

**MINUTES OF THE SPECIAL MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, SEPTEMBER 7, 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, McDowell and Treanor. Also present was Legal Counsel Scott Brooke, General Manager Cameron McKay, Business & Contracts Manager Michelle Runtzel and Operations Supervisor Eric Johnson. Present for a portion of the meeting were Jim Beattie, Robert Cook, David Lewis, Natalie Yanish, Brent Farr, Daria Voyt, Jodie Nelson, Hanes Gridley, and Bill Kingman.

PUBLIC COMMENT – There was no public comment.

APPROVAL OF AGENDA

M-9/7/10-1 – Motion by Treanor, seconded Schussel, and unanimously passed to approve the agenda as presented.

UNFINISHED BUSINESS – There was no unfinished business.

NEW BUSINESS

WATER ORDINANCE WORKSHOP DISCUSSION AND POSSIBLE ACTION ON CHANGES TO THE EXISTING WATER ORDINANCES ASSOCIATED WITH THE INSTALLATION OF METERS ON MULTI-FAMILY SERVICE LINES AND SERVICE LINES SERVING MORE THAN ONE RESIDENCE – Hayes appreciates everyone showing up today, this is an important issue. Makes a difference on how we plan for the future.

The GM reported the following in his written staff report: Earlier this summer we initially started installing meters in two separate areas within the Kingsbury District, Kingsbury Village and Lower Kingsbury. We then stepped up this installation by issuing a change order to include Middle Kingsbury and some other single family dwellings in the Kahle area. Thus at the finish of the construction season this year we hope to have all single family dwellings within the district metered except for a handful which are situated within the multifamily units on Upper Kingsbury. Because of everything being moved forward the schedule for installing meters in the multi-family units will happen next summer. In order to have all of the engineering completed in time to get out to bid early in 2011, a decision on how to meter these units needs to be made.

Originally we had been told by Springbrook (our billing software) technicians, that our billing software could not be split one single meter equally amongst separate dwellings. That statement caused a considerable amount of discussion between staff and the engineers on how the remaining portion of this project should be handled.

Since the last meeting I have done a significant amount of investigation into this and have found a solution to the problem of splitting one single meter into equal shares among the separate property owners served by a single meter. This solution has narrowed down the choices and the cost.

The owners of properties that are served by one common service line should be given notice that KGID will require each property to have its own service line. This line will have to be installed at the sole cost of the property owner. Failure to notify KGID of their intent to install their own service line, the property owners will have one of the following installations of a meter(s). The decision on the type of installation will be at the sole discretion of KGID.

The two installation options are:

1. Master Meter only on the service line to multi-family units.
2. Master meter on the service line with individual “sub-meters” for each individual owner either under the building or near the building.

Number 1 above calls for a meter installed on the service line only that serves either multiple units within a single building or a number of buildings. The reading from this meter is then divided equally between all of the property owners.

By using this method, there is no limitation to the size of the building in which it will be used. It is the cheapest and thus simplest installation that will take the least amount of time.

There will be some extra cost at the billing end because of the way that the meter read will need to be split, but I feel that this cost would be comparable to #2 below.

There may be a backlash from some of the individual property owners in multi-family units who are only in the unit for a short period of time (vacations etc.) per year and feel they are covering the cost of a full time resident's water use. This can be overcome by them running their own service line or a minimum use of approximately 5,000 gallons per month could be included in the minimum bill. (This will be easier explained at the meeting.)

Number 2 above calls for a master meter at the street and sub-meters on each individual property owners line at a manifold which is usually under the building. This adds to the cost of the overall project by one additional meter per building. For example, a 4-plex would need 5 meters and a 6-plex would need 7 meters. The master meter at the street would pick up all usage and the sub-meters would read the individual unit water use.

Each month, the sub-meters would need to be totaled and compared to the master meter. The time spent on this would be comparable to #1 above.

It may be possible to subsidize the cost of these sub-meters to the property owners. That way they can monitor their own water use and deal with that internally without KGID doing any billing or calculations or maintaining these meters. Arguments can be made that the sub-meters would be cheaper to install under the buildings than in the street as single family units are and that KGID should pay for these. If KGID pays for and maintains these meters, the maintenance costs would be greatly exaggerated and replacement costs would be higher as well.

There are pros and cons for each alternative. I am in favor of completing this project for the least amount of money spent on construction and keeping future maintenance cost as low as possible.

