUE – On February 12, 2010 a notice of public hearing was published and again on March 12, 2010 stating that KGID would be holding a public hearing on the authorization to issue general obligation bonds to finance the project.

The notice on February 12th began a 90 day notice to all residents of a petition period in which they may bring to the Board of Trustees reasons why general obligation bonds should not be issued for this project.

This hearing is not on the meter project, it is on the issuance of the general obligation bonds to finance the meter project.

Although there was a public hearing on this issue on March 23rd, customers will still have a 90-day time period to give notice to the Trustees about their concerns.

No action needs to be taken at this time as this is simply a hearing for the residents to bring up any concerns they may have regarding the meter installation project funding. If 5% of the voters in the District get a petition together to stop the issue of General Obligation Bonds, the board of Trustees can still proceed with the project if they so decide by issuing straight Revenue Bonds instead. These bonds are at a higher interest rate because they are based upon straight revenue from the water fund, thus a higher risk.

This is the third of three public hearings we have published at the request of the board to provide ample opportunity for the public to comment on the issuance of the proposed bonds. To date, we have not received any public comment on the issue. The next agenda item deals with approving the bond resolution and therefore, no further public hearings will be required. Also included in this agenda is the SRF loan contract #3. The bond and loans are scheduled to close on June 9th 2010 where we will take our first loan draw to close the loan.

This item is placed on the agenda to solicit public comment only. No action is required.

Hayes opened public hearing. GM reports this is a final public hearing to take public comment. Bonds based on state revenues, not on water revenues. We will get a lower interest rate with GO bonds.

Hayes summarized, we have been moving toward the intent to install water meters. Still discussing billing approach to the district, the board realizes we have to install meters to obtain future grant funding. Water meters will not guarantee we get grant funding. KGID needs funding to replace infrastructure. We try to obtain grants to keep our rates lower. Water conservation plays a part in our exemption from filtration which requires land that we can't afford at this time. Lt 2 was briefly explained. We need additional property and there are easement issues at existing plant that make filtration difficult. Need to meet the regulations of LT2 by 2014. Some infrastructure improvements are being forced on us. Conservation is required and metering is the best way to achieve this. TROA agreement comes into play as well and they will be monitoring how much water we are using. Hayes has tried to fight the meters as long as he possibly could but has come to realize that we have to meter to move forward. Not an easy decision for Hayes but he thinks it is the inevitable future.

David Lewis asks how many meters will be installed and when. McKay reports we have gone out to bid for the meter projects, we hope to complete about 40% of the meters this year and finish the other 60% next year. We are hopeful that once meters are installed we can go back to the state to request grant funding. Runtzel elaborates that we have approximately 300 residential meters installed already, we will install approximately 561 this summer and we also have about 150 commercial properties already metered.

Bob Cook noted that had we continued with a meter program, had we implemented charges in metering when installed, we may not be looking at a \$2 increase today. Cook thinks it's important and we need to do whatever it takes to try to get future grants, especially with LT2.

Schussel comments we are trying to make the rates as fair as possible. Maybe everyone won't be happy, non users may want cheaper bills and users will want lower bills.

Tim Stoll – He uses quite a bit of water and comments in the past there were complaints from non users was it wasn't fair to them. There are a significant % of people who aren't here year round. There should be a rate for the non users and users. Schussel explains this is what we are planning on doing and will be heard under Agenda Item 12.

McDowell – involved with KGID heavily in 2008 at a water meter workshop. He is one of approx 300 that were metered, he was completely shocked by the amount of water he used. Has reduced his water use by about 50% and has a significant lawn. The more he gets informed; he is on board with the Chairman. He doesn't like it. It takes money to install meters and to complete waterline replacements. He wants the rates to come out as fair as possible to all residents.

Treanor comments in 2014 we must provide secondary water treatment and without meters, there is no chance of obtaining grants.

Beattie suggests we describe better the amount of savings we've obtained for residents now. Runtzel explains we received \$9.5m in grants and \$6m in low interest loans. Runtzel explains that we've installed over \$15M in improvements since 2002 and spread across 2500 customers, the savings are significant.

Larry Goodman – seeing the price estimated for the water bill, \$375/mo, for approximately 70,000 gallons per month, with that kind of pricing is there a way to spread the bill over the 12 months. Hayes explained this will come under agenda item 12.

