

SPECIAL MEETING

PALOMINO VALLEY GENERAL IMPROVEMENT DISTRICT
9732 Pyramid Hwy #407, Sparks, NV 89441

Thursday, May 2, 2019

MINUTES

Trustee Larry Johnson called the special meeting of the Palomino Valley General Improvement District (PVGID or GID) to order at 6:01 p.m. Thursday, May 2, 2019 at 21555 Pyramid Highway, Reno, Nevada.

1. **Roll Call:** Trustees present were Donald Otto, Greg Dennis, Jim Currivan, and Larry Johnson. Marty Breitmeyer was absent. Also present were Shawn Kelly, Operations Manager; and Cathy Glatthar, Assistant to the Board.
2. **Public Comment:**
Trustee Johnson asked if there were any public comments? Hearing no requests, he moved to the next agenda item.
3. **Approval of Minutes – April 18, 2019:** Trustee Currivan made a motion to approve the minutes as written. Trustee Otto seconded the motion, and hearing no opposition, the motion passed.
4. **Review Negotiated Contract with Low Bidder, Award Contract, and Authorize President to Issue Notice to Proceed and Sign Contract for 2019 Road Improvement Project:** Trustee Johnson explained we only received two bids and it was decided at the last meeting to negotiate with the low bidder, Joy Engineering, a new scope of work and costs. Trustee Dennis said his response was there were three options: do nothing, reject all, or negotiate; he said his first inclination was to do nothing. Trustee Johnson stated the “do nothing” option was rejected because we had residents on Grass Valley Road who had to park their cars and walk home because the road was impassable. In answer to Trustee Dennis’ question, Shawn Kelly stated he did agree with rejecting the “do nothing” option. Trustee Dennis asked Shawn to bring a large map of the District to all future meetings.

Trustee Johnson reviewed Joy Engineering’s negotiated costs and scope of work (see attached) and stated the total for five roadways (Wilcox Ranch, Amy, Wild Horse, Right Hand Canyon, and Grass Valley) and Mobilization was \$286,502.14. [Note: Ironwood Road and Big Dog Road were removed from the scope of work for the negotiated contract.] He stated that total is above the State’s limit of \$250,000 and would be subject to prevailing wage rates. He recommended deleting Right Hand Canyon Road from this contract which will bring the total down to \$241,428.70. He said the work on Right Hand Canyon still needs to be done, but it is the logical one to delete from this contract.

Trustee Johnson mentioned there is currently a bill in the Legislature that, if passed, would reduce the prevailing wage limit down to \$100,000.

Trustee Johnson said if this contract (with Right Hand Canyon Road deleted) is approved tonight, he would modify the contract to extend the period of work and issue a notice to proceed.

In answer to Trustee Otto's question, Trustee Johnson explained that even though Joy Engineering's negotiated total was above the \$250,000 prevailing wage rate limit, Joy Engineering did not use prevailing wage rates for the lump sum costs.

Trustee Otto asked if any of these roads will receive a top coat of base or other material? Trustee Johnson said some roads will, such as the low-lying areas of Grass Valley Road; that work will be done by our in-house crew. Trustee Johnson explained last month we had \$417,000 estimated funds for capital improvements, and this project will cost \$242,000, leaving \$175,000 remaining. Cathy Glatthar explained the estimated funds for capital improvements is projected through August 31st. Shawn explained for Grass Valley Road they may have to bring in screened material from the Wayside pit first, and then cover with base.

Trustees Dennis and Otto requested the costs for Ironwood be discussed so they could see what those costs are in relation to the overall budget. Trustee Johnson explained the previous estimate for the CAT (dozer) work was about \$10,000. Trustee Dennis clarified that was to get the five foot clearance from the edge of the Cape seal to the toe of the slope. Trustee Johnson stated the \$10,000 was only for the south side of Ironwood, and the north side, the downhill side, also requires work.

Trustee Johnson explained he has contacted Sierra Nevada Construction to get cost estimates for cutting, prepping subgrade, and for shoulder paving. He stated preliminary figures are too high, and we may have to do the cutting and subgrade prep work ourselves. In answer to Trustee Dennis' question, Trustee Johnson explained to cut the edge of the Cape seal and prep the subgrade, we would modify the grader blade by putting a shoe on it. Trustee Otto stated the five foot clearance needs to be from the new edge of the shoulder paving. Trustee Johnson said he had anticipated that and included that in the cross section in the original bid. He clarified that he believed we would have sufficient budget to do the shoulder paving if we did the prep work. He said he was also given a cost estimate to have a Cape seal placed over the full width of the road where the shoulder paving would be done. He said he would rather do a micro-surfacing.

