

**Minutes  
Indian Hills General Improvement District  
Board of Trustees Meeting  
District Office  
3394 James Lee Park Rd. #A  
Carson City, NV 89705  
April 7, 2021  
Regular Board Meeting 6:00 P.M.**

**Trustees Present:** Secretary/Treasurer Bill Eisele.

**Trustees Present via Zoom Meeting:** Chairman Garcia, Vice Chairman Clark-Ross, Trustee Gray and Trustee Dunham.

**Trustees Absent:** none

**Staff Present:** General Manager John Lufrano and Administrative Services Supervisor/Human Resources Brooke Thompson.

**Staff Present via Zoom Meeting:** District Accountant Stacie Cobb.

**Others Present:** Resident Brian Patrick

**Others Present via Zoom Meeting:** District Counsel Chuck Zumpft, District Engineer Tim Russell and Resident Marion.

**6:00P.M. - Regular Meeting**

- 1. Call to Order**  
Request that Cell Phones and Pagers be turned off for recording purposes.  
Vice Chairman Garcia called the meeting to order at 6:05PM.
- 2. Pledge of Allegiance:** Led by Chairman Garcia.
- 3. Public Interest Comment: none**
- 4. Approval of Agenda**

*Chairman Garcia motioned to approve the agenda. Secretary/Treasurer Eisele seconded. Motion carried unanimously.*

- 5. Discussion and possible action to adopt the Tentative Budget for Fiscal Year 2021-2022.**  
General Manager John Lufrano stated what we are presenting tonight is the tentative budget that we will present to the State next week. As everyone sees Stacie is online with us so she is here for questions. John stated on Page 2 is the ad valorem fund, the property tax fund where we fund all of parks, all of streets, open space and a portion of admin is funded out of this fund. John stated that you will see ad valorem has gone up this year for whatever reason,

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it could be that we folded in more homes that we are now getting tax revenue for or the values of homes increased which resulted in a tax increase. Also line 8 you see the CTX, consolidated tax went up, so fortunately this year we are seeing the highest ad valorem and CTX tax since we started this. That is always nice to have, and we anticipate it to climb in the next couple of years. With the build out of the Cottages and Valley Vista 7 we should see the revenue increase. John stated that he is excited to see it moving north and not south, we are realizing that there is something out there we are moving towards instead of being stagnant. John stated on line 22 under salaries and related you see the percentage of salaries is broken out you will see that in every department's budget. Salary contingency and overtime line 28, line 34 services and supplies same with every department some line items have gone up and some have gone down that is based on our actuals and current budget year. On page 3, line 45 there is a jump for a computer and projector, that is us in house wanting to purchase a new computer and projector, it is less than \$3,000 each so not on the asset side or capital. We have to add money in our operating cost to cover those. Line 62 capital outlay, line 66 you see that we budgeted \$5,000 for a fireproof file cabinet. We have added one fireproof file cabinet in Brooke's office for HR related paperwork and one in Stacie's office for the financial stuff we need to protect. Now we want to replace the ones in the hallway to start protecting that stuff. If you move to line 79 you see that \$18,514 that is our available balance from all the ad valorem accounts. When all is said and done, and we placed our money where we needed and wanted it that is the balance we ended up with. That is good we are in the black that is where we want to be. We do not want to have hundreds of thousands of dollars there, but we want to have something there.

Page 4 parks, again there are the salaries and percentage rates, line 19 services and supplies again some fluctuated a lot and some a little, line 22 professional services went down \$10,000. That is us monitoring throughout the year and adjusting. Line 26 water that is what we pay for our parks annually, \$55,000. Some of these things we have control over for instance how much we want to put in the repair and maintenance of buildings. Things such as insurance, uniforms, garbage service we do not have control over, we can only anticipate the cost. Page 5 this is where you will see the capital outlays on line 50, we are proposing the \$35,000 to replace the asphalt pathways at North Park. It is 550 lineal feet; it is six feet wide so we are hoping that when we do our next street project, we can piggyback off that and maybe because they are mobilized out here, we may get a better price. He is also proposing that we start putting money aside for the vehicle wash pad \$30,000, that could be high, he is not sure on the cost. What really needs to happen is the parking lot drainage has to be fixed first and then we can do the wash pad. The \$30,000 is a place holder for the wash pad and \$20,000 for the drainage issue in the parking lot. These are a couple sorely needed improvements and we can dump the street sweeper in the wash pad. Capital outlay total is \$85,000.

