

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MARCH 18, 2015
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, March 18, 2015, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Chairman Martini called the meeting to order at 10:03 a.m.

1. ROLL CALL

Members Present: Naomi Duerr, Vaughn Hartung, Jeanne Herman, Neoma Jardon, Geno Martini, and David Bobzien, Alternate for the City of Reno.

Member Absent: Jenny Brekhus and Ron Smith

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Duerr.

3. PUBLIC COMMENT

Paula Penrod, a Reno resident and landscape contractor, stated she has brought SynLawn to the area. Ms. Penrod stated that SynLawn is a synthetic grass company which does not use lead-based rubber. She requested the board consider a rebate program for both residential and commercial customers to include synthetic grass, water saving sprinkler heads, and timers with wind sensors to help the community save water. She volunteered her services and offered to give a presentation at a future board meeting.

Bob Fulkerson, from Progressive Leadership Alliance of Nevada (PLAN), provided public comment regarding agenda item 14. Mr. Fulkerson stated he had read the report and appreciated the information presented, but was concerned by the omission of the words 'climate change'. He reported that climate change has worsened the current drought situation and there has been a gradual increase in temperature since 2011. He commended TMWA staff on their conservation plan, but does not believe it prepares the community for the new normal. Please see *Attachment A* for his full public comment.

Joe Eberle, former president of the Washoe Water Protection Association, stated they fought this battle in the past when they experienced drought. He passed out a copy of a section from the Nevada Revised Statutes (NRS) (*Attachment B*) which was passed to protect the quality and

quantity of the water in the wells, reservoirs, and aquifers. He stated there are three issues that need to be addressed: reserves, recharge and conservation. Mr. Eberle stated his concern regarding the drawdown of the aquifers which can become contaminated.

Jerry Gamroth, a former South Truckee Meadows General Improvement District (STMGID) customer, stated that at numerous recorded joint meetings and workshops between STMGID and TMWA, the TMWA General Manager and Chief Financial Officer stated that flat-rate STMGID customers would be grandfathered in and continue on said rate after the merger. Mr. Gamroth commented on the fact that as a flat-rate customer he has already prepaid for his summer water usage and if the Board passes the flat-rate conversion in June, then he is unfairly paying twice. (*Attachment C*).

Jana Vanderhaar, a landscape architect from Reno, referred to agenda item 14. Ms. Vanderhaar stated she is very concerned about the scarcity of water in the area. She has been researching gray water harvesting, which is converting shower or laundry water into water used for landscaping purposes. She addressed other landscaping options to use less water while increasing water retention in the soil.

Janet Phillips, a TMWA metered-customer from Reno, said she is very skeptical about the fact that many people stated they did not know about converting to the metered rate prior to the last board meeting in January since this discussion has been ongoing for over twenty-five years and information, news articles, bill inserts, etc. has been constant. Ms. Phillips also mentioned it is basic fairness for everyone to pay for what they use otherwise it leads to inequity. She is in full support and encourages the TMWA Board of Director's policy decision to complete the flat-rate transition to metered rate.

Stuart Mackie, from Lemmon Valley, Reno, has 600 acres in Fernley where he grows peach trees. He expressed his concerns and distrust of TMWA and its Board of Directors regarding TMWA's mismanagement of water rights, financial practices and water quality. Specifically, TMWA mixing surface and ground water, pumping water into Lemmon Valley's pure water supply, and questioning the legitimacy of TMWA owning water rights outside the state of Nevada.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE JANUARY 21, 2015 MINUTES

Upon motion by Member Hartung, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the January 21, 2015 minutes.

6. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST HALF FISCAL YEAR 2015

Jeff Tissier, TMWA Chief Financial Officer, referred to the First Half Financial Report for TMWA, which does not include any pre-merger activities that occurred with Washoe County and STMGID. Mr. Tissier stated that TMWA is doing very well compared to the 2015 budget and also to prior year actuals. He referred to the attachments which reveal they are close to the budgetary projections on the operating revenues and TMWA personnel has done a great job at managing operating expenses. Mr. Tissier further added they are meeting expectations in the non-operating area and are seeing an increase in growth in the capital contributions area, with those levels starting to exceed compared to last year.

