

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE AUGUST 16, 2017
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, August 16, 2017, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Vice Chair Hartung called the meeting to order at 10:00 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.

**Member Duerr arrived at 10:01 a.m.*

***Member Jardon left at 11:57 a.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Smith.

3. PUBLIC COMMENT

There was no public comment

4. APPROVAL OF THE AGENDA

Vice Chair Hartung stated an attorney-client closed door session will be held before agenda item 8.

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

5. APPROVAL OF THE MINUTES OF THE JUNE 21, 2017 MEETING

Upon motion by Member Duerr, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the June 21, 2017 minutes.

6. REPORT ON TMWA'S DAM INVENTORY AND REBUILDING, AND SAFETY MEASURES

Pat Nielson, TMWA Distribution Maintenance and Generation Director, informed the Board of the various dams and diversions TMWA owns as well as those owned by other entities, the million gallons per day (MGD) diverted, the average kilowatts generated by the hydro plants as well as the annual revenue generated which helps offset TMWA's electrical operating expenses. Mr. Nielson stated that TMWA is working with the U.S. Fish & Wildlife Services (USFWS) on replacing the diversion dams at Steamboat Canal and Verdi Hydroelectric plant to promote fish passage and consider safety measures for boat passage. Also, Pat discussed plans to assess damage to the riverbed and additional portage signs ahead of the Glendale Diversion Dam.

Discussion followed regarding concerns expressed by certain individuals about the Glendale Diversion Dam, meeting USFWS fish ladder standards, addressing the concerns from the boating/rafting community, and improving the overall Truckee River recreational user experience as it is important to the community.

The Board requested to be kept apprised of the progress and staff report on any updates.

7. INFORMATIONAL REPORT REGARDING THE METER RETROFIT FUND PROGRAM

John Zimmerman, TMWA Water Resources Manager, reported that the current fund balance as of June 30, 2017 was \$2,425,647 and the estimated fund revenue by the end of fiscal year 2022 will be between \$4.2M and \$9.7M.

Mr. Nielson explained in detail the construction required to retrofit the remaining services to meters would be costly; the most difficult and expensive of which would be the Small Unit Flat Rate Services which is estimated between \$500,000 and \$2,480,000.

Member Brekhus explained one of her constituents had expressed concerns regarding a multi-unit complex that is not metered and she appreciated the report.

The Board discussed how TMWA tracks tenant improvements to monitor expanded use of water, keeping a single service for an apartment complex rather than putting individual meters for each unit is more beneficial due to cost, and to address using the meter retrofit fund for other purposes, such as the rate stabilization fund, before the next budget is approved.

The Board requested staff provide a more detailed estimate and timeline to retrofit all the unmetered services to determine which services should be retrofitted and which ones are not feasible to retrofit and return with their recommendations at a future meeting.

The TMWA Board of Directors recessed for an attorney-client privilege closed door session at 10:27 a.m.

The TMWA Board of Directors reconvened at 11:12 a.m.

8. UPDATE AND DISCUSSION ON TRANSFER OF FARAD HYDRO FACILITIES FROM NV ENERGY UNDER 2001 ASSET PURCHASE AGREEMENT AND DISCUSSION AND POSSIBLE ACTION ON RECOMMENDATIONS TO STAFF REGARDING TIMING AND RECONSTRUCTION OPTIONS FOR FARAD DAM AND HYDRO FACILITIES

Mr. Nielson presented the Board with the options for the Farad dam and hydro facilities with staff looking for Board direction on how to proceed.

Michael Pagni, TMWA General Counsel, provided background with reference to the 2001 Asset Purchase Agreement with Sierra Pacific Power Company (now NV Energy). Under that agreement, NV Energy agreed to transfer all hydro facilities to TMWA. Delay in the transfer of the Farad Hydro has occurred because of insurance litigation over damage to the dam by the 1997 flood. The conclusion of the litigation on portions of coverage this year triggers elements under TMWA's settlement with NV Energy on the transfer of Farad property to TMWA. Staff was looking for direction from the Board on options for the property once it is transferred.

