

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

TUESDAY

5:00 P.M.

JUNE 27, 2006

PRESENT:

Bob Larkin, Chairman
Bonnie Weber, 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, Engineering 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:

06-22STM AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Humke, seconded by Commissioner Galloway, which motion duly carried, Chairman Larkin ordered that the agenda for the June 27, 2006 meeting be approved.

06-23STM MINUTES

On motion by Commissioner Sferrazza, seconded by Commissioner Galloway, which motion duly carried, Chairman Larkin ordered that the minutes of the special meeting of April 18, 2006 and the regular meeting of April 25, 2006 be approved.

**06-24STM PUBLIC HEARING AND RESOLUTION – AMENDMENT –
SCHEDULE OF RATE AND CHARGES**

5:00 p.m. This was the time set in a Notice of Public Hearing published in the *Reno Gazette-Journal* on June 9, 16, and 23, 2006 to consider adopting an amendment to the District's schedule of rates, tolls, charges, liens, deposits, penalties, connection and disconnection fees, and rules and regulations for provision of water service. Proof was made that due and legal Notice had been given.

The Chairman opened the public hearing by calling on anyone wishing to speak for or against adoption of said Amendment. There being no response, the hearing was closed.

In response to Commissioner Humke, Steve Cohen, Local Managing Board (LMB) Chairman, said the vote might have been 3-1 or 3-2, but he did know one member was unhappy with the large wholesale business rate increase.

Commissioner Galloway recollected from the first reading that previously the commercial had not been totally separated out. Paul Orphan, Engineering Manager, said it was the cost of service for those businesses; because, during peak periods, they have a larger peak flow so the facilities have to be there to meet that flow. Commissioner Galloway believed Jerry McKnight, Finance and Customer Service Manager, had testified in the past that the businesses had been grouped in with other customers that had to unfairly pay for that peak flow.

Mr. McKnight said the LMB member that had concerns with the rate increase had asked the Rate Committee to tier the rates, and that change was made. He said the \$1.38 to \$1.99 separated out the irrigation rate from the domestic rate, which was still significantly lower than the County's irrigation rate. He said the irrigation rate was significantly higher because the physical plant required to deliver the water was only used during summer months. He said there was only a short period of time to depreciate those assets and recover those costs, which bumped up the cost of the water. He confirmed there had been no changes from the first reading.

Commissioner Humke said he could not vote for these revisions based on a comparison of the rates of the Truckee Meadows Water Authority, Water Resources, Sun Valley General Improvement District and STMGID proposed and current. He felt this was an attempt make the rates near the highest, which he felt was not good reasoning.

Commissioner Weber said the infrastructure needed to be brought up to current standards, and she supported the revisions. Commissioner Sferrazza indicated STMGID would still have the lowest residential rates even with the increase. Commissioner Galloway commented it would be worse later if the costs were not covered now.

On motion by Commissioner Galloway, seconded by Commissioner Sferrazza, which motion duly carried with Commissioner Humke voting "no," it was ordered that the Business Impact Statement related to the proposed revisions to the District's schedule of rates, tolls, charges, liens, deposits, penalties, connection and disconnection fees, and rules and regulations for service of property from the facilities of STMGID be approved and the Clerk be directed to make the findings available upon request. It was further ordered that the following resolution be adopted and Chairman Larkin be authorized to execute the same:

RESOLUTION

A RESOLUTION ADOPTING AN AMENDMENT TO THE SCHEDULE OF RATES, TOLLS, CHARGES, LIENS, DEPOSITS, PENALTIES, CONNECTION AND DISCONNECTION FEES, AND RULES AND REGULATIONS FOR PROVISION OF

WATER SERVICE FROM THE FACILITIES OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID)

WHEREAS, the proposed Schedule of Rates, Tolls, Charges, Liens, Deposits, Penalties, Connection and Disconnection Fees, and Rules and Regulations for Service of Property from the Facilities of South Truckee Meadows General Improvement District (STMGID) has been thoroughly discussed and considered at numerous publicly noticed meetings over the past several months; and

WHEREAS, the proposed Schedule of Rates, Rules and Regulations was recommended for approval by the Local Managing Board of the South Truckee Meadows General Improvement District; and

WHEREAS, the proposed Schedule of Rates, Rules and Regulations was approved after a public hearing before the STMGID Board of Trustees on June 27, 2006; and

WHEREAS, pursuant to NRS 318.199 the Trustees may take action after the public hearing and adopt a Resolution Amending the Schedule of Rates, Tolls, Charges, Liens, Deposits, Penalties, Connection and Disconnection Fees, and Rules and Regulations for Provision of Water Service from the Facilities of the South Truckee Meadows General Improvement District;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Trustees of the South Truckee Meadows General Improvement District (STMGID):

1. That the Amended Schedule of Rates, Tolls, Charges, Liens, Deposits, Penalties, Connection and Disconnection Fees, and Rules and Regulations for Provision of Water Service from the Facilities of the South Truckee Meadows General Improvement District is hereby approved and adopted; and
2. That the Amended Schedule and Rules and Regulations, a copy of which is placed on file with the Clerk, will be effective July 1, 2006.

