

Minutes
Indian Hills General Improvement District
Board of Trustees Meeting
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
April 10, 2013
6:00 P.M. Regular Meeting

Trustees Present: Chairman Brian Patrick, Vice Chairman Chris Johnson, Secretary/Treasurer Bill Eisele, Trustee Denise Pierini and Trustee Ronny Lynch.

Staff Present: General Manager John Lufrano and Administrative Assistant Brooke Thompson

Others Present: Engineer Tim Russell, Attorney Scott Brooke, Residents Dale Morlan and Penni Eisele.

1. Call to Order

Chairman Patrick called the Regular meeting to order at 5:59 P.M. Chairman Patrick requested that all cell phones and pagers be turned off for recording purposes.

2. Pledge of Allegiance: Led by Trustee Lynch.

Secretary/Treasurer Eisele disclosed that his daughter-in-law Sandi Eisele works for the District in Human Resources.

3. Approval of Agenda – Chairman

Secretary/Treasurer Eisele motioned to approve the agenda. Trustee Lynch Seconded. Motion passed unanimously.

4. Public Interest Comment: none

5. Discussion and possible action to adopt the Tentative Budget for Fiscal Year 2013-2014.

General Manager John Lufrano explained that there have not been many changes from last month when we reviewed this. In the services and supplies we didn't tweak too much the bigger changes were in the capital outlay in water and sewer. The Consolidated Tax and Ad Valorem numbers are in now. I had to bring up the utilities line in admin. In terms of capital outlay there is nothing in admin. Page 4 parks and streets not much changed page 5 is where you will see \$7,500 in parks capital outlay I am looking at replacing one of the mules \$15,000 will be split between parks and streets. We will take the used one and transfer it to Andy at the Waste Water Plant. I will have to get a cost of what the used vehicle is worth as sewer will have to buy it, if the Board approves it.

Trustee Lynch asked on page 1 line 25 there is a 25% and I cannot figure out what these percentages are? General Manager John Lufrano stated no that is the percentage of salary that comes out of that fund. Trustee Lynch stated that it would be nice under notes to put if that line item increased or decreased. General Manager John Lufrano I can group it into total expenses.

General Manager John Lufrano stated on page 6 not much changed. The capital outlay shows the money for the new utility vehicle.

Chairman Patrick asked on page 2 if the depreciation goes into a fund that is holding money. District Accountant Stacie Cobb stated no it goes into our cash account and it is broken down by department and that we increased it to 3% this year.

Trustee Pierini stated that line 67 is down over \$50,000 in admin.

General Manager John Lufrano page 7 line 51 you will see that our streets project has gone up from \$130,000 to \$180,000. On Page 8 starting in the sewer fund the sewer fees have increased \$25,000 because of the rate increase. Trustee Lynch stated that the total revenues in sewer have decreased why is that. District Accountant Stacie Cobb stated that is because USDA funded the project if you look at the final 2012-13 budget there was \$950,000 budgeted, the project is almost complete now so when we did this we estimated \$637,000 from USDA financing. Technically this is not revenue.

General Manager John Lufrano page 9 our big concerns with sewer is the sludge removal because we don't have hard figures yet we are trying to get some sort of number down, next year we will have some hard facts. We were able to chip away a few things and increase a few things. Trustee Pierini line 64 lab fees in 2012 there was nothing and now there is \$4,000. General Manager John Lufrano stated that was under a different line item last year. Secretary/Treasurer Eisele asked what the difference in cost is to send our employee up to Reno for samples or have them picked up. General Manager John Lufrano stated that was the problem with the most recent boil water notice and I do not want to take that chance again so we are taking out the middle man. Chairman Patrick asked where the polymer is in here. General Manager John Lufrano stated on page 10 line 69.

General Manager John Lufrano stated on page 10 the big ones are the treatment chemicals went up \$5,000 and we added the bio solids, which is us taking the sludge to Bently which is where MGSD takes their sludge to. In capital outlay we are trying to do some infrastructure improvements we need to budget for a new basin mixer. We may get another year out of the one we have but if not and we don't budget for it we are in trouble. The trailer in capital outlay is for transporting the sludge ourselves. We have not spent all the funds that are available from USDA they may let us fund the \$10,000 for the trailer with those funds. They are exploring this for us to see if it is possible. Trustee Lynch stated that if we borrow the money we will have to pay interest on it. What kind of license will we need for that trailer. General Manager John Lufrano stated none it's just dirt going down the road. General Manager John Lufrano stated the last thing is rebuilding the second blower we have onsite.

