

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE APRIL 19, 2017
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, April 19, 2017, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Vice Chair Hartung called the meeting to order at 10:01 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Alternate Kristopher Dahir, *Naomi Duerr, Vaughn Hartung, Jeanne Herman, *Neoma Jardon, and *Ron Smith.

Members Absent: Geno Martini

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Garth Elliot, Sun Valley General Improvement District (SVGID) Treasurer.

3. Public Comment

Malachy Horan requested that the March 15 minutes not be approved unless the minutes are changed verbatim to the comments he and Board members made regarding the proposed rate adjustments which he asserted was required by Nevada Revised Statute (NRS) 241, governing open meetings.

4. APPROVAL OF THE AGENDA

Vice Chair Hartung asked if Board members would like to hear agenda items in a different order.

Member Brekhus noted the City of Reno Council was holding a special meeting at 12:00 pm and requested agenda item 7 to be heard after agenda item 10.

**Upon motion by Member Smith, second by Member Dahir, which motion
duly carried by unanimous consent of the members present, the Board
approved the agenda and hearing item #7 after item #10.**

5. APPROVAL OF THE MINUTES OF THE MARCH 15, 2017 MEETING

Michael Pagni, TMWA General Counsel, stated that the Open Meeting law requires that the minutes reflect the substance of verbal remarks by general public and that minutes are a summary not a

transcription of comments, and that the Board can approve or modify the minutes in response to Mr. Horan's request as they see fit.

Member Brekhus said she saw no issues with the draft minutes and confirmed the Open Meeting law maintains recordings of meetings be made available to the public. Mr. Pagni replied yes.

Member Jardon inquired if the audio of the meetings were put on the website and how quickly. Mr. Foree replied the video of all meetings are posted on the website and Sonia Folsom, TMWA Board Secretary, replied very quickly.

Upon motion by Member Smith, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the March 15, 2017 minutes.

6. DISCUSSION AND POSSIBLE ACTION REGARDING THE APPOINTMENT OF AN ALTERNATE BOARD MEMBER(S) TO THE TMWA LEGISLATIVE SUBCOMMITTEE

Vice Chair Hartung stated Chair Martini has been unable to attend or call-in for the TMWA legislative subcommittee meetings. Since the subcommittee already has representatives from City of Reno and Washoe County, he nominated Member Ron Smith from the City of Sparks.

Upon motion by Member Hartung, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved to nominate Member Ron Smith as an alternate to the TMWA legislative subcommittee.

8. REPORT AND DISCUSSION ON THE RESULTS OF TMWA'S 2017 REFUNDING BOND ISSUE AND FINANCIAL UPDATE

Michele Sullivan, TMWA Chief Financial Officer, introduced Brian Thomas, PFM Financial Advisor, who facilitated the bond refunding. Mr. Thomas informed the Board that he has had extensive experience in working with water utilities over 25 years, and it has been a privilege to work with TMWA since 2001; it is an outstanding organization.

Mr. Thomas provided an overview of the bond refunding highlighting that TMWA achieved over \$15 million in savings and principal outstanding debt was reduced by over \$55 million, down from \$202 million to \$147 million. He reported that TMWA has was rated AA2 by Moody's and was upgraded from AA to AA+ stable outlook by Standard & Poor's because: TMWA has a very strong liquidity to meet emergency situations and can fund its capital improvement projects without the need for additional debt, while paying down debt; TMWA did a fantastic job in its water supply planning which is a critical component in its ratings as well as looking 5-10-15 years out; TMWA's debt per capita is double the average utility in the American Water Works Association (AWWA) metrics, but the debt will be paid down quickly with a large percentage being retired within the next 10 years; and TMWA has imposed periodic rate increases as required (TMWA's average bill is 7% lower than the national average.)

Member Dahir confirmed the desire to have high credit ratings is directly correlated to interest rates achieved in the bond refunding, otherwise operating costs would increase significantly. Mr. Thomas replied yes, that is correct, and if TMWA's rating would go down, since it has a line of credit outstanding, a downgrade would immediately cause TMWA to start paying more.

Member Brekhus congratulated TMWA on a successful bond refunding and the work put into it, and the national benchmarks were helpful. She commented that TMWA's capital improvement plan (CIP) was at 26% of its budget, and the national average is 25-50% and inquired if that was because TMWA is leveraged with high debt. Also, some of critiques from constituents is that TMWA has a large cash reserve, but is decreasing. Mr. Foree replied the CIP is a small part of the overall budget because the system is still relatively new and not a 100 year old system, and Mr. Thomas confirmed it is related to debt service coverage.

Member Duerr suggested increasing the debt service coverage ratio to balance the drop in revenues could affect revenue and bonds. Mr. Thomas confirmed it is important to have liquidity to act as a cushion for reduced water sales and to fund CIP.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE TMWA TENTATIVE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Ms. Sullivan reported on the questions the Board had at the March meeting regarding the Truckee River Fund (TRF) funding at \$850,000 and the Desert Research Institute (DRI) cloud seeding funding at \$210,000, as well as the fire hydrant programs with the Cities of Reno and Sparks. Ms. Sullivan stated the TRF was started by TMWA in 2005 where money has been used to fund projects that protect and enhance Truckee River water quality and the watershed and has since funded approximately \$11.9 million which has been matched by about \$20.5 million in either cash or in-kind funds.

Vice Chair Hartung inquired what were the benefits to TMWA in supporting these efforts. Mr. Foree replied the projects protect water quality and the watershed, for example several projects previously funded have paid for reseeded of large areas impacted by fires to decrease erosion and sediment transport to the Truckee River.

Member Smith stated TMWA has been funding the cloud seeding program for quite some and questioned whether DRI cloud seeded this winter. He noted there was a bill in the legislature which would provide funding by the state and the TMWA budget could be adjusted if the funding was approved, but could remain until that time. Ms. Sullivan replied DRI stopped cloud seeding in early January, but the program also supports drone efforts and research. John Enloe, TMWA Director of Natural Resources, stated \$135,000 of TMWA's \$210,000 budget is unspent. He also stated that the bill did not pass out of committee, which would have provided funding by the state, but there is funding in the Governor's budget, which has yet to pass and Ms. Sullivan added the budget can be adjusted at any time.

Member Brekhus inquired why the CIP budget had increased from \$169.5 million to \$172.8 million from the March meeting. Ms. Sullivan replied there were a few projects that were unable to be completed this fiscal year and a grant was awarded for a project, but it is in line with the funding plan.

