

**Minutes
Indian Hills General Improvement District
District Office
3394 James Lee Park Rd. #A
Carson City, NV 89705
July 30, 2007
6:00 P.M.**

Public Hearing

Trustees Present: Chairman Brian Patrick, Vice Chairwoman Laura Lau, Secretary/Treasurer Denise Pierini, Trustee William Eisele, Trustee Kathryn Clark-Ross

Trustees Absent: (none)

Staff Present: General Manager Dennis Longhofer, District's Attorney Jennifer Yturbide, District's Engineer Brian Randall, Administrative Manager Nancy Fredrickson and Kurt Christensen.

Others Present: Kim Borgzinner, Brent Farr, Art Baer, Riley Evans, Penni Eisele, Ron Kruse, Bill Moriarty, Beverly Voight, Michelle La Fontaine, Michael Glucksman, Diane Humble Fournier, Mary Brown, Debby Dodds, Dale Morlan, Steve Weaver, Frank Johnson, Jeffrey Galloway and Pat Sandersen, Brain Buffo, Steven Buffo, Ron Lynch and Gabe Hoelzel.

Call to Order: Chairman Patrick called the meeting to order at 6:04 P.M.

Pledge of Allegiance: Led by Chairman Patrick.

Public Interest Comment: Chairman Patrick asked the former Board members that were in attendance to please stand up and be recognized and thanked them for there historical input and service to the District.

Chairman Patrick also stated that there had been some complaints claiming that the District was in "Open Meeting Law" violation regarding the timing of the agenda and informational packets available to the public. The District's attorney Jennifer Yturbide stated that the District was not in "Open Meeting Law" violation and could go forward with the meeting.

Diane Humble Fournier again wanted to know for a fact from the District's attorney that the District was not in "Open Meeting Law" violation.

The District's Attorney stated that if the District wanted to impose a new rate increase it had to state the exact amount in the public notice and if the Board decides to choose a rate increase tonight that it would have to be published for another 30 day's and specifically delineated.

Art Baer asked the District's Attorney to define "Arbitrary and Capricious", she replied that it wasn't that easily explained it wasn't a black and white question, she said that she couldn't give him a definition, she stated that a set of facts would be needed to be presented along with a recommendation. He also commented that the District had an ending fund balance; we should not have to raise rates.

Public Hearing on amended rates and services fees for residential and commercial water and sewer service:

Chairman Patrick stated that this was a public hearing only for establishing fees and rate increases.

Discussion and possible action on selection of new residential and commercial water rates:

Kim Borgzinner from Farr-West Engineering will be presenting the rate study and suggestions to the Board and public.

Kim stated the reasons for the District's decision to raise rates which include, implementing and completing arsenic treatment program, reserves that are used to replace existing aging infrastructure, to fund upcoming water and sewer capital improvements, these are all the things that the District's facing right now and are the reason for the rate increases.

She also stated that the District will not be eligible for grants and loans from the various funding agencies unless the District's raises its rate to meet the criteria to qualify. The funding agencies require the rates to be 1.5 % of the median household. At this time the district's rates are much lower.

She explained how Farr-West came up with the figures for the rate study, which include historical water use and yearly budgets. She stated that the rates are not sufficient to support the budgets and improvements. She explained how the enterprise fund is solely funded by water/sewer fees along with connection fees.

Kim went over the different rate scenario's and made her recommendation of increasing the water base rates and implementing an increasing block rate based on scenario #4, which proposes to fund 25% of the depreciation reserves currently on the budget. This recommendation increases the base rate to \$15.15 which includes the first 4,000 gallons at no additional charge. This rate scenario also promotes water conservation and meets recently adopted AB331 requirements.

Kim addressed comments and questions from the board and public:

Brian Buffo wanted to know what the revenue from the increases would be used for. Kim Borgzinner assured him the money would be used for upcoming water and sewer capital improvements, reserves that would be used for replacing and repairing existing aging infrastructure and pay for basic operating expenses.

Chairman Patrick also informed Mr. Buffo that the District has debt that it must maintain from past improvements and future projects.

Steven Buffo he also inquired about the cost of the arsenic project.

Chairman Patrick provided additional information regarding the previous arsenic project costs and how the District utilized the revenues for the arsenic project and that the District is currently undergoing an arsenic pilot study and that a part of the recent \$2 million bond will go towards completing the project.

Dianne Humble Fournier commented about not having records of the water meter sizes, she stated that staff has been tracking this as far as she can remember; it could be found in the current General Manager's computer or in the past General Manager's files and that she also had a CD with all of the back up information if needed. She also commented that the water and sewer were two separate enterprise funds. She also commented on services and supplies and capital outlay increases.

Steven Buffo commented about the safety of the water with regards to the levels of arsenic in the District, he also asked if the District has looked at other ways to generate revenue instead of raising rates.

Riley Evans commented about the connection fees that are still coming in to the District.

Ron Lynch commented about what a nice place Indian Hills is to live in. He commented about what a small community Indian Hills is and there are not a lot of people to share the cost of the water and sewer improvements.

Bill Moriarty commented that having Farr West Engineering was a great idea; he supports the suggestions except for the five-cent increase in the tier rate for 10,000-20,000. He felt that it should be higher.

Kim Borgzinner commented that the only reason for the five-cent increase was to allow for low income or fixed income users to conserve and not be significantly impacted by the rate increases.

Laura Lau made a motion to adopt scenario #4 as presented by Farr West. Motion seconded by William Eisele. Motion carried unanimously.

Break at 7:30 p.m.

Meeting was reconvened at 7:50 p.m.

