

**MINUTES OF THE REGULAR MEETING OF THE  
KINGSBURY GENERAL IMPROVEMENT DISTRICT BOARD OF TRUSTEES  
WEDNESDAY, MARCH 19, 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. Brooke led the pledge to the flag.

**ROLL CALL** – Present were Trustees Hayes, Cook, Schussel, Beattie and Treanor. Also present was Legal Counsel Scott Brooke, Business & Contracts Manager Michelle Runtzel and Operations Superintendent Greg Reed, Street Maintenance Specialist James Warswick. Present for a portion of the meeting was Josh Theriot of JM Ranches, Randy & Perry of Rapid Construction, Doug Martin & Scott Brown of NTCD, Shawn Rowles, Brent Knittle and Hank Benoit of Cathexes representing Rancho Pacific, Inc.

**PUBLIC COMMENT** – There was no public comment.

**APPROVAL OF AGENDA AND CONSENT CALENDAR** –

**M-3/19-08-1** – Motion by Treanor, seconded by Schussel and unanimously passed to approve the Agenda and Consent Calendar items as follows:

- A. Minutes of the Regular Meetings of February 19, 2008 and Special Meetings of February 12, 2008 and February 29, 2008.
- B. Approve claims in the amount of 310,916.43 as represented on the List of Claims by check numbers 41181 through 41288
- C. Authorization to provide support letter to the US House of Representatives for a National Forest Fire Protection Funding Request on behalf of TWSA and South Tahoe PUD

**CONSENT CALENDAR ITEMS BROUGHT FORWARD FOR DISCUSSION** - No items were pulled for discussion.

**UNFINISHED BUSINESS** –There was no unfinished business.

**NEW BUSINESS** –There was no new business.

**OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE - PURVANCE** – The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, was included for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The Clint Purvance project was issued two (2) allocations for APN 1319-19-802-007 with a validity date of May 25, 2007 and has one year from that date to obtain a Douglas County Building Permit. Mr. Purvance provided a written status report timely for the boards review and discussion. There was no further discussion on this item.

**OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE - COLE** – The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, was included under Agenda Item 8 for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The William Cole project was issued one (1) allocation for APN 1319-19-802-006 with a validity date of May 22, 2007 and has one year from that date to obtain a Douglas County Building Permit. Mr. Cole provided a written status report on March 14, 2008 for the boards review and discussion. There was no further discussion on this item.

**OUT-OF-TAHOE BASIN WATER ALLOCATION STATUS UPDATE – RANCHO PACIFIC, INC** –The KGID Policy and Procedures Regarding the Out-of-Tahoe Basin Water Allocations, revised April 18, 2006, are attached in agenda item 8 for Board reference and Section 7.c. provides that allocation holders are required to provide KGID with reports detailing activity and progress towards completion of Douglas County requirements. These reports are due to the district March 1 and October 1 each year and can be used by the KGID Board in considering the need to grant any requested extension.

The Sievers/Rowles project was issued fifty-two (52) allocations for APN 1319-19-802-001 with a validity date of May 24, 2007 and has one year from that date to obtain a Douglas County Building Permit. The project was sold last December to Rancho Pacific, Inc. who provided a written report, which was included in the board packages, timely for the boards review and discussion. Hank Benoit of Cathexes LLC will attend the meeting to represent the owner.

Hank Benoit was present of Cathexes who is representing Rancho Pacific, Inc reports they are actively pursuing building permits but had a set back at commissioners meeting where their application was denied. They've since resubmitted a revised project, which is scheduled 4/8/08 for the Planning Commission and 4/17/08 for another Board of Commissioners meeting. They will be applying for the 1-year extension to obtain the building permit. He brought plans if the board is interested. This is a condominium project with some minor changes to original project design. Mr. Benoit showed the board plans for project including 4 levels of condo units and reports the County considers it a high rise development. The project overlooks Gasline road and is surrounded by Heavenly Valley holdings on three sides. Beattie asks how many parking spaces there are per unit and Mr. Benoit replies more than code requires, some covered and some outside. The County doesn't object to more parking. Runtzel asks how many condo units are included in the development? Mr. Benoit replied, right now the development is for 40 condos although they are hoping to get zoning changed to increase number of units.