Member Hartung questioned if the decline in hydroelectric sales under operating revenues were due to the low river flows. Mr. Tissier replied that is correct; staff anticipated river flows to drop in September; however, they dropped in August.

Member Hartung inquired what the 'due from others and due from other governments' under the Reconciliation of Operating Income to Net Cash Provided by Operating Activities represents. Mr. Tissier replied it referred to the Truckee River Operating Agreement (TROA) grant receivable, Western Regional Water Commission (WRWC) for purchase of water rights, and remediation expenses which were paid in 2015. He stated the receivables dropped considerably and all the receipts came in the first quarter of the fiscal year and that the TROA grant receivable was removed.

Member Hartung inquired what the current liabilities due to other governments were. Mr. Tissier replied they are the Right-of-Way Tolls for the cities of Reno and Sparks and Regional Water Management fees collected for the Western Regional Water Commission.

7. BUDGET PRESENTATION OF SECOND AUGMENTED AND AMENDED BUDGET FOR FISCAL YEAR 2015 AND REQUEST FOR ADOPTION OF RESOLUTION NO. 222: A RESOLUTION FOR THE SECOND AMENDMENT/AUGMENTATION TO THE FINAL BUDGET FOR FISCAL YEAR 2015

Mr. Tissier presented the second augmented and amended budget for FY2015. He stated he had presented the adopted final budget in May 2014 and staff augmented the budget in December to provide expenditure authority and revenue projections for the second half of the fiscal year with the possibility of bringing back a second augmented budget to take up the first six months of operating activities of the STMGID which is required under accounting standards. Another amendment to the budget was to add to the bond issuance expenses for the transfer of the Washoe County water obligations and for the defeasance of Washoe County's publically issued bonds with TWMA's commercial paper program. Additionally, two upcoming TMWA bond issuances will incur some expenses with respect to issuance of the refunding bonds to defease TMWA's 2005 Revenue Bonds and then prepare for another Drinking Water State Revolving Fund (DWSRF) loan with a resolution to be presented to the Board for approval at the Budget Hearing in May. Finally, staff is in receipt of \$9.6 million in insurance proceeds in relation to the Farad Diversion which was transferred from NV Energy to TMWA earlier in the month in accordance with the settlement agreement.

Upon motion by Member Hartung, second by Member Duerr, which motion duly carried by unanimous consent, the Board adopted Resolution 222 and approved the Second Amendment and Augmentation to the Final Budget for Fiscal Year 2015.

8. CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION NO. 223: DISCUSSION AND ADOPTION OF THE 2015A REFUNDING BOND RESOLUTION; AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF ITS TRUCKEE MEADOWS WATER AUTHORITY, WATER REVENUE REFUNDING BONDS, SERIES 2015A, FOR THE PURPOSE OF DEFRAYING WHOLLY OR IN PART THE COST OF REFUNDING CERTAIN OUTSTANDING BONDS; PROVIDING THE FORM TERMS AND CONDITIONS OF THE BONDS AND THE SECURITY THEREFOR, PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES DERIVED FROM THE OPERATION OF THE AUTHORITY'S WATER SYSTEM; PLEDGING SUCH REVENUES TO THE PAYMENT OF THE BONDS; AND PROVIDING OTHER MATTERS RELATING THERETO

Mr. Tissier reported on this agenda item. He introduced Jennifer Stern and Ryan Henry from Sherman & Howard, TMWA's Bond Counsel. In December 2014, in an analysis of possible refunding (refinancing) of TMWA's 2005 Revenue Bonds, staff calculated significant savings of fourteen (14) percent on a net present value basis where TMWA's threshold in the debt management policy is three (3) percent. These savings prompted staff to work on an offering memorandum which has included County and STMGID, both historical and prospective, data. He reported that at this time there appears to be \$275,000 a year in budgetary savings, and net

present value savings over the life of the outstanding bonds will be about \$3.8 million – ultimately saving customers’ money and making TMWA more fiscally strong.

Upon motion by Member Jardon, second by Member Hartung, which motion duly carried by unanimous consent, the Board adopted the 2015A Refunding Bond Resolution 223 authorizing the issuance by the Authority of its Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2015A, for the purpose of defraying wholly or in part the cost of refunding certain outstanding bonds; providing the form terms and conditions of the bonds and the security therefor, providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; and providing other matters relating thereto.