RESOLUTION 2010-4, A RESOLUTION OF THE BOARD OF TRUSTEES OF THE KINGSBURY GENERAL IMPROVEMENT DISTRICT, NEVADA, DESIGNATED BY THE SHORT TITLE “2010 WATER BOND RESOLUTION”; PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) WATER BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2010, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$3,350,000 AND PROVIDING CERTAIN DETAILS IN CONNECTION THEREWITH - Attached is the final resolution that

must be adopted by the Board to sell a bond of up to \$3,350,000 for the water meter capital projects. The bond will secure a loan of up to \$3,306,650 from the State of Nevada’s State Revolving Fund for water meter installations. A public petition period will end Thursday, May 20, 2010. If a petition is not presented to KGID in accordance with the terms set forth in an earlier resolution by that date, the District may proceed to issue the bond without an election. No petition is anticipated. The final bond resolution before the Board for consideration can be adopted prior to the end of the petition period contingent upon not receiving a successful petition. Billy and Brett need to stay and sign documents after the meeting.

The bond and loan closing is scheduled to take place on June 9th, 2010. We currently have approximately \$93,000 in expenditures to be reimbursed for design and engineering services related to the water metering projects. We have exceeded the minimum draw requirement of \$50,000 in order to close the loan. Currently the interest rates are low (expected just above 3%).

Chairman Hayes read the entire agenda title for the public. Runtzel explained that the bond is scheduled to close on June 9. To date, we’ve spent approximately \$93K in costs towards design and permitting costs and we are required to spend a minimum of \$50k in order to take the first draw of the associated loan. The loan interest rate is locked in at 2.85%. The recommended action is to approve the resolution and authorize the GM to execute any documents.

M-5/20/10-4 – Motion by Treanor, seconded McDowell, and unanimously passed as follows:

- A. Approve resolution 2010-4 providing for the issuance of a registered, negotiable, general obligation (Limited Tax) water bond (additionally secured by pledged revenues) Series 2010, in the maximum aggregate amount of \$3,350,000 and providing certain details in connection therewith and authorize the Chairman and the Treasurer/Secretary to sign the documents, including a bond, or, in the absence of one or more of them, the Vice-Chairman and/or a Trustee may sign.
- B. Authorize the General Manager to execute any documents that may need signature at bond closing.

There was no public comment

DRINKING WATER STATE REVOLVING FUND LOAN CONTRACT NO. DW10KG WITH THE STATE OF NEVADA FOR A \$3,306,650 SUBSIDIZED LOW-INTEREST LOAN TO COMPLETE DISTRICT WIDE WATER METERING PROJECTS – The purpose

of this loan is to secure financing for district wide water metering projects. KGID has two existing DWSRF Loans in amounts of \$4,000,000 and \$3,000,000 which were required to provide 38.1% matching funds for the grants on the Phase 1 Water System Improvement Projects. Loan KGID-1 was a 20-year loan with an interest rate of 3.19% and KGID-2 is a 20-year loan with an interest rate of 2.96%

The DWSRF Loan Contract is attached for the board’s reference. The current interest rate as of this writing is 2.85%, however, the index rate resets every Thursday and the actual interest rate will be determined as of the day of closing.

All of the required bond documents are being supplied to the board at this meeting and will be signed by the General Manger and applicable Trustees and then forwarded to Swendseid & Stern for a closing date of June 9, 2010.

Runtzel advised this is the actual loan contract, the loan amount is \$3,306,650 and the term for the contract is 20 years and the principal and interest payments will be approximately \$200,000 per year. We will make interest only payments for the first three years.

M-5/20/10-5 – Motion by Treanor, seconded McDowell, and unanimously passed to authorize the General Manager to execute Loan Contract DW10KG with the State of Nevada Drinking Water State Revolving Fund Loan for a 20-year term in an amount not to exceed \$3,306,650 to finance District wide Water Metering Projects

Barratt asks if interest will change, Runtzel explained we are locked in at 2.85%.

PUBLIC HEARINGS ON WATER RATE INCREASE AND FISCAL YEAR 2010/2011 TENTATIVE BUDGET AND APPROVAL OF FINAL BUDGET – RATE INCREASE

PUBLIC HEARING The proposed water rate increase is intended to move the district towards balancing the budget by providing coverage for existing and new debt service, capital improvements and operation and maintenance expenses. The proposed rate increase of \$2/mo or 3.18% will provide approximately \$93k additional revenues towards the cash reserves for future capital improvement/replacement projects.

The GM included a spreadsheet that shows the percentage increase in revenues and expenses from July 1, 2008 to present. The reason I used July 1, 2008 is because that is the date of the last water rate increase. Here are some of the main increases over the last 2 years.

Total revenues have decreased 8.7% Even though residential fees are projected to increase by .5% and commercial rates have increased by 4.5%, the income from connections fees and interest on investments is 8% of the 2008 level.