Member Brekhus inquired if the 2.5% salary increase applied to all employees except the collective bargaining employees; and noted both the 2.5% salary and step increases were included in the budget and not as a separate resolution, which is different at the City of Reno; and inquired what was the cause of the extreme overtime reported in the newspaper. Ms. Sullivan replied the 2.5% salary increase is the estimated amount for all employees. Andy Gebhardt, TMWA Director of Operations and Water Quality, replied the high overtime for the four TMWA employees, due to turnover in the water treatment/distribution system operator group and the time it takes to train apprentices and get them to journeyman status. Because TMWA is staffed so leanly, it is expected to see an increase in overtime while apprentices, who need supervision, are being trained. The overtime will decrease in the fall when the apprentices progress to journeymen and staff will review whether it is more cost effective to continue with the overtime or add other water operator(s), but also need to ensure the staff are not overworked; the system grew quite significantly with the merger and TMWA's water operators are some of the most highly skilled operators in the nation who manage different distribution control systems and water treatment plants 24 hours day-7 days a week-365 days a year.

Member Jardon noted the extreme overtime was a concern, but also knows there is always a reason, which is compensating for another person/position. Mr. Gebhardt replied, yes that is correct.

Vice Chair Hartung verified the operators are highly skilled trained employees. Mr. Gebhardt replied yes.

Member Dahir inquired if the increase in overtime was due to the storms at the beginning of the year. Mr. Gebhardt replied in part yes, but the increase was predominately due to operator turnover and the apprentices.

Vice Chair Hartung noted the Cities of Reno and Sparks benefit from the fire hydrant agreements, but there was no agreement with Washoe County (the County). Pat Nielson, TMWA Director of Distribution, Maintenance and Generation, replied that while it has been discussed there is currently no formal agreement with the County, but TMWA has continued to maintain the laterals that connect the mains to the hydrants based on a previous arrangement between County Fire and the former Washoe County water utility which benefits the County.

Discussion followed regarding the disbanding of the Western Regional Water Commission (WRWC), which would require legislative action and would most likely occur at the 2019 Legislative Session, and the provision of funding for the WRWC is on the customer bills; the possibility of the funding to the WRWC could potentially fund the TRF program; as well as requesting general counsel to consider the possibility of how to move forward.

Member Brekhus confirmed that the meter retrofit fund decreased from FY16, but still had \$780,000 for FY18, and inquired how many meters were left and at what cost. Mr. Foree replied there were several meters left to be retrofitted, which were mostly multi-family and apartment complexes. Mr. Gebhardt added there were a few that remained, some of which may be too costly to retrofit. TMWA has not been active, but customers have been calling TMWA regarding where meters can be retrofitted.

Member Brekhus noted there may be a few services that just remain as is, but some have criticized the meter movement has reduced water sales, but has also improved the water supply. She requested that the meter retrofit fund be reviewed in anticipation for the final budget in May, which may assist the Board to understand revenues to budget mid-year.

Mr. Foree suggested staff could reduce the budget by reducing the cloud seeding funding by \$135,000 since that is the amount unused in FY17. Discussion followed with Vice Chair Hartung suggesting not to add additional funds to the cloud seeding program and let the \$135,000 carry over, Member Smith recommending the Board to provide funding to ensure the program is fully funded, and Member Dahir concurring it would be premature to cut funding to the program prior to the Governor's budget being approved, which could potentially fund cloud seeding by \$685,000, but it was unsure what percentage would be allocated in the Tahoe Basin. TMWA has allocated \$850,000 to the TRF and \$210,000 to DRI for cloud seeding, in addition, the WRWC allocates \$100,000 for a total of \$310,000 for the cloud seeding program per year. Suggestions were made that the Board could cut funding to the TRF program, which currently has \$400,000 and to not fund the DRI cloud seeding program in FY18.

Member Duerr inquired if there would be more employees added in addition to the two SCADA technicians and if the salary raises would also occur. Ms. Sullivan replied there is a need to increase staffing now, especially with the current growth, but management has agreed to defer for about one year; and the 2.5% salary increase is reasonable and suggested if the Board decided to reduce the overall budget, consideration could be given to reduce CIP funding.

Member Brekhus inquired why the funding for the fleet was so large and requested the vehicle replacement policy and schedule. Ms. Sullivan replied the increase was because the two SCADA technicians require vehicles and the policy can be provided.

Member Duerr inquired how the meter retrofit program is funded. Mr. Foree replied it is funded by developer fees and Ms. Sullivan added the funds remain in the reserve fund.

Upon motion by Member Brekhus, second by Member Jardon, which motion duly carried four to three with Members Dahir, Herman and Smith dissenting, the Board approved to amend the TMWA Tentative Budget for the Fiscal Year ending June 30, 2018 by eliminating the \$210,000 funding to the DRI cloud seeding program and to only fund \$450,000 instead of the full \$850,000 for the Truckee River Fund.

10. PUBLIC HEARING ON RATE AND RULE AMENDMENTS

10.A PUBLIC COMMENT

Malachy Horan, provided public comment in opposition of the rate adjustments and written materials, copies of which are attached.

10.B RATE AMENDMENT, SECOND HEARING, PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION ON RESOLUTION NO. 250: A RESOLUTION TO ADOPT POTENTIAL WATER RATE ADJUSTMENTS, INCLUDING POSSIBLE MULTI-YEAR ADJUSTMENTS, AND INCLUDING INITIAL IMPLEMENTATION ON OR AFTER THE FIRST BILLING CYCLE IN MAY 2017

Ms. Sullivan presented the staff report and the proposed rate adjustments of 3% in years 2017 and 2018, and 2.5% in years 2019, 2020 and 2021, with the option to lower, defer or cancel the increase for any of the last three years. She presented the examples of customer bills showing the adjustments to sample bills with the 3% rate adjustment; on average customer bills would increase by approximately \$1.42/month or \$17 for the first year and over \$30 monthly the increase in year two. Per Member Brekhus' request, Ms. Sullivan also provided a list to the Board of the largest water users showing what their average water bills would be with the proposed 3% increase.

Member Brekhus confirmed the right of way toll returns to the City of Reno in revenues.

Ms. Sullivan also followed-up on Member Jardon's request to implement a rate stabilization account, or 'non-rainy day' fund to offset future conservation efforts. Currently, TMWA has a rate stabilization fund, which amounts to about \$1.8 million. If water sales increase by more than 2% higher than projected in the original final budget, 75% of the additional revenue could be put into the rate stabilization account.

Member Brekhus appreciated the information provided on the rate stabilization account and noted liquidity also acted as a rate stabilization factor; and perhaps it was hasty to develop an account until it became apparent by how much revenues rebounded. Member Brekhus was not adverse with staff's recommendation, but advised the board should consider when to use the fund if created, and the funds in the meter retrofit program could be a potential resource.