9. PRESENTATION OF THE TMWA TENTATIVE BUDGET FOR FISCAL YEAR 2015, AND DRAFT CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2016 THROUGH 2020 AND POSSIBLE DIRECTION TO STAFF

Mr. Tissier stated that the tentative budget was mislabeled for “2015” instead of “2016”, and it will be presented at the next meeting.

Michael Pagni, TMWA General Counsel, reported that since the agenda item has the wrong date for the tentative budget it could not be discussed, but could be brought back at a future meeting. However, the remainder of this agenda item is correct and the draft Capital Improvement Plan (CIP) can be heard by the board and can be discussed.

Mr. Tissier provided an overview of the draft capital improvement plan. He mentioned staff expects to spend \$167.5 million over the next five years, with about 28 percent of that total being spent in fiscal year 2016. He stated many construction activities are centered on drought hardening TMWA by equipping three additional wells and connecting the Fish Springs Ranch infrastructure into TMWA’s North Valley’s infrastructure. He commented that the previously mentioned DWSRF loan will mostly fund this project in order to preserve TMWA’s treasury for a longer period.

Chair Martini asked if Mr. Tissier will bring back the CIP at next months’ meeting. Mr. Tissier replied that only the Fiscal Year 2016 Tentative Budget will be brought back for the Board and the CIP needs to be completed.

Chair Martini opened it to the board for discussion and questions prior to taking action.

Member Duerr asked if Customer Service outlays and New Business Meters were paid for by contributions by new users. Mr. Tissier replied that the new business meters are paid for by the developers directly.

Member Duerr inquired about the retro-fits, which developers pay for it, and if 100 percent of residential customers already had meters. Mr. Foree replied that there are approximately eight remaining residential customers that need to be retro-fitted. Mr. Foree added that they are developer funded. He added that when developers obtain a will-serve, or bring Truckee River Rights for dedication, they pay the meter retro-fit fee.

Member Duerr asked Mr. Tissier which projects were the most costly. Mr. Tissier replied it would be the Fish Springs integration project at \$17.8 million, as well as the last portion of replacing the old Stead main installed by the Air Force.

Member Duerr requested for specifics on the services and supplies such as conservation planning, drought planning, conservation messaging and outreach at a later meeting. Mr. Tissier replied that the budget presented to the Board is a summary and he can provide the details.

Member Duerr also asked to see the conservation program costs for the aggregate, from spring through fall, for the irrigation season.

Mr. Pagni interjected by asking for confirmation that Ms. Duerr's comments were requests for future agenda items, and stated it is best not to discuss, in detail, future agenda items.

Mr. Tissier added that Member Duerr could email him directly with her questions.

Chair Martini stated the board will delay taking action until the next board meeting in April.

No Action Taken.

Chair Martini recessed the Board for a closed door labor-relations session at 10:45 a.m. The public meeting resumed at 11:01 a.m.

10. DISCUSSION AND ACTION ON EXTENDING THE TERMS AND CONDITIONS OF THE JULY 1, 2012 THROUGH JUNE 30, 2015 COLLECTIVE BARGAINING AGREEMENT BETWEEN TMWA AND THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW) LOCAL 1245

Pat Nielson, TMWA Distribution Maintenance & Generation Manager, presented this agenda item. Mr. Nielson said staff is requesting approval to extend the IBEW/TWMA contract for two years which provides a two (2) percent net increase a year to the TMWA representative employees.

Upon motion by Member Hartung, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved extending the terms and conditions of the July 1, 2012 through June 30, 2015 Collective Bargaining Agreement between TMWA and the International Brotherhood of Electrical Workers (IBEW) Local 1245.

Member Jardon stated that there are many members of the public present regarding agenda items 14 and 15 and requested that they be moved up and heard next.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved hearing Agenda Items #14 and #15 after Agenda Item #10.

14. PRESENTATION ON WATER SUPPLY, DROUGHT PLANNING AND COMMUNICATION AND CONSERVATION PLAN AND POSSIBLE DIRECTION TO STAFF

John Erwin, TWMA Director of Natural Resources, and Bill Hauck, TMWA Senior Hydrologist, presented on the water supply and demand management section of this agenda item. Mr. Erwin introduced Shawn Stoddard, PhD, Senior Resource Economist, and Laine Christman, Resource Economist, who contributed to the staff report.