Payroll and related costs: The largest increase in payroll is the management salaries. This is due to KGID not having a manager from November 2008 till June 2008. The increase from 2008 to present is only 5.4%.

Utilities: These have been slowly creeping upwards but due to some radical changes this year we have been able to bring down the cost of gas and electric.

Interest Expense: This is the largest single increase in our costs over the last two years. This increase is due to total amount of loans that KGID needed to match funds from the State of Nevada AB198 grant fund.

Overall: KGID’s maintenance expenses have risen just 4.9% in the last two years and are actually projected to be 1.1% lower than last year. The lower revenue combined with a slight increase in maintenance expenses and the more significant increase in interest expense has brought us to the position we are now in.

Summary	2010/2011 <u>No increase</u>	2010/2011 <u>3.17% increase</u>	2011/2012 <u>3.08% increase</u>
Total operating expenses	\$1,812,469	\$1,812,469	\$1,948,897(3%)
Income after op expenses	\$1,688,006	\$1,780,807	\$1,211,761
Principal Repayment	<u>(\$542,912)</u>	<u>(\$542,912)</u>	<u>(\$556,711)</u>
Net Income	\$1,145,094	\$1,237,895	\$655,050
Grant Revenue	<u>(\$547,289)</u>	<u>(\$547,289)</u>	<u>\$0</u>
\$ towards Depreciation	\$597,808	\$690,606	\$655,050

We estimate that our depreciation is \$700,000 per year. With at least a \$2.00 (3.17%) increase the projected income will be close to the break-even point. We will then need another \$2.00 (3.08%) increase the next year to keep up with a projected 3% increase in costs.

The major drivers of water rate increases are debt service, capital, system replacement (depreciation), and reserve funding. All of these reserve funds are necessary to maintain the operation and financial stability of an enterprise fund.

As with any utility rate, operation costs will be driven by inflation and regulatory mandates. System replacement (depreciation) funding is needed to replace existing infrastructure as it fails, without accumulating additional debt.

Without funding depreciation, the infrastructure will wear out to the point where we would have to replace it without the funds to do so. This would result in borrowing more money to replace the needed areas causing the debt service costs to increase significantly.

Failure to implement this slight increase in water rates now will have a radical impact on the water

fund. KGID simply cannot continue to operate in a manner in which we do not look to the future and plan for repairs and maintenance of our infrastructure. It is inevitable that these rate hikes will come and if not raised now the loss of revenue will have to be accounted for in the new metered rates when they come into effect.

I understand that in this economic climate it is hard to make a decision to increase rates, but KGID has to look out for its customers by insuring that the infrastructure is kept in good operating condition to allow the supply of an adequate safe drinking water. I also recognize that this \$2.00 per month may be a significant increase to some who are struggling with their bills now, but KGID is not a charity and we cannot risk our own system for the benefit of a few who may resist the increase.

Runtzel provided a brief presentation on services, recent accomplishments, plans and summer 2010 projects. The GM gave a brief presentation on the need for the proposed rate increase. He explained that after depreciation expense we were approximately \$100k under funded. We have done our best to cut costs. Our expenses have gone up 4.9% in the last two years. We are asking for a \$2/household increase or 3.17%. The GM provided comparative rates for local agencies. Economic conditions have affected us quite a bit; interest income is only 5% of what it was two years ago. Also, connection fee income has decreased significantly, people aren't building. The proposed action was to implement a \$2/mo rate increase both this year and next year, however, the board only discussed a single increase at last months meeting and the rate increase noticed in the paper was for a single \$2/mo increase effective July 1, therefore, we can only implement one rate increase.

Hayes explained that the board determined that we needed to consider a rate increase to make up for the shortfall. Hayes believes we need to pay for this commitment of water metering now.

The public hearing was opened for public comment. Treanor asks whether it is better to have smaller incremental increases or a single larger increase. Hayes isn't sure a \$2 increase is enough; however, it will make the budget stronger. He acknowledges it is hard to ask the public for any additional money now. Bob Cook is glad to hear we are funding depreciation. David Lewis commented this is a very responsible decision by the board and he supports the increase.

Runtzel introduced Trustee candidates who were present at the meeting and explained there are 3 seats available in the upcoming election. Treanor pointed out that her seat and Brett Barratt's seats will turn over in two years and therefore, there will be a new board.

Barratt doesn't like the rate increase but acknowledges we don't have a choice.

M-5/20/10-6 – Motion by Treanor, seconded Barratt, and unanimously passed to approve a water rate increase of 3.17% (\$2.00 per month) beginning July 1st, 2010.