Member Jardon stated her purpose was to ensure customers would not be penalized by putting into place a method by which excess revenues can be banked when TMWA would need to implement extreme conservation efforts; approved of the rate stabilization account to reach the goal of providing comfort to customers and offset future rate increases. Ms. Sullivan agreed and noted that it would be the Board's decision on the definition of a rate stabilization account, what to do with it and to fund it or to use the excess revenue to support cost of service.

Member Jardon supported implementing a non-rainy day fund and the Board could decide how to use it going forward; determining what the triggers would be, the scenarios to use it and proper planning. Ms. Sullivan replied staff could review these suggestions and staff would need to put the document together to show how to fund the rate stabilization account.

Member Smith asked how would the account be funded. Ms. Sullivan clarified 75% of additional revenue over 2% of projected water usage would be put in the rate stabilization account.

Member Duerr commented on the letter received by Senator Heidi Gansert, inquired about the comments made regarding revenue rebound since December 2016, and confirmed the comparisons of December 2015 and 2016 were very different to use for pointing out not to raise rates. Ms. Sullivan replied the revenue rebound experienced in the first half of FY 2017 was a limited time because the region went 90 days without any precipitation, but revenue has been falling behind, beyond drought levels, since January due to the wet weather. She added the projections in the funding plan are based on a multitude of assumptions with demand, growth, etc. based on many years, not just on the last six months.

Member Duerr noted the last rate increase was not implemented in 2015 (and would probably not be in this situation, had that occurred), confirmed the rate increase in year 2 was necessary, and how much would water sales rebound. Ms. Sullivan replied yes, that is correct, staff has projected 3% water sales

rebound based on the University of Nevada, Reno's projections, if the rebound was higher than the Board can decide to lower, defer or not to implement the 2.5% in years 3, 4, and 5, and reminded the Board that in 2020, \$10 million in additional debt service would commence after 3 years of deferral from the 2016 bond refunding.

Ms. Sullivan noted the median annual average increase in water rates was 4.5% over the last decade; TMWA has not increased rates since February 2014; cancelled the 2.1% increase in January 2015; and prior to the merger, the County had an annual CPI increase that was terminated at merger that would have accounted for an increase of 5.6% over the last 3 years had it not been terminated. A total of an almost 6% increase was not experienced by the former County customers, since TMWA discontinued that rate plan three years ago.

Member Herman thanked Ms. Sullivan for a valuable report and explanation.

10.A (CONTINUED) PUBLIC COMMENT

Mr. Elliot requested the Board reconsider raising water rates and to consider alternative cost cutting measures.

10.B (CONTINUED) RATE AMENDMENT, SECOND HEARING, PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION ON RESOLUTION NO. 250: A RESOLUTION TO ADOPT POTENTIAL WATER RATE ADJUSTMENTS, INCLUDING POSSIBLE MULTI-YEAR ADJUSTMENTS, AND INCLUDING INITIAL IMPLEMENTATION ON OR AFTER THE FIRST BILLING CYCLE IN MAY 2017

Member Duerr inquired what impact the \$610,000 budget cut had, suggested a 2.5% rather than 3% rate increase and inquired how to mitigate the high cost to the SVGID. Ms. Sullivan replied the cut had relatively no impact since there was a \$13 million funding gap once principle payments resume in 2020. Mr. Enloe replied TMWA has a unique operating condition in place while a pump station is being rebuilt and is paying SVGID to serve some of TMWA's customers, which would help offset the rate increases to SVGID for about two years until the new pump station is online.

Member Jardon inquired if the Board could vote on the rate stabilization account at this meeting. Mr. Pagni replied no, it would have to be brought back at a future meeting.

Member Brekhus stated past experiences should be an indicator for future experiences; for example, by not increasing rates in 2015 we are in the current situation; believed in employee compensation that ensures people are cared for in future years; and was pleased the rate adjustment was not a CPI.

Member Dahir thanked staff and public, and would not want a rate increase implemented every year, but it was for the betterment for the future.

Member Duerr agreed it would be difficult to cut budget any more, but asked for Mr. Foree to consider the overtime situation. She thanked Senator Gansert for taking time to reach out with her messaging; yes, the rate increase may be untimely, but it is critical to TMWA's bond rating.

Member Hartung stated it is always difficult to raise rates, but reminded the Board has a responsibility to the utility and the community could not survive without a reliable water supply.

Upon motion by Member Smith, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 250 to implement a 3% rate adjustment in years 2017 and 2018, with implementation on the first billing cycle in May 2017 and May 2018, and 2.5% rate adjustments in 2019, 2020 and 2021 with implementation on the first billing cycle in May 2019, 2020, and 2021, and with the option to lower, defer or cancel the 2019, 2020 or 2021 adjustments prior to implementation.

CLOSE PUBLIC HEARING

**Members Duerr, Jardon and Smith left at 11:46 am.*

7. DISCUSSION AND ACTION AND, POSSIBLE DIRECTION TO STAFF REGARDING 2017 LEGISLATIVE ACTIVITIES AND CURRENT BILLS, AND TMWA RECOMMENDED POSITIONS ON LEGISLATIVE PROPOSALS

John Zimmerman, TMWA Water Resources Manager, informed the Board that the TMWA Legislative Subcommittee has met two times since the last Board meeting. Mr. Zimmerman referred to the staff report and the list of bills stating the ones that passed out of committee on April 14 were highlighted and the rest did not pass out of committee (failed the deadline.)

Steve Walker, TMWA Lobbyist, provided an overview of all bills that passed out of their respective committees on the April 14 deadline date. Mr. Walker noted the position of *oppose* recommended by the legislative subcommittee on AB406, but the amendment was consistent with AB134 which passed onto the Senate and suggested to change it to *watch*.

Member Brekhus inquired if AB193 could be resurrected and recommended to continue monitoring. Mr. Walker replied yes, until the last day of the session, sine die, it could and staff will continue to monitor.

Member Brekhus asked for a summary analysis on the SB134, 3M (management, mitigation and monitoring) bill, at the next legislative subcommittee meeting, inquired about the broadening terms of health insurance coverage for public employees and asked under whose health insurance plan was TMWA. Mr. Walker replied he can provide more details at the next legislative subcommittee meeting and Mr. Pagni added TMWA was under the City of Reno's health insurance plan.

Mr. Walker informed the Board the next deadline is April 25 and if anything of substance came up the next legislative subcommittee meeting would be held on April 28.

Upon motion by Member Dahir, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved to change staff recommendation on AB406 from oppose to watch.

Upon motion by Member Brekhus, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the TMWA legislative subcommittee's recommended positions on proposed bills and requested staff provide a summary on SB134 before the next legislative subcommittee meeting.

11. GENERAL MANAGER'S REPORT

Mr. Foree had nothing further to report.

12. PUBLIC COMMENT

There was no public comment.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Vice Chair Hartung confirmed Member Jardon's request for a staff report on the rate stabilization account.

