

**MINUTES OF THE REGULAR MEETING OF THE
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES
TUESDAY, JUNE 17, 2008**

CALL TO ORDER – The meeting was called to order at the KGID office, 160 Pineridge Drive, Stateline, Nevada at 6:00 p.m. by Chairman Cook who led the pledge to the flag.

ROLL CALL – Present were Trustees Cook, Hayes, Beattie and Treanor. Trustee Schussel was not present. Also present was Legal Counsel Scott Brooke, General Manager Cameron McKay, Business & Contracts Manager Michelle Runtzel and Operations Superintendent Greg Reed. Present for a portion of the meeting was Brent Farr of Farr West, Jim Norton of Warren Reed Insurance, Andrew Strain of Heavenly, CR Russell and Ron Alling, homeowners Brent Barratt, Chauncy Lane and George Lawrence of Building Concepts.

PUBLIC COMMENT – There was no public comment.

APPROVAL OF AGENDA AND CONSENT CALENDAR –

M-6/15/08-1 – Motion by Treanor, seconded by Hayes and unanimously passed to approve the Agenda and Consent Calendar items as follows:

- A. Minutes of the Regular Meeting of May 15, 2008
- B. Approve claims in the amount of \$167,997.59 as represented on the List of Claims by check numbers 41506 through 41611

CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION -. There were no items pulled for discussion.

UNFINISHED BUSINESS –There was no unfinished business.

NEW BUSINESS –There was no new business.

PRESENTATION BY JIM NORTON OF WARREN REED INSURANCE ON DISTRICT INSURANCE POLICY RENEWAL FOR FISCAL YEAR 2008/2009 – Jim Norton of Warren Reed Insurance made a presentation to the board and staff regarding the renewal of the District Insurance Policy FY 2008/2009. The good news is that premiums have decreased over the last couple of years as seen in the following table.

	Premium	% Inc/(Dec)
FY 2008/2009	\$ 50,635.44	-5%
FY 2007/2008	\$ 53,464.54	-16%
FY 2006/2007	\$ 63,888.64	2%
FY 2005/2006	\$ 62,933.28	2%
FY 2004/2005	\$ 61,547.00	-3%

Jim Norton provided a Summary of Services for the Nevada Public Agency Insurance Pool including coverage amounts.

Jim Norton reports he is the bearer of good news, rate structure was favorable and there are no areas of increase except exposure and losses. The premium is down 5.5% or \$5k, which speaks well of the District. With respect to services available, the pool is a risk sharing pool that is member owned and member governed. The pool takes pride in risk management services provided to members. Site surveys were completed in the last year. New programs include an E-Learning program and online training programs at no cost. We can log on to www.poolpact.com for E-Learning for access to human resource training topics such as Drug, Alcohol Awareness, and Unlawful Harassment. The Loss Control Excellence Program involves a rigorous assessment on risk management practices, fraud control, property surveys and hazards, and provide feedback to boost level of risk management. Upon completion of the program, the District is awarded \$3,000. The program helps to identify issues to mitigate risk. Norton also notes there is a Risk Management grant program with funding up to \$10,000 for risk management improvements, Personal Protective Equipment, and safety training.

Beattie asks how much reserve does the pool have? Norton replied, currently they have \$14,335,338 in reserves. In the event of a significant catastrophe the loss fund is also supported by excess carriers insurance. Coverage of re-insurance is \$300,000,000. Treanor asked if we have to participate in the Excellence Program in order to apply for the grant, and Norton explained we didn't. Error's and Omissions is \$5,000,000.

Hayes asks if they were involved in Lakeside Inn claim. ASC is the claims adjusters.

Cook comments, just for the public knowledge, insurance has decreased in the last 4 years \$11,000.

REQUEST BY TAHOE DOUGLAS FIRE PROTECTION DISTRICT TO WAIVE CONNECTION FEES FOR A TEMPORARY WATER AND SEWER CONNECTION ON LOGGING LANE

– The district was approached by Tahoe Douglas Fire representative, Leo Horton, requesting water and sewer service for the Douglas County parcel APN 1318-24-601-004 at the end of Logging Lane for a trailer they will place on the parcel to accommodate additional staff for a period of approximately 2 years. KGID abandoned the water connection for the parcel during the Phase 1E Waterline Replacement Project. The water connection will have to be restored. We are in the process of locating the sewer lateral for the parcel.

Rick Nicholson contacted me and requested that KGID waive the proposed connection fees, which are estimated at \$5,000 for a new connection. He explained that he waived approximately \$8,400 in plan review fees for the Edgewood/Kingsbury Intertie Improvement Project as a courtesy to the district.