06-25STM INTERLOCAL AGREEMENT – DIVISION OF WATER SERVICE AREAS

Paul Orphan, Engineering Manager, indicated the length of the agreement had to be decided. He said the termination date had been left blank on Page 7, Paragraph 4.6, of the agreement.

Steve Cohen, Local Managing Board (LMB) Chairman, said that had inadvertently been left blank. He said there had been many discussions on the term, and it was felt a one-year term was reasonable. He stated it could be reviewed at the end of the year for renewal for one year or for possible extension. Mr. Cohen said it had taken a lot

of hard work and three years for this citizen driven agreement to come before the Board. He stated other entities were in the process of land grabs without respect for water, and STMGID had to make sure there was sustainable water for its current customers.

Commissioner Galloway said he was worried about such a short term because of the possible affect of legislative action. He said the agreement could be amended if some part of it did not work, and he suggested a term of three years that would renew automatically at three-year intervals unless either body gave notice of cancellation sixty days in advance. He stated any agreements in effect would have to be honored in case of a takeover as was done with Sierra Pacific.

Mr. Cohen said a longer term had not been voted on as a Board. He agreed that, with the legislation possibly coming in the next couple of years, it might be better to have a longer term.

Commissioner Humke believed it would be important to respect the consensus of the special committee that had worked on this. He suggested renegotiating the agreement's term in the spring if it was thought that would provide some protection.

In response to Mr. Cohen, Melanie Foster, Deputy District Attorney, confirmed the agreement could be amended at any time. She said, if the concern was protecting STMGID, a longer term would tend to establish some vested contract rights. She indicated the term would have to go back to the LMB for their approval because they had approved it without a termination date.

Chairman Larkin asked if Mr. Cohen knew what the intent of the LMB was. Mr. Cohen replied the termination date was simply missed. He said the special study indicated a one-year term as a starting point.

Commissioner Galloway suggested approving it as one-year or three-year term giving the LMB the choice. Ms. Foster said that would be appropriate, and the agreement would be ratified once the LMB made the choice.

Commissioner Galloway said the long-term protection of STMGID was the whole thrust of the work the committee that he and Commissioner Humke were on.

On recommendation of the STMGID LMB, on motion by Commissioner Galloway, seconded by Commissioner Humke, which motion duly carried, it was ordered that the Interlocal Agreement for the Division of Water Service Areas, between STMGID and Washoe County, with the LMB choosing between a one-year term or a three-year term, subject to renewal unless given 60-days notice by either party be approved and Chairman Larkin be authorized to execute the same.

Commissioner Humke commented the motion would assist the LMB to control its own destiny.

06-26STM MANAGEMENT REPORTS – JUNE 2006

On motion by Commissioner Galloway, seconded by Commissioner Weber, which motion duly carried, it was ordered that receipt of the District's management and financial reports for the month of June 2006 be acknowledged.

PUBLIC COMMENTS

Gary Schmidt stated, when the Board took a break, it should state when it would be back and stick to it as the County Board of Equalization did.

BOARD, LOCAL MANAGING BOARD, AND STAFF COMMENTS

Steve Cohen, Local Managing Board (LMB) Chairman, said there were two possible sites for Well No. 12. One was County owned and one was privately owned.

Mr. Cohen said, regarding SCR 26, the Truckee Meadows Water Authority (TMWA) Board had decided not to go on any further with the Interlocal agreement. He said only Reno Mayor Cashell recommended meeting as a group of joint water purveyors to determine if that was the way everyone felt. He said everything that had already been accomplished would be thrown away if one of the parties stepped away, and he felt it was important this be continued.

Chairman Larkin said he was confused. He said at the last joint purveyors meeting it was agreed that the Interlocal Agreement would move forward to establish the entity.

Mr. Cohen said he watched the TMWA Board meeting last week, and it was their desire to let the legislation go through. He stated it appeared they would rather stop what was being done and wait for the legislation rather than continue on, which he found disheartening.

Chairman Larkin said the Commissioners on the TMWA Board had not notified this Board of any policy changes. He said staff had been directed to move forward with the integration, at least in the components that had been agreed to with the Interlocal Agreement, which he did not see changing.

In response to Commissioner Sferrazza, Jerry McKnight, Finance and Customer Service Manager, stated he was not sure who attended the TMWA Board meeting and what action the Board took. Katy Singlaub, County Manager, said staff would follow up and get an official report from that meeting.

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

ROBERT M. LARKIN, Chairman
South Truckee Meadows General
Improvement District

ATTEST:

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

*Minutes Prepared by
Jan Frazzetta, Deputy County Clerk*