



**TO:** Chairman and Board Members  
**FROM:** Mark Foree, General Manager  
**DATE:** August 7, 2013  
**SUBJECT:** **Presentation on TMWA's Site Assessment Report and due diligence of STMGID system and report on status of the proposed merger of the South Truckee Meadows General Improvement District (STMGID) into TMWA**

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### **BACKGROUND AND DISCUSSION**

At the December, 2012 Board meeting, STMGID representatives presented a proposed term sheet (copy attached) to the Board regarding the possible merger of STMGID directly into TMWA. At that meeting the Board directed TMWA staff to conduct due diligence regarding the proposal and begin discussions with STMGID. Since that time TMWA staff has gathered information, visited STMGID facilities, analyzed all phases of the STMGID operation and produced the Assessment Report. The due diligence and TMWA's report were completed in mid-June and the conclusion was that TMWA can meet the terms proposed by STMGID. The Assessment Report was made available at TMWA's June Board meeting and it was also provided to STMGID at that time.

STMGID later requested that TMWA staff present the report at their August 1 Board meeting. TMWA staff provided a presentation at the STMGID Board meeting and a copy of the power point presentation is attached, which provides a summary of the Assessment Report.

### **NEXT STEPS**

STMGID has scheduled a workshop for August 29 to further discuss TMWA's Assessment Report and TMWA staff has been asked to attend. TMWA staff has prepared a list of Frequently Asked Questions (copy attached) to assist in the process.

TMWA staff anticipates that following the workshop, STMGID staff will be given additional direction regarding working with TMWA staff on drafting a definitive agreement for consideration by the boards.



November 28, 2012

## Final Term Sheet – STMGID/TMWA Merger

General intent – revenue and cost neutrality to STMGID, WC and TMWA customers

1. Rate. Debt free rate guaranteed to STMGID rate payers as of the date of merger. (a) Metered rate is STMGID pre-merger, plus or minus adjustment for the percentage change in TMWA metered rate to all other system customers. STMGID customers receive benefit of reduced rates, less acquisition debt component. (b) Flat rate remains at STMGID rate as of the date of merger, plus or minus adjustment for the percentage change in TMWA average flat rate to all other system customers. STMGID customers outside the city will not pay 5% Right of Way Toll.

2. Triggering. Rate adjusts upon the earlier of: (a) conveyance (excluding conveyance for which real property transfer tax is not paid), or (b) maturity date of existing debt (assumed to be the first billing cycle 2035).

3. Cash. (a) STMGID restricted funds. Held in restricted funds account and used for the intended purposes permitted by legal or contractual restriction. Designated funds that can be designated unrestricted, if any, added to unrestricted funds. (b) STMGID unrestricted funds. Placed in a restricted trust for three uses (i) contingent liabilities (to be defined in the final agreement) of former STMGID system, if any; (ii) constructing facilities to move surface water into system; and (iii) rehabilitation and repair of the existing system. STMGID assets that are not used in system sold and cash distributed to rate payers.





# **TMWA / STMGID Merger Assessment**

**August 1st, 2013**

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## **Introduction**

**Mark Foree  
General Manager TMWA**

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## TMWA Can Merge With STMGID on STMGID's Requested Terms

- TMWA can assume operations of STMGID system at no additional cost to STMGID Customers
- Current STMGID Customers can keep their existing rates, per the term sheet
- All transferred STMGID assets will be used exclusively for the operational requirements of the STMGID system
- Non-essential assets will be excluded from transfer to TMWA

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## Truckee Meadows Water Authority (TMWA)

Formed in 2000 as the result of a collaboration between Reno, Sparks and Washoe County to bid on the water assets of Sierra Pacific Power Co.

**Purpose:** Retain local control over Water Resources

**Current Credit Rating:** AA/AA —(Strong Investment Grade)

**Source of Revenue:** Primarily Water User Fees—Enterprise Fund

**Governance:** A Joint Powers Authority (NRS 277) —Public Agency (not-for-profit)

**Current Members of the Board of Directors:**

Mike Carrigan, Chairman,  
Sparks City Council  
Kitty Jung, Washoe County  
Commission  
Vaughn Hartung, Washoe County Comm.