Resident Brian Patrick asked the two new trucks came from monies from the USDA fund, does that come again. General Manager John Lufrano state we set it aside every year. Resident Brian Patrick asked if it is still being set aside. General Manager John Lufrano stated it is for short lives assets and one for o&m. We can use some for this because those departments will be using the wash pad.

Page 6 streets, again salaries, the salary contingency fund is when an employee leaves employment we have to payout sick, and vacation and we did not budget for that in the past so now we have this line item if that happens again. Supplies and services line 24 went down \$10,000 on professional services. Page 7 is the remainder of supplies and services a

little bit of adjustments. Line 51 is capital outlay that is our street project, whether it be a replacement or a project. Two years ago, we did maintenance, this current year we budgeted \$350,000 and next year we budgeted \$350,000 and we will do our next street replacement project. We will bring that to the board when the time comes. John stated the other thing he is trying to budget for is a new truck for plowing. The Ford truck is horrible, we use it for plowing, weed spraying and towing the crack sealer, because of that it has to be a one-ton truck. The sand material is heavy, he wishes we would get another Chevy Colorado, but this needs to be a workhorse. That is budgeted and he is trying to get it approved. That's it with the ad valorem accounts.

Chairman Garcia stated insurance cost are going up across the board for everybody so that should be no surprise.

General Manager John Lufrano stated on page 8 we start with sewer, line 5 is our revenue stream for the base rate. That is a fixed amount that we know each month and year, it will change as we see construction of homes. The Cottages and Valley Vista 7. Line 17 salaries same thing as previous. Services and supplies not a lot of change. Page 10, line 80-82 we are trying to fund a couple things in this budget, the first one is the bypass for lift station three infrastructure. John stated the problem we have with lift station three and actually all the lift station is they come with a lining inside to prevent toxic gasses from deteriorating and eroding the concrete basins away. At lift station three we have no way to stop the flow of water into that wet well in order for us to dry it out, clean it and reapply a coating inside to get the maximum longevity out of it. This bypass that we are proposing will allow us to put a manhole just outside the wet well, we will also put in a pipe that will allow us to bypass the lift station so we can pump raw sewage out of that manhole into another pipe to send it to the force main. All lift stations have a force main attached to it, when water is collected inside that wet well and it gets to a certain level the pumps kick on and send it up the force main, gets it into the gravity flow line and then goes to the water plant and lift station two and up to the sewer plant. That is what we are trying to achieve this year is that infrastructure. Get it built out in this budget and next year reline the wet well. The lining in there now was put in twenty years ago and has started to fall down. In the future if there is ever a problem with lift station three and it goes down and we do not have the ability to pump the water like we normally do on a daily basis we can bring a portable pump from the sewer plant now and pump into the bypass. Line 81 is a pump for lift station 4, we are trying to shelve one pump. Lift station three, four and five all have two pumps in them that alternate their usage. If something happens and one of those pumps go down, we will have to send it in to be rebuilt. We would be running those lift station on one pump, which is not the best thing to do because of the proximity to the river, we would be in a world of hurt. The idea is to buy an additional pump for lift stations four and five have them on the shelf, if one goes down, we can replace it and still have the two for operating purposes and then we can send in the other pump to be rebuilt. Line 89 that is our positive cashflow, at end of the budget we have \$47,000. That is a decent number, it fluctuates based on capital outlay that we want to try and get done. A lot of this has to do with the loan that we paid off last year so that is reason for the increase. Last year it was \$30,000 you see that we have added quite a bit.