McKay reports we started the metering project this year with the single family dwellings, we've extended that contract to have middle Kingsbury and all single family dwellings metered. We've had a few problems, one service line serving multiple houses. In multifamily units, SVHOA, TVHOA, LVHOA, we need to come up with a way to meter these buildings. The problem with a master metering is our billing system can't divide a master meter read between the number of units served. McKay has since found out that this can be done through an interface with read center. Intercepting in read center and copy/paste to a spreadsheet and copy back into read center, then sent to back to Springbrook. We can now narrow down installing meters to multifamily, one – master meter only or two, master meter and sub-meters for each unit. If customers don't want either of these options, they can install at their own cost separate service lines.

Hayes explains for the public that many multifamily buildings don't have individual service lines to the KGID main. Houses all have their own service lines with the exception of Juniper. Treanor is the only board member who will be here in January. Hayes wants everyone to get a feel for what the options are. We are trying to adopt an ordinance on how to deal with these buildings. In one to two years, people will be complaining and may want to sue us. We want to see what the choices are and what we can offer.

Option 1 – Master meter only – we can bill each in a 4plex ¼ of the usage, or
Option 2 – Master and Sub – other issues to deal with, private property.

Hayes wants to get a feel for what we should do tonight.

Daria Voyt asks if there are legal ramifications to talk about right now. Our ordinances provide that we can go on private property now if needed. The issue is taking on water lines responsibility that we didn't install nor inspect. Normally, KGID's responsibility is for the water main and the service line to our water shutoff valve for the property. Brooke explains any access on private property will have to be validated by law. Norman is concerned with access rights if an individual meter is installed. It has been proposed so far, that the customers' water line will remain their responsibility even if we install individual meters. Runtzel pointed out that on a regular basis now, we access private property to shutdown water to units who haven't paid their bills because this is the only place we can isolate the water to a unit.

Mr. Gridley asked about the remote reading capability for his unit on Bigler Ct. We are planning on installing a remote reading system. He will have to re-plumb his irrigation which taps off of the main before the split to the duplex units but other than that he can't imagine owners having issue with installing meters in crawl spaces. We have to decide whether we are going to master meter or install sub-meters on individual units. Schussel comments that there could be liability if we install meters in crawl spaces that are neither our property nor our water line.

Norman asked if the meter is actually a piece of pipe or something else, McKay explained it is installed horizontally. Yanish asked if we are considering incurring the costs of the sub-meters, we are discussing this tonight. Runtzel explains this affects ½ of our district and she is not aware of any multifamily building having individual water lines coming out to the main.

Beattie commented he assumes there would be a recorded document for access and that KGID should only be responsible for the water meter itself. When there are common hot water heaters, we should only master meter and that all buildings should have a master meter.

The GM comments if we do offer sub meters, KGID should accept responsibility for maintenance and replacement of that meter. Hayes wants to hear from Runtzel since she will have to deal with these owners. Runtzel explains she shouldn't have to pay for others water use or abuse. She believes we will hear that argument from many of our owners. As far as the options go, she is hoping that the board will give staff authorization to offer the options to our owners and let them decide how they want to be metered. If we mandate that all owners must bring new lines out, we are asking for a lot of trouble at the next few meetings. People don't have money to bring out new water lines right now. Runtzel feels strongly that we should offer individual meters to each unit, if feasible, because each condo owner pays as much in water bills now as every home does and they always have. Why shouldn't they be entitled to an individual water meter, provided they are willing to sign an access agreement and it is feasible to install the meters individually. The initial installation for sub-meters is approximately \$250-\$500 per unit and another \$200 for the meter itself. Each household received a meter for \$1100-1500. Runtzel thinks the most important aspect is to give our customers options and to move forward with a timeline so we can design the project and construct it next summer. Owners would have a definite timeline to respond to any correspondence we send out.

Runtzel explained that in the master meter only option splitting the bill evenly between the number of units served, personally, she doesn't want to pay for the rental unit next door who has eight people living in the unit. One solution is to include a certain amount of water with the base rate which would likely be higher than your typical house base rate. Again, if I'm a condo owner here 6 months out of the year and not using any water, why should I pay more than a house that is occupied 12 months out of the year? There are definitely pros/cons for each of the options, and she is comfortable with any of the options provided we offer options for our customer's consideration.

Norman asks whether other districts have been able to offer options. Runtzel has never seen any of the documents, but it is her understanding is that they could always bring new water lines out. Tahoe City installed one master meter and divides it by the number of units served.