After further consideration, it is likely that there were original connection fees paid for the parcel, which was previously a dump. Several years ago, Tahoe Douglas used the same parcel as a staging area during construction of a new firehouse. At that time, they were connected to KGID water and sewer; therefore it is recommended that we waive any connection fees. It would be TDFPD responsibility to connect the proposed trailer to the laterals as well as pay monthly flat rate fees.

Cook abstained from comment or vote due to his participation on the Tahoe Douglas Fire Protection District's Board.

M-6/17/08-2 – Motion by Beattie, seconded by Treanor, and unanimously passed to approve request by Tahoe Douglas Fire Protection District for a temporary water and sewer connection for approximately (2) years on APN 1318-24-601-004 and waive \$5,000 water and sewer connection fees based on, A) The assumption that previous connection fees were paid on the property and not refunded, and B) Tahoe Douglas Fire Protection District waived approximately \$8,400 in plan review fees for the Edgewood/Kingsbury Intertie Improvement Project as a courtesy to KGID. Cook abstained.

REQUEST BY CHAUNCEY LANE FOR APPROVAL OF A KGID RIGHT-OF-WAY ENCROACHMENT AT 736 BONNIE DRIVE, DOUGLAS COUNTY APN 1319-19-718-021

– Chauncey Lane is the owner of 736 Bonnie, Douglas County APN 1319-19-718-021 which is currently an undeveloped property. The property is located on Bonnie Drive near the corner of Tramway Drive. The owner proposes to build a duplex on the site, which has a very steep terrain.

The board was provided with a reduced copy of the site plan, which shows right-of-way, edge of pavement and the encroachments involved. It is my understanding that the owner took the proposal to Summit Village HOA and requested approval for a boundary line adjustment, which will also need Douglas County approval. Summit Village agreed to the BLA provided KGID approves the proposed encroachments. Douglas County is also requiring KGID signoff/approval. It is also my understanding that it is impractical for the owner to move the site further off of the roadway. Under the current design, they already have a 20' cut and to move it further back would require a 25'-30' cut.

The bottom of the second floor deck overhang will be approximately 8' high and set back approximately 5' from the edge of the pavement. Staff is concerned about snow removal and potential damage to property with this adjacency. Additionally, there will need to be a concrete retaining wall along both sides of the driveway that will be within a couple of feet from the edge of pavement. Staff is not as concerned with the retaining wall as it can be snow-staked and will be tied back into the hillside as much as possible.

The District provided Kevin Lane with an encroachment permit for his house on Crestview, and Michelle Runtzel is confident that we could have legal council review that permit agreement to see if it will protect the District from any liability. The encroachment permit would be recorded against the property so that if in the future it's sold, the District is still protected. The question is, does the Board feel under the circumstances of the site, that we should allow such encroachment?

It is expected that representatives for the owner will be present at the meeting to further discuss the project and limitations they have on the site.

Treanor reports she the manager of Summit Village and will not participate in the discussion or voting.

Cook questions closeness of retaining wall. Need to move wall back if possible. The board discussed further whether it was possible to move the lot. Runtzel explained this is a steep hillside that runs between Tramway Drive and Bigler Court on Bonnie and due to other development, it's unlikely the lot could be moved to a more favorable location.

Discussion on whether the lot can be moved, where exactly is the lot line.

Hayes asks how big each side is? Lane explained, 2500 square feet per side. Hayes asks whether they could shorten the project or make the square footage a little smaller on each side? The owner was not interested in downsizing the project.

Beattie wants to eliminate all potential liability of the project with addition to the improvements. Hayes, if Cam and Michelle can decide this will work with negotiated changes. If McKay can't come up with an agreement acceptable it will come back to the board. Hayes wants McKay to discuss with Snow Contractor to discuss concerns. Cook, this item creates a problem to the district, one time exception with it's own circumstances and he doesn't want to set precedence.

M-6/17/08-3 – Motion by Beattie, seconded by Hayes, and unanimously passed to Authorize the Business and Contracts Manager to work with legal council to provide an encroachment agreement that eliminates all of KGID's responsibility for damage to a new duplex and associated improvements for Chauncey Lane at 736 Bonnie Drive, Douglas County APN 1319-19-718-021, which will include a second floor deck overhang approximately 5' from edge of pavement as well as a concrete retaining wall, at the sole cost to Chauncey Lane, subject to final approval of GM. Treanor abstained.