**NEVADA TAHOE CONSERVATION DISTRICT PRESENTATION ON BURKE CREEK WATERSHED STUDY INCLUDING A REQUEST FOR IN-KIND SUPPORT BY KGID**

- The Nevada Tahoe Conservation District (NTCD) recently submitted proposals to the US Forest Service (USFS) and the Nevada State Division of Lands (NDSL) to study fine sediment pollutant loads in the Burke Creek Watershed. The intent of the study is to increase the understanding of the sources, transport, and mitigation strategies for fine sediment originating from urban areas. The results of the study will better prepare the stakeholders participating in the study to determine proper Total Maximum Daily Load recommendations.

This is a three-year study that is scheduled to begin in the summer of 2008. The total project budget is \$900K, with \$250K of that budget in the form of in-kind contributions from the affected stakeholders.

KGID's anticipated costs would involve the contribution of equipment and labor to provide enhanced storm water maintenance in several areas in the District that contribute runoff directly to the Burke Creek Watershed. This could mean operation of the Vactor or sweeper. It could also mean inspection services and / or record keeping within the District's boundaries.

Last year, the District spent 600 hours cleaning drains and culverts. Based on that, we would need to contribute an extra 90 hours per year in support of this project.

Scott Brown from NTCD attended the meeting to make a presentation. Scott handed out information to board and introduced himself and Doug Martin, NTCD District Manager. He reminds that NTCD is a grant-funded organization, and that they're still trying to secure funding to get off the ground for this project. There are 12 different funding sources and they need approval of all of them to work. NTCD request that they get an additional 10-15% effort on our part in sweeping and drain cleaning work. Burke Creek is the largest monitoring project in basin. Watershed is 12.7km over mostly public land, NDOT, Doug County and KGID. The wetland area has been impacted by development. For instance, the old airport is now a trailer park under consideration for condos. Rabe Meadow surface water is coming from point source or culvert systems.

TMDL study has been going on for the last 5 years, designed to help with clarity loss. TMDL issue is clarity only and is unique. Fine sediment from urban areas is what needs addressing. TMDL is driving this. Study was not able to say whether there is benefit for sweeping. TMDL will cost about 1.5 billion to get to the path to address clarity. NTCD asks, what if we maintain infrastructure in ground more intensively.

1. Understand Rabe Meadow
2. Relationship of meadow to fine sediments.

What if we sweep the roads more? Will we see a reduction at the catchments areas? They need help from KGID to make this happen. They want to understand catchments response to pollutant control efforts, source control (sweeping), and bmp infrastructure implemented, bmp maintenance.

Approximately, 30% of KGID roads are affected. NTCD will rent a sweeper and provide some additional efforts. Doug Martin comments if we are sweeping more frequently, we may be able to reduce the fine particles, which are the culprit. This is a 3-year effort, with the 1<sup>st</sup> year being business as usual, years 2 & 3, NTCD pays for a sweeper to go out. All catchments drain to Rabe Meadow and TMDL did not address the meadow. BMP's are grant eligible for funding at source control.

Bob Cook comments that there has been flow from Rabe meadow to the lake in the past.

NTCD is asking they tag along in the first year and collect data and in years 2 & 3 they pay for more sweeping. Details will develop over an 18-month period.

In order to obtain Federal-funding NTCD needs a support letter from KGID. An example letter was provided to the board in the packages.

Runtzel questioned the estimated number of hours in Reed's report which were 600 hours of cleaning drains and culverts and by adding an additional 10-15 % he stated KGID would contribute an additional 90 hours. Runtzel clarified for the board that the 600 hours was spent in the entire district, not just the Burke Creek watershed area and that the amount of time would be significantly less. Additionally, we don't readily have information on actual hours spent sweeping. NTCD clarified they will rent another sweeper in year 2 & 3. KGID efforts may include re-cleaning of a drain after 2 weeks if we have a significant storm event.

**M-3/19/08-2** – Motion by Hayes, seconded by Beattie and unanimously passed to authorize the Operations Superintendent to expend up to an additional 15% of existing drain cleaning and maintenance staff time for in-kind services for the operation of the District's Vactor and/or Sweeper or other operational requirement in support of the Burke Creek Watershed Study.

Treanor commented, this may prove deicing material would be better than sand.

**PROGRESS REPORT AND DISCUSSION ON THE FINANCIAL PLAN AND 5-YEAR CAPITAL IMPROVEMENT PLAN PRESENTED BY FARR WEST ENGINEERING** – At the November 27, 2007 board meeting, the board authorized the General Manager to approve a Purchase Order with Farr West Engineering to provide consulting services to prepare a Financial Plan for the District for a price not to exceed \$25,000. The approved Scope of Work included Phase 1 – Discovery, which involved collection of data, meeting with staff and assimilating key information. Specific tasks under this Phase included:

1. Define Goals and Objectives of the Financial Plan
2. Identify Key Issues
3. Identify Existing Systems, Tools and Processes
4. Collect Relevant Information, and
5. Provide a written summary of the discovery phase of the project

Phase 2 – Analysis includes an analysis of all data collected in the discovery phase. Farr West has been working on this phase of the project and will provide a presentation to the board at this meeting.