McKay commented that all options may not be available to all buildings; some larger buildings only a master meter will work. Hayes believes we need to decide whether we want to offer an option to let the customers monitor their own use. Brooke comments that we are being mandated to install water meters by the state. If we continue the meter installations we could install individual meters and everyone would be treated the same. Then later if we want to install master meters we would decide if we want to do that at our cost or pass all or some of the cost to the homeowners. Runtzel points out that this is one extra meter per building, it shouldn't be looked at as 4 extra meters in a 4-plex as an example.

McKay feels if staff has a choice, we will be working directly with the homeowners on an individual basis which will go a long way in public relations and will educate the public along the way as we are meeting with the owners. Norman confirmed in a tri-plex if one owner wants an individual meter and the other two don't care, would we install the one individual meter. McKay replied we would and we would split the master meter bill between the other two units. Norman comments it seems most equitable if we give the owners the options to choose from. Hayes points out there is staff time involved as well as cost to install and maintain the master and sub-meters that we need to consider.

McKay pointed out that in the future there may be some changes as an example if someone does a remodel that requires a larger line size or if a new homeowner doesn't like an arrangement of splitting a bill evenly, it would be up to that homeowner to bring a new line out.

Beattie suggests we look at and define "property" in the ordinance change proposal stating that there are several types of different property.

Norman comments he's sat in the board meetings for the last several months and commends the board for trying to create fairness. He empathizes with Runtzel and agrees we should give our customers choices. Hayes points out we have to find balance because every \$40k we spend equal \$1/mo in rates.

Daria Voyt wants to thank Eric and his crew who have been working with her neighbor and provided good explanations for what is going on, people she's talked to are very happy with the crew's knowledge of what's going on and appreciative.

McDowell agrees we should offer options. He asks who pays the additional costs for the master meters and the GM explains we are not proposing to charge customers at this point. We will have to evaluate each of the buildings to determine what option is feasible. McDowell is concerned about any potential leaks or problems from our installation of the meters. Runtzel explains this can be mitigated. In the installations constructing this summer, we are documenting and taking pictures of before and after conditions.

Robert Cook comments that sub-metering really scares him, being on private property where we have never been before, retrofitting plumbing, etc.; he believes there will be all kinds of problems we aren't even thinking of. He comments KGID staff are not plumbers. Runtzel explains KGID will not install the meters; an independent plumbing contractor will be doing the work. Cook states our service stops at the street and Runtzel explained we have no intention of changing that. Brooke comments the meter is not dangerous material and would not likely cause damage to the home. The only reason we are considering the sub-meters is because there is no other option to individually meter. The District will have a waiver of liability and responsibility that includes the access rights. Each owner will have to sign the documents which will be recorded.

Schussel asks whether the same meter that was installed on his home will be the same as a sub-meter or a master meter. McKay explained that the master meter will be the same size as the line going into the building and the sub-meters will likely be ¾" meters but without the meter setters installed in the ground. McKay notes the homeowners will have to accept responsibility for the integrity of the water meter, maintain heat, no tampering, etc. This language will be included in the agreement.

Hayes asked how we will handle the buildings that don't have all the options available to them. Some buildings will have to be master metered. McDowell has faith in Johnson and Runtzel to communicate the options to homeowners and to explain changes necessary to accommodate the customer's desired option.

McDowell asked how we were going to deal with the design of each of the buildings. McKay reported that we inspected many of the buildings a couple years ago and we will work with the engineers to determine how to meter, pending feedback from the customers.

Schussel asked if we have a 12-plex and 6 want sub-meters and 6 don't want it. Are we going to bill 6 owners individually and split the master meter by 6 units, how we going to handle the billing. If an HOA exists, the HOA will decide whether the whole building is sub-metered or master metered. Per Brooke, it's all or nothing. A master meter only would be installed. Norman suggested that Johnson could make the determination whether it was possible to partially sub-meter. The GM states this is a policy issue, it should require 100% participation. Norman thinks most people will want the individual meters. McKay noted that we will have a lot of people who won't respond by the deadline. If there is an existing HOA, the HOA can be a single customer to KGID, however, as Runtzel noted, most HOA's only bill once or twice a year and we would expect them to pay our bill and distribute it to their customers monthly, this will be an issue.

Treanor asked Mr. Gridley whether he wanted individual meters. Johnson confirmed that there is an existing master meter there now. Mr. Gridley wants an individual water meter; he doesn't want to pay for a new waterline. If his neighbor doesn't want an individual meter, he will be stuck with a master meter and a 50/50 split of the bill.

Schussel comments that those that have multiple people living in units likely will not want an individual water meter, they would prefer to have others pay a portion of their water bill.