Trustee Johnson stated he would supply the Board with AASHTO (American Association of State Highway and Transportation Officials) calculations at the next meeting.

Trustee Otto said the hill (just east of the 90-degree turn, in the westbound lane) on Ironwood needs to be addressed. Trustee Johnson said that will have to be done next year, and rehabilitation of our Cape seals must be a priority next year. He said that was part of an Otta seal section that did not work out very well, and we won't do that type of surfacing again. There were various comments made about how muddy Ironwood Road was before the surfacing was done, and that a vast majority of the surfacing is holding up; it's much better than before, and yes, problem areas need to be fixed. Trustee Johnson said we need to patch it this year, and next year we will assess the Cape-sealed roads and make them our priority.

Trustee Dennis said he had some ideas on how we do patching. Shawn said he proposes we use hot mix. Trustee Dennis said he wanted to look at using a contractor's patching crew instead of having two guys out there with shovels at \$50 - \$60 - \$70 an hour patching holes; he wanted to look at efficiencies. Trustee Johnson asked Trustee Dennis to get with a contractor, and come up with a methodology, and get some costs that we can use to compare with what we are doing now.

Trustee Otto asked about the prior approval by the Board to put 40 loads of base on Quaking Aspen which has not been done. He said some work has started on Quaking Aspen to widen it and he wanted to know if we will still have the money to put the base down this year? Trustee Dennis said there is a lot that still needs to be done, including adding base to the bare spots on Range Land Road.

Trustee Dennis referred to the negotiated figures, and asked if \$8 a yard for removal and placement of material to build up the roads is appropriate? Shawn said with the use of a paddle-wheeler and the logistics of the project, it is appropriate.

Trustee Dennis made a motion to approve items 1, 2, 3, 5, and 6 of the negotiated scope of work and costs for a total of \$241,428.70, and authorize the President, Larry Johnson, to sign the contract with the amended period of work and issue a notice to proceed. Jim Currivan seconded the motion. The motion passed with trustees Dennis, Currivan, and Johnson voting in favor of the motion. Trustee Otto abstained from voting because he said he might be employed by Joy Engineering on this project.

Trustee Dennis said we should verify with our legal counsel that Trustee Otto could abstain from the vote for the reason stated.

Trustee Dennis thanked Trustee Johnson for putting the bid and construction documents together; he acknowledged the considerable amount of effort involved.

5. **2019 Capital Improvements Program:** Trustee Johnson stated as discussed earlier, he wants to do the shoulder paving on Ironwood for the first mile to a mile and a half as a test section. He asked Trustee Otto to work with Shawn on how to modify the blade in order to do the prep work. There was discussion about the drainage work on the south side and building up the shoulder on the north side will need to be done first. Trustee Dennis stated we are trying to get the most for our dollars and that means taking risks; the shoulder paving is a risk, but that one mile is a good test section. He said we evaluate the performance and maintenance, and determine if this should be done elsewhere.
6. **Equipment Needs Prior to End of Fiscal Year:** Trustee Johnson explained as discussed at last month's meeting, Shawn Kelly has found a smooth-drum roller for sale, but we do not have the money to buy it outright and do the improvements we want done this year. He said we do have a line of credit which would allow us to buy the roller and make monthly payments. He said Cathy Glatthar has supplied us with some financing scenarios (see attached). The Board discussed the scenarios, renting versus buying, the usefulness of this roller, and the need to use it on most of the roads in the system. In response to Trustee Currivan's comment, Cathy said the Board can re-examine this at any time, and for instance, if the money is there at the end of 12 months, they can decide to pay off the loan or increase the monthly payment amount; there will be options. Cathy mentioned there has been a change in the credit available to the GID. She explained the \$75,000 limit for the Business Elite Credit Card (BECC) could only be used as a credit card, so Wells Fargo has agreed to increase our total credit to \$100,000 with \$50,000 as a line of credit, \$40,000 on Trustee Johnson's BECC, and \$10,000 on Shawn Kelly's BECC.

Trustee Dennis made a motion to incur debt of not greater than \$42,000 for the purchase of the drum roller, which will be financed through a Wells Fargo line of credit at a rate of 4.99% for the first 12 months and, thereafter, prime plus 6.75%, with monthly

payments of \$2,000 and pay off in approximately 23 months, and to authorize the Operations Manager to proceed with the purchase. Trustee Otto seconded the motion, and hearing no opposition, the motion passed.

7. Public Comment:

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

8. Board Member and Staff Items:

- Cathy Glatthar reminded everyone about the special budget hearing meeting on Thursday, May 23rd, 6:00 p.m., here at the shooting range.
- Trustee Johnson stated he, personally, has been sued by a wild horse advocate over the gather that occurred. He said it is in small claims court. He said the GID is mentioned, but not named.

