

## SPECIAL MEETING

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT  
PO BOX 615, SPARKS, NV 89432-0615

Friday, July 6, 2018

### MINUTES

Larry Johnson called the special meeting of the Palomino Valley General Improvement District (PVGID or GID) to order at 6:12 p.m. Friday, July 6, 2018 at 6015 Ironwood Road, Reno, Nevada.

1. **Roll Call:** Trustees present were Greg Dennis, Jim Currivan, and Larry Johnson. Marty Breitmeyer and Mitch Gerlinger were absent. Also present were Shawn Kelly, Operations Manager; Maureen Sidley, Assistant to the Secretary; and Cathy Glatthar, Assistant to the Board.

2. **Public Comment:**

Larry Johnson asked if there were any public comments? Hearing no requests, he moved to the next agenda item.

3. **Discuss Purchase of Vactor Truck, which may include financing options [For possible action]:** Larry Johnson explained that they have been discussing the potential of acquiring a Vactor truck for cleaning out our culverts. He said there were a couple of units on the market and then they were thought to be sold, but now they are back on the market. He stated one unit is a bit larger, flushes culverts faster and costs a little bit more money. Larry stated the history of culvert maintenance has been inadequate and he started requiring maintenance a few years ago.

Greg Dennis asked Shawn Kelly if he thought we'd add more culverts in the future and how many? Shawn answered we'd have more in the future, and the number may double if we take over cleaning homeowner's driveway culverts and putting some kind of assessment on the homeowners; we're adding three on Range Land and two on Ironwood in the near future. Larry said he expected to add at least 50% more culverts in the next five years.

Larry explained the Vactor can be used by one person to flush culverts.

Greg then asked if that unit, in terms of economics, provides for the necessary drainage requirements to make the roads work better for the community? Shawn responded that drainage is 100% necessary and the Vactor truck takes the place of three pieces of equipment.

Larry asked Shawn if he had a recommendation on which unit to buy? Shawn explained the smaller, less expensive unit (\$36,000 asking price) was demonstrated earlier in the week. He said he has not seen the larger, more expensive unit (\$40,000 asking price) because a new pump is being installed. He said, after the pump is installed, he wants to take a look at the truck in person. He said a brand new Vactor is \$400,000, but these two units are a bit smaller (new would be around \$350,000), but these are great prices. He said the larger one only has 6,500 hours and for a 1997 that is almost no hours. He explained Vactor trucks can be a maintenance issue because parts do wear on them; but with proper maintenance and upkeep they'll give you years and years of service.

Shawn mentioned the "rodder heads" can be expensive and he will request two specific heads be included. He said when the smaller truck was being demonstrated, Greg

[Dennis] and Marty [Breitmeyer] saw two sewer guys flushing a culvert and in his opinion, these two men don't know how to do culverts. He said he would have utilized that truck differently. In response to Greg's comment, Shawn explained that County workers cannot use water from fire hydrants to fill their truck for flushing pipes.

Shawn explained he was asked to look into what a contractor would charge to use a Vactor truck to flush our culverts; he said it was \$500 an hour, port-to-port. He said one estimate to finish the culverts (38 remaining) was \$12,000. He said with those costs, a Vactor truck would pay for itself quickly.

Greg asked if Shawn could estimate what the annual repair and maintenance costs would be for a Vactor? Shawn said if you put between \$2,000 and \$3,000 a year into a budget, you'll eventually start using that money. Greg said he wanted to establish a sinking fund for equipment maintenance and repair and have a line item on the budget. He said from now on when we buy equipment, we need to include repair and maintenance costs in the budget. He said a perfect example came up today with the (1981) roller compactor showing problems with age. He said the Board needs to decide what to do with the roller; fix it or get rid of it.

Shawn stated that what he has learned since starting this job, is a lot of the equipment was not maintained. Greg said he realizes Shawn is cognizant of what's going on and he doesn't want to take that away from Shawn, and said kudos for understanding what we need to do. Shawn said he is a man who had a small business in this town and he has heard some say the GID is small and a nobody, but he disagrees. He said he will fight for every penny that he can. He stated he saved us \$700 in labor by having a different company replace the tires on the water trucks.

