

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, SEPTEMBER 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, Norman, and McDowell. Trustee Treanor did not attend the meeting. 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 Natalie Yanish, Daria Voyt, Brent Farr, David Lewis, Jack Post, Michael Houdyshell, Jason Hudak.

PUBLIC COMMENT – Jack Post of 209 Chimney Rock, is on pace maker because of recent water bill. He received a \$236 water bill for 41k gallons. This was a surprise to him; the bill says it is a courtesy bill. He spoke with Michelle who will check into it, the addition to his house has singled him out. He was billed \$5.65/1000 gallons the current metered rate. All prior meetings it was stated that no one would be charged for the usage. No where does it say Jack will be stuck paying the new water rate. He's asking we reconsider the billing, let him look at usage for a while before we hit him with a bill. Not a happy camper. Any reconsideration will have to go on an agenda. Hayes explained we can look at this and it will be on the agenda next month.

APPROVAL OF AGENDA

McKay asked to pull item 10 from the agenda

M-9/21/10-1 – Motion by Norman, seconded Schussel, and unanimously passed to approve the agenda as presented.

APPROVAL OF CONSENT CALENDAR

The meeting minutes were not prepared in time for this meeting due to other high priorities.

M-9/21/10-2 – Motion by Schussel, seconded McDowell, and unanimously passed to approve Consent Calendar Items:

- B. Claims in the amount of \$803,096.21 as represented on the List of Claims by check numbers 44341 through 45024.
- C. Authorize the Business and Contracts Manager to make a formal request to Douglas County Community Development for approval to install speed limit signs on South Benjamin Drive and Andria Drive.

CONSENT CALENDAR ITEMS PULLED FOR DISCUSSION – There were no items pulled.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

APPROVAL OF INTERGOVERNMENTAL GRANT ADMINISTRATION AGREEMENT WITH SOUTH TAHOE PUBLIC UTILITY DISTRICT – This is the second year of this same grant that was given to all public water systems in the Tahoe Basin. Its main goal is to increase the fire fighting capabilities of these water systems. As a group, the Lake Tahoe Community Fire Prevention Partnership received \$5 million in 2009. Of this money KGID received approximately \$350,750 which was used to purchase and install standby generators at four of our pump stations with the remainder of the funds being used to up-size the water lines on Sherwood, Hubbard, Ski Court, and Vesper.

As with most Federal grants, the funds provided are a 50% match for these construction projects. What this means is KGID decides what projects can be done, goes out to bid, and is then reimbursed 50% of the total cost up to the amount of the grant. Most water line replacements can be covered under the requirements as long as the line size is increased during construction. For example; the Sherwood water line was increased from a 4-inch to a 6-inch line.

The attached Memorandum of Understanding with South Tahoe Public Utility District is part of the omnibus-spending bill passed by congress the end of March. This bill included \$5,000,000 spending for fire fighting projects in the Tahoe basin. Of this grant, KGID is scheduled to receive \$350,750 as a 50% matching fund grant, paid as a reimbursement of costs incurred. To receive this money, a project has to have the capability to increase or sustain fire protection in our District.

The agreement is dated May 20, 2010 because that is the date that the agreement got to the US Forest Service. We will have two years from that date to use this money for which we already have some potential projects.

McKay reports this is second round of grant funds, \$5m grant shared by water systems to improve fire protection. The first grant supplied us with generators and is being used for waterline improvements. McDowell asked whether this is included in this years budget, it is. This is a 50/50 match funds grant. Some of the current waterline replacement project funding will come out of these funds. We have until 2012 to utilize this funding and we will develop a project to use the funds.

M-9/21-10-3 – Motion by Schussel, seconded McDowell, and unanimously passed to approve the Intergovernmental Grant Administration Agreement with South Tahoe Public Utility District for grant funds to the Lake Tahoe Community Fire Prevention Partnership to which KGID will receive funds in the amount of \$365,059.

There was no public comment.

