

**MINUTES OF THE BOARD OF DIRECTORS MEETING  
VALLEY MUNICIPAL UTILITY DISTRICT NO. 2  
January 18, 2016**

**1. Call to Order of the Regular Meeting.**

The Board of Directors met at the Valley Municipal Utility District No. 2 Office at 9:03 A.M., Tuesday, January 18, 2016 in accordance with the duly posted notice of said Meeting with a quorum of Directors present as follows:

Richard Lindeman	President
Roger Nelson	Vice-President
Oscar Gonzalez	Director
Jim Tipton	Director

Directors absent:

Clifford Rowell	Director
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Others present:

Scott Fry	General Manager
Jay Toro	Assistant General Manager

**2. Approval of Minutes of the Regular Meeting held on December 15, 2015.**

The Board reviewed the minutes of the previous meeting for approval. Mr. Gonzalez made a motion to approve the Minutes of the Regular Meeting held on December 15, 2015. The motion was seconded by Mr. Nelson and approved by a unanimous vote of those present.

**3. Approval of the Financial Report for the Month of December 2015.**

The Board reviewed the Financial Reports for the past month. Mr. Tipton made a motion to approve the Financial Reports for the Month of December 2015. The motion was seconded by Mr. Nelson and approved by a unanimous vote of those present.

**4. Discussion and Action to Amend the District's Fee Schedule Including its Water/Sewer Rates.**

Mr. Lindeman proposed several changes to the District's water and sewer rates. He stated that he favored adopting a more similar fee schedule for the Condos and RV lots, applying the AWWA multiplier factor to the base rate of customers with oversized meters, and revising the out of District rates.

Mr. Lindeman suggested increasing the base rate of the condos while reducing the cost per 1,000 gallons of water that they currently pay. For the RVs at River Bend, he suggested a reduction of the overall rate to match that of the

condos along with adding a charge per 1,000 of gallons of water that they use. He added that the net effect of these changes would make the rates for the two classes of users the same, and should not have any significant effect on the amount that they pay.

Mr. Lindeman then explained how the American Water Works Association calculates demand charges as a factor based on meter size. He stated that large commercial users such as the Club currently pay based on this formula. He then stated that this same formula should apply to all large meters aside from master meters. A discussion regarding the effects on homeowners with large meters followed. Mr. Tipton suggested examining the reason why the customers have requested larger meters before changing their rates or making them switch to a smaller meter. Mr. Fry stated that he would compile a list of all the customers who have non-standard sized meters and present it to them at their next meeting.

Finally, Mr. Lindeman explained that the current fee schedule states that “out of District” customers simply pay a rate at twice the in-District rate. He added that there has been some interest in our water system by a developer who is partially located outside of the District, and suggested that the rate schedule be reworded to say that outside of District customers’ rates shall be decided by the Board after consultation with the General Manager. Mr. Cunningham stated that the reason that outside of District customers pay a double rate is because they do not pay District taxes for maintenance or debt service and that additional rate is designed to make up for the shortfall.

Mr. Lindeman made a motion to adopt an updated version of the District’s Fee Schedule with the suggested changes, not including applying the AWWA meter factor for large meter residential customers until the further investigation has occurred. The motion was seconded by Mr. Nelson and approved by unanimous vote.

**5. Discussion and Action to Adopt a Service Policies Manual.**

Mr. Fry stated that he had previously distributed the proposed Service Policies Manual. He then went over several suggested changes. After a brief discussion, it was decided that the Manager should compile his proposed changes and work on them with the District’s Attorney. No action was taken.

**6. Discussion and Action to outsource the District’s Billing.**

Mr. Fry presented a cost comparison between what it costs the District to prepare the monthly billing and what the District’s billing software company, AVR, Inc. has proposed. He also compared the post cards that the District

currently uses with the detailed bill that AVR is proposing to send out if they are selected. He added that in addition to the more detailed statement, AVR also offers at no additional cost, a space on the bill that fits free six lines messages, pay by phone service, and full page inserts for an additional ten cents per bill. Mr. Gonzalez made a motion to authorize outsourcing the District's water and sewer billing to AVR, Inc. Mr. Nelson seconded the motion. The motion passed by unanimous vote of those present.

**7. Discussion and Action to Authorize the General Manager to Apply for Two Bureau of Reclamation Water Smart Grants (For the Purpose of Optimizing the Energy Consumption of the Reverse Osmosis Water Treatment Plant and For Metering All of the Irrigation System Outlets) and to Approve the Necessary Resolutions.**

Mr. Lindeman explained that Mr. Fry is seeking approval to apply for grants for the R.O. Plant Repairs, Meters, and Irrigation System Projects. Mr. Gonzalez made the motion to authorize the General Manager to apply for the Bureau of Reclamation Water Smart Grants. Mr. Tipton seconded the motion. The motion passed by unanimous vote of those present.

**8. Public Input.**

There was no Public Input.

**11. General Manager's Report**

- **Production and Sales Report-** The water loss for December 2015 shows a 20.08 % water loss. Mr. Fry stated that he has completely changed the format for this report since we now have an accurate magnetic distribution meter.
- **RO Production Report-**The report for December 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Raw Water Report-**The report for December 2015 was distributed to the Board before the meeting. Mr. Fry explained the report.
- **Customer Complaints-** Mr. Fry reviewed the five customer complaints for the month of December 2015 with the Board.
- **Operations Report-**Mr. Fry reported on the highlights of the monthly operations of the District.
- **Projects/Task List-**Mr. Fry reviewed the task list and gave status updates on various projects.

There being no further business, Mr. Nelson made a motion to adjourn the Regular Meeting at 11:35 a.m. The motion was seconded by Mr. Gonzalez and approved by unanimous vote of those present.

*R. J. Lindeman*  
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RICHARD LINDEMAN, PRESIDENT

ATTEST:

*Jim Tipton*  
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JIM TIPTON, SECRETARY/TREASURER