Jim Currivan asked Shawn to explain how a Vactor truck works. Shawn referred to a picture and explained the hose on the front of the vehicle attaches to a head with 2,000 pounds to 2,500 pounds of pressure. He said it drives itself into the culvert and with the spray it pulls all of the debris back. He referred to another hose and said instead of having to use a backhoe, this hose sucks the debris out of the way. He said the Vactor is also useful for "pot holing" phone lines. He pointed to the tank that holds the debris and said when the tank is full, we drive back to the yard and dump the contents. He said the one drawback on these smaller units is they only hold 1,000 gallons of water versus the larger units hold 1,500 gallons. He referred to the larger unit and said because of its long wheel base, the tanks set up higher and we have a lot of awkward, tight areas and the higher tank is less likely to be damaged. Larry agreed that we would have to be selective where we took the Vactor, and in some situations, use the water truck instead.

Greg asked if it would behoove us to make a profit on the road to the microwave (sites)? Shawn agreed, but said he hasn't looked into that because Mitch [Gerlinger] was given that project. Greg said he was given the responsibility of coming up with ideas for generating revenue. Larry said in the past the only time they have tapped into the users on Microwave was after large storms. Greg said it's an opportunity and we should explore it.

Shawn agreed and said in his opinion, if we get the Vactor truck, it's an opportunity for us to offer culvert flushing to residents for a fee.

In answer to Jim Currivan's question, Shawn said the unit he favors is the larger one, and he hasn't negotiated with the seller yet. Shawn offered to put some of his own money into the larger vehicle if need be and get paid back later.

Greg asked what the difference is between the two units? Shawn said even though a lot of parts were replaced, the smaller, green truck has 13,546 hours put on it by the current owner (total hours unknown) and the larger truck has 6,561 hours; double the hours, double the wear and tear. Shawn said he could not give the Board a firm recommendation until he puts eyes and hands on the larger truck.

Greg Dennis made a motion to authorize Shawn Kelly to negotiate a price on the larger Vactor truck for no more than \$39,000 and negotiable in the next two weeks. The motion failed due to the lack of a second.

Jim Currivan made a motion to authorize Shawn Kelly to negotiate for the best deal he could get between the two vehicles and do not exceed \$40,000. Greg Dennis seconded the motion. Larry asked if there was any further discussion before the vote?

Greg said his expectation was far less than the costs we're talking about right now; it definitely eats into a capital budget. He stated he is concerned with maintaining existing Cape seals; we cannot afford to lose the existing road surfaces at the expense of adding a new piece of equipment; necessary equipment.

Shawn interjected and said the Board allocated for a new backhoe up to \$34,000. He explained he purchased one for \$26,000 plus some parts and transportation for a total of about \$30,000, so he saved the GID \$4,000, and just sold the old backhoe for \$19,000. Jim said he had faith in Shawn; that Shawn will get the price down on the Vactor.

Larry said Greg's comments mirrored his made at the last Board meeting; that he, too, was concerned that we were spending money that would eat into this year's capital improvement budget. He said this opportunity could go away, in fact it did go away, and then came back, so this is our chance to get this equipment, so he said he has changed his opinion and is going to argue in favor of this purchase.

The Board voted unanimously in favor of the motion.

Larry explained the next point of discussion was to decide to finance this purchase or pay for it outright? He stated our available funds for capital improvements was \$144,000 at our last meeting. He said we can just barely do the Range Land Road [and Peak Road] projects and the shoulder paving on Ironwood. He said one of the things he does want to discuss is the shoulder paving; we have some segments of the Cape seal that are performing very well. He said he really does not see a need to cut off two feet of surfacing on each side of those areas to do the shoulder paving, just to add an additional foot on each side. He said on the other hand the first and last miles of Ironwood that the work is mandatory. He said Whiskey Springs is going to be torn up and completely rehabilitated to a County road within a decade. He suggested to continue patching that road and not put huge sums of money into it; however if it hasn't been rehabilitated and it's time to put another layer of slurry seal on it ...

In answer to Greg's question about the validity of improving Ironwood Road, Larry stated Ironwood has one and a half times the amount of traffic than our next highest trafficked road; it is the highest trafficked road in the system by a considerable margin.

Larry returned to discussing Ironwood and reiterated there are five different products on Ironwood. Greg said we still need to find the right product that works out here. He said he likes the product Larry's talking about, where on the edges, you put down an asphalt concrete edging and Cape seal over the top, may be a valuable way to look at the future. He said let's not do the entire area that way all at once; maybe doing the areas

that need repair and then Cape seal over those areas. He said then we can see how well it performs. Shawn said we can only do one side at a time and we must Cape seal over it; you must fill the seam or you will have problems. Greg added the drainage must work well off of those Cape seals.

Larry said if we proceed along those lines as just discussed, he believed we would have sufficient dollars in our budget this year; pay cash for the Vactor truck, do the Range Land [Road and Peak Road] improvements, and do the shoulder paving in the areas we feel are necessary on Ironwood.