Brooke suspects that if we require 100% participation, we will not get very many buildings where we will sub-meter and we will master meter only and split the bill which will lead to a lot of complaints. The GM acknowledges this and notes Tahoe City went through the same thing and that's why they went to a rate structure where they gave a certain amount of gallons in the base rate. He states that can be decided at a later time, tonight we need to determine what options we will offer.

Our timeline is to prepare letters and provide approximately a 60 day window for response and if we don't receive a response we will install master meters only and split the bill. Once we receive the responses, our engineers can begin the design of the project and we want to bid the project at the latest by the end of February so we can construct in the summer. Runtzel notes it is possible to install the sub-meters before May 1 because there is no digging involved.

Natalie Yanish comments that it doesn't seem weird to her to have water meters in crawl spaces of condominium units because it is usually a shared common area.

We will send certified letters as a second notice for those who have not responded. There was some discussion on what the letter will look like to distinguish it from the normal bills and to bring attention to this communication.

David Lewis commented he has a master meter now located about 100 feet from his building. He would prefer to have the meter moved to the Bonnie. It is possible Mr. Lewis could make a new connection from Bonnie and abandon the connection on Bigler.

M-9/7/10-2 – Motion by Treanor, seconded McDowell and unanimously passed to change the existing Water Ordinance 8.02 Meter Regulations to read as follows:

8.02 METER INSTALLATIONS:

Meters will be installed at the property line and shall be owned by the District and reinstalled and removed at its expense. If the District requires a remote meter read device, it shall be installed at a location approved by the District. No rent or other charge will be paid by the District for a meter or other facilities, including connections. All meters may be sealed by the District at the time of installation, and no seal shall be altered or broken except by one of its authorized employees or agents. The meter shall be of the type and brand approved by the District. If the District finds a positive indication of meter tampering or if the meter seal is broken, there will be a fine as stated in Exhibit C plus a charge for the estimated amount of un-metered water used based on previous meter records.

Alternate meter locations must be approved by the District. (Existing language)

(New language to be added)

8.02.1 For service lines serving water to more than one property, Master Meter(s) may be installed to capture water use to all residential and common-ownership parcels.

8.02.2 Where site or water system constraints warrant, the District may require or allow additional irrigation meters.

8.2.3 The location of metering devices shall be determined by and is at the sole discretion of the District. In general, the water meter shall be located as near as practical to the property line of the parcel being served or the edge of easement if the distribution water main is within the parcel except as follows:

8.2.3.1 For service lines serving water to more than one property, the District will determine Master meter location(s) based on the water system layout and site improvements.

8.2.3.2 Where site or water system constraints warrant, the District may require or allow a different location for meters than required above.

AND

Allow staff to proceed with notification of property owners as suggested below with the terms and conditions as follows:

Option 1 – Master Meter Multi-family Buildings and split usage evenly by number of residential units served.

Option 2 – Master Meter on the service line with individual “sub-meters” for each individual owner either under the building or near the building.

Option 3 – Homeowner must install new service line at their sole cost for individual metering.

Hayes asked about the building that won't have options, should we leave that to the discretion of management? Brooke thinks the direction to staff is clear. Norman asked if anyone in the audience opposes the proposed motion. Voyt asked if we could extend time for those who want to install their own water lines. Our deadline is for a written response, not actual work to be completed. This is a one shot deal for KGID to provide the individual water meters at no cost to the homeowner. If two years down the line, the owners decide they want meters, they will have to pay for them.

Hayes thinks the owners won't challenge the decisions too much now until they start getting billed for the water. Runtzel is very comfortable with giving the customers the proposed options and thinks it is much more palatable than mandating new water lines or something else. There is no doubt this will be a lot of work initially, but no matter what we install there is a lot of work involved in the multifamily buildings. As Hayes understands it now, the homeowners will not incur costs to have these options available. Runtzel reports that at the end of the single family homes, we will have spent approximately \$1m in construction costs. We don't know how many 2" master meters will be required and will keep the board informed on the budget.

Brent Farr reported he has been involved with staff on discussions for multi-family metering and they are on board. Hayes asked if the same type contractor will bid next years project. McKay advised we will likely have a plumbing contractor as a sub contractor to install all of the sub-meters.

Schussel asked whether we should have a Trustee candidate's night like we discussed earlier this year. It was determined that the candidates should initiate and coordinate any such event and per Brooke, the District should not be involved.

ADJOURNMENT

M-9/7/10-3 – Motion by Treanor, seconded by McDowell and unanimous approval the meeting was adjourned at 8:12 p.m.

Respectfully submitted,

W.R. Hayes –Chairman

Attest:

Robert McDowell, Secretary