General Manager John Lufrano stated on page 11 the water the base rate is up \$19,000. Note that the HR position is saving in every department. Page 12 the depreciation is bumped up to 3%. Trustee Lynch asked if we have to send the Golf Course Minden water. General Manager John Lufrano stated no.

General Manager John Lufrano stated on page 13 he will focus on capital outlay we started a program to abandon wells within the District that we no longer use. We did two last year and we hope to abandon the Canyon well this year. That is what the State wants. Line 92

school well replacement it may need to be replaced and to be safe we budgeted for it. The exterior roof and interior paint of South Tank needs to be redone.

Chairman Patrick asked if we took all of these figures for capital outlay and depreciation for water that is about \$100,000 would that fix the pipes. General Manager John Lufrano stated that we are taking things we know we have to fix now and putting them into something that we are not sure when will need to be replaced.

Public Interest Comment: none

Trustee Pierini motioned to adopt the Tentative Budget for Fiscal Year 2013-2014. Seconded by Vice Chairman Johnson. Motion passed unanimously.

6. Discussion and possible action regarding General Manager John Lufrano's annual performance evaluation.

Chairman Patrick stated that this is an evaluation of his performance over last year. He will give each Board member ten minutes to go over what they have prepared. John has given Brian a list of his own goals. I would like John to write his goals for the Board to see. Trustee Lynch stated that it is hard for him to evaluate him since he has only been on the Board for a few months. General Manager John Lufrano stated that his goals for himself are. 1. NACO is holding a conference in Tahoe this fall and I will be on the planning conference committee. This will be rather time consuming. 2. To obtain 40 hours of HR training, which I think will be easily achieved. 3. Work with Tim Russell to come up with a five year Capital Improvement Plan. 4. Work with Scott Brooke on the Ski Pond agreement. 5. Work with Tim Russell and Scott Brooke on the Golf Course agreement. Those are the five that I have identified for myself and I welcome any others.

Chairman Patrick asked if Trustee Pierini would start with her evaluation.

Trustee Pierini stated that the scope of our General Manager's employment with the District demands a broad range of skills. All that have been very well documented throughout the course of the year. I would like to share a breakdown, and overview of reports to the Board for you to review at your leisure. I would also like to make a copy available for future business and public reference. She broke it down into nine categories. In following procedure outlined in the General Manager's Performance Evaluation below are a few things worth mentioning.

Personal Management and Supervision:

It is my opinion you have set high yet attainable work standards with an emphasis on team. This past year you have supported and helped to improve morale within the office staff and crews.

Trustee and Community relations:

General Manager Lufrano demonstrates strong interaction with his Board of Trustees. He is pro-active in all District events and very involved in our community.

Technical competence:

General Manager Lufrano maintains a strong working relationship with all Trustees and District professionals.

Recommendations:

I will support the direction you are taking with the Five Year Capital Improvement Plan.

I would also encourage you to include in the Capital Improvement Plan an Asset Management Plan.

I recommend contacting Stevan Palmer with Rural Community Assistance Corporation to schedule Board appropriate training.

I want to comment on a few things thank you for representing us at the Nevada League of Cities Conference in Elko. It would be nice if we were familiar with the safety plan COOP. All your hard work with Travis Lee on the Senior Lunches and the extra effort that you take is appreciated. That headworks project was deplorable before and I am so happy that it is done. The SCADA communication system is a high light. The solar panels from March-December 2012 saved the District \$5,670.29 that is great. We are coming up on Earth Day I was the privileged one that got to go to Jacks Valley School with you and Sarah Adler. You explained to the children how this whole thing operates masterfully.

In closing I would like to personally thank Mr. Lufrano for his successful implementation of cost effective strategies with his management of the District. Your continued service to the District is appreciated.

Chairman Patrick asked if all Board members could receive a copy of her report.

Vice Chairman Johnson stated that he has only been on the Board for four months but he spent a lot of time in the audience last year. One of the things he noticed is that John does not need the Board to lay out goals for him or tell him what to do. He would like to see the District take advantage of our technology a list of accomplishments would be great on the Website. A lot of people do not know what is going on around here. I would like us to look into taking payments online. I think technology is a great asset and will help us reach out to our customers. The one thing that I have noticed and it is a sign of a good leader is anytime we give John kudos he passes on the credit when it is due.

Secretary/Treasurer Eisele stated that we put the cart in front of the horse but that is ok because you deserved it. I sit here every month and go through what he has done I am judging him every month and if there was something I did not like he would hear it. 99% of the time John does a fantastic job. He has done an excellent job with all the projects recently. I feel very, very confident in what he is doing.