CONSIDERATION AND DISCUSSION OF CRESTVIEW WATERLINE REPLACEMENT

– Runtzel reported that the water crew has been faced with three (3) water leaks on Crestview Drive in the last two weeks. This is a 6" steel line that has had many other leaks in the past and she has been told it is primarily comprised of repair bands. It was identified in the Lumos & Associates Preliminary Engineering Report as part of the Phase 3 Project.

Crestview Drive is included in the 2008 Paving Project as a road to be pulverized this summer. After the first leak some two weeks ago, Greg and I discussed the condition of the line and we determined that it doesn't make sense to replace the road when we know the waterline will continue to fail. We further discussed our options for replacing the line and considered bidding the project or completing it in house. After the last two leaks, yesterday and today, the water crew has reported that the waterline is sitting on solid granite with rock/boulders on top of it as backfill. KGID does not own equipment capable of trenching for this replacement. Additionally, the existing line is not deep enough. We also determined that it is most appropriate to replace the line in the existing trench due to several factors, 1) trenching in existing trench will ultimately be less costly, 2) avoid conflicting utilities, and 3) maintain sewer separation standards of 10'.

Jennifer Roman, of JWA Consulting Engineers, met with Eric and I today on Crestview. She is preparing an RFP that we can provide to 3-4 local contractors that will have two bid alternatives as follows:

- 1) Bid the entire project – Trench/backfill/compact and install approximately 370 linear feet of 8" waterline, (2) water service replacements, replace (1) fire hydrant, all materials would be charged against KGID's Western Nevada account to avoid markup, or

- 2) Bid trenching and related services only – Trench and remove existing waterline, KGID staff would bed the trench, lay the pipe, install services and new fire hydrant and backfill and compact the soil.

We estimate that, if bidding the entire job, bids should come in under \$100,000. This will avoid prevailing wages. It is also believed that if we have the trenching work completed only, our in-house staff will gain valuable experience and confidence in laying the new pipe, backfilling etc. as well as save the district money.

The recommended action is proposed to give management latitude to determine what is best for the district in terms of financial savings and experience, as it relates to this project, while completing the emergency water main replacement in advance of the paving activities. Once bids are received, the GM, Operations Superintendent, BCM and Water Crew will get together and discuss the alternatives and decide which approach makes sense. This project is anticipated to take between 1 ½ to 2 ½ weeks total with water crew time expected to be a little over one week. Temporary water services will be provided to the 6 homeowners affected in the area, likely by in-house staff. Because this is not a budgeted item, we will have to monitor the budget over the year and possibly augment the budget if necessary.

M-6/17/08-4 – Motion by Beattie, seconded by Treanor, and unanimously passed to authorize the Business & Contracts Manager to sign an agreement with the lowest responsible and responsive bidder to replace approximately 370 linear feet of 8” water main including appurtenances on Crestview Drive, replace (2) water service laterals, install (1) fire hydrant with piping, or provide trenching and related services for said main replacement, at a cost not to exceed \$100,000.

CONSIDERATION OF REVISIONS TO DRAFT WATER METERING PLAN, DISCUSSION OF AB 198 GRANT EXTENSION REQUEST AND RELATED MATTERS –

Attached for the Board’s review are the following documents:

- 1) Revised Metering Plan Summary, which includes timelines for three different scenarios for completing water metering throughout the district.
- 2) Original “Draft Metering Plan” which was reviewed by NDEP Board for Financing Water Projects at their March 20, 2008 meeting
- 3) The April 9, 2008 NDEP letter the district received in response to that review
- 4) Letter to NDEP dated May 23, 2008 in response to their Metering letter
- 5) Letter from NDEP dated April 23, 2008 regarding Tank 10 and de-obligating the grant funds
- 6) KGID response dated May 23, 2008 to NDEP requesting an extension of time to complete the tank project.
- 7) Minutes of the NDEP March 2, 2008 meeting where KGID metering was discussed

NDEP has included KGID on their agenda for the time extension request, under which we will also discuss KGID’s plans for metering. Goals during that meeting include gaining information on whether NDEP will entertain a grant application for the metering project and whether funding is available, as well as to express our commitment to metering the district.

Attendees at the June 19, 2008 NDEP meeting will include Mike Faeth of AMEC Infrastructure, Brent Farr of Farr West Engineering, Cam, Michelle, and Bob Cook. It is extremely important that the board “buy in” on the Summary Plan or make revisions. We don’t want to submit something and not go forward.

Brooke comments the board can approve the plan as a final plan if desired. Beattie wants to attach the publication on developing a tiered rate structure. Brent can make recommended changes to the plan, attached the New Age publication as a PDF and we will email to Michelle Stamates.