REQUEST FROM PROPERTY OWNERS OF 226 & 299 EAGLES HEAVEN TO CHANGE WATER METER REQUIREMENTS FOR SAID PROPERTIES -

The properties being discussed were originally the Hansen Heights Subdivision. This parcel was outside of the KGID district boundaries, and the owners had to apply to Douglas County to request being included in the district service area prior to construction. Once approve by the County, KGID provided a 6-inch service and valve to the property edge, consistent with other properties or developments. From that point the line was constructed by the property owner, and as it was never inspected by, or dedicated to KGID, it remains the responsibility of the owner. This line had been intended to serve this private development with both domestic water and fire protection evident by the installation of a private fire hydrant.

The original layout was for 8 building lots, but only one home was built at that time.

The original properties were purchased as an eight unit development served by a private 6-inch water line with a fire hydrant at the end of the water main. Mr. Schilling consolidated the lots to make a three unit development, built a new house on one of the lots, and remodeled the original residence on a second lot. At that point, the requirements for metering were triggered, and as is mentioned in KGID General Manager Candi Rohr's letter to Scott Brooke the discussion of requiring a meter for the entire line began. At that time Mr. Schilling was requested to install a master meter on the 6-inch line to his properties.

The precedent for this meter installation requirement involved the property known as the Tout Estate, which also has multiple homes, private fire hydrants, and a private water main. This property was required to meter following a water main break, and coincidentally the main on the Schilling property has had a break as well, when during their construction project a contractor hit and ruptured the pipe. The issue has continued since 2005, with GM Jack Jacobs being involved as well, however the District position has not changed: the main needs to be metered.

This is consistent with District policy, the most recent examples being the construction of #2 Easy St., a single home property that was required by the Fire Marshal to have a hydrant installed, which of course forced construction of a private main and thus a 6" fire line meter; the decision by the owners of 350 & 356 Abbey Rd. to close their properties off with a gate, which forced installation of a 6" fire line meter to supply domestic and fire service; and the aforementioned Tout property.

To reply to the points in Mr. Schilling's letter:

1. The goal is indeed to have each property metered however that does not remove the requirement for metering the private main.

2. There is no difference in price for irrigation water because the cost to the district is the same whether the water is used domestically or used for irrigation. The water bill is for production and treatment of water, the sewer costs are a separate fund.

3. The fire department flow tests hydrants on a 5 year cycle, and this is both District owned, and private hydrants. There are a number of privately owned, metered hydrants existing, so Mr. Schilling's situation is nowhere near unique. The cost of a couple thousand gallons every 5 years or so would be relatively minimal and done to ensure that if need be, the hydrant Mr. Schilling owns will work if there is a fire on his property. I am not sure if a request on his part could be made to the fire department for them to not flow his hydrant.

4. Resale of water is not an issue here, as this is a self contained unit, a separate subdivision that we are supplying water to. No different than for instance Manor or Ponderosa trailer parks, where there is a master meter and we bill the single entity, while they serve their tenants with domestic and fire protection water.

5. The subject of dedication has come up, and is referenced in the correspondence between KGID and Mr. Schilling. In short, the process to dedicate a line is done normally in the construction phase, so all requirements are met and the District can accept the line. However, this was not done, and so for this to be considered now, the District would be asked to assume responsibility for a line that it has no information on (how it was constructed, whether there are any taps on the line that could leak or be used, or even where it's exactly located) that is behind a gated property. Also, there would be no way to monitor the hydrant for unauthorized use, or even control if anyone were to decide to tap the main for irrigation, construction or whatever.

There are other areas within the district where this same type of issue is dealt with by installing a master meter. If KGID were to take responsibility for this waterline, it would set a precedent for other water line installations in developments and could be very costly to KGID for repairs to something that we had no control over when installed. I have included maps of the Shilling Estate as well as other water lines that would be affected by a decision to approve Mr. Schilling's request.