Member Dahir mentioned the growing housing market and expressed his concern for senior citizens on a fixed income, and requested if it was possible to consider subsidization. Mr. Pagni replied the Board has considered deferring for seniors, but it is not allowed by law and raised issues of impermissible discrimination.

Member Brekhus stated the Board would adopt the budget in May; and look at the revenue and 5-year projections necessary to achieve the funding plan, and asked how many budget augmentations are there a year. Mr. Foree replied a couple a year as needed.

Vice Chair added there are possibilities to move projects in outer years in the CIP.

Member Brekhus inquired about the Mt. Rose Water Treatment Plant and what was the general manager's authority to approve contracts and up to what dollar amount; and suggested for Board discussion to possibly retract authority. Mr. Foree replied the general manager has authority to approve and sign contracts if it is within the approved budget, but Board could change the policy. Mr. Pagni added the Board approved the general manager having delegated authority to award contracts within the budget.

Member Brekhus understood and was not objecting to the concept adopted by the Board, but perhaps to consider deferring projects and would like to see a copy of the delegated authority policy.

14. ADJOURNMENT

With no further discussion, Vice Chair Hartung adjourned the meeting at 12:05 p.m.

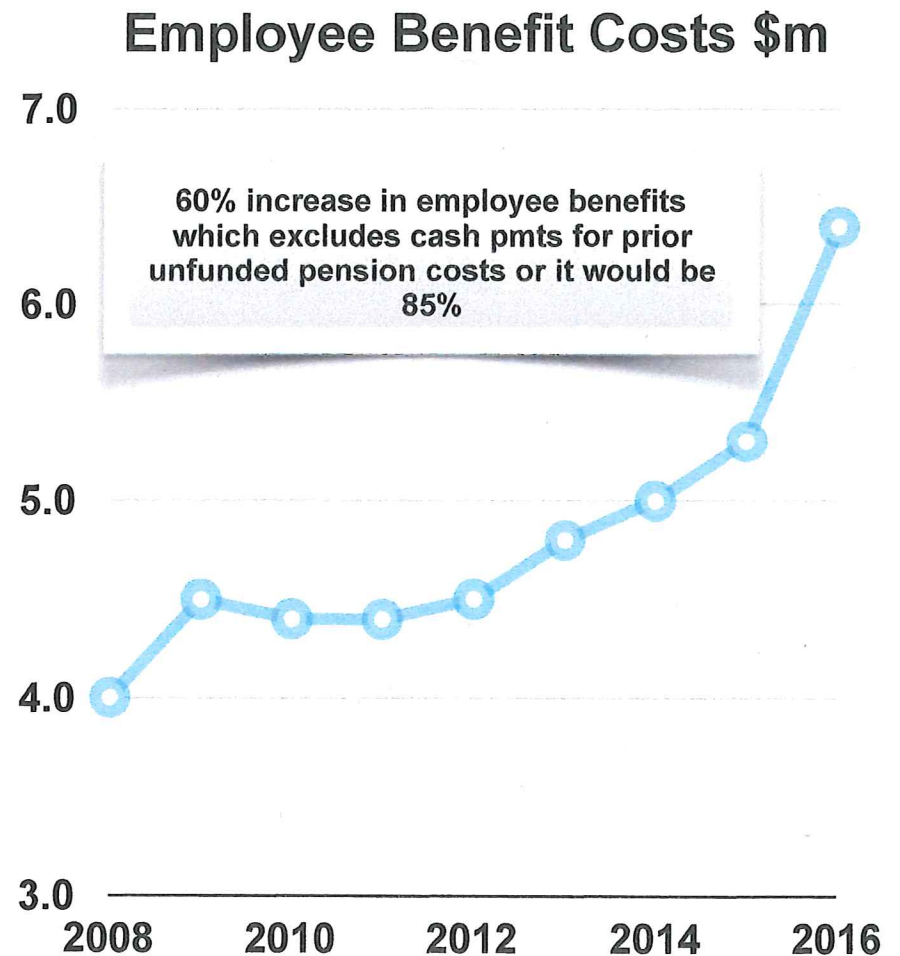
Approved by the TMWA Board of Directors in session on Wednesday, May 17, 2017.

Sonia Folsom, Recording Secretary

**Members Duerr, Jardon and Smith were present for agenda items 1 through 10.B only.*

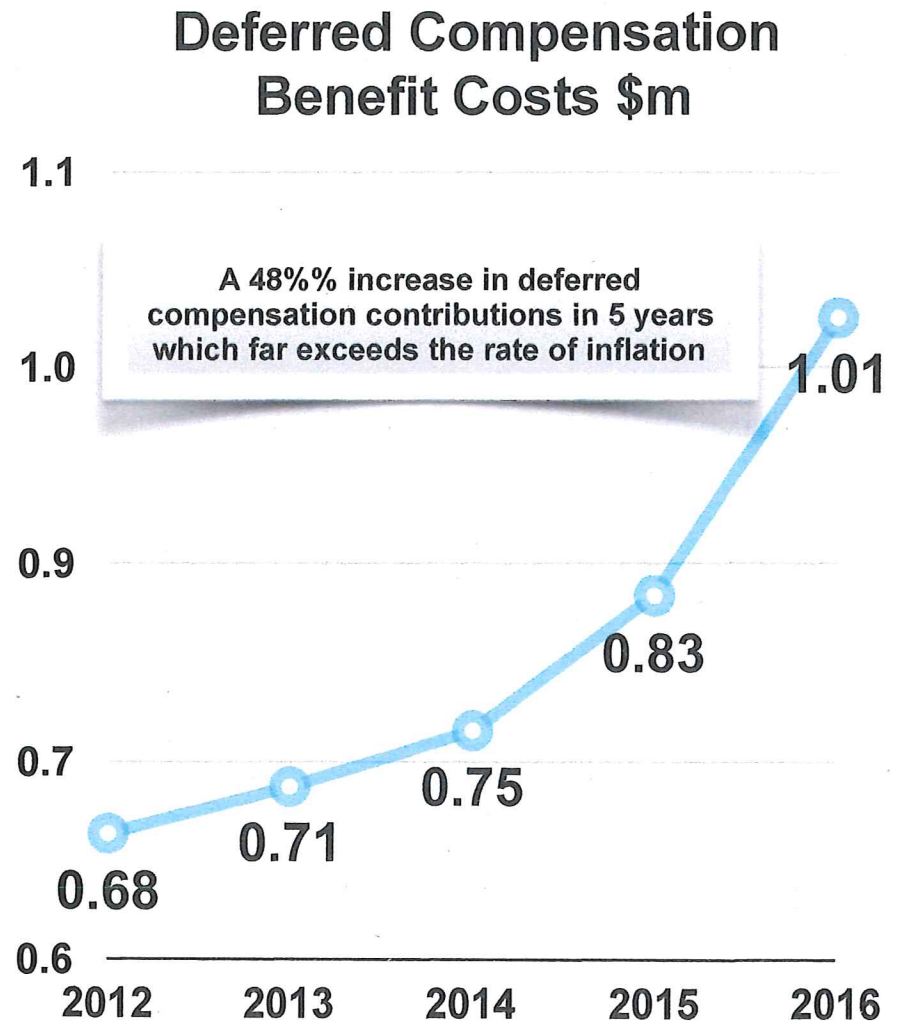
Employee Benefits

- Employee benefits include pension costs, medical insurance, deferred compensation, etc.
- Included in the increase is the merger with Washoe County Water Utilities with circa 25 staff moving to TMWA
- Employee benefits does not include the costs for prior unfunded pension costs, a \$26.9m liability and which incremental cash payments were \$1m in 2016