FY 2010-2011 BUDGET PUBLIC HEARING

A brief presentation on proposed budget was given as background information with questions held until the budget hearing is opened. The presentation will be kept available for discussion during the hearing.

M-5/20/10-7 – Motion by Treanor, seconded Schussel and unanimously passed to adopt the Budget as the Final Budget for Fiscal Year 2010/2011 as proposed.

The Chairman called for a 10 minute break.

WATER METERING PROJECT – PROJECT STATUS UPDATE, SETTING A PROJECTED WATER USE RATES FOR USE AS A PUBLIC INFORMATION TOOL ONLY, AND OTHER RELATED MATTERS

- As the board can see from the agenda items, we are moving forward quickly with the metering projects. Both meter projects are scheduled to begin construction on June 7, 2010 and the contract awards will be considered at this meeting. These two metering projects will install approximately 550 water meters this summer which will bring our total residential water meters to approximately 800. The projects are scheduled for construction for 60 days, so by early August, all meters should be in. Staff has spent a lot of time reviewing and revising these project contract documents, plans, holding pre-bid meetings and bid openings. Eric and his crew have spent a considerable amount of time locating water valves within the project areas.

Proposed Water Rates:

At the April 20, 2010 meeting the board approved the following motion:

M-4/20/10-4 – Motion by Treanor, seconded Barratt, and unanimously passed to approve the projected water rates, Option 2 with a revision in the top tier #3 to \$3.00/1000 instead of \$4/1000, for residential metered customers, and the KGID Cheat Sheet for use by residents as a tool for calculating their KGID bills once metered, with the understanding that we are not adopting or implementing a new water rate at this time. This is strictly an estimate of water rates for customer use and will be presented to the public at the May 20, 2010 board meeting.

Included in this agenda item is the revised option #2 along with a revised “cheat sheet” per board direction last month for customer use as a bill calculator. Per Trustee Hayes request, also included is another proposed rate structure prepared by the GM for comparison purposes. The GM has revised the first tier to include up to 30,000 gallons, the second tier is 30,001-50,000 and the last tier 3 is use greater than 50,000 gallons. Hayes was concerned that Trustee Schussel was not present at the April meeting and wanted this item placed on the agenda again. I’ve also included a “cheat sheet” based on these new rates.

Brent Farr will be prepared to discuss both options to the public along with background information on why we are metering, the rate requirement meeting the 2% MHI to be eligible to obtain future grant funding, conservation measures and requirements and the need to meet existing KGID revenue requirements.

It is recommended that trustees review this information thoroughly and are prepared to approve a projected water rate for purposes of supplying this information to residents who have or will have a water meter this summer.

Hayes explained that he and Schussel have pushed to have this on the agenda for the last 4 to 5 months to provide as much opportunity as possible for customer input. Actual rates won’t be implemented for about 2 years. This is for informational purposes only. The new board can change the rates as they wish. Per Schussel, we are trying to get a direction on where we are heading. Hopefully, the rates won’t vary much from what were looking at today. Treanor adds that several trustees candidates have had input on these rates. McDowell reiterates he has been tracking this since 2008, he acknowledges people don’t like change but he sees the necessity of it. He’s urged the board to do as much outreach as possible. When decision time comes the public should have a good understanding of how we got here. Hayes acknowledges there are competing wants, those who don’t use much water vs. those who do and don’t want their bills to go through the roof. Compromise is necessary.

The GM introduced Brent Farr of Farr West Engineering who gave a brief presentation. There was some board confusion as Farr re-labeled Option 2, which was previously approved at the last board meeting, as Scenario 1 and Cam’s new option is labeled Scenario 2 in his presentation. This is different than the information Runtzel provided in her report. There was discussion on setting the rate at the 2% MHI, Runtzel clarified that we only have to set the rates at the \$84/mo if in fact you use the 15,000 gallons per month. Those who don’t use 15K per month will not pay the \$84/mo, but will pay based on usage. There was general discussion on how we got down to these two options and why we’ve come back with a second option this month when last month a single option was chosen.

Hayes suggests that each board member provide management with their proposed numbers and bring them back to the board. Dr. Norman believes that the two options provided, choosing either is equitable. Bob Cooks believes the difference between the options is immaterial. Choosing the higher option provides the opportunity to lower rates later. Schussel comments the difference between the top users is very little pending which rate structure is chosen. McDowell supports Scenario 2, Cams option, and believes Scenario 1 is punitive and Scenario 2 is equitable.