M-6/17/08-5 – Motion by Beattie, seconded by Treanor, and unanimously passed to authorize staff to submit the revised Metering Plan Summary to the Board for Financing Water Projects at its June 19, 2008 regular meeting as finalized at this meeting.

PURCHASE OF EASY-LASER SHAFT ALIGNMENT SYSTEM– The District has long had a laser alignment tool to set up pumps and motors and align shafts on the number of pumps we have in the District. These devices are highly precise, sensitive electronic instruments. The recent flood at station 2 submerged our laser alignment tool under water. It no longer works. We need to replace the unit at this time. A new unit is \$6,000. We currently have one pump that is out for repairs. It would be good to get the alignment tool prior to installing the refurbished pump or we will have to pay an outside vendor to install and align the pump.

M-6/17/08-6 – Motion by Beattie, seconded by Hayes, and unanimously passed to approve the purchase of an Alignment Supplies, Inc. D450 Easy-Laser Shaft Alignment System for \$6,000

REQUEST FOR APPROVAL TO PURCHASE (1) 100HP AND (1) 75HP ELECTRIC MOTOR FOR WATER PUMP STATION REPLACEMENTS AT A COST EXCEEDING THE BUDGETED AMOUNT – The District has established a multi-year effort to replace aging pump motors at our booster pumping facilities with high efficiency motors. We had budgeted \$10,400 for the 2007 / 2008 fiscal year to replace two pump motors. However, when it came time to order the motors, the lead-time on the motor was slated as 16 – 18 weeks. Since a 16 – 18 week lead-time would have put us into fiscal year 2008 / 2009, the order was not made, and this item was put on the agenda to be put before the Board.

In addition, the motors were more expensive than the estimated \$10,400 in the budget. Costs for metals have increased substantially since the budget was developed. The prices recently obtained were \$6,049 for a 100 HP motor for station 7 and \$5,191 for the 75 HP motor for station 5.

Since the motors were budgeted, but not purchased in 2007 / 2008, the cash associated with that budget line item still exists. We would like to “roll over” that cash to the 2008 / 2009 fiscal year and purchase two motors now such that they will be delivered in time to remain in this budget cycle.

Reed explains budgeted amount was exceeded due to the price of metals escalation. Also we are looking at carrying forward from current fiscal year to next fiscal year. Lead-time is 12-16 weeks. If we place the order, price will be firm.

M-6/17/08-7 - Motion by Beattie, seconded by Hayes, and unanimously passed to approve the purchase of two pump motors for \$12,000.

The GM reported he filed the insurance claim for the Station 2 flood.

DISCUSSION OF POSSIBLE AMENDMENT TO THE KGID POLICY AND PROCEDURES REGARDING THE OUT-OF-TAHOE BASIN WATER ALLOCATIONS – Trustee Hayes requested this item be placed on the agenda for further discussion at the May 15, 2008 regular board meeting. At that meeting, Hayes expressed concern that the District may not be charging enough in fees for the water allocations and would like legal council’s opinion and discussion on the issue.

Attached for the board’s reference are the KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations including Exhibit 1 – Fee Schedule.

For the board’s interest, Sievers/Rowles and now Rancho Pacific have each paid \$13,000 as a Reservation Fee and Extension Fee for the 52 water allocations they hold. They have no rights to the water allocations beyond the one-year extension granted if they are unable to secure a building permit.

It should be noted that any amendment to the fee schedule would require public hearing after 30 days notice has been given to all users by publication in the Record Courier per NRS 318.199.

Hayes commented he was not aware of the fees that have been paid to date by the allocation holders and this item may not be an issue. Without further evaluation of actual costs, it would be hard to substantiate increased fees.

Hayes wants to consider all the time and money we’ve spent on this item. This is a very limited resource. We could easily make a case that we have a lot more money invested in this. Brooke reports the District can’t charge more than our costs. Runtzel explained that we’ve received close to \$30,000 since the latest policy has been in place.

With regards to the Alling & Jillson letter requesting reconsideration to the board's actions regarding the Rancho Pacific allocations, this item will be added to the July agenda.

OPERATIONS SUPERINTENDENT RESIGNATION, JOB RECRUITMENT, JOB DESCRIPTION REVIEW, SALARY AND BENEFITS AND RELATED MATTERS –

As you all know, Greg submitted a resignation letter on May 30, 2008 and is moving to Round Hill GID as their General Manager. Greg's last day will be June 27, 2008. A copy of his letter is attached for the board's information.