Deferred Compensation

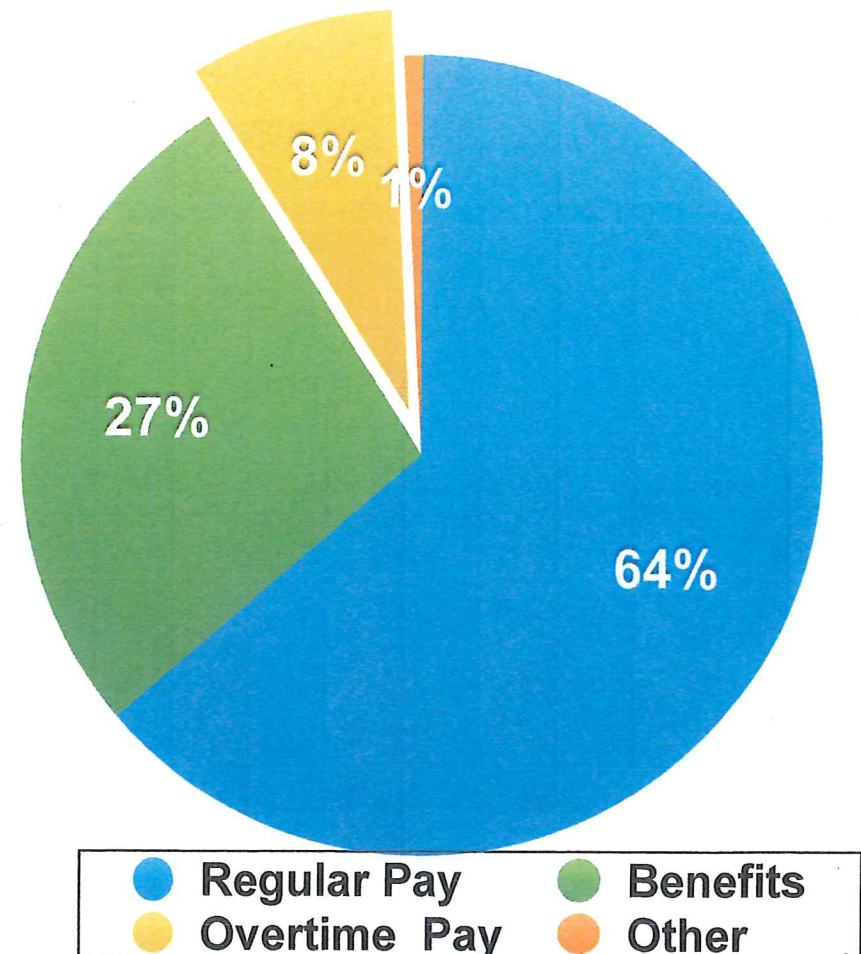
- Over the last 5 years a 48% increase in Deferred Compensation contributions
- The Money Purchase Retirement Plan is assumed to be zero cost to TMWA after discussion with the CFO
- Deferred compensation amounts are per the available CAFR's (audited financial statements)



TMWA Wages and Overtime for 2016

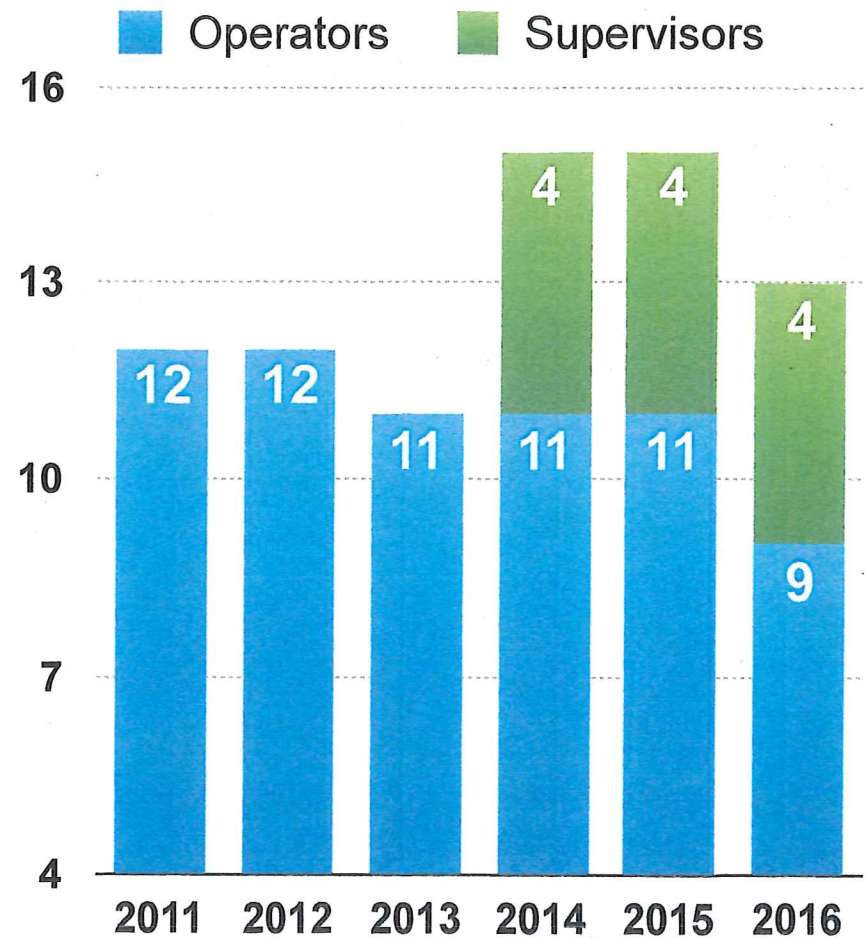
- Source of information was Transparent Nevada (transparentnevada.com) and TMWA 2016 CAFR so there can be minor errors as we do not have access to the data in TMWA's financial systems
- Total wages & benefits are estimated for 2016 to be \$25.6m
- Overtime for 2016 is estimated at \$2.1m or 8% of total wages & benefits or over 12% wages, which is \$1 out of every \$8 dollars of wages is from overtime
- 4 of the Top 10 Northern Nevada Government employees paid O/T came from TMWA. All appear to be associated with Water Plant III
- 41 people From TMWA were paid overtime in 2016
- Of the Top 10 TMWA staff with the highest overtime, 9 came from Water Plant III