Yanish comments that if she uses 25K gallons, her bill would be approx \$103 and when the rates actually are implemented, if they end up higher she would be disappointed.

M-5/20/10-8 – Motion by Treanor, seconded McDowell and passed to approve the projected water rates, Scenario 2 – Cams new option, for residential metered customers, and the KGID Rate Calculation Sheet for use by residents as a tool for calculating their KGID bills once metered, with the understanding that we are not adopting or implementing a new water rate at this time. This is strictly an estimate of water rates for customer use and cheat sheets will be provided to customers beginning with the July 1, 2010 monthly billings. Barratt abstained.

Barratt asks how we got to this point, when last month we approved a single option with a majority vote. Hayes requested the GM provide another scenario for this meeting. The GM reports that the sooner we get the information out to the residents, the sooner we will obtain feedback. Barratt believes that what is fair and equitable is to set the base rate to meet our fixed costs, this seems to be the most defensible and explainable position on how we set rates. Barratt further comments what we are doing here tonight seems arbitrary. Schussel would argue the opposite, in either scenario if you don't use a drop of water, then the base rate is \$53/mo. When you go up to 5,000 gallons the bill changes by a dollar or so, at 10,000 it changes .50/mo, 15,000 usage changes by a couple dollars. Schussel states there's no difference in the bottom, it all works out fine. Over the last few months in looking at this, the base rate has dropped continually.

AWARD A CONSTRUCTION CONTRACT FOR THE 2010 SEALING PROJECT -

KGID received four bids for the 2010 Sealing Project, which includes fog and slurry sealing of the district with the exception of Kingsbury Estates and portions of the Summit Village areas. Low bidder Sierra Nevada Construction has not performed work for the district in the past, but has bid numerous jobs and Farr West Engineering has nothing but good to report on them. SNC indicated that they plan to complete the job in approximately 2 weeks, likely beginning in August, which will also save us money in inspection costs.

The FY2010/2011 budget provided for \$225,000 for the Base bid items for the 2010 Sealing Project, well in excess of the actual bid amount. Additionally, KGID will likely require Qualcon Contractors to pay for the Tramway Dr. slurry seal needed as part of its warranty to KGID for the new asphalt on Tramway that was constructed last year and now appears to be deteriorating.

The engineer's recommendation letter and bid tabulation are attached. The engineers estimate for the project was \$151,000. Based on the low bid of \$149,709.16, it is recommended that we award the bid to SNC.

The GM was unable to get back in touch with Brett Barratt on his cell phone. Runtzel reported we received four bids; Farr West has had good experiences with SNC. We are asking to approve award of the contract and allow 20% contingency. Schussel asked whether we allow them to close roads, Runtzel agreed that in some circumstances like cul-de sacs that we would allow this. Sanding of driveway approaches must be done if traffic is to move in/out of the construction zones.

M-5/20/10-9 – Motion by Schussel, seconded Treanor, and unanimously passed to Award a contract in the amount of \$149,709.16 to low bidder Sierra Nevada Construction, Inc. for the Kingsbury General Improvement District 2010 Sealing Project and authorize the Business and Contracts Manager to sign contract documents and to approve change orders up to 20% (\$29,941.83) of the bid amount.

AWARD A CONSTRUCTION CONTRACT FOR THE SKI CT. WATERLINE REPLACEMENT PROJECT -

KGID received two bids for the Ski Ct. Waterline Project, which includes approximately 573 linear feet of 8" waterline installation, 7 new 1 1/2" water service lines, 7 master water meters and 1 Fire Hydrant assembly. Spiess Construction was the low bidder and to my knowledge they have not completed work for KGID in the past. Kevin O'Brien Construction is a sub-contractor to Spiess and will complete approximately 45% of the excavation and waterline installation. Kevin has installed waterlines for the district previously he also lives in the district.

The budget provided for \$81,800 for this project, slightly less than the bid amount and the project is 50% grant funded. The purpose of the project is to replace the existing undersized 4" steel and 1" lines that are very shallow and have frozen in the past. We will install 8" C-900 plastic pipe and new KGID service lines and water meters for each of the multi-family properties.

The engineer's recommendation letter and bid tabulation are attached. The engineers estimate for the project was \$87,900. Based on the low bid of \$83,117, it is recommended that we award the bid to Spiess Construction.

