



STANDING ADVISORY COMMITTEE

MINUTES

March 7, 2017

The Standing Advisory Committee (SAC) met at Truckee Meadows Water Authority (TMWA) in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Chair McGuire called the meeting to order at 3:03 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Bob Chambers, Harry Culbert, Bruce Gescheider, Colin Hayes, Don Kowitz, Carol Litster, Neil McGuire, Ken McNeil, Mike Pidlypchak, Fred Schmidt, and Jerry Wager.

Alternates Present: Fred Arndt, Ken Becker, Jordan Hastings, Karl Katt, Scot Munns, and Dale Sanderson.

Primary Members and Alternates Absent: Kevin Haddock, Bill Hughes, Mike Schulewitch, Jim Smith and Jonnie Pullman.

Staff Present: Jack Byrom, Tabitha Carlisle, Robert Charpentier, Laine Christman, John Enloe, Scott Estes, Andy Gebhardt, Sonia Folsom, Bill Hauck, Joe Petrelli, Lauren Roaldson, Michele Sullivan, Randy Van Hoozer, Marci Westlake, John Zimmerman, and Legal Counsel Debbie Leonard.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

Upon motion by Member Gescheider and second by Member Hayes, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE FEBRUARY 7, 2017 MEETING

Debbie Leonard, TMWA Legal Counsel, noted future agenda items under agenda item #12 should be changed to say "March" meeting not February.

Upon motion by Member Wager and second by Member Litster, carried by unanimous consent of the members present, the Committee approved the minutes of the February 7, 2017 meeting with the correction that future agenda items be changed to the March meeting.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist, reported that both precipitation and snowpack are about 200% above normal; 13.12 inches of precipitation/snow has fallen to date, for Water Year 2017, in Reno; Lake Tahoe is almost four feet above the natural rim; and projections are for 230% above average streamflow runoff. Mr. Hauck stated precautionary releases have occurred at Lake Tahoe, Stampede and Lahontan reservoirs, and 2017 is the largest recovery year with regards to gains in reservoir storage.

Vice Chair Schmidt inquired about the risk of Lake Tahoe overflowing. Mr. Hauck replied the Federal Water Master ensures it does not exceed the legal limit of 6,229.1 feet.

Member Litster inquired about the excess run off at Washoe Lake. Mr. Hauck replied there is an outlet at Steamboat Creek.

6. INFORMATIONAL REPORT ON GROUNDWATER AQUIFERS

Randy Van Hoozer, TMWA Senior Hydrogeologist, and Lauren Roaldson, TMWA Associate Hydrogeologist, presented on groundwater activities and water levels in monitoring wells near production wells in the various basins in TMWA's service area since 2001. The report indicated that conjunctive use is beneficial for a number of reasons: active recharge; active management; well resting; and use of treated creek water to supplement groundwater sources. It also helps TMWA understand how water level response depends on soil material and permeability between ground surface and the water table; how aquifer material controls vertical and lateral movement of water once precipitation reaches the groundwater; and how precipitation may become runoff instead of recharging the groundwater source.

Discussion followed regarding the groundwater basins in TMWA's service territory, location of wells and the monitoring of Fish Springs Ranch.

7. DISCUSSION AND POSSIBLE RECOMMENDATION REGARDING BILLS IN THE 2017 LEGISLATIVE SESSION THAT MAY AFFECT TMWA

John Zimmerman, TMWA Water Resources Manager, presented on the status of the 2017 Legislative Bill Draft Requests (BDRs) and the new bills introduced as of March 3.

Discussion followed on proposed bill AB193, which would require fluoridation of the water system in Washoe County. TMWA had a third party conduct a cost-estimate study, which concluded that the bill would require TMWA to spend \$67 million to equip TMWA's system for fluoridation and an additional \$3 million for ongoing costs. This would result in an approximately 9% rate increase for customers. Mr. Zimmerman also mentioned SB47, which would increase the amount of water allowed for an inter-basin transfer from 213 acre feet to 1,000 acre feet.

Vice Chair Schmidt inquired if unrestricted cash could be used to pay the \$67 million cost to rehabilitate the water system. Michele Sullivan, TMWA Chief Financial Officer, replied that to use that amount of unrestricted cash would jeopardize TMWA's credit ratings with Moody's and Standard & Poor's.

8. PRESENTATION OF PUBLIC OPEN HOUSE RESULTS FOR PROPOSED RATE ADJUSTMENT

Andy Gebhardt, TMWA Director of Operations and Water Quality, reported that four open houses were held and a total of 32 people attended, including five SAC members. The majority of those who attended were not in favor of the rate adjustments, but had all their questions answered and left with a better understanding of how TMWA operates and the reasons behind the rate proposal.

