

**MINUTES OF THE REGULAR MEETING OF THE  
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES  
TUESDAY, JULY 15, 2014**

**CALL TO ORDER** – The meeting was called to order at the Kingsbury General Improvement District office located at 255 Kingsbury Grade, Stateline, Nevada at 6:02 p.m. by Natalie Yanish.

**ROLL CALL** – Present were Chairman Yanish, Trustees, Vogt, McDowell, Norman and Nelson. Also present was General Manager Cameron McKay, Counsel Chuck Zumpft, Operations Supervisor Eric Johnson, Business & Contract Manager Michelle Runtzel, Dave Backman- KGW/Q&D Joint Venture, Craig Schorr – US Bank; Tom Castenada – Tahoe Shores, Brent Farr – Farr West, and Matt Van Dyne – Farr West

**PLEDGE OF ALLEGIANCE** – Yanish led the pledge to the flag.

**PUBLIC COMMENT** - None.

**APPROVAL OF AGENDA**

**M-7/15/14-1**

Motion by Nelson, seconded by Vogt, and unanimously passed to approve the agenda.

**APPROVAL OF CONSENT CALENDAR**

Nelson requested Item B be pulled from the consent calendar.

**M-7/15/14-2**

Motion by McDowell, seconded by Nelson and unanimously passed to approve Item A Minutes of the Regular Meeting June 17, 2014 from the consent calendar.

**CONSENT ITEMS BROUGHT FORWARD FOR DISCUSSION**

B. List of Claims:

Nelson inquired about the following checks:

#50523 to Bigby & Associates for the WTP easement; Bigby & Associates conducted the survey on the water treatment plant. #50528 to the Unemployment Security Division for the unemployment benefits of D. Tackitt; KGID must pay unemployment when past employees collect benefits. #50549 to Sierra Nevada Media Group for advertising for admin clerk/secretary; ad for Brandy's position ran for two weeks.

McDowell inquired about the following checks:

#50553 to Tahoe Basin Container for bear proof rental; monthly \$30 fee is more economical than purchasing as it includes the pick-up fee. #50593 to Dan and Nancy Smith for a refund inspection deposit at 389 Sherwood; the high deposit amount ensures that final inspections are completed –the amount is based upon square footage in a home. #50605 to A&K Earthmovers for the waterline and paving project; a portion will be reimbursed by Tahoe Fire Protection Partnership for the Beverly/Virginia waterline. McKay's vehicle expenses including fuel and a carwash; the vehicle belongs to KGID and is not used as a personal vehicle. McKay does not receive an allowance for its maintenance and fuel was purchased due to the normal pump being broken.

Vogt inquired about check #50542 to Nevada Division of Environmental Protection for a permit fee for LT2WTP. This was a one-time permit fee to NDEP; more fees will be paid to Douglas County.

**M-7/15/14-3**

Motion by Nelson, seconded by Norman and unanimously passed approve the List of Claims in the amount of \$1,428,237.66 as represented on the List of Claims by check numbers 50516 through 50627.

**UNFINISHED BUSINESS** – None.

**NEW BUSINESS**

**Discussion on Settlement of Litigation Regarding the Water Treatment Facility and Related Easement Brought by Tahoe Shores LLC, by Approval of Agreement for Settlement of Litigation, Modification of Easement, and Transfer of Property** - The final agreement with Tahoe Shores has been signed; all trustee signatures must be notarized during the board meeting. One easement document was misplaced, but will be resigned at a later time. McKay plans to give Tahoe Shores their 30 day notice of starting construction tomorrow.

Nelson inquired as to the change in section 3.1 of the agreement. McKay explained that the notice to vacate for one tenant was not given until June 26, 6 months later than it should have been. If the tenant does not move by September 1, KGID will begin construction around the interference to meet TRPA requirements. Nelson inquired as to the effect of this issue on all parties involved. McKay responded that it will affect all parties involved severely. The delay will make it difficult to finish by the October 15 deadline. Nelson inquired as to how the delay will affect the project financially. McKay explained that there may be extra expenses to the project. Nelson commented that the situation puts an unfair burden on KGID when the organization is not at fault for the mistake. McKay explained that the agreement must move forward at this point to continue the project.