We only received two bids, approximately 570 linear feet of water main, low bidder is Spiess and Farr West has completed the background checking. Kevin O'Brien will be completing the excavation for the job representing approximately 45% of the contract. The job is a 50% grant funded project and the match will come from the excess loan funds with SRF-2. Schussel asked about the difference between the two prices with Rapid and Spiess, Rapid believes they know what it takes to complete our jobs and didn't expect to get the bid. David of Farr West expects that this contractor will be looking for change orders and we expect that, it's our job to ensure the bidding documents are sufficient to cover us for most scenarios. Runtzel believes there will be change orders on this job, but they should not be significant. All contractors are going to ask for change orders. Runtzel explains likely the biggest unknown in these jobs is we don't know what the existing connections are. We don't know how we are tying into the main lines. Regardless, they should not be large change orders.

M-5/20/10-10 – Motion by Schussel, seconded McDowell, and unanimously passed Award a contract in the amount of \$83,117.00 to low bidder Spiess Construction Co, Inc. for the Kingsbury General Improvement District Ski Ct. Waterline Replacement Project and authorize the Business and Contracts Manager to sign contract documents and to approve change orders up to 15% (\$12,467.55) of the bid amount. Trustee Hayes abstained.

AWARD A CONSTRUCTION CONTRACT FOR THE HUBBARD DRIVE WATERLINE REPLACEMENT PROJECT - KGID received three bids for the Hubbard Drive. Waterline Project, which includes approximately 510 linear feet of 6" waterline installation, 3 new 1" water service lines, 3 individual water meters and 1 Fire Hydrant assembly. Spiess Construction was the low bidder and to my knowledge has not completed work for KGID in the past. Kevin O'Brien Construction is a sub-contractor to Spiess and will complete approximately 45% of the excavation and waterline installation. Kevin has installed waterlines for the district previously also lives in the district.

The budget provided for \$63,305.00 for this project, just over the bid amount and the project is 50% grant funded. The purpose of the project is to replace undersized waterlines in order to meet fire flow needs. The existing waterline is a 2" PVC line and will be replaced with a 6" C-900 plastic pipe which will allow for installation of a new fire hydrant. In the process we will also replace the KGID service lines to each property and install water meters.

The engineer's recommendation letter and bid tabulation are attached. The engineers estimate for the project was \$64,800. Based on the low bid of \$63,186.00, it is recommended that we award the bid to Spiess Construction.

Runtzel reports we received three bids, 510 linear feet of water main; Spiess is the low bidder with Kevin O'Brien as a subcontractor completing excavation. The purpose of the project is to replace undersized mains and increase fire flows. Bid range was not as significant on this job. Schussel asks if it a good thing that the same contractor completes all three jobs. It could go either way. We are pleased to see we have one contractor to deal with and should make the inspection easier.

M-5/20/10-11 – Motion by Schussel, seconded McDowell, and unanimously passed Award a contract in the amount of \$63,186.00 to low bidder Spiess Construction Co, Inc. for the Kingsbury General Improvement District Hubbard Drive. Waterline Replacement Project and authorize the Business and Contracts Manager to sign contract documents and to approve change orders up to 15% (\$9,477.90) of the bid amount. Trustee Hayes abstained.

AWARD A CONSTRUCTION CONTRACT FOR THE SHERWOOD DRIVE WATERLINE REPLACEMENT PROJECT - KGID received four bids for the Sherwood Drive. Waterline Project, which includes approximately 1,570 linear feet of 8" waterline installation, 9 new water service lines, 12 individual water meters and 2 Fire Hydrant assemblies. Spiess Construction was the low bidder and to my knowledge has not completed work for KGID in the past. Kevin O'Brien Construction is a sub-contractor to Spiess and will complete approximately 45% of the excavation and waterline installation. Kevin has installed waterlines for the district previously also lives in the district.

The budget provided for \$258,250 for this project, significantly more than the bid amount and the project is 50% grant funded. The purpose of the project is to replace undersized leaking waterlines and meet fire flow needs. As the board may recall, this waterline has had two significant water leaks in the last 6 months, one of which created damage to the property at 381 Sherwood Drive. The existing waterline is a 4" AC line and will be replaced with 8" C-900 plastic pipe. In the process we will also replace the KGID service lines to each property and install water meters.

The engineer's recommendation letter and bid tabulation are attached. The engineers estimate for the project was \$172,500. Based on the low bid of \$183,840.00, it is recommended that we award the bid to Spiess Construction.

M-5/20/10-12 – Motion by Schussel, seconded McDowell, and unanimously passed Award a contract in the amount of \$183,840.00 to low bidder Spiess Construction Co, Inc. for the Kingsbury General Improvement District Sherwood Drive Waterline Replacement Project and authorize the Business and Contracts Manager to sign contract documents and to approve change orders up to 15% (\$25,576.00) of the bid amount. Trustee Hayes abstained.

