

**Round Hill General Improvement District  
Board of Trustees Meeting  
October 21, 2014**

**Tuesday**

**6:00pm**

**1. Meeting Called to Order. (T-Mark #1)**

Meeting was called to order by Chairman Glen Smith.

**2. Pledge of Allegiance. (T-Mark #2)**

Pledge of Allegiance was led by Chairman Glen Smith.

**3. Roll Call. (T-Mark #3)**

Chairman Glen Smith, Trustees Wes Rice, Chuck Fagen and Steve Seibel were present. The District Manager, Administrative Assistant and District Counselor Justin Townsend were present. Vice Chairman Steve Teshara was absent. Residents Richard Hoadley, Dan & Alice Wilkinson, Patrick & Debbie Benson, Judy White, Julia Spur, Bill Laughlin and Darin Smith were present.

**4. Public Comment. (T-Mark #4)**

None

**5. Approval of Agenda. (T-Mark #5)**

Motion moving discussion item #7 to be discussed after item #9 to accommodate residents in attendance. Rice/Fagen 4-0 approved.

**6. Presentation of the 2013 / 2014 Audit Report by Kohn and Company and acceptance and adoption of the current year recommendations. (T-Mark #6)**

Beth Farley gave an overall presentation of the District's audited financial records. Kohn & Company presented an unqualified opinion that had no findings.

The District requires that new customers pay a water deposit in the amount of \$100.00. If, after the first 12 months of residency the customer has no late payments, the District refunds their deposit. If however, the customer is late during those first twelve months, the deposit is retained by the District. Beth suggested that the retained deposits be moved, via journal entry, to show as revenue in the financial statements. After discussions, the Board agreed that moving the funds into revenue would be acceptable.

Motion to approve the 2013 / 2014 Audit Report presented by Beth Farley of Kohn & Company as amended. Seibel/Fagen 4-0 approved.

**7. Discussion and possible action to approve the Elk Point Country Club contract. (T-Mark #9)**

The attached Elk Point Country Club agreement has been modified as requested at the September Board meeting and the Elk Point Country Club attorney's.

Motion to authorize the District Manager to execute the Elk Point Country Club contract as amended. Rice/Fagen 4-0 approved

**8. Discussion and possible action on the newly created Round Hill Ad Valorem Tax. (T-Mark #7)**

Manager Reed stated that he and District Counsel Justin Townsend attended a meeting with Douglas County District Attorney Doug Ritchie the morning of September 16<sup>th</sup>. After discussions, Mr. Ritchie agreed that the tax should be refunded to all residents of the District and requested that Round Hill GID

create a Resolution requesting that the County Commissioners refund the Ad Valorem Tax to Round Hill's residents and have the Board of Trustees approve it. The approved Resolution is attached to these minutes.

Resolution #309 was submitted to Douglas County (D.C.) for consideration. RHGID received three e-mails from Douglas County's District Attorney's office. D.C. has re-scheduled RHGID's request to the November 20<sup>th</sup> County Commissions' meeting to be held at the Transportation Center at Lake Tahoe.

Manager Reed will work with the State of Nevada and / or Douglas County to refund Round Hill residents the funds received from the misapplication of the annexation statute to RHGID's newly created Ad Valorem Tax.

No action was taken on this item.

**9. Discussion and possible action developing a process to increase future revenues for road paving projects. (T-Mark #8)**

- Fees
- Reserves
- Extend paving cycle
- Voter input
- Ad Valorem Tax

Manager Reed presented a spreadsheet (attached) showing the district's revenues vs. expenses from 2008 through 2014. He stated that the creation of the 2014 / 2015 Ad Valorem Tax did not go as anticipated, and since that tax will be returned to the residents, RHGID will not have sufficient revenues to conduct paving in 2016, as currently scheduled.

Therefore, RHGID must consider alternatives for augmenting the General Fund revenues. The District has expended \$1,343,099 since 2010 on District roads design and construction. We now have \$96,849 in the G.F. above what our policies say we should have for reserves. Based on past projects, we should plan on \$700,000 for the next paving project.

General Fund revenue is picking up slightly over the past two years. Therefore, perhaps the consolidated tax revenue will continue to increase over the next few years, thus improving the district's reserves.