In response to Larry, Cathy Glatthar explained during the bi-weekly conference call with the State Department of Emergency Management (DEM), it was mentioned there was one site inspection pending, and that is the inspection of the PVGID roads that have been restored to pre-disaster condition (Project Worksheet #2). She added that DEM met with FEMA this past Tuesday to discuss exactly what FEMA expected of the State when they conduct these inspections; ours is the very first inspection DEM is conducting.

Cathy said she wanted to add to the discussion about financing; that we are two months away from getting the big ad valorem payment. She explained that payment is usually received by the time we have our September meeting; about three months from now. She said Maureen Sidley looked into getting a line of credit from our bank, Wells Fargo. She explained an option to consider would be to use the line of credit to purchase the Vactor truck, make three months of interest payments and then pay it off in September after we receive the ad valorem money.

Larry said we just received \$19,000 for the old backhoe, so it's only about \$21,000 coming out of the capital improvements budget, not the full \$40,000. In answer to Larry's question, Cathy said the \$144,000 available for capital improvements was after the new backhoe costs were deducted.

Greg said the improvements to Ironwood need to be done this year. Larry agreed and said September. Greg asked Maureen if minimizing our costs for the future would be prudent; what would the interest rate be and what other costs are there on the line of credit? Maureen said the interest is a certain number of points over prime; right now it's between six and seven percent. She said there is an annual fee of \$175 that is waived for the first year.

Maureen explained in order to have something to report tonight, she had to use her personal information and Wells Fargo said that would give us a line of credit of \$70,000. She said that just got us into the system, and she wants Larry's information to be used instead of hers.

Larry said in his opinion we'll have additional revenue from ad valorem and the FEMA money by August or September at the latest, so we can use this line of credit if we have to for the paving. He explained that he still has to write up the contract documents, the contract has to be advertised for bids, we have to award the contract, the contractor has to perform the work and then send us an invoice; the invoice probably won't be due till the end of October. He said we may not need to use the line of credit, but it will be nice to have as a safety net.

Maureen said there's an option to allow up to three Board members to have cards in order to charge against the line of credit. She said this would be beneficial for use when a piece of equipment or a vehicle that has been pre-approved for purchase by the Board

becomes available, it can be purchased right away; we have lost out on such opportunities in the past.

Greg Dennis made a motion to approve obtaining the line of credit with one card (designate who is responsible for the use of that one card at the next meeting) and use the line of credit to purchase our new equipment for this fiscal year with the option of the Board to pay off the full amount as soon as they deem necessary.

Maureen suggested that Larry be the designated card holder since he is the President. She further explained that Larry is covered under the errors and omissions insurance policy.

Greg Dennis amended his motion to designate the President of the Board as the single cardholder.

Jim said he was not in favor of getting the line of credit, because it appears that we have or will have enough cash to carry us through. Greg said he is solely doing this for future purchases and necessary expenses of the GID; so the line of credit is established and we pay it off as soon as we get the money or we can pay it off when we want.

Larry said he liked the portion of Greg's motion to establish a line of credit, so we would have that available. He said he did not like the portion of Greg's motion to use the line of credit to purchase the Vactor truck; he said he'd prefer to take that money out of our existing cash balance and use the line of credit as our safety net if in September we don't have the funds available.

Jim Currivan made a motion to purchase the Vactor truck outright. Greg Dennis seconded the motion, and hearing no opposition, the motion passed.

Jim Currivan made a motion to have Maureen Sidley pursue a line of credit for the PVGID for future purchases and include one card in the President's name, Larry J. Johnson. Greg Dennis seconded the motion, and hearing no opposition, the motion passed.

Maureen explained what she had to go through to get the line of credit started because we thought it might be needed in less than a few weeks. Now that the Board has decided to pay for the Vactor truck with cash on hand, she said she would work on getting the line of credit using the GID's EIN (Employer Identification Number) instead of Larry's social security number. Greg thanked Maureen for the time and effort she put into this. Larry agreed and said that comes from all of us.

Maureen requested a letter on the GID's letterhead that contained the motion to establish a line of credit. Cathy said she would take care of that.

**4. Public Comment:**

Larry Johnson asked if there were any public comments? Hearing no requests, he moved to the next agenda item.

**5. Board Member and Staff Items:**

- Cathy Glatthar reminded Larry Johnson that he was going to write up a notice regarding the Range Land and Peak road work projects that she would have posted on the GID's website and social media, and sent out via email.

**6. Adjournment:** Greg Dennis made a motion to adjourn the meeting. Jim Currivan seconded the motion, and hearing no opposition, the meeting adjourned at 7:15 p.m.