

TRUCKEE MEADOWS WATER AUTHORITY  
MINUTES OF THE OCTOBER 16, 2013  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Wednesday October 16, 2013, at Truckee Meadows Water Authority, 1355 Capital Blvd, Reno, Nevada. Chairman Carrigan called the meeting to order at 10:02 a.m.

1. ROLL CALL

Members Present: Mike Carrigan, Mike Cate, Vaughn Hartung, Neoma Jardon, Kitty Jung\*\*, Geno Martini and Sharon Zadra\*. A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Martini.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

**Upon motion by Member Hartung, second by Vice Chairman Cate, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.**

5. APPROVAL OF THE AUGUST 21, 2013 MINUTES

**Upon motion by Member Martini, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the August 21, 2013 minutes.**

6. PRESENTATION OF TMWA'S FISCAL YEAR 2013 CUSTOMER SATISFACTION STUDY

Sara Hart, of Infosearch International, presented this year's results to the Board. Ms. Hart began by stating that Infosearch has conducted this survey for TMWA since 2002, assessing customers' overall level of satisfaction and attitudes toward water-related issues. This is done through a telephone survey which is conducted throughout the year, and the total sample size is 500, with 400 residential customers and 100 commercial customers polled.

Ms. Hart said she was very happy to announce that TMWA's overall customer satisfaction rating was at an all-time record high of 93 percent favorable. This rating is up from last year's rating of 89 percent, and also represents the first time that TMWA has been significantly above in ALL of

the benchmarks studied. By any measure, this is an extremely outstanding result, and one that clearly represents a shared commitment to excellent customer service by the agency as a whole.

Other highlights of the report were comments from those surveyed saying, “tap water was better than in other cities” and “Water conservation and quality is on the right track”. She reported findings that the use of bottled water dropped from 66 percent to 50 percent, and its use is a convenience issue, not a quality issue. It was also noted that 1 in 5 customers have accessed their online accounts, and that younger respondents were more likely to have used the online services than others.

Chairman Carrigan commented that this year he has only received two calls from concerned customers, which is the lowest ever; and, congratulated TMWA staff and employees for the excellent work they are doing.

\*Sharon Zadra arrived at 10:20 a.m.

## 7. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2013

Mark Foree, TMWA General Manager, gave an overview of TMWA’s 2013 goals and objectives results. He referred to the staff report which outlined each area in detail. Overall, the results were very good, with almost all goals met or exceeded. The only exception was in the category of Safety. The safety incident rate was at 5.3 incidents per 200,000 man-hours worked which was slightly into the “needs improvement” range. He did clarify that none of the incidents were serious; all were minor with no lost work time. Preventable vehicle accidents were also slightly over goal, at .77 per 100,000, which is over the industry average of .5; all vehicle accidents were also minor ones with no medical injuries.

Expenses for both capital and O&M were both under the revised budget. The five-year funding plan was completed and presented which allowed TMWA to maintain its existing high investment grade credit ratings. Water sales in 2013 were at an all-time high due to this year’s weather patterns; this extra revenue helped to offset the increase in costs from a larger than normal amount of water leaks and other unscheduled maintenance.

Customer service exceeded its service level goal of 80 percent of all calls answered within 35 seconds; with a result of 83.20 percent. The average call handle time goal of 4 minutes 30 seconds was also exceeded with a result of 4 minutes 12 seconds. Write off to revenue also met the goal of .3 percent or less with a result of .19 percent. There were 16 customer tours and workshops during the year; exceeding the goal of 12, and all were very successful with both record attendance and very positive feedback from attendees.

In the area of Treatment, the production result of 24,900 MG at a cost of \$319.58 MG

successfully met the goal, and even more significantly the effluent turbidity goal was met with a result of 0.10 NTU's 100 percent of the time, giving an overall "outstanding" rating.

Distribution exceeded the goal in Hydro plant availability (99.3% versus the goal of 95%) and customer outage hours compared to the national benchmark were near the median for outages less than 12 hours in duration.