Mr. Erwin and Mr. Hauck provided an overview of the report. They reported on snowpack, drought reservoir storage, water supply, and the drought plan:

- The Truckee Basin snowpack is approximately 28 percent of average.
- Lake Tahoe is 2/10 of a foot below the rim.
- Storage at Lake Tahoe is minus 20,000 acre feet (AF).
- TMWA's upstream reserves were used in 2014 for the first time since 1992.
- The amount of drought reserves, Donner and Independence Lakes, is similar to the beginning of the 2014 irrigation season -- approximately 27,000 AF.
- Anticipate the loss of Floriston rates sometime in June.
- Staff projects using approximately 8,000 AF of upstream drought reserves this year.

Mr. Erwin stated the savings coupled with projections is only 5,000 AF more than what was used last year. This year is the first year as a consolidated water utility, which now includes the former Washoe County and STMGID systems which rely solely on groundwater.

Member Hartung requested a table of all the acronyms to be included in future reports, which staff indicated they would supply.

Concern was expressed by Member Hartung regarding the water level at Lake Tahoe, obligations to the Truckee River Operating Agreement (TROA) to release a certain flow from TMWA's reserves, ownership and operation of Donner Lake, conveying a strong message to customers regarding 10 percent water reduction, and educating customers regarding hotels that conserve water.

Mr. Hauck mentioned that Lake Tahoe has previously been below the rim for an entire year. However, this time, TMWA now has the Interim Storage contract with the federal government to additionally store up to 14,000 AF between Boca and Stampede. If TROA is implemented this summer, TMWA may be able to store an additional 12,000 AF of water during the 2015/2016 winter.

Member Jardon referred to the graphs in the staff report, which indicate a downward trend, and asked how many dry years would the current drought storage be able to serve the region without TROA. She would like to base her recommendations on the worst case scenario and see TMWA operate under such a scenario. Mr. Hauck replied that TMWA's drought planning is based on the drought on record of 1987-1994 with an additional dry year included. However, this year's irrigation season is beginning at the same level as last year and TWMA's reserves will supply the area for about two years, but it would be difficult to predict beyond that.

Member Duerr added her questions and comments fell along the same lines as Member Jardon's questions.

Mr. Erwin answered Member Jardon's question regarding storage. TMWA will target 8,000 AF of water usage, replenish 5,000 AF during the winter 2015/2016 between Independence and Donner Lakes, slowly decreasing drought reserves if precipitation remains below normal. He believes they can be replenished over the next two, possibly three, years, depending on precipitation. Mr. Foree added that in comparison to the longest drought on record, Lake Tahoe was below the rim 4 ½ years out of a five year period.

Alternate Member Bobzien remarked his appreciation of the difficult position TMWA staff is in predicting, and comparing, previous drought cycles, but there is the real possibility this is the new normal. It may be helpful for the Board to see possible projections of what the (best and worst case) scenario looks like over a five-year period. Especially for those companies who are coming here and who need to be creative with their conservation measures. Mr. Erwin replied that staff is drafting the 2015-2035 Water Resource Plan, which will be presented to the Board by October at the latest and the key piece is the TROA.

Presentation on Communication and Conservation Plan

Kim Mazeres, TMWA Director of Customer Relations, and Marlene Olsen, Goodstanding, presented on this agenda item. Ms. Mazeres stated the Drought Communications Plan before

them was requested by the board at the October 2014 Strategic Planning Workshop. She announced they have the bill inserts ready, but waited for this board meeting in case there were last minute changes before going to print, and staff is starting immediately with the communication plan.

Ms. Olsen reported that the goal for communications, to communicate “at least a 10 percent reduction in water use”, was developed based on the projected water supply. There are customers who are trying and may only be able to do 10 percent, but there are other customers who are receiving this message for the first time and may be able to do more. This year staff is starting earlier and customers will see the call for “at least 10 percent” conservation in their April bill inserts. Also, staff will be broadening the scope of the plan and targeting new customer groups such as Homeowner’s Associations (HOA’s). The objective would be to communicate the conservation target to meet the water savings goal and to promote responsible water use, as they have always done, and include best practices as identified with the Nevada Landscape Association (NLA) and the University of Nevada Cooperative Extension, whom staff has been meeting with. In the bill insert there will be a section entitled “Turf Talk,” which will help people with specific tactics when they start turning on their sprinklers. Ms. Mazeris added these tactics will include NLA’s recommendation of no longer than six minute run-times with three starts a day to start with in order to preserve their landscaping while accomplishing the 10 percent reduction.