Phase 3 – Recommendations – recommendations will be provided to the district after the analysis phase and will include board/staff input based on the Discovery and Analysis phases. Recommendations may include changes to existing financial practices, acquisition or development of certain tools or processes that will enhance the financial capacity of the District, rate structure changes, completion of an integrated plan including an asset management plan, capital improvement plan, strategic plan, etc. and the recommendations phase will produce a financial strategy that will address future financial needs, including rate changes and other financial implements. Recommendations will be included as part of the presentation.

Staff has continued to work with Farr West on further development of this project. Runtzel explained she didn't have the opportunity to review this item before it went into the board packages and that there are numerous issues with the draft that need revision. She requests this item to be tabled to allow time to review/revise with Farr West Engineering.

**C-3/19/08-1** – By consensus of the board, this item will be tabled to the next regular meeting.

**FACILITIES LEASE AT 160 PINERIDGE DRIVE** - At the December 17, 2007 board meeting, a proposal was provided by Trustee Cook from JM Ranches for the 160 Pineridge building which included adding the two bays for storage of the district's new Vactor Truck and Sweeper, leasing the upstairs two front office spaces adjacent to the district offices, eliminating the two upstairs storage offices and eliminating the downstairs crew offices. Josh Theriot (representative of JM Ranches) has provided the attached lease based on the new configuration for the boards approval.

The base lease costs proposed for the first year are as follows:

<b>Space description and cost/sq.ft.</b>	<b>Total Square Footage</b>	<b>Monthly Base Rent</b>	<b>Annual Base Rent</b>
Office lease at \$1.65/sq. ft.	1,830	\$3,019.50	\$36,234.00
Warehouse/Bay at \$1.25/sq.ft	1,366	\$1,707.50	\$20,490.00

Additionally, per item 1.8 of the lease agreement, the district will be required to pay 40% of the electricity and gas bills of the entire building. Per Exhibit D, the annual lease rate will increase three percent each year of the lease and the district will have the option to extend its lease for an additional 3-year term after the initial 3-years has been completed.

JM Ranches has structured the lease to be effective on April 1, 2008. This is the date that the district will start paying on the two front offices in an additional amount of \$1014.75/mo for the additional 615 sq.ft at the new lease rate of \$1.65/sq ft. As soon as we can vacate the two storage spaces and downstairs crew offices, we will discontinue rent payments on those spaces amounting to 1064 sq.ft or \$1649.20/mo. We will not begin paying rent on the bays until they are ready for occupancy, which Josh expects to be within 90 days of the effective date of the agreement or June 30, 2008. Currently, including the lease at TRPA, the district is paying \$4338.50 per month in lease costs.

Exhibit B – “Work Letter” included in the lease agreement explains the improvements JM Ranches will complete as part the agreement and includes removing the center dividing wall between the two bays, raising the height of one bay door to a minimum of 13’, removing any existing loft structures from the bay the District may request, and adding an exhaust mitigation system to the bays.

Josh received the TRPA approval for the Qualified Exempt Change in Operation Form. (Approval provided to the board)

There have been numerous changes to the attached proposed lease agreement over the last month including the most recently redlined version by John Rutledge of Scott Brooke’s office. John has indicated he is comfortable with the latest version, and provided it to JM Ranches attorney for a final review. We are hopeful that the changes will be accepted prior to the board meeting. Additionally, Scott Brooke was copied on this version and should be able to comment further at the board meeting.

The Tenant who occupied the bay facing Pineridge Drive has vacated the premises this week at JM Ranches request.

Runtzel reported that her recommended action changed a little. The most recent revision to the proposed lease includes different ADA language, Josh isn’t necessary willing to retrofit the building for a three-year lease with a potential for KGID to move out if something comes up regarding ADA and he was looking for KGID to pay for any needed requirements associated with ADA compliance. As a compromise, the proposed lease will have an out clause on the office space lease but not the warehouse lease due to the needed improvements. Josh’s proposal includes a swap in the space rates with 1.38/sq.ft for the office space and 1.61/sq.ft for the warehouse space.

Beattie requested Theriot look into any fire sprinkler Douglas County Code requirements for the improved spaces because its his belief that anytime you have people over a garage space there is that requirement. Theriot will research.