Mike Cate, Vice Chairman,  
City of Reno Appointee  
Geno Martini, Mayor of Sparks  
Sharon Zadra, Reno City Council  
Neoma Jardon, Reno City Council

**Customer Advisory Committee:** Standing Advisory Committee (since 2005)

**Ombudsman:** Board appointed

## Facts and Figures

### Population Served

- Retail – 330,000 (93,000 active connections)
- Wholesale – 40,000

### Water Supply

- Surface Water (Truckee River) – 2 plants (90% of total supply)
- Groundwater - 31 wells (10% of total supply)

**Finished Water Storage** – 131 million gallons

**Upstream Storage** - 22,250 AF (Independence/Donner)

**Renewable Energy** - 3 operating hydroelectric plants

**Annual Revenue** - \$80 MM water sales, \$3.5 MM hydro

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## About the Report:

- STMGID proposed Term Sheet to TMWA in December of 2012
- TMWA Board directed Staff to conduct due diligence of feasibility of STMGID's proposal
- Due diligence report completed and delivered in June 2013
  - Improvements identified

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## Due Diligence Process

**Jeff Tissier**  
**Chief Financial Officer**

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### **STMGID Term Sheet**

**TMWA can operate STMGID with existing water rates post merger**

- Current STMGID metered customers will retain the STMGID metered rate
- Current STMGID flat-rate customers will retain the STMGID flat rate
- Rate adjustments will mirror the percentage rate change of future TMWA rate adjustments

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## STMGID Term Sheet

**TMWA can accommodate STMGID's request that STMGID rates convert to TMWA rates upon earlier of:**

- Conveyance of property (if transfer is subject to property transfer tax) or:
- Upon maturity date of existing TMWA bonds (approximately 2035)

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## STMGID Term Sheet

**TMWA can utilize STMGID's existing cash reserves as requested**

- Restricted funds will be used for purposes of restriction
- Unrestricted funds will be used *only* for the requirements of the STMGID system

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## **STMGID Assets**

**All transferred STMGID assets will be used exclusively for the operational requirements of the STMGID system**

- Land
- Water Rights both surface and groundwater
- Water system infrastructure
- Cash used for the benefit of STMGID system only

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## **Site Assessment**

**Paul Miller**  
**Manager, Operations and Water Quality**

## **STMGID Site Assessment**

- Over 25 TMWA staff and management team members were involved in the preparation of the Site Assessment Report over a 4-month period from February 13 to June 14, 2013.
- TMWA staff visited well, tank and pump station sites, and prepared and submitted dozens of data requests to DWR to obtain additional information.
- The information received was summarized, analyzed and fully discussed to prepare the Site Assessment Report.

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## **STMGID Site Assessment**

The areas addressed in the Report include:

- Operations/SCADA Assessment
- SCADA Integration Strategy
- Initial Operating Plan/Long Term Operating Plan
- Maintenance Assessment
- Distribution System Assessment
- Building and Grounds Facility Assessments
- Water Quality Assessments
- Water Resource Assessments
- Lands Assessments
- Engineering Assessment and Capital Requirements

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## **STMGID Site Assessment**

### Initial/Long-Term Operating Plans

- Timberline – continue existing operations
- STMGID West – initially continue existing operations and improve system to provide up to 900 af per year of surface water with capital improvements funded with a portion of existing cash
- STMGID East – modify operations to utilize up to 700 af per year of surface water, using existing facilities

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## **STMGID Site Assessment**

### Maintenance/Distribution System/Facility Assessments

- Site visits completed
- Historical data supplied by DWR from their GIS database and Maintenance Management System
- No major issues identified

## **STMGID Site Assessment**

### Water Quality Assessments

- No water quality violations in 2011 or 2012
- Arsenic: currently in compliance through blending strategies.
- Recharge with treated surface water can be implemented at Wells 1 & 2
- Well 9 can be abandoned due to high arsenic and boron, as well as high production costs

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## **STMGID Site Assessment**

### Water Resources

- STMGID has interest in 404 af of main stem Truckee River water rights and another 352 af of assorted creek rights (Dog Creek, Whites Creek and Galena/Steamboat Creek).
- STMGID has interest in over 5000 af of groundwater rights.
- All STMGID water rights are required to secure a sustainable water supply and meet STMGID's service commitments to existing and future customers.