Review of 2016 TMWA Wages



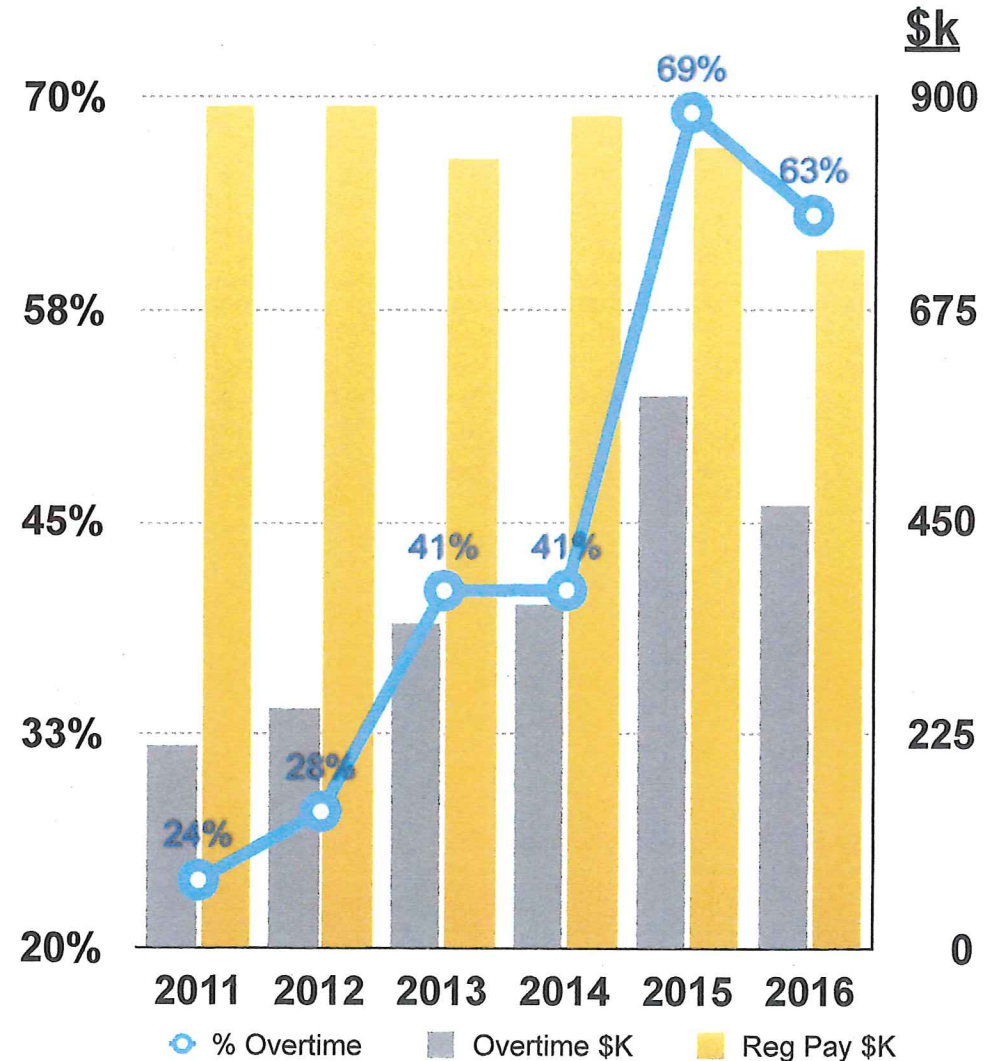
TMWA Staffing for Water Treatment Plant

- Originally 12 Operators worked in the plant in 2011 which decreased over time to 9.
- Supervisors were new positions in 2013 with new employees as they had no prior compensation in prior years