Brooke has nothing to add other than Runtzel’s comments. He may have minor form modification changes.

**M-3/19/08-3** – Motion by Hayes, seconded Treanor and unanimously approved to authorize the Business and Contracts Manager to execute a 3-year lease and a 3-year renewal option, with annual 3% increases on behalf of the district with JM Ranches, LLC for the 160 Pineridge Drive office building including 1830 sq.ft. of office space at \$1.38/sq.ft and 1366 sq.ft. of warehouse/bay space at \$1.61/sq.ft for a total base lease cost of \$4724.66 per month effective April 1, 2008 amended as discussed.

Theriot will look at Douglas County requirements regarding fire sprinkler requirements.

**AUTHORIZE PURCHASE OF A NEW TELEPHONE SYSTEM TO MEET FUTURE**

**DISTRICT NEEDS** - With the proposed new office lease space that will presumably be occupied by the GM, Operations Superintendent and crew, the current Norstar phone system does not have capabilities to handle the required expansion needs. Also, the current system does not have support services available, parts are unavailable and additional phones are hard to find due to its age.

Brandy obtained quotes for systems that would meet the needs of the District and include expansion capabilities. The quotes provide for 9 phone speaker sets including installation and training. The phone systems quoted range from \$3,831 to \$4,826. Wiring and cost of moving existing phone sets if we choose to stay with the current system is not included in the bid.

It is requested that the board authorize the BCM to further research, select and purchase a phone system so that the new office space is usable to staff. The FY 2007/2008 Budget provided for a capital outlay of \$3,886 for the purchase of a new telephone system. I propose that any additional costs over the budgeted amount are obtained from the \$80,000 Miscellaneous Capital Outlay budget that has not been utilized.

The board was provided with written proposals for various systems provided by Schooley Mitchell Telecom Consultants for review.

Runtzel reported that this agenda item is in direct response to the new office space the district is leasing and depending on who uses this new upstairs area; we will need a phone system. There was \$3,886 included in this year's budget for a new phone system. The current phone system is un-supported and we can't obtain parts for it. Runtzel asks that the board authorize her to continue to research and purchase a new phone system for a not to exceed amount of \$6,000. The additional funds will come out of the miscellaneous capital outlay line item. We are looking at a total of 9 phones with expandable lines.

Hayes comments that headphones and wireless can be productive. Per Beattie, we should get a digital system, which allows us to reprogram and update without changing wires. Analog systems require rewiring. Secondly, there are wireless systems that you can have internet access and fax services on the phone, Beattie requests we look into these types of systems. Runtzel asks board to provide further authorization, as these types of systems may be more expensive. Cook comments, this could be brought back to the board next month, Runtzel explains that we are leasing the upstairs office space where Greg and the crew need to move into prior to May 1 so we don't have to pay for lease costs downstairs and they need phone service. This item needs to be approved at this meeting.

Schussel suggested looking into fire department because they've had problems, research who they used and what issues they had.

**M-3/19/08-4** - Motion by Hayes, seconded Beattie and unanimously passed to authorize the Business & Contracts Manager to select and purchase a new telephone system for the 160 Pineridge Drive District offices in an amount not to exceed \$8,000 including wiring and installation costs as necessary.

**KINGSBURY-EDGEWOOD INTERTIE FACILITY OPERATION AND MAINTENANCE**

**AGREEMENT** - Attached is the draft intertie agreement between Edgewood Water Company and Kingsbury GID. This document was originally drafted between KGID and Edgewood staff members. Once the staff had agreed to the intent of the document, it was remanded to Edgewood's legal counsel for drafting. The document you see here is a result of that draft. Both KGID and Edgewood representatives have reviewed the document and have discussed their concerns with the draft language. Legal counsel for both organizations have taken those concerns and drafted a final document for review and approval. All of the issues of concern have been addressed.

Of significant note; the “opt-out” clause has been removed from the document. The operating committee will address any water quality issues to ensure that the waters of the two organizations are always compatible, and thus eliminate the necessity of an “opt-out” clause.

Since there is a requirement that this document be finalized prior to the award of the construction project, and since the construction project is now ready to award, I recommend that the Operations Superintendent be authorized to execute the approved document on behalf of KGID.

Reed reports we have a document that has been accepted from Park Cattle. Everything included from last meeting that the board requested. There is no arbitration or mediation agreement currently, as the attorneys felt it’s unlikely that either party would care to give up decision making to a third party. Brooke comments we don’t want to delegate our authority to a third party, will force us to deal with it or not agree and not do it.