Natural Resources also met all goals and continued progress was made in the TROA court hearings, and Engineering and New Business also met all goals for capital projects completed on time and on budget with a few very minor explainable exceptions.

Member Jardon asked a question about the status of fluoridation of TWMA's water, based on inquiries she had gotten at a recent town hall meeting. Mr. Foree responded that fluoridation was voted on in the early 2000's and the community was opposed to fluoridation at that time. In the 2009 Legislative Session the issue came up again and TMWA's stand was to not support fluoridation based in large part by that earlier public vote. He stated that TMWA will continue to follow the issue should it come up in the future (at the next legislative session). Mr. Erwin stated that the O&M costs to fluoridate the water would be close to \$1.4 million. Member Hartung also mentioned the concern that once fluoride is introduced into the water it is then difficult to remove and could have potential impacts on the river and further downstream areas such as Pyramid Lake. Member Jardon also asked if TMWA had sent out any press releases about fluoride. Ms. Mazeres said no release had been made although it was considered.

#### 8. PRESENTATION OF PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2014, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Mr. Foree also presented this item; referring to the staff report for detail. He stated that all goals remain the same except the following:

##### **Departmental: Efficiency:**

- Revised AWWA benchmarks have been incorporated into the goals for 2014.

##### **Corporate: Financial:**

- Add the goal of "Renew or replace liquidity facilities that support the commercial paper program. Look into alternative variable rate programs."
- Add the goal of "Create combined utility five year financial projection to support merger decision, for credit rating, and for future debt issuance purposes."
- Add the goal of "Investigate debt restructuring opportunities from a TMWA and merged utility perspective that can bring significant measureable savings from a long term perspective."

##### **Departmental: Customer Service:**

- Lower the Call Center "average call handle" goal from 4 minutes, 30 seconds to 4

minutes, 15 seconds.

- Raise the “backflow retrofit” goal from 65 to 100.

**Departmental: Distribution:**

- Raise the hydro availability goal from 95% to 97%

**Departmental: Natural Resources:**

- Add the goal “Acquire water rights for TROA water quality component for the benefit of Reno, Sparks and Washoe County.”
- Add the new goal of “Deploy New Business work order tracking system integrating with existing GIS, CMMS and Records systems.”

Chairman Carrigan asked about the TROA goal of purchasing water rights, asking if these rights could be purchased from TMWA. Upon further discussion, the Chairman asked that this be brought up as an agenda item at a later meeting.

**Upon motion by Member Jung, second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board accepted the new goals as presented.**

9. PRESENTATION OF PROPOSED PROJECTS AND DISCUSSION AND ACTION ON RESOLUTION NO. 197: A RESOLUTION TO APPROVE FUNDING FOR THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

Mark Foree presented this item to the Board in the absence of Ron Penrose, who could not attend. He stated that this item was a request for funding of eight separate projects, which were aimed at either cleaning or improving the watershed or at preventing or eradicating invasive species. Of special interest to TMWA was the first item, which was directed at reducing non-point source pollution to the Highland Canal. This project was being submitted by the City of Reno and would result in improvements designed to prevent storm water from flowing directly into the Highland Canal at the Mesa Park area, which is located just upstream of the Chalk Bluff treatment plant. Washoe County would also be involved in this project since some of the constructed storm water facilities would be located in the county; with the remainder in the City.

Member Hartung asked for clarification of the non-point source pollution, asking what type of pollution was being seen. Mr. Foree answered that it was storm runoff across properties including some with horse corrals. Since there is currently nowhere else for this water to go, it all goes directly into the canal. This project would construct storm drainage under the canal and install facilities to tie it into the existing storm drain system. John Erwin also commented that we are in the process of acquiring property in this area to eventually construct a detention basin there which would eventually link into other facilities designed to treat this water.

