

**SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT  
WASHOE COUNTY**

TUESDAY

5:00 P.M.

DECEMBER 20, 2005

PRESENT:

**Bonnie Weber, Chairman**  
**Bob Larkin, Vice Chairman**  
**Jim Galloway, Commissioner**  
**David Humke, Commissioner**  
**Pete Sferrazza, Commissioner**

**Amy Harvey, County Clerk**  
**Katy Singlaub, County Manager**  
**Melanie Foster, Legal Counsel**  
**Paul Orphan, Engineer Manager**

The Board met in regular session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, and conducted the following business:

**05-66STM    AGENDA**

In accordance with the Open Meeting Law, on motion by Commissioner Humke, seconded by Commissioner Larkin, which motion duly carried, Chairman Weber ordered that the agenda for the December 20, 2005 meeting be approved.

**05-67STM    MINUTES**

On motion by Commissioner Humke, seconded by Commissioner Larkin, which motion duly carried, Chairman Weber ordered that the minutes of the regular meetings of October 25, 2005 and November 15, 2005 be approved.

**05-68STM    INSTALLATION OF WATER SYSTEM ISOLATION METERS**

Upon recommendation of Paul Orphan, Engineering Manager, through Steve Bradhurst, Water Resources Director, on motion by Commissioner Humke, seconded by Commissioner Larkin, which motion duly carried, Chairman Weber ordered that the installation of five system isolation meters in the District water service area, at a cost not to exceed \$45,000, be approved.

**05-69STM    MODIFICATION TO WELL MITIGATION POLICY**

Commissioner Humke commented members of the Local Managing Board (LMB) came up with this amendment, and he agreed that it would be more proper to state

"may compensate" versus "will compensate" based upon Board action, testimony, and facts.

Upon recommendation of Paul Orphan, Engineering Manager, through Steve Bradhurst, Water Resources Director, on motion by Commissioner Humke, seconded by Commissioner Larkin, which motion duly carried, Chairman Weber ordered that the language in the Policy for the Reimbursement of Costs for Deepening Domestic Wells be modified from "will compensate" to "may compensate."

#### **05-70STM     FORMATION OF A RATE REVIEW COMMITTEE**

In response to Commissioner Larkin, Paul Orphan, Engineering Manager, explained there was discussion at the Local Managing Board (LMB) meeting; and their vote was to not accept the staff recommendation to seek rate making expertise from a professional consulting firm. He said the LMB desired to perform the task in-house with the committee only. He agreed they would rely on Water Resources internal staff for much of the professional expertise.

Commissioner Larkin commented it could not be determined if the price was good or not without a competitive bid, and Mr. Orphan concurred. He stated he could not confirm if the cost was competitive with a private firm.

Commissioner Galloway asked if there would be difficulty in determining these costs, and Mr. Orphan said it was possible. He explained the staff recommendation for an outside consultant was to avoid any suggested conflict. Commissioner Galloway stated he was relieved there would not be a different methodology that would lead to more delays in establishing the costs.

In response to Chairman Weber, Mr. Orphan clarified two STMGID customers would serve as members on the committee.

Steve Cohen, LMB Member, stated the LMB recognized they could control the costs and set the rates with the input of Water Resources and two STMGID customers.

Upon recommendation of Mr. Orphan, through Steve Bradhurst, Water Resources Director, on motion by Commissioner Humke, seconded by Commissioner Larkin, which motion duly carried, Chairman Weber ordered that a rate review committee be formed consisting of two members of the LMB, two STMGID customers, and one staff member from Water Resources. It was further ordered that the LMB not seek rate making expertise from a professional consulting firm.

**05-71STM     PRESENTATION OF FINANCIAL REPORT – KAFOURY,  
ARMSTRONG & CO. – FY 2005**

Felicia O'Carroll, representative from Kafoury, Armstrong & Co., presented and reviewed the South Truckee Meadows General Improvement District (STMGID) Comprehensive Annual Financial Report for FY 2005.

In response to Commissioner Sferrazza, Ms. O'Carroll explained there were a number of backlog capital improvements the District intended to complete that had not been done to date. She clarified the money was in an enterprise fund, and that type of fund operated similar to a private business. She said all of the debt had been paid down in STMGID, so there would be no debt as of the end of 2005. Ms. O'Carroll further reviewed the report.

Commissioner Galloway commented future capital improvements may involve the drilling of additional wells, and he asked if that was taken into consideration in the audit. Ms. O'Carroll replied future plans were not something looked at during the period under audit. Commissioner Galloway remarked from the report it appeared that it costs virtually the same to run a utility in a dry year as in a wet year. Ms. O'Carroll pointed out the "Economic Factors" section in the report that talked about projected items and challenges for the District.

Commissioner Humke commented there was a full discussion of the financial report at a recent LMB meeting.

On motion by Commissioner Larkin, seconded by Commissioner Humke, which motion duly carried, Chairman Weber ordered that the South Truckee Meadows General Improvement District Comprehensive Annual Financial Report for FY 2005 and the qualified opinion from Kafoury, Armstrong, and Co. be accepted.

**05-72STM     DISCUSSION – ORDINANCE – AMENDING COMPENSATION  
SCHEDULE – NAME OF INCUMBENT FOR SEAT NO. 3**

Paul Orphan, Engineering Manager, explained this item was brought to the Trustees a number of months ago; and there were changes that had been requested. He said the District Attorney's Office made those clarifications and changes.