**M-3/19/08-5** – Motion by Hayes, seconded by Schussel and unanimously passed to approve the Kingsbury-Edgewood Intertie Facility Operation and Maintenance Agreement and authorize the Operations Superintendent to sign the document on behalf of the District.

**AWARD A CONSTRUCTION CONTRACT WITH EDGEWOOD WATER COMPANY FOR THE EDGEWOOD-KINGSBURY INTERTIE IMPROVEMENTS PROJECT** - KGID received seven bids for the Edgewood-Kingsbury Intertie Improvements Project, which includes approximately 2400 linear feet of waterline and a pump station. Base bids ranged from \$1,135,164 to \$1,794,360. An alternate bid item for a third pump capable of providing KGID with 2,000 gpm from Edgewood was bid at \$72,299 by the low bidder, Herback General Engineering. Herback provided references that were contacted and provided satisfactory comments.

There was some concern of the experience of this contractor and the 23% (\$261,529) bid differential to the next lowest bidder; however, the engineer, KGID and Edgewood staff have determined we are comfortable enough to proceed. The contractor completed a similar pipeline project for the Town of Minden who reported they were pleased with their work. Most of the other pipeline/excavation work typically was of smaller scope. Interestingly, none of the seven bidders have built a pump station. It is unknown whether the subcontractors who will actually construct the building have ever built a pump station.

The engineer’s recommendation letter and bid summary are attached.

Runtzel commented she emailed the board today that there is an issue with the apparent low-bidders license. Upon inquiry to the State Contractors Board, they rescinded their approval for the one-time license limit increase based on the fact that KGID bid opening date was two days earlier than what Herback General Engineering informed them. There are NRS requirements for Contractors who wish to apply for the limit increase that specifically state they must request the increase at least two days prior to bid opening. It is Runtzel’s understanding that they applied the day before bid opening. Due to Herback not having the appropriate license at the time of bid opening per NRS requirements, we cannot award to them.

Rapid Construction, the second low-bidder is present and provided the necessary information to award to them today. Runtzel explained to the Board that Rapid constructed the Phase 1E project last summer and that staff was pleased with their work. A new recommendation letter was provided to the Board by HDR who checked references on Rapid. Unfortunately, the costs associated with awarding to Rapid as opposed to Herback cost approximately \$270K with those costs being split between Park Cattle and KGID. Runtzel spoke to Brad Nelson today and explained the situation and was able to obtain a letter from Park Cattle approving award of the contract to Rapid, which was provided to the Board. Park Cattle has \$900 budgeted for the project and limited the approval to that amount. It will be imperative that we keep the project on budget and the recommended action includes a 10% contingency. We will have change orders based on the NDEP permit requirement right away.

Hayes asks if the engineers estimate was the same as when we went out to bid last year, Runtzel replied that there were some changes to the plans such as the inclusion of fire sprinklers and roof design changes, but that HDR did not increase their estimate based on actual bids received last year. Bids last year were somewhere around \$1.5 to \$1.6 million. Last year we were a little shell-shocked, we didn’t have all the permits and we were projecting a construction start in the middle of August, which is very late in Tahoe. This year, we expect to have all the permits and be ready to construct May 1.

Beattie asked what the liquidated damages on the contract were; Runtzel replied \$1,500 per day.

**M-3/19/08-6** – Motion by Treanor, seconded Hayes and unanimously passed to award a construction contract in the amount of \$1,491,194.10 to low bidder Rapid Construction for the Edgewood-Kingsbury Intertie Improvements Project and authorize the Business & Contracts Manager to sign contract documents and to approve change orders up to 10% (\$149,119.41) of the bid amount, recognizing that Edgewood has provided the written consent and commitment to proceed with the project and share costs at 50% each in accordance with the Joint Construction Agreement executed on June 1, 2007.

**AWARD A CONSTRUCTION INSPECTION AND MATERIAL TESTING AGREEMENT FOR THE EDGEWOOD-KINGSBURY INTERTIE IMPROVEMENTS PROJECT** -: KGID received 3 proposals (attached) for construction inspection and material testing services for the Edgewood-KGID Intertie Improvements Project. Proposals were based on 150 days of full time inspection services and material testing in accordance with the specifications in the Construction Documents Project Manual as issued by HDR Engineering.

A proposal summary comparison is attached for board reference.

It is recommended that we award to the low proposal, Kleinfelder Inc., provided we receive Edgewood approval.