**Upon motion by Member Jardon, second by Member Zadra, which motion duly carried by unanimous consent of the members present, the Board approved Resolution 197: A Resolution to approve funding for the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation to fund such projects from Fund proceeds.**

**10. PRESENTATION OF TMWA'S UNAUDITED FY2013 FINANCIAL PERFORMANCE**

Jeff Tissier, TMWA Chief Financial Officer, presented this item to the Board. He reported that the overall financial performance for the last year was excellent; with total operating revenues at approximately \$85.6 million, which was \$3.8 million over the revised budget. Operating revenues were at a record high due mainly to higher water sales from the unique weather patterns and strong hydroelectric production. Total operating expenses were approximately \$37.1 million, which was \$0.5 million or 1.4 percent less than budget. Overall, Mr. Tissier said that it was a very good year, and that TMWA is in a strong cash position which will be very helpful when restructuring debt in a few years.

**11. CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION NO. 198 – FIRST BUDGET AUGMENTATION AND BUDGET REVISIONS JULY 1, 2013 THROUGH OCTOBER 31, 2013**

Jeff Tissier also presented this item, which was a budget augmentation request for the potential purchase of several land parcels. These parcels would allow TMWA to make improvements to the Mogul Facility for easement and re-alignment and would allow for more space at the Capital Facility for warehouse expansion. In addition, staff is considering another property, located west of the Washoe/Highland diversion that would allow for a 50 cfs bypass channel. At the Mogul Facility only one acre of the purchased parcel would be used for that project, and the rest could be sold at a later date.

**Upon motion by Member Zadra, second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution 198 approving the first budget amendment and budget revisions July 1, 2013 through October 31, 2013.**

**12. PRESENTATION OF PRELIMINARY ANALYSIS OF TMWA'S FINANCIAL POSITION IN REGARD TO IMPLEMENTATION OF SCHEDULED RATE ADJUSTMENTS APPROVED BY THE BOARD IN JANUARY, 2012**

John Erwin and Mark Foree presented this informational item to the Board. Mr. Erwin stated that we are currently on track to implement the Phase 2 Rates in February 2014. This rate adjustment was previously deferred by the Board from 2013 to 2014. At present, the Phase 3 Rates are also scheduled to be implemented at the same time. This Phase 3 Rate will be discussed in greater detail at the December Board meeting.

Mr. Erwin introduced Dr. Shawn Stoddard to give information on the historic and projected weather profile and possible effects on water demand. Dr. Stoddard reported that the last two years have had the driest springs in the 1974 to 2013 period that was analyzed. There is a projected 90 percent chance that this spring will be wetter, based on past drought cycles. The upcoming 90 day forecast is fairly normal for our region, but it is still too early to tell for sure.

Member Hartung asked what the average rate increase would be for Phase 2. Mr. Foree replied that it would be about \$1.42 per month more for the average metered residential service; a very modest increase. Mr. Tissier also pointed out that the increase would be important in the plans to restructure TWMA's remaining debt.

13. UPDATE ON THE STATUS OF THE PROPOSED MERGER OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) INTO TMWA AND THE PROPOSED MERGER OF THE WASHOE COUNTY DEPARTMENT OF WATER RESOURCES (DWR) WATER UTILITY INTO TMWA AND POSSIBLE DIRECTION TO STAFF

Mr. Foree gave an overview on the latest developments of the STMGID merger. He stated that the conclusion had been reached that a merger under the terms proposed by STMGID could be done without any negative impacts on either utility's customers. He stated that since the last board meeting, TMWA staff had been invited to and had attended a STMGID workshop where they answered questions related to TMWA's site assessment/due diligence report. He also explained that attorneys have drafted an agreement around the term sheet and that TMWA is now awaiting further action from STMGID.

\*\*Member Jung left the meeting.

Chairman Carrigan then asked if a time limit needed to be placed on the decision being made by STMGID. He stated his concern based on the fact that it is already 6 months behind the projected timeline to complete the merger with DWR. TMWA's December Board meeting was then agreed upon as the deadline to hear back from STMGID regarding finalizing the merger.