Member Jardon inquired if NLA was asked what would happen if there was a 20 percent ask, cutting down to watering two times a week and use consistent messaging. For example, do not cut it down to two days a week because there are more negative impacts and to start it sooner so the plants get used to less water from the outset. Ms. Mazeris agreed stating NLA’s suggestion is to start out immediately so the plants can be trained from the outset. They also indicated that due to the type of grass used in Nevada, the grass will look not quite as healthy in July and August and will come back. Also, NLA’s recommendation is to not cut back to two days a week because more water is wasted. Andy Gebhardt, Customer Services Manager, added NLA recommends starting with four to six minute run times 3 to four times per day and customers will see a savings greater than 10 percent.

Member Jardon inquired if it would be better to roll out consistent messaging. Ms. Mazeris replied that staff will be doing just that. The message they are getting out is how much customers should be watering.

Member Jardon followed up regarding the benefit to the water storage availability and plant and lawn survival, when customers water four minutes versus six minutes. Ms. Mazeris replied not all customers’ water four to six minutes and some water between 15 to 20 minutes (or even longer) so it would be difficult to provide information on water storage availability. Ms. Olsen added the plan is flexible and as soon as data becomes available, staff can communicate to the community.

Ms. Mazerer noted that there are 23,000 new customers, former Washoe County and South Truckee Meadows General Improvement District customers, who have never had this messaging before or been asked to conserve to this extent.

Chair Martini requested staff to go through the plan so that some of the board member's questions may be answered.

Member Duerr asked if the 10 percent savings in residential customers last year was month-over-month for the year or six months. Ms. Mazerer replied the savings shown last year is compared to August 2013, and it is 10 percent overall water savings during the irrigation season. This year staff is asking for at least 10 percent savings and will be comparing it to 2013 because it was our last normal year.

Member Duerr asked if the right type of grass is used or something sturdier may be needed. Ms. Mazerer replied no, it can survive the winter, but in July/August it will look dry.

Member Duerr asked if TMWA staff knew how many customers have impact heads or spray heads. Mr. Gebhardt replied that the vast majority of residential customers have spray heads and the rest of the customers have impact heads.

Member Duerr pointed out the budget item of \$128,000 for media, but would like to know the total amount for the overall program. Ms. Mazerer replied in a normal year staff spends approximately \$100,000 on all communications, but will be increasing that this year because they will be utilizing new tactics.

Member Duerr clarified the program is focused on education and outreach. Ms. Mazerer replied that is correct. Member Duerr wondered if TMWA had any funds for rebate programs similar to Southern Nevada to assist paying customers to go xeriscape and for changing plants and grass. Ms. Mazerer replied they have a limited amount of funds, approximately \$170,000 per year, that are used for landscape retrofit; the focus of that program is on providing information for residential customers regarding their landscaping and helping governmental agencies, remove turf. This year, TMWA has three projects with the City of Reno. By doing so, it not only helps the governmental agency, but the taxpayers.

Member Duerr requested the Board to consider a future agenda item that discusses changing ordinances and work together with different HOA's, agencies, and cities that approve these developments. She commended staff for developing the program, stating it is quite an advanced education program for consumers and businesses. She wants to see if staff can continue doing even more.

Chair Martini asked the board for further comments.

Member Hartung announced he has requested County staff revisit commercial and industrial landscaping requirements. It is important the different agencies work with TMWA to distribute the message that they are revisiting the landscaping standards and requirements. He wants to see

this message on all websites. Ms. Mazerer replied that TMWA's new Resource Economist, Laine Christman, has been tasked with working with the local governments on this issue.

Member Hartung stated he would like to have a conversation with staff to push this message out on the Washoe County homepage.

Alternate Member Bobzien commended staff for a great plan. He suggested TMWA staff foster communication and sharing to keep the different governing boards informed so they can take appropriate action.

Member Jardon requested staff to ensure the conservation message is specific, flexible and clear, especially for those customers who will be receiving it for the first time. She stressed the importance of customers knowing about, and utilizing, the Water Audit program now as customers get ready for irrigation season.