Trustee Lynch stated that he does not like this tool at all. We are not all playing by the same rules. We need an evaluation process; John will not always be here. I suggested to John that he implements his own evaluation that he presents to the Board. This is not a good tool. I think John is doing a great job. At this point in time it is difficult to evaluate John as I have only been on the Board for four months. I find it a challenge to evaluate anyone if you are not around them eight hours a day. I gave him a good approval, I want him to stay and I think he is doing a wonderful job.

Chairman Patrick stated that in evaluating John I tried to remember what we gave him last year. Looking at what we asked John to do making ties to the community, get involved with the County and other managers and learn from them I believe John has learned a lot. He has brought back several things to the Board. We have grown in understanding ourselves. When John took over he picked up the pieces of several big projects and did a great job. Can we use Denise's outline next year as a template for John to evaluate himself. I like that John gets the department heads involved in the budget process. I would like to see you continue working with the staff in getting them to understand how to take care of their departments and how to make them better.

District Attorney Scott Brooke arrived at 7:12PM and apologized for being late.

General Manager John Lufrano stated that we have ten solid goals and he does not have an issue with that. The goals are 1. NACO is holding a conference in Tahoe this fall and I will be on the planning conference committee. 2. To obtain 40 hours of HR training. 3. Work with Tim Russell to come up with a five year Capital Improvement Plan. 4. Work with Scott Brooke on the Ski Pond agreement. 5. Work with Tim Russell and Scott Brooke on the Golf Course agreement. 6. Come up with an asset management plan. 7. Contact Stevan Palmer for Board appropriate training. 8. Familiarize the Board with COOP. 9. Look into offering online payments to the customers and 10. Post on our website a list of accomplishments.

Secretary/Treasurer Eisele motioned to have General Manager John Lufrano attempt to complete all ten goals this year with the help of the Board. Vice Chairman Johnson seconded. Motion passed unanimously.

Public Interest Comment: Resident Dale Morlan expressed concern about the ditch behind his house and all the brush in it. He is concerned that it is a fire hazard.

Chairman Patrick asked that this be looked into and brought back to the Board.

Recess 7:30-7:35

7. Discussion only with a presentation of a draft five year Capital Improvement Plan.

District Engineer Tim Russell stated that he has been working with John they sat down and went through what made sense to come up with a five year plan. They started with the roads and kept in mind what else might need to be done when replacing roads. They broke everything down into transportation, water, sewer, parks and faculties. Transportation includes sidewalks, ada ramps, curb and gutter, street sealing, pavement management and street rehabilitation for the sidewalks repairs and ada ramps fluctuates every years based on what streets we are looking at doing. I didn't put any money into street sealing at this time so we can start chipping away at streets that need to be redone. The primary focus for this fiscal year is Vista Grande and then Plymouth. Under the water system the Vista Grande water line replacement, raw water painting and well heads, most of this we have talked about before. Under the water line I did get a number to get water out at the Sewer plant it is about \$350,000. Under the sewer system there is a section on Vista Grande that we should replace. The other thing was televising the existing sewer lines; it has been a long time since that has been done. This will let us know the condition of the lines.

General Manager John Lufrano stated that they would do a section every year not all of it at once. Under Parks the only thing we have planned is the third phase of Valley Vista and that is being funded by the County. If there are other things the Board wants to include, add or delete let me know. This is just a draft.

Trustee Pierini thanked Tim for getting this together it is showing responsible management of the District.

Vice Chairman Johnson suggested we add another column to show who is funding each item if it is not Indian Hills.

Trustee Lynch asked where we are going to come up with the money.

Chairman Patrick asked if there was grant funding to get some of this done. District Engineer Tim Russell stated that Douglas County is the repository for applying for CDBG funding. We would submit everything to them who would review it and submit it for us.

Chairman Patrick stated that he hopes the \$306,000 falls to about \$270,000 are we putting everything into this are we allowing our self any contingencies? John we have a huge problem with Vista Grande which might require us to put it all into this year. We may be able to next year. We don't have as much deterioration on the roads in Sunridge but the cracks are huge and need to be filled. Plymouth and Indian are also very bad roads.

Trustee Pierini stated that if Amber Hill is ever developed maybe we can charge them for the upgrades to the roads that will be needed. District Engineer Tim Russell we have never accepted the roads in there yet. They are paying taxes which is their share. General Manager John Lufrano stated we can go through there with a fine comb before accepting the roads and tell them we want things fixed first.

Secretary/Treasurer Eisele asked District Engineer Tim Russell why the County would be involved in getting Grants on this. District Engineer Tim Russell stated that is the way it was set up.

Public Interest Comment: none

8. Discussion and possible action to consider conducting a water/sewer rate study.

Chairman Patrick stated the information provided is great with all the facts.