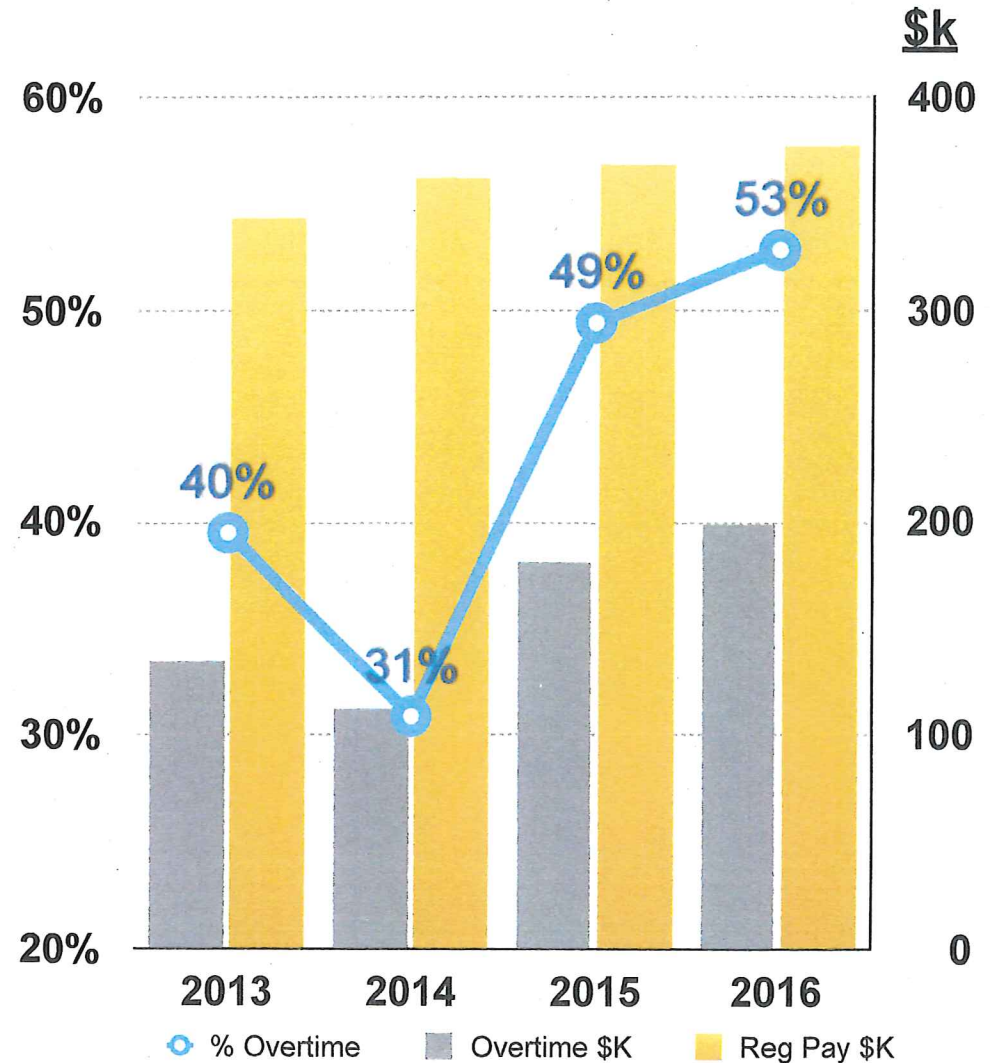
TMWA Operator Water Plant III Overtime

- During the last 6 years over \$2.24m in overtime was paid to 9-12 people per year
- Overtime increased by 39% and \$253k in 6 years for 1 group
- Are options available to reduce overtime in the future?



TMWA Water Plant III Supervisor Overtime

- Supervisor position appears to be new in 2013 and immediately began to have extensive overtime from day one
- During the last 4 years over \$.6m in overtime was paid to 4 supervisors with 3 individuals receiving additional O/T from 50% to 67% of regular pay for 2016
- Overtime increased by 47% over the last 4 years
- Are options available to reduce overtime in the future?

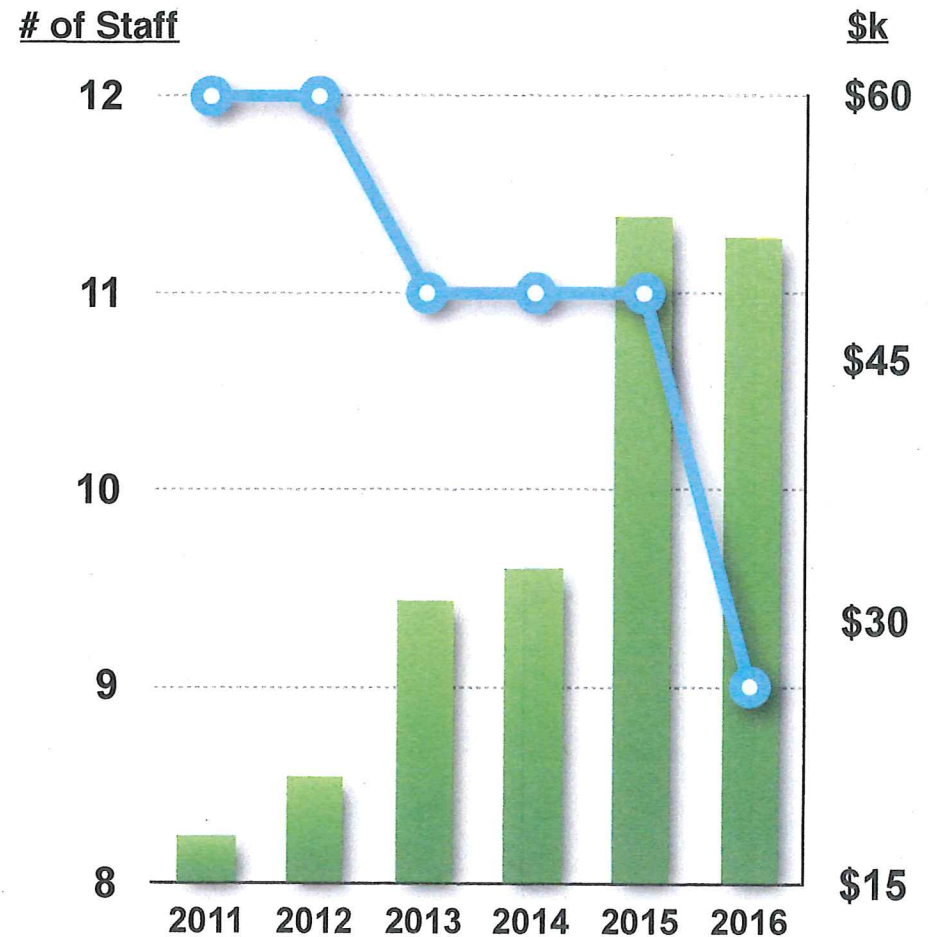


TMWA - Operator Water Plant III

Comparison of Staffing Levels to Avg. OT Paid 2011 - 2016

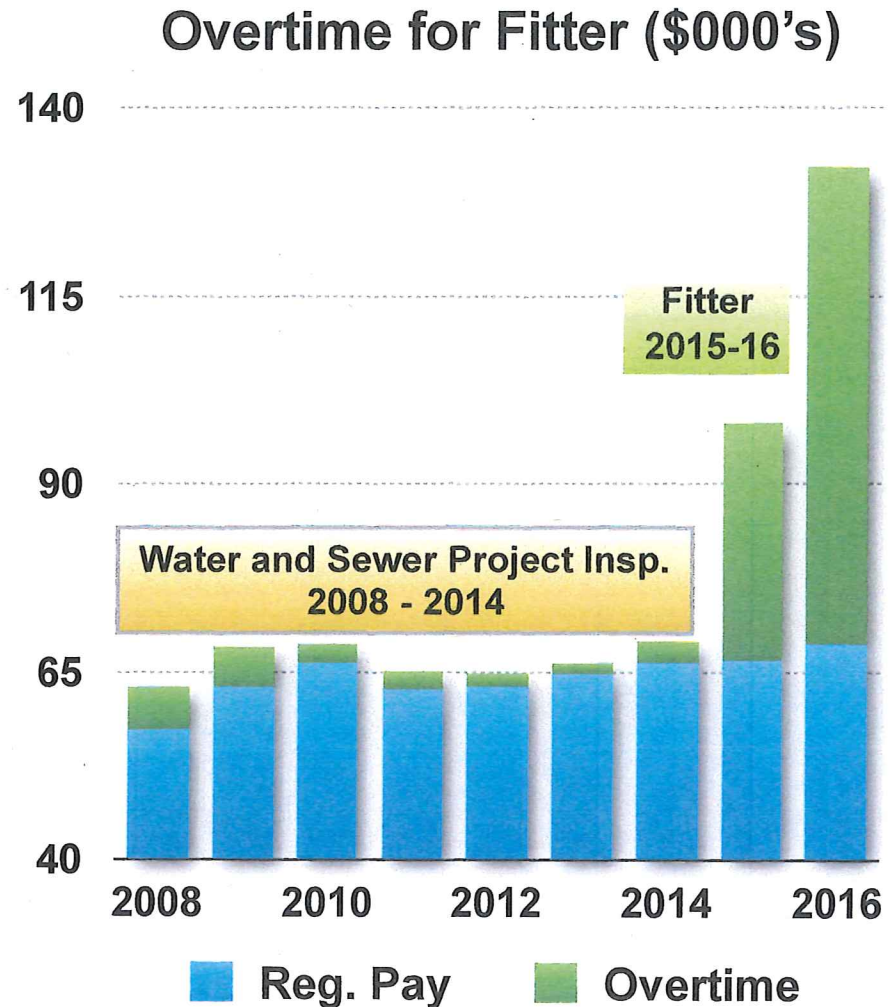
Comparison of # of Staff to Avg Overtime Paid

- Decrease in number of Operator Water Plant III staff appears to have resulted in significant overtime per person is one view but during the same time TMWA added 4 new supervisors as well.
- Over \$2.24m paid out in overtime from 2011-16
- Overtime also is subject to benefit add-ons and appears to be included in pensionable wages, either the straight time portion or the entire payment
- What are the reasons for the staff changes and the increase in overtime?
- Was there a change in supervisors over this time?