Member Becker commented that TMWA staff did a great job at the open house he attended.

Chair McGuire inquired if the conservation education and communication programs would continue. Mr. Gebhardt replied yes, as part of the Truckee River Operating Agreement (TROA), conservation messaging (i.e. that customers should not waste water and should use water responsibly, etc.) would continue.

Member Wager noted that at the November meeting, when the rate adjustment was first proposed, it was tied to the Customer Price Index (CPI). Ms. Sullivan replied yes, but the option to use CPI would be revisited after this 5-year rate adjustment period.

Vice Chair Schmidt inquired about the implementation schedule. Ms. Sullivan replied the TMWA Board would have the first reading at its March 15 meeting and vote on April 19th for final implementation in the first billing cycle in May, and with the flexibility to revisit the rate adjustments in years 3, 4, and 5.

9. PRESENTATION OF THE TMWA TENTATIVE BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2018 AND DRAFT CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2018 THROUGH 2022

Ms. Sullivan presented the tentative FY 2018 budget and draft FY 2018-2022 Capital Improvement Plan (CIP). She reported that the hydroelectric power plants will be online and generating revenue due to the high river flows; health benefits for retirement are lower because of GASB75; investment earnings are lower due to the bond refunding and release of agreements with banks to provided 5.5% interest on reserve funds; and TMWA finalized the Farad settlement and received \$11.8 million in cash. A study is being conducted to consider bringing the Farad dam back online.

Vice Chair Schmidt inquired about the water sales. Ms. Sullivan replied water sales are currently \$5 million ahead of the budget, but it is still too early in the season to predict final water sales revenue.

Member Becker inquired about the impact of GASB75 on health benefit plans. Ms. Sullivan replied that an average of \$1 million in contributions is budgeted every year, and the main OPEB was fully funded last year. An actuarial analysis was just performed, and due to a 20% increase in health care premiums, the program is now funded in the 80th percentile.

Member Wager inquired about the projects the Truckee River Fund (TRF) supports. John Enloe, TMWA Director of Natural Resources, replied that the TRF supports public education and awareness, river clean-up, erosion control, and treatment of wildfire in the watershed. For example, the One Truckee River Initiative has been embraced by multiple local agencies and is an aggressive program to address the ongoing issues along the Truckee River. A similar program, the aquatic invasive species, was initially supported by the TRF and it has been an established program for a long time that no longer needs TRF funding.

Member Wager requested that the spring TRF request for proposals be emailed to the SAC for informational purposes.

Member Pidlypchak inquired if the electric power generated offset TMWA's usage. Ms. Sullivan replied yes.

Member Gescheider inquired about the substantial increase in funding for projects in FY 2018. Ms. Sullivan replied the current budget is \$42 million, which includes projects from all funding sources, whereas the capital projects identified in the funding plan are funded by customer rates only. Also, several projects scheduled for FY 2017 have been delayed due to the weather and permitting, and therefore, pushed into FY 2018.

Vice Chair Schmidt inquired about the corporate office expansion project, and the Mt. Rose Water Treatment Plant and what type of water it would treat. Ms. Sullivan replied it is due to the overcrowding in the engineering/new business areas. Scott Estes, TMWA Director of Engineering, added it is a 5,000-square foot addition. Mr. Enloe replied the Mt. Rose Water Treatment Plant is developer funded and would treat creek water, not groundwater.

It was requested that the tentative budget be brought back at the April meeting to better understand the funding sources, priorities of the capital projects and reason for the substantial increase in FY 2018.

**Member Hastings left at 4:17 p.m.*

10. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING AGENDA ITEMS FOR FUTURE MEETINGS

April meeting:

1. Water supply update
2. Update on the 2017 Legislative Session
3. Presentation on the 2017 Bond Refunding results
4. Presentation on the tentative FY 2018 Budget and Draft Capital Improvement Plan for Fiscal Years 2018 through 2022, and funding sources

Upon motion by Member Culbert and second by Member Chambers, carried by unanimous consent of the members present, the Committee approved the agenda items for future meetings.

11. STAFF ITEMS

Sonia Folsom, TMWA SAC Liaison, noted that SAC members received a final contact list for members in their packets. Also, there were no applications for the vacant alternate irrigation customer representative position so that position will remain vacant until further notice.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment.

14. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:37 p.m.

Approved by the Standing Advisory Committee in session on April 4, 2017.

Sonia Folsom, Recording Secretary

**Member Hastings was present for agenda items 1 through 9 only.*