Mr. Schilling purchased a subdivision in which a waterline had already been installed. The waterline was not installed per our code which required a loop. We don't know quality or construction of the waterline. Mr. Schilling turned 8 original lots into 3 lots. A new home was built in 2005 by Schilling and the meter was requested to be installed at the property line. He has been asked several times to install this meter. There are several private waterlines within the District as depicted on the maps provided to the board. Eric Johnson has been involved quite a bit in this issue and he has summarized points in the provided letters. A 6x2 compound meter will provide the domestic use as well as capture any leak or use from the private fire hydrant.

Schussel comments that this issue seems to have gotten lost in KGID with all of the time that has gone by. Had he installed the meter a long time ago, it probably would've been cheaper than it will be now. Schussel questions whether we should have cut off his water some time ago. Johnson comments that before the last deadline, Mr. Schilling requested a meeting. The meeting took place but resulted in a request for board consideration. This meter will likely cost \$20k installed.

Johnson explained that because Mr. Schilling built a new house, this triggered the meter requirement per our ordinances. Mr. Schilling was presented with another option to install a new separate water line. There was a similar situation on Easy Street where a new line had to be installed to provide for the fire hydrant requirements. The old Tout estate is similar where there are 5 houses served off a private line and we have a master meter. The Cordero property is also similar. Runtzel asked in fairness, other than the fact they built a new house, is this really much different than Pine Cone Trail? Johnson is not familiar with how Pine Cone Trail became a private line.

Hayes asks if we have some responsibility for the meter since we are now installing water meters district wide. The GM reminded that this has been going on since 2005. We would likely install individual water meters for each of the homes but we need access. Because we don't know if or where there are any taps off of the waterline, we can't just depend on individual meters. The main still needs to have a master meter.

Runtzel recalls that we split the cost of the compound meter with Cordero. Johnson recalls that Cordero took over our water line because they wanted to gate off their property and he believes this is why we shared in the meter cost.

Runtzel reported she wrote the original connection permit and there was confusion from the beginning on this property. Initially, Rohr advised Runtzel to write the permit with a meter located at the new house which she did and sometime shortly after, Rohr determined Mr. Schilling should master meter the line. Kjer Lane, Katherine Court, Pine Cone Trail are all not metered and private lines.

McDowell commented if we deny the request, Mr. Schilling will still have to install the master meter. Schussel hoped Mr. Schilling would've attended the meeting to discuss this further.

M-9/21/10-4 – Motion by Schussel, seconded McDowell, and unanimously passed to deny request by Mr. Schilling. Dr. Norman abstained.

DRAFT COST OF SERVICE STUDY PRESENTATION BY FARR WEST ENGINEERING
– This item was tabled to the next meeting.

AWARD A CONSTRUCTION CONTRACT FOR TANK 10B SLOPE STABILIZATION AND REVEGETATION PROJECT – Staff advised the board in August that we were planning to construct a slope stabilization project and revegetation at the new Tank 10B. During this summer we had a couple of significant rain events that caused some erosion at the tank site. During the initial tank construction, we eliminated revegetation and landscaping from the project and determined we would issue a separate contract after the tank was built so we could better ascertain the disturbance and needed treatments.

RCI was awarded the engineering work earlier this year and provided plans and specifications to bid this project. The project includes a substantial amount of rock riprap placement, hydro-seeding and smaller rock around the drip-line of the tank. We determined that the rock we had excavated in order to build the tank, which we are now stockpiling, could be used for the riprap which should save the district a significant amount since we won't have to purchase rock. Additionally, the hauling of the rock is reduced as the stockpiles are located at Jack Drive or the KGID Operations Yard.

The engineers estimate for the construction work is attached for board reference. Because the estimate is below \$100K, and timing to complete the project is limited, Cam and I decided to solicit bidders as opposed to going through a formal bidding process. NRS requires we solicit at least three bids for this work. We selected V&C Construction, Aspen Developers, Peek Construction, F & B, Inc. and Sunbasin Landscaping. Each of the five bidders received plans on Tuesday this week, attended a pre-bid conference on Thursday at the tank site and it is anticipated that all of the General Contractors will submit a bid to us on Monday, 9/20 for our consideration.