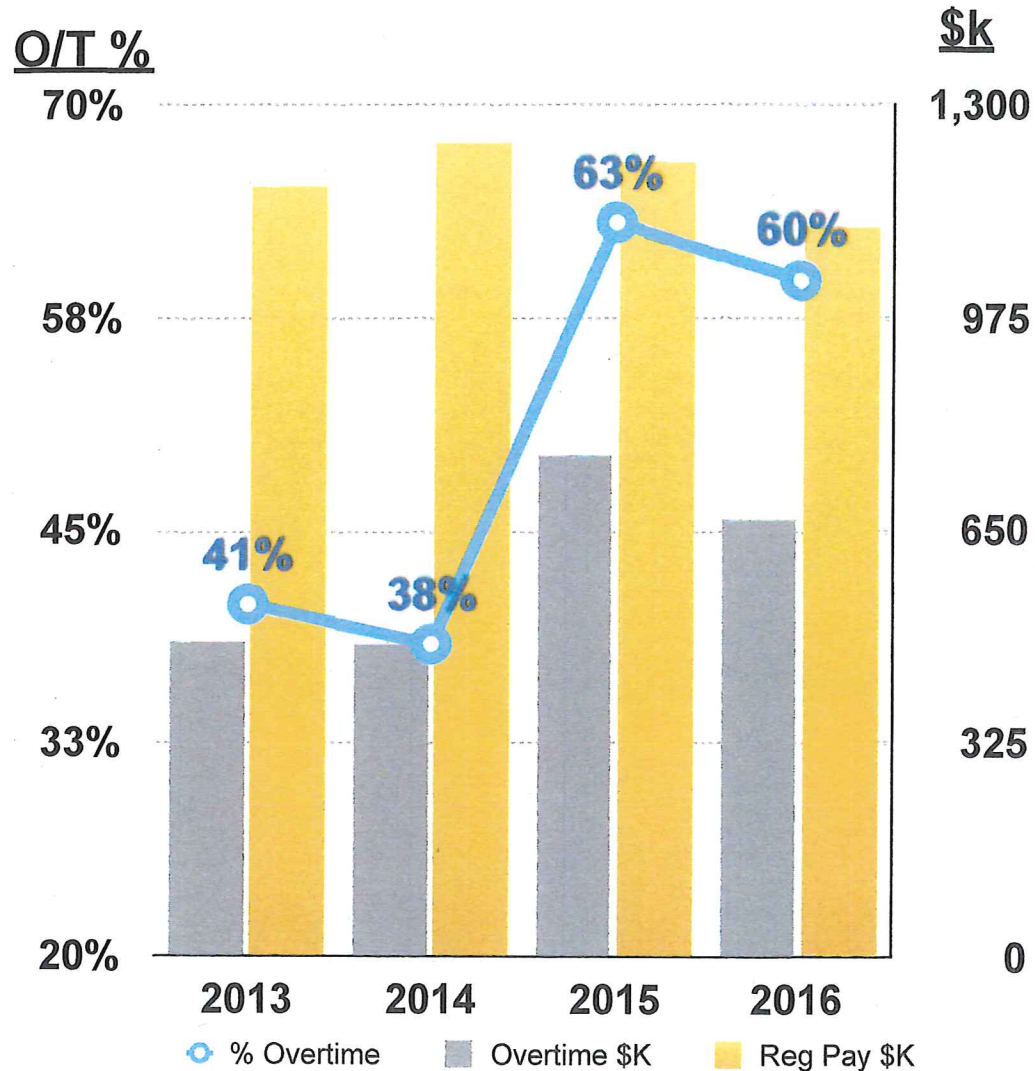
TMWA Fitters Overtime

- Individual worked a minimum of 6 years as an inspector with minimal overtime
- First 2 years as a fitter individual had the highest amount of overtime in 2016 of any team member and was #2 in 2015.
- The #1 Fitter in overtime for 2015 moved over in 2016 to the position of Operator, Equipment III and immediately became the #1 in overtime for that group
- What is the cause of the overtime and how is it budgeted, controlled, and approved?



TMWA Summary - Operator and Supervisor Overtime For Water Plant III

- 9-12 operators and 4 supervisors working in this area over the years
- During the last 6 years the operators were paid over \$2.24m in O/T and for the last 4 years \$1.76m. For 2016, \$467k was paid out in O/T for operators with more than 6 people being paid over \$50k each and 1 individual paid over \$79k. There are others with de minimis O/T
- Over the last 4 years the supervisors were paid over \$.6m in overtime with 3 individual receiving additional O/T from 50% to 67% of regular pay for 2016
- Of the Top 10 Northern Nevada Governmental Employees with the highest overtime, 4 appear to be related to Water Plant III
- Overtime, all or part of the wages, may qualify for pension benefit which increases the long term impact of O/T for the next 30 years. A significant cost for TMWA and the ratepayers
- Are options available to reduce overtime in the future for all groups and how is it budgeted, controlled, reported to senior management, as well as the board as this O/T should not be considered a fixed cost!



TMWA - Transfer and Impact of Washoe County Staff

- It is our understanding that 25 staff transferred from Washoe County (WC) to TMWA as part of the merger and many statements/issues have been raised around this.
- It is always good to do a post project review of actual vs. projected costs to learn from decisions made. This would be an excellent action to take for this area
- What is the incremental impact on pensions for this transfer as it is our understanding that:
 - Salaries for WC were significantly less than TMWA. How much was both the change in salaries and the pension impact for this event?
 - Based on the 2016 CAFR's the WC transfers were placed in a separate medical plan. What is the cost for this change from what TMWA currently offers?
 - Did WC provide payment for accrued vacation and sick leave at the time of the merger?
 - Are there any other benefits that inured to the WC transfers that are not offered to all TMWA staff?