**Revenue Alternatives:**

1. Adjust the reserve policy for the General Fund.
2. Extend the Comprehensive Road Maintenance Plan from a three year to a five year cycle.
3. Create a road maintenance fee.
4. Implement the 2014 / 2015 Ad Valorem Tax within the 3% cap.
5. Plan on implementation of an Ad Valorem Tax by voter approval for 2015 / 2016. This will put the Ad Valorem Tax outside the 3% cap.
6. Transfer money from the water and sewer reserves to the General Fund.

Adjust the reserve policy for the General Fund. Currently, the Reserves Policy for the General Fund requires that the District attempt to reserve \$817,000 for the G.F.

Operation Reserves	\$100,000	(3 months)
Emergency Reserves	\$100,000	(3 months)
CIP Reserves	\$250,000	
Burton – Santini Reserves	\$367,000	
Total	\$817,000	

Utilizing the CIP and the Burton - Santini reserves for the next paving cycle could be an option. To do so, it might be appropriate to modify the Reserves Policy.

2. Extend the Comprehensive Road Maintenance Plan from a three year to a five year cycle. The Comprehensive Pavement Management Plan created by R.O. Anderson Engineering is a twenty year plan that calls for paving every three years. Extending the Plan from a three year to a five year cycle is an option. This would allow the District extra time to build up reserves as necessary. Extending the cycle too far into the future will result in degradation of streets prior to their renewal period.
3. Create a road maintenance fee. KGID employs a snow removal fee of \$22.25 per month, per household. RHGID could create a road maintenance fee of \$100 per household, per year. This would result in an additional \$29,400 of revenue per year. This revenue would be dedicated to road maintenance.
4. Implement the 2014 / 2015 Ad Valorem Tax within the 3% cap. RHGID should implement the Ad Valorem Tax for the 2015 / 2016 fiscal year, within the 3% cap. Even if this only produces the \$5,200 estimated for 2014 / 2015, it is \$5,200 that we do not have currently.
5. Plan on implementation of an Ad Valorem Tax by voter approval for 2015 / 2016. Tahoe Douglas Fire District implemented a .05 Ad Valorem Tax by voter referendum. Because this AV Tax was implemented by vote, it is not subject to the 3% cap. RHGID could consider implementation of a similar type of voter approved Ad Valorem Tax. RHGID's residents would have their opportunity to vote yes or no on the proposal. If approved, the rate is outside the three percent cap and would provide revenue dedicated to road maintenance. If denied, the Board would have to find alternative funding. Round Hill's taxable evaluation is \$150,000,000. A 0.1 voter approved tax could look as follows:

$$\$150,000,000 / 100 = 1,500,000$$

$$1,500,000 * 0.10 = \$150,000$$

6. Transfer money from the water and sewer reserves to the General Fund. NRS 354 dictates the transfer of funds between enterprise funds and the general fund. RHGID should review the cost allocations from the enterprise funds to the general fund to ensure that the general fund is adequately compensated for the service provided by the general fund to the enterprise funds. As of June 30, 2014, the water fund had \$2,112,008 in reserves and should have \$1,119,500 by policy (\$992,508 potentially available); and the sewer fund had \$1,041,536 in reserves and should have \$907,000 by policy (\$134,536 potentially available).

Several residents expressed their opinions on how the District might raise revenues.

All residents agreed that the District Manager should request that the District's attorney's fees be re-imbursed by the State. Resident Darin Smith stated that while the need to repair the roads was understood, he felt that with the slowly rising economy, perhaps the District should wait a couple more years until the revenues are built back up through the monthly Consolidated Tax Revenue, then, proceed with the 20 year comprehensive paving plan prepared by R.O. Anderson. No action was taken on this item.

Chairman Smith noted that if the District used the Burton Santini funds, or changed the reserve policy, that this would be a one-time fix, but would not help the District long term.

**10. Discussion and possible action to authorize the District Manager to purchase new SCADA computers and to solicit proposals for installation and integration of those computers.**

**(T-Mark #10)**

Manager Reed reported that the two existing SCADA computers have been on line operating 24 hours per day, seven days per week since 2009; five years. The computers are utilizing Windows XP as their operating system. Windows stopped servicing Windows XP in April. Therefore, the existing computers need to have a new operating system installed. Since the computers have been running non-stop for five years, it is prudent to replace the hardware at the same time we update the software.