Water starts on page 11, line 7 & 8, 7 is the base rate, the income we take in on the base rate. Line 8 is the water consumption fee and then the other revenue stream which will go right out if everything is approved but it has to show here. Moving down we have the salaries again, then line 37 services and supplies slight fluctuation on things. Line 46 the purchase of

Minden water. The next budget 2021-2022 cycle in the original contract with Minden and Douglas County, we are at the end of the 10-year rate structure that was established. John stated that he contacted the Minden manager last week and we will all start sitting down to discuss the rates for the next five or ten years. To see if any increases are coming and what to expect and then he will bring it back to the board. Down to o&m supplies, insurance costs increased. Page 13, capital outlay these are the two areas this year that we want to address, the first one is Ridgeview tank refurbishment, this tank sits just north of James Lee Park on the hill we know for a fact that this tank needs to be done inside and out so we budgeted \$120,000, that should cover it. We will have the tanks done here in the near future; the State requires us to have the tank done every 3-5 years. We pushed that out to the five-year mark. This will be funded by the Verizon lease money there is approximately \$80,000 for that, the remaining will be funded from the depreciation fund reserves between those two funds that project will be funded. Line 88 is meters; we need to start replacing old meters and we have 84 new homes we need meters for. We need to start to slowly replace meters that are old and not reading properly. John stated what he would like to state with that is, we will see an increase with revenue based on water usage, the newer meters pick up lower flow and that will increase revenue. The bigger issue that we need to address is on line 93 the ending fund balance of \$5,600 that is not a glorious number to have left over. He wants to make that point because that will carry over to the next agenda item.

**Public comment:** Resident Brian Patrick stated that we have \$800,000 in infrastructure is there a possibility to take that \$120,000 from infrastructure to fund that tank refurbishment. General Manager John Lufrano stated yes, we could but it would not be in the budget it would be sitting in that fund. The issue is we are using that infrastructure money to replace water lines when we do a street project, so it needs to stay in that fund.

Vice Chairman Garcia stated John, please elaborate why we need to replace water lines when we do a street replacement project. General Manager John Lufrano stated the District streets are 50 years old and the water lines are the same age so near the end of their life, knowing that we cannot put a new street over 50-year-old water line. We do not want to cut into a brand-new street. The other issues is if we do not replace the water line when they start doing the street and compacting you could end up with micro cracks in those old water lines, they are also the old asphalt concrete water lines, and we replace them with plastic water lines that have a much better life span.

Resident Marion stated talking about the fireproof file cabinet it is \$5,000 each, how big are they. General Manager John Lufrano stated about 40 inch wide and four drawers, we were shell shocked. Marion stated that she sees fire king fireproof four drawers for \$1,700. General Manager John Lufrano stated we will look that up.

**Board of Trustees further discussion/comment: none**

*Chairman Garcia motioned to adopt the Tentative Budget for Fiscal Year 2021-2022.  
Secretary/Treasurer Eisele seconded. Motion carried unanimously.*

**6. Discussion only regarding the District's water rates.**

General Manager John Lufrano stated remember that bottom line of \$5,000 back in operating costs of the water budget. John stated that he is really struggling right now with thinking about raising water rates with the economy and everything going on. He worked on