Member Duerr inquired if TMWA's new customers receiving the conservation message for the first time, to be sensitive to the issue since they have to adhere to TMWA's watering schedule. Ms. Mazerer believes former County and STMGID customers were requested to adhere to a schedule, but it has not previously been enforced and staff is sensitive to new customer's situations. Member Vaughn confirmed the schedule was a request by the County, but never mandated.

Public Comment

Stuart Mackie questioned the validity of the quitclaim deed on Donner Lake, how the water is being managed, and the legitimacy of asking for water conservation as he perceives it as taking private property.

Chair Martini commented that TMWA is not mandating anything, only making suggestions to take conservation steps, and pay the metered rate. Mr. Pagni replied that Mr. Martini's comments were correct.

Chair Martini asked if there was public comment.

Ernest Aldridge referred to TMWA's quitclaim deeds on water in Independence Lake. Mr. Aldridge stated there was great discussion about conservation, but no mention on the changing water supply. He expressed his concerns regarding TMWA's water management and asking customers to reduce their water usage.

Joe Eberle mentioned that residential ponds and water features should be part of the education program and be eliminated from landscaping. He suggested all governmental entities collaborate and send the same message to educate the community as it would save many redundancies.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried by unanimous consent of the members present, with the request to be specific and flexible in the messaging and sensitive to the new customers, the Board accepted staff's Water Supply, Drought Planning and Communication and Conservation Plan.

15. PRESENTATION ON RESULTS OF TMWA OPEN HOUSE REGARDING CONVERSION OF FLAT-RATE CUSTOMERS AND DISCUSSION AND POSSIBLE DIRECTION TO STAFF ON TIMING, CONDITIONS AND/OR POLICY FOR THE CONVERSION OF REMAINING FLAT-RATE CUSTOMERS TO METERED BILLING AND RECOMMENDATIONS FOR BRINGING PROPOSED AMENDMENTS TO TMWA RULES OR RATES TO THE BOARD FOR FUTURE CONSIDERATION

Ms. Mazeres recapped the discussion that took place at the December Board meeting regarding moving forward with the conversion of remaining flat-rate customers to the metered rate. TMWA held an Open House on March 10 and the public comments were included in the Board packet and additional comments were presented to the Board today (*Attachment D*).

Ms. Mazeres addressed the public comment regarding South Truckee Meadows General Improvement District (STMGID). According to the agreement, if the Board decided to move forward with the flat-rate conversion, former STMGID customers would not be excluded, rather they would stay on the metered rate for their area instead of the TMWA metered rate.

Mr. Pagni restated that the Interlocal Agreement between STMGID and TMWA expressly provides that STMGID flat-rate customers could be subject to conversion upon two events: at the time they switch to a TMWA rate or if the TMWA Board decided to switch all of the TMWA residential flat-rate customers to metered, they could be converted from a STMGID flat-rate to a STMGID metered rate at the same time and same manner as the Board elected to do a conversion for TMWA customers.

Member Hartung inquired about former STMGID customers understanding the agreement and TMWA's role. Ms. Mazeres replied the 75,000 gallon per month cap is in the agreement between the STMGID Board of Trustees and their customers, and TMWA was not part of the agreement. Mr. Erwin added the flat-rate cap is not in TMWA's rules. Mr. Pagni replied he could not comment on STMGID customer's understanding, but this interlocal agreement was approved by the STMGID Board, which was represented by counsel, during which time there was extensive discussions and public meeting. Mr. Pagni reiterated the language in the agreement is clear and gives the TMWA Board the legal option if they believe it is the right policy decision.

Chair Martini asked if there was any further public comment.

Mr. Mackie stated he has lived in Lemmon Valley for over 40 years and a long-time flat-rate customer. He expressed his opposition to this process.

Member Duerr asked for confirmation of the percentage of the remaining customers who have a meter installed. Ms. Mazeris replied that it would be approximately 99 percent, and all businesses and single family residential customers, except for the last eight, are on a meter.