In the interest of getting this job going, we eliminated the performance and payment bond requirements. We determined after speaking with our engineer that because this is a unit price bid and contract, we had minimal liability if a contractor were to walk away and not complete the job because we only pay for work completed. We will require payment waivers from any subcontractors to ensure they have been paid on the project before we pay the final payment.

This project is 61.9% AB198 Grant Funded and the remaining 38.1% will come from SRF Loan #2. As I'm sure Cam indicated in his report, we were approved for another one year extension on the AB198 Grant Agreement which otherwise would've expired in mid August this year.

An engineer's recommendation letter and bid tabulation was provided at the meeting.

Runtzel explained we gave out five sets of plans, we received four bids and Manchester was by far the low bidder. We are required by law to solicit three bids. Manchester is not union compared to the other bidders.

M-9/21/10-5 – motion by Norman, seconded Schussel and unanimously passed to Approve award of Construction Contract to Manchester Enterprises in an amount not to exceed \$36,436.90 and authorize the Business and Contracts Manager to sign the contract documents and approve change orders in an amount not to exceed \$5,465.54, or 15% of the contract amount as contingency for the Tank 10B Slope Stabilization Project.

Schussel commented about the elimination of the payment and performance bonds and asks if there are any concerns. The GM explained since we hold a 10% retention we were not concerned with the elimination of the bonds.

BOARD REPORTS – There were no board reports.

STAFF REPORTS – Written staff reports were provided by the General Manager and Operation Supervisor. The BCM provided a verbal staff report. The Bookkeeper provided a Cash Position Statement as of August 31, 2010

General Manager Report – The GM provided a letter from NDEP stating that there will not be any grant funding until 2019 when they can sell bonds again. The main concern on this is the LT2 and how we will fund that project. The tank project is mostly complete and if we can get the revegetation done quickly we will likely be reimbursed for our costs.

Jennifer Carr felt if we could get our engineering done on LT2, but there is no funding for construction, she felt we would not be out of compliance for the LT2 requirements because it is an unfunded mandate. There will probably be very few places to look for funding to construct the project.

Operations Supervisor – Johnson briefly discussed the attitude from customers on water metering and commented that generally customers are in favor.

Business & Contracts Manager – Runtzel updated the board on the progress of the annual audit, Lower Kingsbury Water Metering Project is substantially complete, and all meters are installed. Work during the month included change order and pay request review and attendance at progress meetings for the metering, road sealing and waterline projects. Some connection permits were issued during the month for remodel applications.

Waterline Replacements – The Ski Ct waterline is online as of today and it is likely we will charge liquidated damages for this project. The contractor had several failed bacteriological tests before the line could be placed in service.

Sherwood Drive waterline went into service as of yesterday. They also had several failed bac-t tests and we will look charge liquidated damages.

Vesper Court will hopefully be online next week and is currently behind schedule.

Water Metering for Area 3 is in progress, the Palisades area is almost complete and they are now working in the Oliver Park areas and Highlands, then they will move back to the upper mountain.

Multi-family metering – Significant time was spent developing a database and preparing the letters to go to the property owners.

ATTORNEY'S REPORT – Scott Brooke

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

CORRESPONDENCE – The following correspondence was received during the month: 1) Letter to Park Cattle Company regarding LT2, 2) Email from Phil Humphries thanking the district for the water leak notification and appreciative of the meter installation contractors and KGID staff, 3) Federal Register, DOT, 49CFR Part 40

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

M-9/21/10-6 – Motion by Schussel, seconded McDowell and unanimously passed to go into closed session

RETURN TO OPEN SESSION

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

ADJOURNMENT

M-9/21/10-8 – Motion by Schussel, seconded by McDowell and unanimous approval the meeting was adjourned at 10:15: p.m.

Respectfully submitted,

W.R. Hayes –Chairman

Attest:

Robert McDowell, Secretary