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## **STMGID Site Assessment**

### Water Resources

- Under current operating parameters for STMGID and DWR, groundwater is projected to decline an additional 30-40 feet in some areas in West STMGID (Source: South Truckee Meadows 2009-2028 Water Facility Plan, Eco:Logic Engineers, Jan. 2011).
- Water system consolidation creates the opportunity for conjunctive use of water resources, securing a sustainable water supply.

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## **STMGID Site Assessment**

### Lands Assessment

- TMWA's site assessment identified numerous locations where facilities are located outside of easements or have no associated easements.

## **STMGID Site Assessment**

In Conclusion:

- The assessment was used to prepare operation, maintenance, and capital costs that were used in the financial analysis that supports TMWA's conclusion that it can meet the terms requested by STMGID

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## **STMGID Capital Improvement Plan**

**Scott Estes**  
**Director, Systems Planning & Engineering**

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## **STMGID Capital Improvement Plan (CIP)**

Recommended projects resulting from the site visits, facility assessments and inspection reports:

- With some exceptions, the STMGID infrastructure is in good condition and it is anticipated that major rehabilitation projects will not be required in the short term.
- The estimated cost of short-term improvements is \$1.1 million. These include updating the groundwater model and correcting land title and easement issues. The cost of integrating the SCADA and telemetry system is not included.

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## **STMGID Capital Improvement Plan**

- The estimated cost of long-term improvements to increase reliability, address operating needs, improve pressure and fire flow capacities, and allow development of a conjunctive use program is \$7.6 million:
  - Peak day pressure improvements will be constructed in the upper elevations of the STMGID East system and at the upper ends of the Toll Road and Geiger Grade areas.

## STMGID Capital Improvement Plan

- Fire flow capacities are to be expanded in the Toll Road and Geiger Grade areas and also in the upper elevations of the Saddlehorn area.
- A conjunctive use program is consistent with regional water resource management goals. Maximizing the use of surface water when it is available allows the aquifer to rest, provides opportunities to recharge, protects water quality, and ensures a sustainable water supply.

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## In Closing:

- TMWA can assume operations of STMGID system at no additional cost to STMGID Customers
- Current STMGID Customers can keep their existing rates, per the term sheet
- All transferred STMGID assets will be used exclusively for the operational requirements of the STMGID system
- Non-essential assets will be excluded from transfer to TMWA

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**Next Steps ...**

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**Thank you**

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**MERGER TERMS:*****1: What is the STMGID merger Term Sheet?***

The Term Sheet describes the terms that STMGID proposed for merging with TMWA. It was approved by the STMGID Local Managing Board and Board of Trustees in December 2012, and was identified as a preferred alternative to spending \$11.8 million to separate the STMGID water system from the Washoe County water system and increasing STMGID customer rates significantly. STMGID presented the Term Sheet and merger proposal to TMWA on December 12, 2012. The TMWA Board agreed to explore STMGID's proposal and directed TMWA staff to conduct due diligence and assess the viability of a merger pursuant to the terms proposed by STMGID in the Term Sheet.

***2: What are the general terms of the merger proposed by STMGID?***

STMGID's Term Sheet proposes that the STMGID water system be transferred to TMWA and TMWA assume responsibility for providing water service to STMGID customers. STMGID has proposed certain conditions on that transfer, including that 1) STMGID customers keep their STMGID water rates until the year 2035 or until the customer sells its home; 2) STMGID customer water rates be subject to the same percentage increases or decreases as TMWA water rates; 3) STMGID restricted cash assets (meaning cash that is currently subject to some type of legal restriction on how it can be used) be used only as permitted by its current legal restriction; 4) STMGID unrestricted cash assets be used to construct facilities to move surface water into the STMGID system, to rehabilitate and repair the STMGID system and to mitigate STMGID's existing contingent liabilities. The STMGID Term Sheet proposed that if any assets which are not essential to operate the utility were identified, they would not be transferred to TMWA.

***3: What is TMWA's position on the merger terms proposed by STMGID?***

STMGID presented the Term Sheet and merger proposal to the TMWA Board on December 12, 2012. The TMWA Board was agreeable to exploring STMGID's merger proposal, and directed TMWA staff to conduct due diligence to determine if the STMGID terms were financially feasible for TMWA and, if so, to proceed with discussions with STMGID on developing a definitive draft agreement consistent with the Term Sheet.