After break there was some question regarding which scenario #4 the Board had chosen for the water rates. Kim explained that it was scenario #4, which proposes to fund 25% of the depreciation. This recommendation increases the base rate to \$15.15 which includes the first 4,000 gallons at no additional charge. This rate scenario also promotes water conservation and meets recently adopted AB331 requirements.

Discussion and possible action on selection of new residential and commercial sewer rates:

Kim Borgzinner of Farr West Engineering recommends the Board adopt scenario #4 as outlined in the rate study.

Dianne Humble Fournier questioned where the information came from that Farr West used for the sewer rate study.

Bill Moriarity suggested that the District should base fees by water consumption which would come from individual winter water rates. He believes that this is a fair process.

Brent Farr commented that Hawthorne uses the consumption method and that it is a solid method. He commented that one of the set back's is that it makes it difficult in predicting your revenues and the up front administrative efforts could be significant.

Art Baer commented about the June 30, 2007 budget status report. He suggested that the ending fund balance was enough, instead of raising sewer rates.

Kathryn Clark-Ross suggests that we fund 0 percent of depreciation and that would balance out with the water, Chairman Patrick suggested to split the 25% depreciation and use 12.5% instead.

William Eisele motions to adopt scenario #4 with changing the base increase to \$31.37. The motion is seconded by Denise Pierini. Motion carried 4-1 with a nay from Laura Lau.

Discussion and possible action on selection of new residential and commercial water connection fees:

Pat Sanderson commented on the consumption method on sewer rates and suggested to the Board they give it more consideration before making any decision.

Kathryn-Clark Ross wanted to know if changes can be made to the decisions that are made tonight.

Kim Borgzinner responded that if decisions were changed it would delay the rate increase process and could require an additional rate hearing be set depending upon the proposed changes. But, yes the decisions can be changed as long as the public has 30 days notice of the proposed rates posted in the local paper and an additional meeting is held for discussion of the changes.

Lau Lau motions to recommend the board select Table 5 on page 12 for the new residential and commercial water connection fees. Motion seconded by William Eisele. Motion carried unanimously.

Discussion and possible action on selection of new residential and commercial sewer connection fees:

General Manager Dennis Longhofer commented that for the sewer connection fees we did not have a proper study on establishing the rates. Kim Borgzinner from Farr West stated that they determined the sewer capacity fees using the District's water and wastewater total net assets from the June 2006 financials. Kim Borgzinner explained that due to the fact that water and sewer assets have not historically been recorded separately, Farr West divided them in half to determine the wastewater infrastructure value, and recommended that for future studies the District track the water and sewer expenses separately. Kim Borgzinner with Farr West determined that the existing customer equity is \$5,130/customer and recommended the Board charge the new sewer capacity fees based upon water meter sizes as outlined in the rate study. General Manager Dennis Longhofer disagreed with the Farr West recommendation and commented that the capacity fee method would actually lower the fees for larger commercial properties which are currently calculated using an EDU and fixture count method.

William Eisele motioned to recommend the new sewer capacity fees based upon water meter sizes as outlined in the rate study prepared by Farr West. Motion seconded by Kathryn Clark-Ross. Motion carried unanimously.

Discussion and possible action on selection of new service fees, including:

a. Shut Off/Reconnect Fee (Water)

General Manager Dennis Longhofer stated at this time the District does not charge for a customer request to shut off the water. He suggested that the District charge for water shut offs in the amount of \$100.00 on the weekend only to cover overtime expenses.

General Longhofer suggests that the District raise the reconnect fee from \$30.00 to \$100.00 to cover administrative costs. The Board considered \$75.00.

b. Meter Re-read (Water)

Staff recommended that there should be a \$25.00 meter re-read charge if it is not the fault of the District. The Board decided that at this time there will be no re-read charge.

c. Meter Real Estate Read (Water)

Staff recommended that there be no charge for a real-estate read.

d. Sign-up Fee(New Account)

Staff recommended a \$50.00 sign-up fee, currently there is a \$7.50 fee. The Board recommended \$ 15.00.

e. Return Check Fee

District's currently charges \$15.00 for a returned check; staff recommended it be increased to \$30.00. The Board considered \$ 25.00.

Laura Lau made a motion to recommend the following: a) Shut-off fee should be \$100.00, but only on the week-ends, reconnect fees will be \$75.00 b) eliminate meter-re reads c) No charge for a real-estate read d)\$ 15.00 for new sign-up fee e) \$25.00 for a returned check. Motion was seconded by Kathryn Clark-Ross. Motion carried unanimously.

Discussion and possible action on selection of new storm water management fee:

General Manager Dennis Longhofer informed the Board that the State requires the District to implement a fee as part of the Storm Water Management Plan to begin 2007. Last years expenses including man hours, Storm Waster basin, cleaning lines, etc. came out to average sixty-nine cents per customer to cover District costs.

William Eisele asked the General Manager if the District was charging any of the District's commercial areas for storm drainage, and did anyone else charge for this?

General Manager Dennis Longhofer stated that Carson City charges \$2.70 per customer for a Storm Water Management Fee. He recommends that the District initiate some kind of even if it's only 25 cents.

Chairman Patrick makes a motion to initiate a Storm Water Management Fee of 10 cents per customer until more research is done. Motion seconded by Denise Pierini. Motion carried unanimously.

Adjournment: William Eisele made a motion to adjourn the meeting at 9:36 p.m. Motion was seconded by Laura Laura. Motion carried unanimously.

Exhibit A: Rate Study

FINAL APPROVED MINUTES AS PRESENTED



Secretary/Treasurer
Denise Pierini