Mark Foree, TMWA General Manager, stated as part of the recommendation, the recent financial analysis to rebuild the dam and facilities shows that it is not financially feasible for TMWA to reconstruct the dam and facilities at this time.

Public Comment

Janet Phillips, Tahoe-Pyramid Bikeway, stated that TMWA has been a key partner in building the bikeway and requested the TMWA Board consider a permanent easement for the bikeway through the Farad property if the Board considers selling the property. (Attachment)

Vice Chair Hartung confirmed if there is flexibility in granting an easement for the bikeway. Mr. Pagni replied yes there is flexibility, and the Board can give direction to staff to research and bring it back as a future item.

For the record, Vice Chair Hartung disclosed that Ms. Phillips is a friend, but they have not had any discussions pertaining to this subject.

The Board expressed appreciation for Ms. Phillips' comments and discussed alternative options with regards to the Farad facility and property for other purposes, such as: removal of the flume and selling the material, recreational opportunities for education purposes, determine what equipment is salvageable and what can be sold, dedicating it to the parks and recreation, permitting to generate hydro on Highland Canal, other possibilities to generate increased hydro revenues, and security issues need to be addressed.

The Board requested staff bring this agenda item at a future meeting to present alternative options.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved staff recommendation to not pursue reconstruction of the Farad dam at this time and to pursue other options as discussed as well as easements for the Tahoe-Pyramid Bikeway.

9. DISCUSSION AND POSSIBLE ACTION, AND DIRECTION TO STAFF REGARDING THE DRAFT WHOLESALE WATER SERVICE AGREEMENT BETWEEN TMWA AND WEST RENO WATER COMPANY AND REQUEST FOR BOARD AUTHORIZATION FOR GENERAL MANAGER TO FINALIZE AND EXECUTE THE AGREEMENT

John Enloe, TMWA Natural Resources Director, and Scott Estes, TMWA Engineering & Planning Director, recommended the Board authorize the General Manager to finalize and execute the wholesale water service agreement between TMWA and West Reno Water Company (West Reno) for property outside TMWA's retail service area. The agreement would provide for limited service to the Boomtown area to begin to address water supply issues in this area since TMWA does not have the ability to provide retail water service directly without infrastructure costs of approximately \$15M. Mr. Enloe explained that Boomtown is currently a private water company regulated by the Health District not the Public Utilities Commission (PUC), but by providing service to new customers, they are going over the state regulatory threshold and will be required to create a new entity, West Reno, which would be regulated by the PUC.

Discussion followed regarding costs to TMWA, TMWA's position of regional water purveyor, the lack of infrastructure to serve the Boomtown area, groundwater sustainability management, which entity would be responsible for providing water service to the area, West Reno not having the ability to recharge, whether TMWA has the authority to create and implement a water purveyor policy, and the concern of having a private water utility operate within the City of Reno jurisdiction.

Member Brekhus expressed her concerns over the lack of success with private water utility companies in the area and it may be incumbent upon the developer to pay up front to assist TMWA in providing water service, and stressed that discussion should occur at the City of Reno. She inquired if TMWA has a special assessment or bonding capabilities. Mr. Pagni replied that TMWA has established connection fees and service charge areas under its Rules, and facility charges are applied to each new service connection within that service charge area. Also, TMWA has some bonding abilities to convert domestic wells to the municipal system.

Member Duerr suggested to include the option for TMWA to acquire the private utility at a later date for the current appraisal value adjusted for maintenance and replacement costs.

Member Hartung expressed his dissatisfaction with West Reno wanting to buy water from TMWA at a wholesale rate.

Member Jardon confirmed the City of Reno Planning Commission would not be hearing this item at their meeting later today and expressed her concerns about the lack of information, collaboration between staff at the City of Reno and TMWA, and as such it would be premature to decide today and requested it be deferred to a future meeting.