***4: Who owns TMWA?***

Like STMGID, TMWA is a not-for profit public agency. It was formed by the City of Reno, City of Sparks and Washoe County, and is governed by a Board of elected officials and appointed representatives from Reno, Sparks and Washoe County. Like STMGID, the TMWA Board can only take actions at public meetings and is completely accessible to the public. TMWA's Board members include Washoe County Commissioners Kitty Jung and Vaughn Hartung, Sparks City Councilman Mike Carrigan (Chairman), Sparks Mayor Geno Martini, Reno City Council Members Sharon Zadra and Neoma Jardon, and Reno appointee Mike Cate. The Board members receive no compensation from TMWA for their service.

**5: *What is the status of the STMGID merger and what steps have to occur for the merger to go forward?***

The STMGID Board approved pursuing a merger on the terms described in the STMGID merger term sheet and presented the terms to TMWA in December 2012. The TMWA Board was agreeable to exploring STMGID's merger proposal, and directed TMWA staff to conduct due diligence and assess the viability of a merger on the terms proposed by STMGID in the Term Sheet and to proceed with discussions with STMGID on developing a definitive draft agreement consistent with the Term Sheet. In June 2013, TMWA confirmed through its due diligence that STMGID's merger terms are financially feasible. The next steps would be for STMGID and TMWA staffs to prepare a draft of the merger agreement, and bring that to the STMGID and TMWA boards for consideration and approval. Once the definitive merger agreement is approved, STMGID and TMWA staffs can move forward with completing the pre-merger tasks necessary to enable the merger to close simultaneously with the TMWA/County water system merger.

**6: *When will the merger occur?***

The STMGID Term Sheet proposes that the merger of STMGID and TMWA will occur at the same time as the merger of TMWA and Washoe County's water system. Currently, that merger is anticipated to occur between June and December, 2014.

**7: *Will the water system be operated and governed locally after the merger?***

Yes. TMWA is a not-for profit public agency, governed by elected officials and appointed citizens of Reno, Sparks and Washoe County.

**8: *What kind of financial condition is TMWA in?***

TMWA is in a very strong financial condition. TMWA currently has an AA/AA- credit rating, which is considered strong investment grade.

**9: *What changes will STMGID customers see in water service as a result of the merger?***

In many respects, it may actually feel like nothing has changed. STMGID Customers will continue to pay the same water rates and will continue to receive quality water service as in the past. TMWA's Call Center and Emergency Dispatch Services are open longer hours – 7:30 a.m. – 5:30 p.m. for the Call Center and 24/7/365 for emergencies. For more information, visit TMWA's website at [www.tmwa.com](http://www.tmwa.com).

**10: *Are there other operational advantages resulting from the merger?***

Yes. Merging with TMWA creates opportunities to move surface water into the STMGID system, which increases water supply reliability and allows development of a conjunctive use program utilizing surface and groundwater resources. The use of more surface water can improve the long term sustainability of groundwater resources in STMGID's service area which can help reduce the potential risk of domestic well failures. Other improvements that have been identified will upgrade fire flow capability and service pressures in some areas of the STMGID system. These improvements can be done at no additional cost to STMGID

customers using existing STMGID funds held for system improvements per STMGID's Term Sheet.

**11: Will any of the costs of the TMWA/STMGID merger be passed on to STMGID customers?**

TMWA can assume operations of the STMGID system at no additional cost to STMGID or TMWA customers.

**RATES**

**12: Will STMGID Customer rates go up because of the merger?**

No. As requested by STMGID, TMWA will keep the STMGID rates in place after the merger. Current STMGID customers will still be charged STMGID water rates until the earlier of 2035 or the date the customer sells its home, at which time the billing will switch to TMWA rates.

**13: Will STMGID customers have to pay TMWA water rates after the merger?**

As requested by STMGID, TMWA will keep the STMGID rates in place after the merger. Current STMGID customers will still be charged STMGID water rates until the earlier of 2035 or the date the customer sells its home, at which time the billing will switch to TMWA rates.

**14: Will the STMGID water rates change if I leave my house to my kids or transfer my house to a trust?**

No. As requested by STMGID, water rates will only convert to TMWA water rates if the sale of your house is subject to transfer tax. Under Nevada law, transfers to a spouse, transfers on divorce, transfers to a trust, transfers to joint tenants, and transfers to parents, children or siblings are exempt from transfer tax, and would not trigger a water rate conversion.