**M-3/19/08-7** – Motion by Schussel, seconded Beattie and unanimously passed to authorize the Business & Contracts Manager to execute an agreement between Kleinfelder, Inc. and Kingsbury GID to provide construction inspection and material testing services for the Edgewood-Kingsbury Intertie Improvements Project in a not to exceed amount of \$113,597.00 and authorize the Business & Contracts Manager to approve change order requests up to 10% of the contract amount of \$11,359.70 as a contingency, recognizing that Edgewood Water Company has provided the written consent and commitment to proceed with the project and share costs at 50% each in accordance with the Joint Construction Agreement executed on June 1, 2007.

**AUTHORIZATION TO OBTAIN REQUESTS FOR PROPOSAL FOR A COMPLIANCE AND FEASIBILITY STUDY REGARDING THE LONG TERM 2 ENHANCED SURFACE WATER TREATMENT RULE AS IT RELATES TO KGID** - The Long Term 2 Enhanced Surface Water Treatment Rule (LT2) was promulgated on January 5, 2006 as part of the Safe Drinking Water Act. This rule details new requirements that water utilities utilizing either surface water or ground water under the influence of surface water must employ to further disinfect their water supplies. Based on the size of KGID, we must be in compliance with LT2 requirements by June of 2014. Given the schedule of events required in the rule, it is time to begin the process of determining how best to proceed with compliance efforts.

LT2 is a direct result of the aftermath of the 1993 cryptosporidiosis outbreak in Milwaukee. Ingesting a parasite known as cryptosporidium causes cryptosporidiosis. The 1993 outbreak was said to infect more than 400,000 residents and cause over 100 deaths.

The requirements of LT2 differ depending on the treatment schemes utilized by each utility. Since KGID enjoys a filtration waiver, LT2's impact to the District is different than a filtered source. There are several alternatives that the District could consider to come into compliance with the requirements of LT2. They include lengthening our contact time with ozone, adding a second primary disinfectant such as ultra violet light or chlorine dioxide, or filtering our water. There are other nuances of the rule that include multiple sampling routines to detect any potential cryptosporidium in our source water that need to be reviewed, and a decision made as to how to proceed.

Based on a preliminary review, it is likely that the District will need to install an ultra violet light contactor as the optimum treatment. However, given the complexity of the rule, and the multiple approaches that could be employed to ensure compliance with the rule, I recommend that the District hire an engineering firm to provide us with a report that summarizes the following:

1. Review the requirements of LT2
2. Discuss the impacts of LT2 to the District
3. Determine whether KGID should invest in sampling for Cryptosporidium
4. Recommend a treatment scheme that will ensure District compliance with the new rules
5. Develop an engineering estimate of the costs of implementing the desired treatment scheme
6. Determine how the new installation could fit within the space constraints at the District's Lake Station
7. Develop a preliminary schedule to ensure that the District maintains compliance with the new rules that includes sampling protocols, engineering design, construction efforts, etc.

Reed reports we have the 6/2014 compliance deadlines for LT2. Must be constructed in 2013, plan ½ years for construction and 1-½ years for design. Wants to be sure we understand LT2, look at our facility and how best we can come into compliance. UV is an option, filtration, and increase ozone to meet both requirements. He wants someone to look at all of those things. It will impact financial planning. We will look at grant funding, as we get closer.

Cook comments that this will impact funding. We can complete a feasibility study done. Schussel asks if the most obvious is the extended ozone contact. No, likely UV, ozone would go from 7lbs/day to 70lbs/day. Ozone will dissipate, but that much would have to be sequestered. Life cycle costs will probably show UV as the most efficient alternative. Hayes asks if we are premature, they may be something out there as an alternative. In 1995, we were some of the first to install a stand-alone ozone plant, cutting edge. Cutting edge now for crypto is UV. Chlorine dioxide is another option. Filtration is always an option, however, the costs are astronomical. Reed wants to discuss with Edgewood and maybe make this a combined effort. Edgewood will likely look at UV as well.

**M-3/19/08-8** – Motion by Treanor, seconded by Schussel and unanimously passed to authorize the Operations Superintendent to solicit Requests for Proposal for a compliance and feasibility study regarding the Long Term 2 Enhanced Surface Water Treatment Rule as it relates to KGID, and to return to the Board with a request to hire an Engineering firm to conduct said study.

Leading edge is always a few years out. Reed comments, UV have been around for a while and it's had the opportunity to grow and change. We may want to look at changing our ozone system. There is a potential cost saving to move to a different ozone system.