Member Duerr discussed the remaining five percent of customers billing at the flat-rate. She remarked the majority live in the City of Reno and most are in hers and Member Jardon's ward as well as many in Member Herman's district. Member Duerr pointed out the savings will be about 141 acre feet (AF) which is 0.5 percent of the water used annually, resulting in a loss of approximately \$0.5 million/year. She noted many of the public comments opposing the conversion are because they are elderly, live on large lots, and are unable to pay the metered rate. She praised staff on a successful Open House and that she is very supportive of conservation efforts and all citizens should go to meters, but she has an issue with the accelerated timeline.

Member Duerr stated she is sensitive to people on a fixed income and to senior citizens; she proposed delaying the implementation date of metered rate conversion from June 1 to October 1 in order to allow residents time to change their landscaping.

Member Jardon inquired if it is possible to gradually increase the metered rate over six months. Ms. Mazeris replied that it would be difficult, but possible, and the Board would need to approve it following the public process.

Alternate Member Bobzien noted he is a TMWA customer on a meter and if the Board considered delaying implementation to October 1 this would address the concern of paying the high rates during irrigation season and the customer's bill will be less at that time.

Member Hartung agreed and understood the issue of switching to metered rate, especially those on a fixed income. He is sensitive and has no issues, if the rest of the Board members would like to delay the flat-rate conversion to the end of the irrigation season and referred to a public comment from a customer who has paid flat rate throughout the winter and the metered rate will impact them at the peak of the water season.

Chair Martini agreed with delaying the implementation to October, but it needs to be done and it should not be a surprise to everyone since they had agreed to do this when they reached 90 percent. Mr. Erwin replied TMWA had achieved 90 percent flat-rate conversion in 2009. Chair Martini stated they reached 90 percent in 2009, so it is not a surprise to complete it now.

Member Hartung asked if flat-rate customers are going to be put on a meter so they are aware of the amount of water they are using. Ms. Mazeris replied that had happened when TMWA came into existence in 2001. The meters were installed and customers see a comparison on their bill; the new County and STMGID customers are getting the comparison as well.

Member Duerr made a motion to move forward with completing the flat-rate conversion to metered rate, but delay the date of implementation to October 1st, and to hold the public hearings and to work with those who will be challenged by this.

Member Jardon seconded the motion.

Mr. Erwin asked if the First Reading should be scheduled for August, with the Second Reading in September, and implementation in October. Mr. Pagni added there is minimal notice provisions staff has to provide, but it can be as soon or as late as the Board wishes, and staff could bring it back as early as April or later.

Member Hartung requested to make certain customers who will be challenged in paying their water bill are provided some type of assistance. Ms. Mazerer replied staff offers budget billing where customer pay a flat-rate based on the average of their water usage from the previous year, and customers can call to make arrangements if they are having trouble making payments, but TMWA does not have a forgiveness program.

Member Hartung reiterated there are customers who have to decide between paying for water or medication. He suggested possibly obtaining a federal grant or utilizing senior services through the County to provide some assistance to address those needs. He stressed it is Commissioner Herman's area, and it is important to notify these customer groups of the services available. Ms. Mazerer added staff plans to work with Senior Services at the County and that 2-1-1, Nevada's State-Wide assistance program, can help.

Member Duerr inquired if it is possible to use the potential loss of the \$0.5 million to target additional conservation methods since TMWA will save money by delaying the implementation. She requested a future agenda item to discuss alternate programs. She inquired how budget-billing works. Ms. Mazerer replied they base the budget amount on a customer's consumption for the past year.

Member Jardon offered an amendment to the motion that the First Reading be brought back at the earliest possible board meeting. Member Duerr concurred.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved implementing the conversion of the remaining flat-rate customers to metered billing on October 1, 2015 and scheduling the First Reading of the proposed TMWA rules or rates at the earliest possible, but no sooner than April, board meeting.

11. PRESENTATION OF PROPOSED PROJECTS AND DISCUSSION AND ACTION ON RESOLUTION NO. 224: 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

Sonia Folsom, TMWA Truckee River Fund Liaison, presented on this agenda item. Ms. Folsom stated that the advisors met on February 27 where they reviewed two proposals and are recommending approval for both projects for a total of \$194,235, with an additional \$61,594 from grantee matching funds. She commented that the two projects coordinate their planning efforts to identify and help secure long-term funding to maintain the river corridor clean-up efforts. The projects for funding are as follows:

1. Truckee River Corridor Management Plan

Organization: Keep Truckee Meadows Beautiful (in Partnership with Nevada Land Trust), **Amount Requested:** \$90,000, **Amount Recommended:** \$90,000, **Organizational Match:** \$22,000 (Cash); \$1,500 (In-Kind)

2. Truckee River Cleanup Crew

Organization: City of Reno, **Amount Requested:** \$104,235, **Amount Recommended:** \$104,235, **Organizational Match:** \$38,094 (In-Kind)

Alternate Member Bobzien commended the projects in support with our exemplary partners.