Commissioner Galloway asked what change was made in the compensation for non-board meetings. He commented there were concerns about more potential compensation for non-board meetings as compared to board meetings. He stated he did not want members attending meetings that were not essential.

Melanie Foster, Legal Counsel, explained the addition made was that the approval had to be in advance by the Chairman of the Local Managing Board (LMB) in open session, and she confirmed the limits were not changed. She pointed out the

Trustees could direct further change because the item would return to the Commission for final approval through the first and second reading procedures.

Commissioner Galloway stated he would support \$2,400 but not a higher amount at this time.

Commissioner Sferrazza disagreed with Commissioner Galloway. He said the LMB members work hard; and the amount for the non-board meetings would only be \$50 per meeting, which was not a large amount.

Chairman Weber agreed with Commissioner Galloway and acknowledged \$2,400 was sufficient at this time for non-board meetings.

Commissioner Larkin stated until there was a rate review, any increase would send the wrong message that overhead expenses were being increased without understanding what was happening with those expenses.

Commissioner Galloway clarified he could support up to \$100 for each non-board meeting, with a limit of \$2,400 total for non-board meetings. He was agreeable to increase the limit to \$3,600 for board meetings. He stressed he did not want to change anything recommended except that the \$4,800 limit for non-board meetings would be set at \$2,400.

Commissioner Sferrazza said he misunderstood earlier, and he did support Commissioner Galloway's recommendations.

Commissioner Galloway moved to proceed with the increase schedule of compensation, except that the proposed limit of \$4,800 for non-board meetings would be set at \$2,400. Commissioner Sferrazza seconded the motion.

Steve Cohen, LMB Member, clarified the money was not coming from the County, but from the STMGID ratepayers. He said the LMB was committed to keeping the lowest rates and the highest water quality for its customers, and that commitment involved attending many meetings. Mr. Cohen stated the LMB believed it was a good investment for the ratepayers to increase the compensation. He emphasized the LMB was budget oriented, and they would not ask for something unless it was justified.

Commissioner Galloway stated the Trustees were working with the LMB by giving an increase, and he requested they work with the Trustees on this subject. He recognized the Trustees were meeting the LMB part way in this motion.

On call for the question, the motion passed on a 5-0 vote.

**05-73STM     MANAGEMENT REPORTS – OCTOBER/NOVEMBER 2005**

On motion by Commissioner Larkin, seconded by Commissioner Humke, which motion duly carried, Chairman Weber ordered that receipt of the District's management and financial reports for the months of October and November 2005 be acknowledged.

**PUBLIC COMMENTS**

Gary Schmidt, Washoe County resident, offered suggestions for a smoother flow for public comment.

**BOARD AND STAFF COMMENTS**

Gerald Schumacher, Local Managing Board (LMB) Chairman, commented on a recent meeting of the water purveyors in the Truckee Meadows with Senator Mark Amodei concerning SCR 26. He said Senator Amodei made it clear the sub-committee was going forward with this, whether or not the entities participated. Mr. Schumacher stated the sub-committee was going to produce a product, and the next meeting would be on January 19, 2006. He encouraged the Trustees to participate in this process as much as they were able.

Commissioner Larkin commented on a workshop that was held on December 19, 2005, at which a detailed discussion occurred with Steve Bradhurst, Water Resources Director. He said the Commission and the Trustees were moving forward on this matter. He remarked the Southern Nevada Water Authority (SNWA) was asked to be at the meeting on January 19, 2006 and also to attend additional meetings in the Commission Caucus Room later that day. Commissioner Larkin said they would meet to discuss common issues, where this region needed to move in terms of water resources, stabilizing water rights acquisitions, and delivery of the product. He stressed the Board's caution to the committee was that there could be unintended consequences if they moved too fast.

Commissioner Humke suggested the County was moving at the appropriate pace, and the State Legislative Committee was moving too quickly for unknown reasons. He said the Board took action to send a letter to Senator Amodei asking forgiveness of his schedule, which called for a finalized work product in less than a month. He stated the Open Meeting Law was being used against the County, whereas, the State Legislature was not subject to it. He acknowledged that Sun Valley General Improvement District (SVGID), Incline Village General Improvement District (IVGID), and STMGID must be consulted, and that would take time under the Open Meeting Law to do it properly. Commissioner Humke confirmed the Board was attempting to make these facts known to Senator Amodei.

Steve Cohen, LMB Member, stated Senator Amodei made it clear that the committee wanted to be done in June. He confirmed each of the LMB Members planned

on meeting with each committee member before the January meeting. He acknowledged the LMB was working hard to get the message out and trying to work with the other entities to create something the Legislature would desire.

Chairman Weber stated this Commission was taking this issue seriously, and they would be making their contacts with local Legislators that serve on the committee. She said the Board realized there were other entities at play, and one aim was to come to a better pace on the issue.

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There being no further business to come before the Board, the meeting adjourned.

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**BONNIE WEBER**, Chairman  
South Truckee Meadows General  
Improvement District

**ATTEST:**

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**AMY HARVEY**, County Clerk and  
Ex-Officio Secretary, South Truckee  
Meadows General Improvement District

*Minutes Prepared by  
Lori Rowe, Deputy County Clerk*