Treanor asks if drugs are in water system, Reed reports we can detect that situation. This won't affect us since there is no sewage in our water supply. This has been an issue for a long time in other communities.

Determine life cycle changing the existing ozone equipment, this will be added to the RFP.

**AUTHORIZATION TO SET UP AN ACH ACCOUNT WITH COLONIAL BANK AND PURCHASE OF MICRO INFORMATION PRODUCTS DIRECT DEPOSIT MODULE TO ALLOW DIRECT DEPOSIT OF EMPLOYEE PAYCHECKS AND AUTOMATIC PAYMENTS FROM CUSTOMER BANK ACCOUNTS FOR MONTHLY UTILITY BILLINGS** - A Trustee and some of the staff have requested that the District provide the ability to have a direct deposit of their paychecks. Additionally, over the years, numerous customers have requested that the district provide an automatic payment option for payment of their utility bills.

In researching the needs associated with direct deposit of paychecks, we found that we will have to purchase a Direct Deposit module from our accounting software provider in the amount of \$495 (which is a one-time fee) and additionally there is an annual cost of \$99 for ongoing maintenance and support. An ACH account would also be required through Colonial Bank to facilitate the direct deposits to employee accounts and would allow employees and trustees to have their checks directly deposited into their checking/saving account each pay period. This would be a great benefit to offer to our employees/trustees not to mention a time saver.

The same ACH account would also be used to initiate automatic payments for our customers to have their utility payments automatically taken from their bank accounts, deposited to the District's checking account and credited to their utility account. There is no software fee associated with this benefit as it is already built into Springbrook Billing System. The program would be available to all customers who have a checking or savings account. An authorization form (sample attached) is completed with a voided check or savings deposit slip attached. The process would take place on a designated date each month. This would cut down the time it takes each day in posting payments, opening the mail and endorsing the checks. The cost associated with the ACH account is \$60 per month and a one-time implementation fee of \$150. The \$60 per month allows 15 transactions per month and each additional transaction is at \$.15. The \$150 implementation fee includes any training that is needed and support. At the last regular meeting, Trustee Beattie offered to discuss with Colonial Bank waiving the \$150 implementation fee. I don't know if he was able to discuss this with them. When we requested that they waive it, we were told that they couldn't because the fee was primarily for time spent implementing, training and for support services.

Kim discussed this option with North Tahoe PUD who also uses Springbrook Software and they love it. They report that 16-20% of their customer base uses the automatic payment option or direct debit and it saves a substantial amount of staff time.

NTPUD also offers UB Payments through Springbrook, which provides the customer the ability to look up their actual utility billing account on the internet through the NTPUD website. Customers can review the history of the account, make a payment, request an address change, choose to not receive paper bills, etc. KGID looked into this last year and obtained a proposal for costs associated with UB Payments which are significantly higher than offering direct debit. The software cost as of last year was approximately \$5500 including training and consulting and the annual maintenance costs are \$500/yr. Additionally, payments can only be made via a credit/debit card and the costs associated with that according to NTPUD are approximately \$60/mo plus 1.6% of each transaction, or in our case \$2.11 per \$132 payment.

It is recommended that the board approve the set up of an ACH account and the purchase of the Direct Deposit module from MIP Fund Accounting to provide customers the ability to make automatic payments and allow employees/trustees the option of direct deposit of paychecks.

Treanor comments she has this with Colonial bank for TVHOA and it works very well. Schussel asks if we've checked other bank, Runtzel explains we haven't because it is linked to our bank account, which is with Colonial.

**M-3/19/08-9** - Motion by Beattie, seconded Treanor and unanimously passed to approve the set-up of an ACH account with Colonial Bank for a one-time implementation, training and support cost of \$150, then \$60 per month, including up to 15 transactions per month with additional transactions costing \$.15 each and the purchase of a Direct Deposit module from MIP Fund Accounting at a one-time cost of \$495 with annual maintenance and support fees of \$99.00/yr to provide automatic direct debit of customer accounts for utility billing and direct deposit of staff payroll checks.

### **GENERAL MANAGER HIRING INCLUDING AUTHORIZATION OF A JOB OFFER AND CONSIDERATION OF JOB OFFER TERMS AND RELATED MATTERS -**

**C-3/19/08-2** – By consensus of the board, this item will be tabled to the April 1, 2008 budget meeting.

Beattie reported he's close but not there and we may end up with a special meeting. Hayes asks if it's useful to have a definite counter offer. Beattie, candidate had completed his own version of what he thought he was being offered and was confused. We will make another offer and sit down with him again.