Backman explained that subcontractors hold prices for 60 days, but he may be able to ask for a longer timeframe. Nelson inquired about the tenant move out date of September 15; McKay explained that there was a last minute change and the new official move out date in the agreement is September 1. Norman asked about ordinances regarding the land in which the tenant is located. McKay explained that the tenant was given the option to move the within park, out the park within 150 miles or Tahoe Shores could purchase the mobile home.

McKay explained that he needs re-approval of the document due to the notated changes. Brooke has reviewed and approved all documents. No liquidated damages were paid because all documents were submitted by July1. The trustees expressed frustration with Tahoe Shores for failing to properly notify one tenant. Feldman felt that 45 days to vacate was fair; they believe the tenant will be out sooner rather than later. The tenant must vacate by August 10. TRPA expects to have the plans back by August 15. KGID can then apply for a building permit through Douglas County. Douglas County expects the permit to go through within 10 days. NDEP approval is expected to fall within the August 15 date; NDEP is already reviewing the plans.

McKay commented that KGID has already taken a leap of faith with contractors and pre-purchases. He continued that it is essential to approve the revised agreement to ensure that the project moves forward. Nelson expressed her concern about extra costs incurred due to the tenant moving later than expected.

Norman felt that the project must move forward and is confident with the agreement.

Vogt asked about the amount of people and mobile homes that are currently standing in the way of the project. McKay explained that there are three trailers, two are vacant one is owned by an individual who resides out of state. Yanish inquired as to the current eviction rules. McKay explained that eviction rules are different in mobile home parks; Tahoe Shores has offered to purchase the mobile home from the individual. Yanish inquired as to the worst case scenario for working around the one mobile home. McKay explained that KGID would attempt to work around the trailer to get the foundation down in order to meet TRPA requirements. Yanish inquired about the generators. McKay explained that generators will still be needed; however, they don't have as big of a lead time. Logistical problems may ensue to the delays. Norman inquired about eminent domain. McKay explained that the time required to process an eminent domain claim through court would not work with the construction timeline.

**M-7/15/14-4**

Motion by Norman, seconded by McDowell and unanimously passed approve the Agreement for Settlement of Litigation, Modification of Easement, and Transfer of Property with Tahoe Shores LLC.

No public comment.

**Discussion on Approval of District Infrastructure Fee Agreement with Tahoe Shores LLC, Including District Court Approval Pursuant to NRS Chapter 43.** - The agreement has not been changed. It was approved at a prior date, but has been brought back for approval as it is tied to the Tahoe Shores settlement agreement. Norman inquired about whether the agreement would be transferable to a different project; McKay confirmed that it would be. If the mobile home park remains without a new development, KGID does not receive anything.

**M-7/15/14-5**

Motion by Vogt, seconded by McDowell and unanimously passed approve the District Infrastructure Fee Agreement with Tahoe Shores LLC.

No public comment.

**Discussion on Pre-Procurement of Ozone System Equipment for the New Water Treatment Plant project from Ozonia North America, LLC** - McKay explained that the generators were initially approved for purchase when the equipment was to be installed within the existing plant. Ozonia has held their price since that date. A change order was added on to include equipment required by the new plant's specifications. The original contract and pricing have not changed. Norman inquired about reusing the current UV equipment; McKay reported that the old plant must stay on-line until the new plant is up, making reuse implausible. McDowell inquired about potential legal issues stemming from utilizing Ozonia's bid intended for a different project. McKay reported that Ozonia was originally the lowest bid. Brooke has reviewed and approved the pre-procurement. Zumpft concurred that there would not be a conflict with choosing the Ozonia bid.

**M-7/15/14-6**

Motion by Nelson, seconded by McDowell and unanimously passed approve the purchase of two Ozonia OZAT Model CFV-2 ozone generators from Ozonia for the price of not to exceed six hundred ninety nine thousand dollars (\$699,000).

No public comment.

**Discussion on Change Order No. 1 from Ozonia North America, LLC for Additional Equipment Needed Due to Changes in Design of the KGID Water Treatment Plant** – This item is for the approval of the change order attached to Item 10. McKay explained that different equipment is required by the new plant’s specifications. McKay noted that the change order is reasonable and has been negotiated down from \$125,000.

Vogt commented that the board has approved a significant amount of funding for the project. McKay concurred, noting that the project is the biggest KGID has ever undertaken. KG Walters has pre-purchased equipment in similar projects they have undertaken. Norman commended the board for its forward thinking in anticipating future needs of the community and taking the risk to make the necessary investments. McKay concurred that future needs are being met now. Yanish commented that the LT2 project was an unfunded mandate by the federal government.