AWARD A CONSTRUCTION CONTRACT FOR THE LOWER KINGSBURY WATER METER INSTALLATION PROJECT AND AUTHORIZE STAFF TO PURCHASE AND SUPPLY WATER METERS FOR THE PROJECT - KGID received four bids for the Lower Kingsbury Water Metering Project with a bid range of \$357,100 - \$501,705. The project includes installation of approximately 312 water meters for district residences with water meters ranging in size from ¾" to 2". This project includes areas from Terrace View down to Pineridge Drive on the north side of SR207 and the Granite Springs and Palady Perkins areas to the south of SR207.

V&C Construction was the low bidder and has successfully completed erosion control projects for KGID and was also a subcontractor for the 2009 Paving Project installing curb and gutter and completing excavation and grading activities. As you will see in the next agenda item, V&C was also the low bidder on the Kingsbury Village Metering Project and they are confident they can complete both jobs. V&C plans to use their vactor truck to excavate for these meter sets which ultimately should be less disruptive to any existing vegetation and should be more efficient than traditional excavating operations using backhoes or other heavy equipment. They estimate they will be able to install 10-12 meter sets per day and they plan to work 4-10 hour days which ultimately may save us in inspection costs and allow a day each week for our crew to catch up on other priorities.

The budget provided for \$750,000 for the two metering projects through 6/30/10 and another \$2,000,000 in the FY10/11 budget period, significantly more than the bid amounts. The construction period is scheduled to begin on June 7, 2010 and there is a 60 day construction period to complete both of the metering projects. The metering projects will be funded through the DWSRF loan that is scheduled to close on June 9, 2010.

We bid this project with an alternate bid to purchase the water meters. V&C's bid to purchase the water meters for this project was \$79,044. KGID obtained a quote from National Meter & Automation and for the same quantity of water meters, we can purchase them for \$68,066.30, a savings of \$10,977.70 on this project alone. V&C will still install the meters which was included in their base bid price. KGID will acquire and store the meters in each of the project areas and V&C will pickup as needed. I've spoken with Ray Van Winkle about this and he has no concerns and is on board. The savings the district will realize is due in part to being tax-exempt and also not paying markup to the contractor. I am requesting authorization not to exceed \$75,000 for the meter purchases to provide room if needed to install 1" meters as opposed to ¾". Within these meter projects, we just don't know until the valves and waterlines are exposed whether properties have existing ¾" or 1" water lines and we want to match the existing services.

The engineer's recommendation letter and bid tabulation are attached. The engineers estimate for the project was \$333,450 which included the water meters. The total V&C bid, including water meters was \$436,144, approximately 103K over engineers estimate. We are recommending the board authorize staff purchase the water meters to supply the project and award the base bid only to V&C Construction.

Runtzel reports this project will include 312 water meter installation for the Lower Kingsbury area. V & C has completed work for us in the past successfully. They plan to use a vactor truck to excavate. They estimate they will be able to install 12 meters per day during a 4/10 workweek. We should expect change orders on this job.

M-5/20/10-13 – Motion by McDowell, seconded Treanor, and unanimously passed as follows:

A. Authorize staff to purchase approximately 312 water meters directly from National Meter and Automation, Inc at an amount not to exceed \$75,000, and

B. Award a contract in the amount of \$357,100 (base bid only) to low bidder V & C Construction for the Kingsbury General Improvement District Lower Kingsbury Water Metering Project and authorize the Business and Contracts Manager to sign contract documents and to approve change orders up to 15% (\$53,565.00) of the bid amount.

AWARD A CONSTRUCTION CONTRACT FOR THE KINGSBURY VILLAGE WATER METERING PROJECT AND AUTHORIZE STAFF TO PURCHASE AND SUPPLY WATER METERS FOR THE PROJECT

- KGID received four bids for the Lower Kingsbury Water Metering Project with a bid range of \$313,950 - \$386,495. The project includes installation of approximately 224 water meters for district residences with water meters ranging in size from ¾” to 2”. This project includes the entire Kingsbury Village area, all properties in the North Benjamin/Andria area.

V&C Construction was the low bidder and has successfully completed erosion control projects for KGID and was also a subcontractor for the 2009 Paving Project installing curb and gutter and completing excavation and grading activities. As you saw in the previous agenda item, V&C was also the low bidder on the Lower Kingsbury Metering Project and they are confident they can complete both jobs. V&C plans to use their vactor truck to excavate for these meter sets which ultimately should be less disruptive to any existing vegetation and should be more efficient than traditional excavating operations using backhoes or other heavy equipment. They estimate they will be able to install 10-12 meter sets per day and they plan to work 4-10 hour days which ultimately may save us in inspection costs and allow a day each week for our crew to catch up on other priorities.