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a creative solution that he wants feedback from the board on tonight. It might allow us to not do a rate increase for a few years, we just came off a five-year rate increase which generates \$250,000 a year for water. John stated what he would like to entertain and have a discussion on tonight is the possibility of taking a portion of that infrastructure fund, a percentage let's say 20% and move it to operating costs for the next two budget cycles. That would be about \$50,000 a year and in operating for the next two budget cycles. The reason is because in two years the District is built out, when that happens, we will see an influx in revenue because we have 84 more homes on our system. Quick projections based on the current rate structure we might see the base amount up \$39,000 that is not taking into consideration the consumption side. That number plus what we think we will get, if we get about \$12,000 in consumption fees will match that \$50,000. The other thing we achieve in two years is we pay off other water loan, that payoff is July of 2023 when that happens that is \$44,000 a year that will move into operation costs. If we utilize those infrastructure funds now, we do not have to raise rates for the two years. After the build out we will know what the base rate will bring in and then hopefully we can move that \$50,000 back to infrastructure. So, it is just a band aid for two years, at that time the board should consider a rate increase, but it can be done in a minimal fashion like rate increases should be. That is the game plan he and staff came up with as a possible alternative to raising rates now. We have to get away from one of our enterprise funds that we control entirely having an end fund balance of \$5-10,000 a year, that is a little too close. The original language for the rate increase stated it would be used for maintenance and infrastructure. We have chosen to put it all in infrastructure so by moving it to operating that would be considered maintenance so we would still be covered, and it would be allowed. He would like to hear from the board and will bring it back to the board next month.

Vice Chairman Clark-Ross stated that this is well thought out and planned. Vice Chairman Clark-Ross stated she is for it, let's go ahead with it.

Trustee Gray stated that she thinks it is a good idea to go along with right now, people are having hard times. Let's put off a rate increase a couple of years and then it will not hit them so hard. It is a good idea.

Secretary/Treasurer Eisele stated that it is a good thing a lot of people are hurting right now. It is something that we can make up in two years. He thinks it is a good idea.

Trustee Dunham stated that this is the right way to go, it sounds good. Let's move forward with it.

Chairman Garcia stated that we would essentially for two years be robbing peter to pay paul in anticipation that the build out of homes will get us to a revenue level that will give us a better ending fund balance in water operations. The costs are going up, the costs for us to do business are going up and the costs of water may be going up. Raising rates are inevitable but he also does believe that this is a compassionate response to delay, push off and minimize any rate increases that we can. Especially in these times when people are hurting so bad with COVID, it is a compassionate response for us to do this. Typically, he does not like the idea of robbing peter to pay paul but in this case it makes sense to be able to push out a rate increase for two years. We will be built out and have rates from Minden on the water costs too. We will have a direct correlation with data, and we will not be guessing and projecting, we will have data. So, it is a good idea, and we are doing our constituents good. We are still fiscally responsible, and it is a compassionate thing to do. We should do everything in our power to not burn them unnecessarily. Thank you, John, for the work you put into this the board. He wishes more public was on this call because the General Manager

and staff work hard to make sure that we break even as close as possible and so we do not have issues, we do not want a fund balance that low.

**Public comment:** Resident Brian Patrick stated next year do you anticipate any large projects like that tank. General Manager John Lufrano stated no, right now I do not have anything planned for next year. The water line is the only thing we anticipate. Resident Brian Patrick stated the other thing to remember is we have not raised the cost of water in this District in over 20 years. General Manager John Lufrano stated since 2004.

**Board of Trustees further discussion/comment:**

**7. Discussion and possible action to approve Draft Minutes from the March 17, 2021 Board Meeting.**

*Chairman Garcia motioned to approve Draft Minutes from the March 17, 2021 Board Meeting. Vice Chairman Clark-Ross seconded. Motion carried unanimously.*

**8. Chairman and Trustees Reports, Correspondence**  
**Under this item the Board Members will briefly identify relevant communications received by them before the meeting, or meetings attended, or potential business of the District. No action will be taken on any of these items, but a member may request such item or topic be placed on a future agenda.**

**9. Adjournment**

*Secretary/Treasurer Eisele motioned to adjourn the meeting. Vice Chairman Clark-Ross seconded. Motion carried unanimously.*

Meeting adjourned at 7:07P.M.

**FINAL APPROVED MINUTES AS PRESENTED**

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**Secretary/Treasurer**  
**Bill Eisele**