Also included in the packet, is the current Operations Superintendent's job description. Cam McKay will begin work on June 16th and will share his thoughts with the board on moving forward at the meeting.

Cook asked this item be placed on the agenda, some concerns with the revised job description, position hired with GM, unhappy with previous GM actions. It boards opportunity to express concerns with GM. Have database on GM search for potential resources.

Beattie recommends, enable board committee to work with GM, revise job description, develop a salary range, and review previous candidates.

C-6/17/08-1 – By consensus of the board, the Chairman appoints an Operations Superintendent hiring committee consisting of the General Manager, Beattie and Schussel with the committee bringing back a proposal at next meeting.

Treanor comments we have been one position short for many years.

STAFF SALARY INCREASES FY2008/2009 – Effective July 1, 2008, union employees will receive a 3% increase. The union contract provides for an increase with a cap of three percent based on the Consumer Price Index, United States City Average (Urban Wage Earners and Clerical Works) as published for the month of April 2008. A copy of the index is also provided which shows a net change from April 2007 to April 2008 of 4.2%.

It is customary that the board annually review management salaries and provide for cost-of-living increases for management staff that are not under contract.

The Business & Contracts Manager is requesting a salary increase based on increased responsibilities, workload and performance. The BCM position was filled on November 1, 2006. Immediately upon Jacobs's arrival in December 2006, the responsibilities and workload increased dramatically. In June 2007, the GM reported that he would bring a salary adjustment proposal for the BCM to the board in July, retroactive to July 1, and he never followed up. During the 7-month transition period, Candi turned virtually all of the issues she dealt with over to the BCM when Jacobs was focusing on other issues. The BCM provides a comprehensive report monthly of work accomplished for the board's review, which clearly shows the increased responsibilities, workload and accomplishments during the preceding month.

The board graciously provided the BCM with a \$7,500 bonus in March 2008. This was based on further responsibilities in light of a vacate GM position and was based at \$1,500 per month for the months of November through March 2008. The BCM recognizes and sincerely appreciated that unexpected gesture on the board's part.

A comparison of the original 2006 board approved management salaries as proposed by Larry Beller and current salaries are as follows:

	<u>2006</u>	<u>2008</u>	<u>\$</u> <u>Increase</u>	<u>%</u> <u>Increase</u>
General Manager	\$80-\$96k	\$123,495	\$27,495-\$43,495	29% – 54%
Operations Superintendent	\$72-\$80k	\$87,550	\$7,550-\$15,550	9% – 22%
Business & Contracts Manager	\$67,000	\$69,010	2,010	3%

Cook comments the Business & Contracts Manager has done a fantastic job in the last two years. Now we have a new GM who may want to review the job description. May be good idea to wait a month, give GM opportunity to review the job description and make a recommendation.

M-6/17/08-8 – Motion by Cook, seconded Treanor, to table item to next month when the GM will bring recommendation to the board.

BOARD REPORTS – There were no board reports.

STAFF REPORTS – The Business & Contracts Manager and Operations Superintendent provided written staff reports, which were including in the meeting backup information. Bookkeeper Garon provided cash position statement as of May 31, 2008.

Business & Contracts Manager Report – Runtzel reported that we finally received the Edgewood/Kingsbury building permit from Douglas County as well as the 2008 paving Site Improvement Permit. Additionally she had a promising conversation with Tracy Larkin regarding the Operations Yard.

Cook commented that the website is something we want to get up and running.

Operations Superintendent Report

Treanor asks if we can make our sweeper dustless? Reed replies even the dustless sweepers are not truly dustless. Reed explained to the board that the violation on the Sodium sample was ultimately his responsibility. This will be addressed in the consumer confidence report.

ATTORNEY'S REPORT – Brooke apologizes for tardiness tonight. Brooke attended a meeting with Alling and Heavenly. Brooke will send a memorandum before the next meeting with respect to the letter received from Alling. Brooke also commented that both sides (Heavenly and Rancho Pacific) are in litigation mode.

CORRESPONDENCE - During the month, the following correspondence was received: 1) Notice of Alleged Violation from NDEP regarding failure to comply with Monitoring and Reporting Requirements, and 2) Letter from NVWARN thanking us for participation and requesting an inventory of personnel and equipment.

ADJOURNMENT

M-6/17/08-9 – Motion by Beattie, seconded by Hayes and unanimous approval the meeting was adjourned at 8:20 p.m.

Respectfully submitted,

Robert Cook, Chairman

Attest:

Carolyn Treanor, Secretary