Upon motion by Alternate Member Bobzien, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved funding for the projects recommended by the Truckee River Fund Advisory Committee.

12. DISCUSSION AND POSSIBLE ACTION ON APPOINTMENT OF AN ALTERNATE MEMBER TO THE TMWA LEGISLATIVE SUBCOMMITTEE

Member Hartung suggested, with Counsel's approval, to appoint a member from Western Regional Water Commission (WRWC) who is already at the legislative subcommittee meeting. Mr. Erwin replied that there can be overlapping roles. Member Hartung volunteered to be the appointed alternate.

Member Duerr mentioned it has been a challenge achieving a quorum of TMWA Board members, and to appoint both her and Member Hartung as alternates. Mr. Pagni replied that the agenda item lists the appointment of "an alternate" and not the appointment of two, so it would

be prudent to limit any approval to one alternate and bring back a request for a second alternate at a future meeting.

Chair Martini and Member Hartung requested this be brought back to appoint a second alternate.

Upon motion by Member Duerr, second by Alternate Member Bobzien which motion duly carried by unanimous consent of the members present, the Board approved the appointment of Member Hartung as an alternate member to the TMWA Legislative Subcommittee.

13. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING 2015 LEGISLATIVE ACTIVITIES AND CURRENT BILLS

Mr. Erwin and Steve Walker, TMWA Legislative Lobbyist, presented on this agenda item. Mr. Erwin reported TMWA is tracking 52 bills, of which the positions for all are *Watch* with the exception of *Oppose* to AB106, and *Support or Support if Amended* of SB108, SB128, SB65, SB81.

Mr. Pagni reported that AB353 was not heard by the legislative subcommittee. He provided an overview of the bill which proposes to eliminate exemptions from competitive bidding for certain types of professional services and require competitive bidding on all types of those professional services contract. It is of concern to TMWA, because with these types of professional services staff looks for who is the most qualified and competent as opposed to the cheapest. He recommends to the board to oppose and give direction to the lobbyist to oppose as well.

Upon motion by Member Hartung, second by Member Duerr which motion duly carried by unanimous consent of the members present, the Board accepted staff recommendations on all bills with the addition of AB353 to oppose.

16. REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 225 APPROVING THE SALE OF SURPLUS PROPERTY ADJACENT TMWA'S PECKHAM WELL (APN: 025-263-21) CONSISTING OF APPROXIMATELY 9,935 SQUARE FEET TO THE ADJOINING PROPERTY OWNER, AND TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE DOCUMENTS TO COMPLETE THE TRANSACTION

Mr. Erwin provided an overview of the report. He explained that the parcel TMWA has obtained has no operational or economic use by TMWA. The owner of the land next to TMWA's parcel would like to purchase that piece of property from TMWA at the appraised value.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 225 approving the sale of surplus property adjacent to TMWA's Peckham Well (APN: 025-263-21).

17. GENERAL MANAGER'S REPORT

Mr. Foree had no further comments.

18. PUBLIC COMMENT

There was no public comment.

19. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Chair Martini requested to add the appointment of a second alternate to the TMWA Legislative Subcommittee.

Member Duerr asked if we can institute a program using some avoided losses, or savings, to implement more helpful conservation measures.

Member Duerr also requested an agenda item discussing the program that helps seniors facing metered rate charges and to have it heard during the First Reading of the Flat-Rate Conversion.

Member Jardon asked for drop-in conservation measures dependent on drought conditions if it is projected out five or eight years, to be prepared for the worst case scenario.

20. ADJOURNMENT

With no further discussion, Chairman Martini adjourned the meeting at 12:54 p.m.

Approved by the TMWA Board of Directors in session on Wednesday, April 15, 2015.

Respectfully submitted,
Sonia Folsom, Recording Secretary