**BOARD REPORTS** – There were no board reports.

**STAFF REPORTS** – The Business & Contracts Manager and Operations Superintendent provided written staff reports, which are including in the meeting backup information. Bookkeeper Garon provided a cash position statement as of February 29, 2008. Runtzel provided information on Retiree Medical Insurance subsidy per Beattie's request from a prior board meeting and explained that KGID is liable to subsidize medical premiums for employees who retire in PERS and are in the State Medical Plan. The subsidy is lifelong as long as the employee's stay in the State Plan. Union employees will be eligible provided that upon retirement they are enrolled in the State Plan. KGID currently pays a portion of Rohr's premiums as well as Roundhill GID.

### **Business & Contracts Manager Report**

Runtzel verbally added that she spoke with Tracy Larkin today, not much to report, she's been out and sick for 3 weeks and not much has been done. She will provide a letter to KGID to approve the update letter to the appraisal and will check with the right-of-way department again on the interlocal agreement. Runtzel explained she wanted to see the sale transaction take place in the current fiscal year, Larkin could not commit at this time. We will stay in contact. Larkin indicated that the way the State budgets are going, she is very nervous, Runtzel reiterated that this is why KGID wants to see the sale completed. Larkin also alluded that she's thinks it unlikely for NDOT to build a building for several years to come. Access improvements will likely go in probably next year. Runtzel explained we can't or don't want to do anything on the site until we know for sure that the sale is done.

Schussel asked about the Ansaldo Acres wall and what the issue is? Runtzel explained she met with Pat Leed, NDOT senior appraiser on another issue and discussed the mystery of ownership on this gabien wall. Maintenance responsibility is unclear. KGID maintains that we are not responsible unless we see something in writing stating so. County and NDOT don't think they have maintenance responsibility either. It's difficult to get equipment to maintain it and sediments are built up to the top of the wall.

KGID has tried over the years to see who in fact is responsible for it. Ron Roman of Douglas County has done some research and believes it's NDOT's responsibility.

Tank 10B, not much going on, AMEC Engineer, Al Mahbrook offered to help us with the USFS to do whatever it takes to get the site. Reed talked with Bob Rodman today who said that he received the disputed calculations from AMEC on slope cuts, fills, length of new road, etc. Reed explained that we want to move forward with a project, Reed will follow-up with Bob.

Tank 5 and 3, Contractors are allowing their employees to park in front of our stations and it is difficult to get in. Runtzel contacted the contractors and requested the stop parking at the stations. Board requests no parking signs installed at these stations. Reed will take care of.

Cook asked about the will serve letter for Rancho Pacific, Runtzel explained that they needed the letter for the county in their name.

### **Operations Superintendent Report**

The \$30,000 Wonderware Longwatch system doesn't work as its intended, trying to pull pieces together. Longwatch System is supposed to go over the SCADA system and is not working.

Cook asks if we have a line item in the budget for TWSA and we need a line item for the medical insurance premiums for retirees. Runtzel explained that we have both those line items, but do not have any estimation of what future costs will be for the medical insurance premiums.

**ATTORNEY'S REPORT** – Brooke reported he's finished pending agreements. Brooke reports Ron Alling's efforts of Out-of-Tahoe basin water allocation, were shot down firmly for additional allocations or a change of the stipulation. Alling was looking for ways to look for water. They were trying to confirm what they had and to see if they could make a proposal that would be acceptable to the State Engineer and the District. Brooke doesn't feel they've done us harm, but had the door shut on them. Rollin Westergard is a consultant to the State Engineer and is adamantly against any change in the stipulation. Runtzel asks Brooke if Heavenly was clear that they were not supposed to go before the State Engineer with KGID, Brooke mentioned that to Alling. Beattie objects vehemently to Heavenly proceeding by themselves going before the State Engineer without KGID's involvement and requests Brooke to relay his comments. Brooke reminds the board that we have other items that we are dealing with Heavenly on other issues. Hayes and Cook want to let it go because of the other issues. Brooke will not make an issue of this.

The appropriate strategy for KGID is to define how many additional water allocations are needed for build out and proceed with the State Engineer based on build out information. There are not very many additional allocations needed.

**CORRESPONDENCE** - There was no correspondence this month.

### **ADJOURNMENT**

**M-3/19/08-10** – Motion by Beattie, seconded by Treanor and unanimous approval the meeting was adjourned at 8:50 p.m.

Respectfully submitted,

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Robert Cook, Chairman

Attest:

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Carolyn Treanor, Secretary