Public comment:

Schorr inquired as to how the project will be funded if it was required by an unfunded mandate; Yanish reported that KGID rates would eventually pay for the mandated investments for drinking water treatment. Litigation and easement issues have delayed the project implementation. The compliance date is October 1, 2014, after which fines may be incurred.

**M-7/15/14-7**

Motion by Nelson, seconded by Vogt and unanimously passed approve Change Order #1 to Ozonia North America for \$103,400.00.

**Discussion on a Supplementary Water Supply to Edgewood Water Company under existing Kingsbury-Edgewood Intertie Facility Operation and Maintenance Agreement** - McKay explained that Bobby King from Edgewood Companies requested additional water to augment the golf course’s irrigation supply from KGID’s intertie. Typically, Edgewood is able to let water out of their tanks located behind Friday’s Station to fill the irrigation pond, but this process would result in significant water loss. KGID can ensure the golf course has enough water through the summer through its fire line access located near the 4H camp. Edgewood Water Company is also working on their own LT2 project, limiting their ability to pump the extra water they require. Treated water would be returned to KGID in-kind in the fall after the golf season is completed. Nelson asked if in-kind repayment of water is preferable; McKay reported that it is. The water transfer will cause increased paperwork for both parties; an offset for the meter will have to be met. Norman inquired about the volume being requested; McKay reported that Edgewood has requested 2000 gallons an hour to be pumped during night hours only. The pond at the bottom of the course belongs to Edgewood; water will naturally flow to the Edgewood tank. Yanish commented that potable water will be transferred both ways; McKay confirmed. Vogt inquired about the intertie location; it is behind Lakeside Inn & Casino. Brooke has reviewed and approved the request.

Norman inquired about companies which do not pump from the lake; STUPD does not. Edgewood pumps from the lake and treats upland. Edgewood supplies water for the casinos. Vogt inquired if a request like this has been met before; McKay reported it is the first time. McKay explained that Edgewood was going to make the request last year, but discovered their water shortage was caused by a beaver dam up the creek. The low snowpack has resulted in low creek flows this year. McDowell expressed concern about future requests of treated water for irrigation as drought conditions continue. Norman noted that the request should be met to maintain good neighbor relations in the event that KGID needs a favor in the future.

**M-7/15/14-8**

Motion by Nelson, seconded by McDowell and unanimously passed approve a request by Edgewood Water Company for additional water to be supplied through an existing fire line for irrigation use at the Edgewood Golf Course per the supplementary agreement.

No public comment.

**Discussion on Approval to Allow K.G. Walters/Q&D Joint Venture to Pre-Purchase Essential Materials Needed to Facilitate an Early Start to the Water Treatment Plant Project - McKay**

explained that this situation is similar to previous requests for pre-procurement of items with long lead times. Backman explained that an estimate is being compiled for the August 5 CMAR meeting. This purchase-only request to start procuring will enable the project to be 6-8 weeks ahead of schedule. Nelson inquired about the payment process; KGID will pay KG Walters/Q&D Joint Venture based upon receipt of invoices.

**M-7/15/14-9**

Motion by Vogt, seconded by Nelson and unanimously passed approve Walters/Q&D Joint Venture to purchase needed items to facilitate an early start to the construction of the water treatment plant at a total cost not to exceed \$400,000 for all materials.

No public comment.

**NO ACTION TOOK PLACE ON THE FOLLOWING ITEMS:**

**BOARD REPORTS :**

Yanish reported that she attended the quarterly business meeting for the League of Cities. Yanish felt that it was a positive networking experience.

The League of Cities is an organization that represents cities, municipalities and GIDs in advocating at the state level. Several bill draft requests were discussed; however, only five can be submitted each year and only one concerned GIDs. McKay commented that there is a lot of work to be done on the GID bill draft request, which was initiated by Gardnerville Ranchos. Yanish explained it would give GIDs additional authority to deal with health & safety or nuisance issues typically handled by the county. Other jurisdictions are experiencing problems with counties not resolving issues which affect districts. McKay concurred, but cautioned against unintended consequence of the BDR. For example, one person residing within the KGID boundaries has not had water service for 4-5 years, but the county will not evict them from the property. If KGID had the authority to evict the residents, they would also be responsible for finding and paying for alternative housing. He continued that the BDR stemmed from the desire of GIDs to have more control over roads and streets. GIDs within the county are working to determine the separation of responsibilities between

the county and GIDs. Communications regarding roles of responsibility have not resulted in positive change yet. Douglas County collects many fees, but these fees are not transferred to KGID to maintain the roads.