Mr. Enloe agreed and stressed that TMWA has not been directly involved in these decisions pertaining to the proposed housing developments in the Boomtown area and requested staff at the City of Reno work with TMWA staff. He stated the State Engineer's office also has concerns about the lack of information on sustainability of the groundwater resource and is supportive of a service connection to TMWA in order to provide support with its multiple resources.

Upon motion by Member Brekhus, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board directed staff to continue working on this item and to bring it back at a future meeting.

10. DISCUSSION AND POSSIBLE DIRECTION FROM BOARD REGARDING THE GENERAL MANAGER'S PERFORMANCE EVALUATION PROCESS

Upon motion by Member Smith, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the General Manager's performance evaluation process.

11. GENERAL MANAGER'S REPORT

Mr. Foree informed the Board that TMWA's water supply is very good and the reservoirs are at or near capacity and July saw the second best monthly hydro revenue in TMWA's history at \$359,227. He also reminded the Board of the Nevada Water Innovation Campus event on August 24th at 3pm at the University.

12. PUBLIC COMMENT

There was no public comment.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Vice Chair Hartung requested an update on TMWA's recharge plans and timing.

14. ADJOURNMENT

With no further discussion, Vice Chair Hartung adjourned the meeting at 12:13 p.m.

Approved by the TMWA Board of Directors in session on September 20, 2017.

Sonia Folsom, Recording Secretary

** Member Duerr was present for agenda items 4 thru 14 only.*

***Member Jardon was present for agenda items 1 thru 9 only.*



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August 15, 2017

Geno Martini, Chair, and Board Members
Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, NV 89520-3013

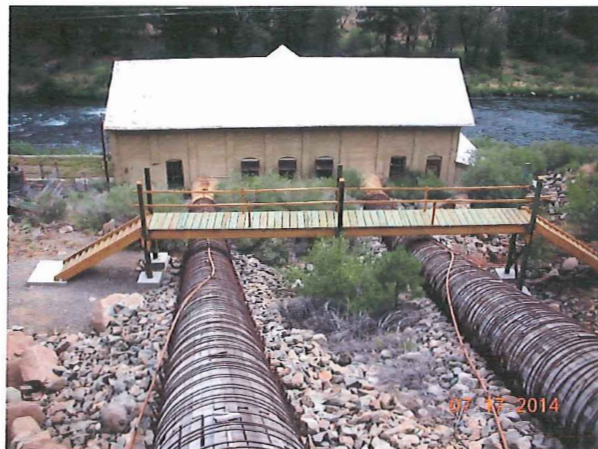
Re: Bikeway considerations concerning Farad Powerhouse

Dear Mr. Martini and Board Members:

In connection with this week's agenda item #8, the future of Farad Powerhouse, I would like to request two special considerations to sustain the Tahoe-Pyramid Bikeway. The Bikeway has passed through the Farad property for three years without major incident, and it is the only route we can find through the pinch point at Farad to travel from Reno to Truckee. Here is a photo of the footbridge we built over the old wood penstocks in 2014 (a chain link fence was added to the bridge subsequent to this photo).

We have always known that our revocable permission to pass could be disrupted when the plant is rebuilt or removed, but we have trusted TMWA and NV Energy not to do so lightly or permanently. I would respectfully ask:

1. If the property is sold, that TMWA grant the Bikeway a permanent easement before conveying the property to a third party.
2. That the trail remain open during September of 2018-2022 for Interbike Marketweek—a very large trade show which we anticipate will highlight the Truckee River trail.



Thank you for TMWA's long collaboration with the Tahoe-Pyramid Bikeway. We would not be nearly connected to Truckee (2018 target) without your help.

With Sincere Appreciation,

Janet R. Phillips
President and Founder

Cc: Bikeway Board
Matt Gingerich, NV Energy