**15: I am a flat rate customer. Will I be switched to a metered rate because of the merger?**

No. Current STMGID flat rate customers will continue to be billed under STMGID's flat rate after the merger. TMWA would continue STMGID's current practice that a flat rate customer be converted to metered billing if there are 2 months of usage greater than 75,000 gallons per month. Flat rate customers would also be converted to metered billing if they volunteer and ask to be switched to metered billing or if they sell their home.

**16: Can STMGID customer rates increase after the merger?**

Just as they are subject to change now, STMGID customer rates may be subject to adjustment after the merger. However, per the Term Sheet, STMGID customer rates only increase or decrease if the TMWA Board decides to change TMWA customer rates. STMGID customer rates would only be increased or decreased by the same percentage as the similar TMWA customer rates are adjusted.

**17: How much are typical rate increases at TMWA?**

Historically, TMWA has adjusted rates once every 2-3 years. TMWA has increased rates 5 times in the last 12 years and over that period of time rates have generally increased at about the same rate as the CPI (Consumer Price Index).

**18: Will TMWA raise our rates to explore for water or to pay for growth?**

No. It has always been the policy of the TMWA Board that growth must pay for growth. TMWA does not use customer rates to subsidize growth.

**19: Will TMWA keep the same STMGID water usage rate tiers for STMGID metered customers?**

Yes. TMWA has agreed to keep the same STMGID metered water rates and the same usage rate tiers as currently exist for STMGID customers.

**CASH**

**20: Why does STMGID have accumulated unrestricted cash reserves?**

STMGID has accumulated cash for future improvements and repairs to the water system. Some utilities issue bonds and incur debt to pay for improvements, and then use rates to pay that debt back. STMGID does the opposite, and accumulates cash in advance to pay for future improvements. Accumulating cash in this manner is a way to avoid issuing debt in the future to cover most improvement and rehabilitation costs. So while STMGID has money in the bank, it is there to pay for future improvements to the system.

**21: Are there any limitations on how TMWA can use STMGID cash transferred in the merger?**

Yes. STMGID cash transferred to TMWA will be used exclusively for the operations of the STMGID system. As required by STMGID's Term Sheet, STMGID restricted cash (cash that is currently subject to some type of legal restriction on how it can be used) must be used for the same purpose as the legal restriction. STMGID unrestricted cash must be used to construct facilities to move surface water into the STMGID system, to rehabilitate and repair the STMGID system, and to mitigate STMGID's contingent liabilities.

**22: STMGID proposed that TMWA use STMGID's unrestricted cash to construct facilities to move surface water into the STMGID system, rehabilitate and repair the STMGID system, and mitigate STMGID's contingent liabilities. Has TMWA identified what projects are needed and what they will cost?**

Yes. TMWA estimates \$8.7 million will be needed for water system improvements.

- Approximately \$1.1 million will be needed to correct title defects in STMGID land and easement rights, update groundwater modeling, and perform other miscellaneous improvements. STMGID can perform this work in advance of the merger if it wishes and believes it can achieve any cost savings.

- Approximately \$3.3 million will be needed to construct facilities to move surface water into the STMGID system.
- Approximately \$3.2 million will be needed to construct facilities to improve fire flow capacities and to meet minimum pressure requirements.
- Approximately \$0.9 million will be needed for storage tank rehabilitation and repair.
- Approximately \$0.2 million will be needed for bypass discharge improvements, abandonment of well #9 and to equip wells with generator hookups.

These improvements can all be done at no additional cost to STMGID customers using existing STMGID cash reserves held for system improvements.

**23: *What are the STMGID contingent liabilities referred to in the Term Sheet?***

One of the more significant contingent liabilities identified in the STMGID system arises from impacts that municipal and domestic pumping have on groundwater levels in and around the STMGID service area. Together these have contributed to domestic well failures. STMGID relies heavily on groundwater pumping and the groundwater table on the Mt. Rose fan continues to decline. This creates significant liability issues with respect to domestic well mitigation and puts STMGID groundwater permits at risk. TMWA has also identified the need to construct facilities to improve fire flow capacities and to meet minimum pressure requirements.