Computer hardware and software services are not subject to bidding procedures per NRS. Therefore, we would solicit proposals from a handful of pre-selected, pre-qualified bidders.

To date, we have received a quote from one firm, TJC & Associates from Sacramento. The computers are approximately \$2,500 each. Integration and implementation is likely to cost \$3,000 for software upgrades and \$3,000 for installation, integration and set up.

After discussions a motion was made to authorize the District Manager to purchase new SCADA computers and to solicit proposals for installation and integration of those computers, at a cost not to exceed \$11,000. Rice/Fagen 4-0 approved.

**11. Consent Calendar. (T-Mark #11)**

Motion to approve the consent calendar as amended. Seibel/Fagen 4-0 approved.

**12. Staff Reports. (T-Mark #12)**

Manager Reed continues to work with A to Z Insurance to secure new Workers' Compensation Insurance. To date, we have received one quote for services. We are soliciting several more. The one quote we have to date is approximately \$1,000 more than what we paid last year.

Manager Reed attended the quarterly Water Operators' Forum to discuss training opportunities and new regulatory requirements for water operators.

Manager Reed attended the quarterly TWSA Board meeting. Topics of discussion included the coordination of a presentation on lake currents and movement by Dr. Schladow; training opportunities; use of aquatic herbicides and the development of a weed plan by the Tahoe Keys; branding the Drink Tahoe Tap slogan; and the creation of the 2014 TWSA watershed management plan. He also attended a TWSA pesticide subcommittee meeting. The committee is following up on other Outstanding Natural Resource Water (ONRW) classifications and pesticide restrictions; weed rototillers vs. harvesters; and the health effects of specific herbicides.

Corpro installed the cathodic protection system on the newly constructed upper water storage tank. They also looked at the contact chamber at the treatment plant to create an estimate for putting a system in at that tank.

To date, the interior and exterior of the newly constructed upper water storage tank has been painted, the cathodic protection system has been installed, and the contractor is working on punch list items; including re-installing the telemetry system on the tank.

District Operators coordinated the annual cleaning of our intakes with Summit Plumbing.

**11. Adjournment. (T-Mark #13)**

Move to adjourn. Seibel/Fagen 4-0 approved.

Attest:



Glen Smith  
Chairman



Wesley Rice  
Secretary

<b>General Fund</b>									
		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
REVENUE		\$554,317.00	\$497,069.00	\$452,242.00	\$409,090.00	\$382,292.00	\$408,118.00	\$421,397.00	
EXPENSES									
Salaries		\$137,462.00	\$141,082.00	\$151,624.00	\$145,443.00	\$140,315.00	\$165,602.00	\$159,866.00	
Benefits		\$49,578.00	\$46,767.00	\$52,051.00	\$61,720.00	\$65,945.00	\$76,962.00	\$94,338.00	
Service / Supplies		\$142,123.00	\$156,594.00	\$104,525.00	\$101,087.00	\$102,569.00	\$98,290.00	\$77,768.00	
Capital		\$2,765.00	\$47,709.00	\$102,739.00	\$638,290.00	\$22,997.00	\$70,770.00	\$508,303.00	
Total Exp.		\$331,928.00	\$392,152.00	\$410,939.00	\$946,540.00	\$331,826.00	\$411,624.00	\$840,275.00	
Net		\$222,389.00	\$104,917.00	\$41,303.00	(\$537,450.00)	\$50,466.00	(\$3,506.00)	(\$418,878.00)	
Beg. Fund		\$1,454,608.00	\$1,676,997.00	\$1,781,914.00	\$1,823,217.00	\$1,285,767.00	\$1,336,233.00	\$1,332,727.00	
End Fund		\$1,676,997.00	\$1,781,914.00	\$1,823,217.00	\$1,285,767.00	\$1,336,233.00	\$1,332,727.00	\$913,849.00	
Change in Cash		\$222,389.00	\$104,917.00	\$41,303.00	(\$537,450.00)	\$50,466.00	(\$3,506.00)	(\$418,878.00)	
<b>Current Required</b>									
<b>Reserves:</b>		<b>\$817,000</b>							