9. Adjournment: Trustee Dennis made a motion to adjourn the meeting. Trustee Otto seconded the motion, and hearing no opposition, the meeting adjourned at 7:28 p.m.

ATTACHMENT
05/02/2019 Meeting
Agenda Item 4

Palomino Valley
General Improvement District

PWP-WA-2019-179

2019 Road Improvement Project
Construction Documents

BID PROPOSAL

Gentlemen:

The Undersigned, as Bidder, declares that he has carefully examined the location of the proposed work and the plans and specifications. Therefore, if this proposal is accepted, the Bidder will contract with the PVGID, at his own cost and expense, furnish all materials, labor and equipment necessary to completely perform said contract in the manner and the time prescribed by said contract, plans and specifications, and in accordance with the requirements of the PVGID, and to do all things provided or called for by said contract. He will also execute and/or provide all insurance certificates required by law and/or by said contract, all in accordance with and subject to all applicable laws, and that he will take in full payment, therefore, the following prices:

Item No.	Description of Work	Lump Sum Cost
1.	<u>Wilcox Ranch Road</u> (Approximately 2.4 miles) Excavate drainage channels and place excavated material to raise the roadway; Including all Labor, Equipment, Utility Clearance, Traffic Control, and Materials; Complete in Place.	\$ <u>108,266⁹¹</u>
2.	<u>Amy Road</u> (Approximately 0.4 miles) Excavate drainage channels and place excavated material to raise the roadway; Including all Labor, Equipment, Utility Clearance, Traffic Control, and Materials; Complete in Place.	\$ <u>17,812⁸⁰</u>
3.	<u>Wild Horse Road</u> (Approximately 0.6 miles) Excavate drainage channels and place excavated material to raise the roadway; Including all Labor, Equipment, Utility Clearance, Traffic Control, and Materials; Complete in Place.	\$ <u>24,787²⁰</u>
4.	<u>Right Hand Canyon Road</u> (Approximately 1.1 miles) Excavate drainage channels and place excavated material to raise the roadway; Including all Labor, Equipment, Utility Clearance, Traffic Control, and Materials; Complete in Place.	\$ <u>45,073⁴⁴</u>
5.	<u>Grass Valley Road</u> (3 Segments, Approx. 1.6 miles total) Excavate drainage channels and place excavated material to raise the roadway; Including all Labor, Equipment, Utility Clearance, Traffic Control, and Materials; Complete in Place.	\$ <u>65,561⁷³</u>
6.	<u>Mobilization</u>	\$ <u>25,000⁻</u>
7.		\$ _____
BID PROPOSAL - LUMP SUM TOTAL		\$ <u>286,502¹⁴</u>

Wells Fargo Line of Credit

Payoff Scenarios for Purchase of Steel-Drum Roller

Assumes Purchase Price of \$42,000

Introductory Interest Rate of 4.99% for First 12 Months

After 12 Months, Interest Rate Equals Prime 5.5* + 6.75 = 12.25%

SUMMARY

Scenario Number	Interest Rate 1st 12 Mos/After 12 Mos	Monthly Payment	Number of Months to Payoff	Total Interest Paid
1	4.99% / -----	\$3,600	12	1143
2	4.99% / 12.25%	\$2,000	23	2746
3	4.99% / 12.25%	\$1,500	31	4427
4	4.99% / 12.25%	\$1,000	51	8745

Scenario #1 - Payoff in 12 Months to Avoid Interest Rate Increase

Interest Rate	Monthly Payment	Final Month Payment	Number of Months to Payoff	Total Interest Paid
4.99%	\$3,600	\$3,543	12	\$1,143

Scenario #2 - \$2,000 Monthly Payment with 12.25% Interest Rate After 12 Months

Interest Rate	Monthly Payment	Final Month Payment	Number of Months to Payoff	Total Interest Paid
4.99%	\$2,000	----	----	\$1,588
12.25%	\$2,000	\$748	23	\$1,158
				\$2,746

Scenario #3 - \$1,500 Monthly Payment with 12.25% Interest Rate After 12 Months

Interest Rate	Monthly Payment	Final Month Payment	Number of Months to Payoff	Total Interest Paid
4.99%	\$1,500	----	----	\$1,727
12.25%	\$1,500	\$1,430	31	\$2,700
				\$4,427

Scenario #4 - \$1,000 Monthly Payment with 12.25% Interest Rate After 12 Months

Interest Rate	Monthly Payment	Final Month Payment	Number of Months to Payoff	Total Interest Paid
4.99%	\$1,000	----	----	\$1,866
12.25%	\$1,000	\$1,368	51	\$6,879
				\$8,745

[* Note: Prime rate as of May 1, 2019 - may change in the future]