**24: *Is TMWA willing to assume STMGID's contingent liabilities for domestic well mitigation?***

Yes, provided certain existing protections are retained. TMWA is willing to assume responsibility for domestic well mitigation under Nevada law only if it can utilize funding available through Washoe County's Well Mitigation Program and if TMWA can develop a conjunctive use program to reduce the risk of future well failures. Development of a conjunctive use program requires both constructing facilities to move surface water into the STMGID system and retaining all of STMGID's water resources to implement the program. The risks posed by STMGID's contingent liabilities are significant, which is why any operator would require no less than the same resources and tools STMGID has to mitigate these risks.

**25: *Will STMGID cash be used to pay off TMWA debt?***

No. STMGID cash will be used exclusively for the operations of the STMGID system as proposed in the Term Sheet. No STMGID cash will be used to pay off TWMA debt. TMWA water rates and fees are more than adequate to pay down TMWA debt.

**26: *How will STMGID cash be accounted for after the merger? Will any STMGID cash be commingled with TMWA cash?***

No. TMWA will hold STMGID cash in a separate, segregated account and will not commingle that cash with TMWA cash. The separate account will be audited annually, and

STMGID cash will be used exclusively for the operations of the STMGID system as proposed in the Term Sheet.

### **TMWA DEBT**

***27: Will STMGID customers have to pay TMWA debt?***

No. The reason STMGID requested that TMWA keep STMGID water rates was to assure that TMWA did not allocate existing TMWA debt to STMGID rates after the merger. TMWA has agreed to keep STMGID customer rates, which will not include any component for TMWA's debt service.

***28: Will any STMGID assets be used to pay TMWA debt?***

No. STMGID assets transferred to TMWA will be used exclusively for the operations of the STMGID system as proposed in the Term Sheet. No transferred STMGID assets will be used to pay TMWA's existing debt.

### **EXCLUDED ASSETS**

***29: The Term Sheet proposed that assets which are not essential to the STMGID water system may be excluded from the merger. Have any non-essential assets been identified? If so, what are they?***

TMWA has identified approximately \$800,000 to \$2 million in cash and a parcel of land that may not be essential for operations of the system and that can be excluded from transfer to TMWA if the STMGID Board so desires. The cash consists of restricted funds currently held by STMGID for arsenic remediation and developer fees. TMWA believes it may be possible for the STMGID Board to free up some of these funds without increasing liability exposure to TMWA. However, more information is needed from Washoe County to quantify the exact amount of funds that can be freed up and how much must be retained to mitigate STMGID's contingent liabilities.

***30: How will excluded assets be handled? Will STMGID Customers get a rate rebate if the merger goes forward?***

This is a question the STMGID Board will need to decide and is on the agenda of STMGID's August 29, 2013 workshop for discussion.

### **WATER RIGHTS**

***31: Are all STMGID water rights needed to successfully consolidate the TMWA and STMGID systems?***

Yes. All STMGID water rights are required to secure a sustainable water supply, meet STMGID's service commitments to existing and future customers, and mitigate STMGID's domestic well contingent liabilities.

**32: Does STMGID have any excess water rights that can be sold for cash?**

No. In order to assure a sustainable water supply for STMGID customers and assume STMGID domestic well mitigation liabilities, TMWA needs to be able to rely on the same pool of water resources STMGID has relied on. The groundwater table on the Mt. Rose fan continues to decline. This creates significant liability issues with respect to domestic well mitigation and puts STMGID groundwater permits at risk. TMWA is only willing to assume these liabilities and risks if, among other conditions, all of STMGID's water resources are transferred; this will enable TMWA to implement conjunctive use management programs to improve groundwater conditions on the Mt. Rose fan and mitigate these liabilities.

**33: What will happen to the 414 acre feet of ground water rights currently being leased to Washoe County?**

These water rights will continue to be used to support their current service commitments. If in the future these water rights are not needed to meet those existing service commitments, they will be used according to the conjunctive use management program in the STMGID system.

**34: Does TMWA have any plans to improve the declining groundwater levels in the STMGID system?**

Yes. Merging with TMWA creates new opportunities to maximize surface water use and improve conjunctive use water management, which will improve conditions in the groundwater aquifer.

**35: Will STMGID water quality be affected by the merger?**

No. Your water quality will stay the same, and may even improve as a result of the merger and increased surface water blending, and it will continue to meet all federal, state and local water quality standards.

**36: Where will my water come from?**

Initially, the majority of your water will come from groundwater wells as it does now. To improve reliability and sustainability of your water supply, TMWA will supplement that supply with treated Truckee River water as part of the proposed conjunctive use program.