Norman did not attend the last board meeting in which medical marijuana was discussed; he inquired as to the flavor of the discussion. Yanish explained that there was a lot of public comment against medical marijuana. Norman commented that two counties recently elected to not accept MME's. Yanish noted that the decision is up to Douglas County. The District Attorney's office has not heard any hardship complaints from medical marijuana users. Nelson noted that an MME would more likely be located in the valley due to lower costs in commercial areas away from schools and community centers. The only financial benefit to the county would be a business license fee (if established) and sales tax. Norman inquired if federal laws would supersede state/county laws – it was brought up in last month's discussion a few times. Yanish commented that county representation attended the meeting to hear the discussion.

Yanish attended the TRPA BMP working group meeting with McKay intended to find solutions for residential BMP enforcement. Yanish reported that area plans can designate area wide BMPs. Area wide BMPs would be helpful when sediment cannot be contained within one property; however, funding area wide BMPs is difficult. McKay explained that all BMP work that KGID has conducted has been funded through state lands grants. The costs involved in maintaining BMPs are not grant funded; McKay worries about individuals not maintaining BMPs on their property in the long term. Norman inquired about the structure near Tudor Lane; McKay explained that the bricks are used to infiltrate water into a basin before it enters into the stream zone. A local government entity meeting was hosted by TRPA before the working group meeting to brainstorm solutions prior.

## **STAFF REPORTS**

### **General Manager Report**

Nelson inquired as to whether an agreement exists with Southwest Gas; Runtzel reported that there is not. She continued that Douglas County is re-negotiating its franchise agreement with Southwest Gas. McKay is working to incorporate the district's input into the new contract. KGID has the ability to issue encroachment permits for private parties, but cannot do anything with organizations that have franchise agreements (NV Energy, STR, Cable Companies). KGID had provided input on the Southwest Gas project, but no final signature was gathered from KGID for the final agreement. This resulted in unapproved work being completed which KGID must repair. Nelson inquired about progress on the investment accounts; this project is on Runtzel's radar, but she has not yet had time to start.

### **Business & Contract Manager Report**

Vogt inquired about the annual audit scheduled for September. In past years, the audit had been completed in late July; it must be presented to the board in November. Runtzel will be in the midst of training Johns during the audit. Nelson inquired about the check in the list of claims to the Employment Security Division; Runtzel reported that as a government entity, KGID does not pay quarterly unemployment benefits, but rather only pays as claims are made.

### **Operations Supervisor Report**

Nelson inquired about the break on Ponderosa. Johnson reported that Q&D had just finished the waterline with a tie-in at the bottom of Ponderosa. KGID therefore asked for a tie-in near the entrance of the trailer park, about 15 feet off Kingsbury over to Manor in order to get old steel out.

The cost of this came in under the project contingency amount. Van Dyne confirmed that the project was completed under budget due to Q&D absorbing the asphalt costs on Kingsbury.

**Attorney’s Report**

None.

**Engineer’s Report**

Van Dyne reported that all projects are going very well. McDowell commended staff, trustees and vendors for working hard on a large number of projects. Norman inquired about the Kingsbury construction schedule; Johnson didn’t make last progress meeting, but believes they are still following the timeline. McKay confirmed that more utilities exist at the bottom of Kingsbury, making the process at the bottom more time-consuming. Vogt commented that the traffic control has been good. Johnson explained that after Labor Day, the Grade will be closed off at the top again. Q&D intends to finish paving the Grade ahead of schedule by the end of this construction season. Paving will be completed up to where the KGID yard is located on the other side of the Grade.

McKay reminded the board of the special CMAR meeting to be held August 5 at 6pm.

**Correspondence** – None.

**ADJOURNMENT**

**M-7/15/14-10**

Motion by Vogt seconded by Nelson and unanimously passed to adjourn the meeting at 7:30 P.M.

Respectfully submitted,

\_\_\_\_\_  
Natalie Yanish – Chairman

Attest:

\_\_\_\_\_  
Robert McDowell, Secretary