**Upon motion by Member Zadra, second by Vice Chairman Cate, which motion duly carried by unanimous consent of the members present, the Board accepted the report and directed staff to bring back an agreement with a deadline of the**

## December 2013 TMWA Board of Directors Meeting.

### 14. REQUEST FOR BOARD APPROVAL TO SOLICIT PROPOSALS FROM ALTERNATIVE ENERGY PROVIDERS TO MEET TMWA'S ELECTRICAL NEEDS

Scott Estes, TMWA's Director of Engineering presented this item. He stated that TMWA is always looking for ways to reduce costs, especially energy costs, since this is one of TMWA's largest expense line items. NRS 704B, which is a fairly new legislation allowing companies to purchase energy from third-party providers while continuing to obtain transmission, distribution and ancillary services from NV Energy, has opened up an opportunity to investigate possible energy savings. TMWA has accordingly done research, met with energy providers and is interested in submitting RFQ's to continue this investigation. Any final decision on whether to move forward with proposals received would be brought back to the Board for consideration. The main two items which need to be discovered are the cost to exit the current system and the cost of energy with a new provider.

Chairman Carrigan opened the meeting for public comment.

Brien Walters, of Washoe Valley addressed the board. He owns land that is a candidate for a Multi MW Solar Site. He presented his credentials and stated that he had discussed this application with Ron Penrose, TMWA Project Manager.

**Upon motion by Vice Chairman Cate second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board approved the request to solicit proposals from energy providers.**

### 15. STATUS REPORT ON THE TRUCKEE RIVER OPERATING AGREEMENT IMPLEMENTATION

John Erwin presented an update on the TROA implementation. He stated that progress continues to be made, albeit slowly, and gave a brief overview of the legal actions still required to implement the agreement.

### 16. GENERAL MANAGER PERFORMANCE REVIEW FOR CONTRACT YEAR 2012/2013

Mr. Foree reviewed the goals and objectives that were approved by the Board in 2012 and explained the progress made on those goals over the year. He expressed his pride in TMWA achieving a 93 percent approval rating; and stated that it would not have been possible without an extremely talented TMWA leadership team and dedicated TMWA employees. Chairman

Carrigan commented that it is hard to argue with such a high approval rating. Vice Chairman Cate also complimented Mr. Foree on a very well-run organization and expressed his opinion that compensation should be based on performance. Since performance has gone up, compensation should also rise. He then made a motion to give Mr. Foree an increase in pay of 3.73 percent.

Member Hartung seconded the motion.

**Upon motion by Vice Chairman Cate second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved a pay increase of 3.73 percent.**

17. REQUEST FOR BOARD INPUT AND ACCEPTANCE OF GENERAL MANAGER PERFORMANCE OBJECTIVES FOR CONTRACT YEAR 2013/2014

Mr. Foree then briefly reviewed changes to his performance objectives for the contract year 2013/2014, including a small change based on the fact that the Legislature will not be in session, so that objective will need to be updated to reflect that fact.

**Upon motion by Member Martini second by Vice Chairman Cate, which motion duly carried by unanimous consent of the members present, the Board accepted the General Manager performance objectives for the contract year 2013/2014.**

18. GENERAL MANAGER'S REPORT

Mr. Foree referred to the staff report and stated that as of October 14, 2013, Lake Tahoe was 22 percent full. He also stated that we are hoping for a good winter to replenish the Lake and the other reservoirs.

19. PUBLIC COMMENT

There was no public comment.

20. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no board comments.

21. ADJOURNMENT

With no further discussion, Chairman Carrigan adjourned the meeting at 12:07 p.m.

Approved by the TMWA Board of Directors in session on December 11, 2013.

Respectfully submitted,

Cara Rives, Recording Secretary

\*Member Zadra was present for items 7-21 only  
\*\*Member Jung was present for items 1-12 only.