Trustee Pierini stated that the information provided in the packets gives us the history of past water and sewer increases. The Board is being asked to consider and give input on moving forward with the water and sewer rate study. Historically our rates have always been on the lower end of the industry standard. With every loan the District has pursued the topic of rates has always been in direct correlation to success of securing funding. Increases are inevitable in keeping our water and sewer plants operating. Some of us have attended rate studies in the past. We met with Ed James he encouraged us to review and consider small increases yearly. In order to relieve us of the financial pressures it is most important that we set up some type of a regular rate increase. Are we going to review rates every year or every other year?

Vice Chairman Johnson stated that on page 32 looking at our monthly flat fee for sewage we are low compared to everyone else in the County. A small yearly increase would not be as much of a shock to our residents as these large increases.

Secretary/Treasurer Eisele stated that in his experience in the City and County normally they do increase one, one year and the other the next year in small increments. The problem in the past was that it was not looked at for several years and then there were large increases.

Trustee Lynch stated that he thinks the rates definitely need to be increased the problem he sees is most of the people that live in Indian Hills don't even know what Improvement District is. It has been a real eye opener to see all the money we have borrowed because in past years they let it go and didn't want to increase rates. The residents don't understand that. We are this little District and we have to support ourselves, if they did they would understand why we have to increase rates. We cannot keep pushing this off. A small

increase is not going to do it. We are such a small District that we have to pay more per person than Minden or Gardnerville would.

Chairman Patrick stated that in talking to John I feel we need to do an increase for both water and sewer. I don't know if we need to do it yearly or every other year. It was foolish to keep the rates exceptionally low to begin with and now we are playing catch up.

General Manager John Lufrano stated that the Sewer fund needs the increase, it costs so much to operate that plant. He hopes in the process to get us to this point we have identified any issues that might come up so we can stick to the plan.

District Engineer Tim Russell stated that one of the things that go along with asset management is looking at water and sewer lines. We need to consider that before we decide on an increase. We need to look at the rate that Minden will be charging for water. We may find that a 5% increase is not enough.

Trustee Pierini stated our mission statement says “we will provide our services at the highest quality and the most cost effective manner possible”. There are two parts to the water rates the basic service fee and the consumption fee.

Secretary/ Treasurer Eisele stated so you are recommending getting together with John and coming back to us. District Engineer Tim Russell stated yes exactly with John, Stacie and I.

District Attorney stated if we have a policy that states to increase the rates 5% yearly or every other year it is easy to justify without doing a study as it is due to inflation and reserves needed. You may well find that it needs to be 10%.

Vice Chairman Johnson stated the residents don't care what others are paying they look at the bottom line. We will need to get out and talk to people.

Chairman Patrick asked John and Tim to work together and bring something back next month. General Manager John Lufrano asked if he could bring it back in June as next month is the budget. Chairman Patrick stated yes that if fine.

Public Interest Comment: none

9. Reports to the Board:

a. General Manager Report

District General Manager John Lufrano reviewed his report with the Board. General Manager John Lufrano stated that he did ask for the Board to contact me for a tour of the new Sewer system

Parks & Streets

District General Manager John Lufrano reviewed the Parks and Streets report with the Board.

1. Water

District General Manager John Lufrano reviewed the Water report with the Board.

2. Wastewater

District General Manager John Lufrano reviewed the Wastewater report with the Board.

b. District Accountant Report

District General Manager John Lufrano reviewed the Accountant report with the Board.

c. Engineer Report

District Engineer Tim Russell stated that he has nothing else to report.

d. Attorney Report

District Attorney Scott Brooke stated that he is working with John and Tim on the Golf Course agreement and they are making slow progress on the ski pond issue. We have been told the client is ok with the last offer but haven't heard anything official but it is moving forward.

Chairman Patrick thanked John and staff for the best review of the budget he has seen since being on the Board.

10. Discussion and possible action to approve Draft Minutes from the March 20, 2013 Board Meeting.

Secretary/Treasurer Eisele motioned to approve Draft Minutes from the March 20, 2013 Board Meeting. Vice Chairman Johnson Seconded. Motion carried unanimously.

11. Chairman and Trustees Reports, Correspondence.

General Manager John Lufrano stated that the next month meeting is on Thursday May 16, 2013 for the budget.

Chairman Patrick stated there is also another meeting on April 23, 2013 this is a closed personnel meeting.

12. Adjournment

Secretary/Treasurer Eisele motioned to adjourn the meeting. Vice Chairman Johnson seconded. Motion passed unanimously.

Meeting adjourned at 8:15 P.M.

FINAL APPROVED MINUTES AS PRESENTED

**Secretary/Treasurer
Bill Eisele**

Minutes of the April 10, 2013 Board of Trustees Meeting