The budget provided for \$750,000 for the two metering projects through 6/30/10 and another \$2,000,000 in the FY10/11 budget period, significantly more than the bid amounts. The construction period is scheduled to begin on June 7, 2010 and there is a 60 day construction period to complete both of the metering projects. The metering projects will be funded through the DWSRF loan that is scheduled to close on June 9, 2010.

We bid this project with an alternate bid to purchase the water meters. V&C’s bid to purchase the water meters for this project was \$60,490. KGID obtained a quote from National Meter & Automation and for the same quantity of water meters; we can purchase them for \$51,830.90, a savings of \$8,659.10 on this project alone. V&C will still install the meters which was included in their base bid price. KGID will acquire and store the meters in each of the project areas and V&C will pickup as needed. I’ve spoken with Ray Van Winkle about this and he has no concerns and is on board. The savings the district will realize is due in part to being tax-exempt and also not paying markup to the contractor. I am requesting authorization not to exceed \$55,000 for the meter purchases to provide room if needed to install 1” meters as opposed to ¾”. Within these meter projects, we just don’t know until the valves and waterlines are exposed whether properties have existing ¾” or 1” water lines and we want to match the existing services.

The engineer’s recommendation letter and bid tabulation are attached. The engineers estimate for the project was \$218,000 which included the water meters. The total V&C bid, including water meters was \$374,440, approximately 156K over engineers estimate. We are recommending the board authorize staff purchase the water meters to supply the project and award the base bid only to V&C Construction.

Runtzel report this project will install 224 water meters ranging in size from ¾” to 2”. V & C has no subcontractors and will complete the work themselves. Runtzel pointed out that by KGID directly purchasing the water meters; we are able to save \$19k between the two projects.

M-5/20/10-14 – Motion by Schussel, seconded McDowell, and unanimously passed as follows:

A. Authorize staff to purchase approximately 224 water meters directly from National Meter and Automation, Inc at an amount not to exceed \$55,000, and

B. Award a contract in the amount of \$313,950 (base bid only) to low bidder V & C Construction for the Kingsbury General Improvement District Kingsbury Village Water Metering Project and authorize the Business and Contracts Manager to sign contract documents and to approve change orders up to 15% (\$47,092.50) of the bid amount.

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 for the month ending April 30, 2010.

General Manager Report – The GM reports he's working with Jennifer Carr of NDEP and a letter has been sent to the Governor's office requesting a grant for the intertie between Douglas County and KGID.

Hayes reported there is a change in some of the management structure of Heavenly and appreciates that we attempted to contract Mr. Strain on snow water rates. We are not ready to discuss this until we get residential meters taken care of.

Business & Contracts Manager Report – Hayes asked about us preparing our own contract documents and specifications in the future. The GM reported we will be working on this and Runtzel has been working with KGID long enough, this will save us money.

On Andria Drive, Chalet Village – it appears there are utility easements on each property line. We probably need to complete some survey work to determine whether the valves are in the easements or on private property. We will likely go back to the homeowners to obtain easement extensions.

Operations Supervisor Report – Schussel asked whether there is a problem with the sweeper. Eric reported the sweeper is operating right now. Hayes reports most of the sand is in the curb and gutter and wonders if we are expecting too much from the sweeper. Johnson explains that is what the gutter brooms are made for. The sweeper is approximately 12 years old.

ATTORNEY'S REPORT – The Whitebark trial was scheduled to take place this summer. Still waiting for agreement. Whitebark is waiting for the snow to clear to complete an assessment.

ENGINEER'S REPORT – There was no written engineers report.

CORRESPONDENCE – The following correspondence was received during the month: 1) Douglas County Sheriff Terrorism Liaison Training request, 2) Letter from Katherine Parks regarding insurance claims from Ursula & Volker Kroettinger, 3) Memo from the State of Nevada Legislative Counsel Bureau regarding Solicitation of Recommendations for Possible Consideration by the Legislative Committee for the Review and Oversight of the TRPA and the Marlette Lake Water System

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

RETURN FROM CLOSED SESSION

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

ADJOURNMENT

M-5/20/10-15 – Motion by Treanor, seconded by Schussel and unanimous approval the meeting was adjourned at 11:01 p.m.

Respectfully submitted,

W.R. Hayes –Chairman

Attest:

Brett Barratt, Secretary