



TRUCKEE MEADOWS WATER AUTHORITY
Board of Directors

AGENDA

NEW DAY & TIME: Wednesday, December 13, 2017 at 9:30 a.m.
Sparks Council Chambers, 745 4th Street, Sparks, NV

Board Members

Chair Geno Martini
Member Neoma Jardon
Member Jenny Brekhus
Member Ron Smith

Vice Chair Vaughn Hartung
Member Jeanne Herman
Member Naomi Duerr

NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Reno City Hall (1 E. First St., Reno), Sparks City Hall (431 Prater Way, Sparks), Sparks Justice Court (1675 E. Prater Way, Sparks), Washoe County Courthouse (75 Court St., Reno), Washoe County Central Library (301 South Center St., Reno), Washoe County Administration (1001 East Ninth St., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/> or you can contact Sonia Folsom at (775) 834-8002. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
5. Asterisks (*) denote non-action items.
6. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.
7. In the event the Chairman and Vice-Chairman are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).
8. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.

1. Roll call*
2. Pledge of allegiance*
3. Public comment — limited to no more than three minutes per speaker*
4. Approval of the agenda (**For Possible Action**)

¹The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

5. Approval of the minutes of the October 18, 2017 meeting of the TMWA Board of Directors **(For Possible Action)**
6. Approval of the minutes of the November 6, 2017 special meeting of the TMWA Board of Directors **(For Possible Action)**
7. Smart About Water Day update — Andy Gebhardt*
8. Discussion and action on adoption of Resolution No. 256, a resolution to approve the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2017 — Michele Sullivan **(For Possible Action)**
9. Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2017, such appointments to be made for new terms from January 1, 2018 to December 31, 2019 from the following list of candidates: (1) Fred Schmidt, primary representative, wholesale customer; (2) Jonnie Pullman, alternate representative, multi-family customer; (3) Colin Hayes, primary representative, BANN customer; (4) Jim Smith, alternate representative, BANN customer; (5) Bruce Gescheider, primary representative, Reno-Sparks Chamber customer; (6) Bill Hughes, alternate representative, Reno-Sparks Chamber customer — Sonia Folsom **(For Possible Action)**
10. Update regarding possible acquisition of West Reno Water Company system and future water service to the Verdi area, discussion and possible direction to staff on Verdi area water service — John Enloe, Scott Estes and Mark Foree **(For Possible Action)**
11. Discussion, and action, and possible direction to staff regarding request from the developer of the StoneGate planned unit development that TMWA be the retail provider for its development project — John Enloe **(For Possible Action)**
12. Discussion and action on scheduling regular board meeting dates and times for the Calendar Year 2018 — Mark Foree **(For Possible Action)**
13. General Manager's Report*
14. Public comment — limited to no more than three minutes per speaker*
15. Board comments and requests for future agenda items*
16. Adjournment **(For Possible Action)**

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TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE OCTOBER 18, 2017
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, October 18, 2017, at Truckee Meadows Water Authority, 1355 Capital Blvd, Reno, Nevada. Vice Chair Hartung called the meeting to order at 10:19 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.

**Members Herman and Smith left at 2:14 p.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mr. Gene Gardella.

3. PUBLIC COMMENT

Mr. Gardella, Verdi resident, spoke in support of TMWA being the water purveyor for the residents in the Verdi area.

4. APPROVAL OF THE AGENDA

Vice Chair Hartung recommended to hear agenda item #14 after agenda item #7.

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

5. APPROVAL OF THE MINUTES OF THE SEPTEMBER 20, 2017 MEETING

Upon motion by Member Brekhus, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the September 20, 2017 minutes.

6. PRESENTATION ON THE SMART ABOUT WATER DAY EVENT

Andy Gebhardt, TMWA Water Operations & Quality Director, informed the Board of the Smart About Water day event to be held on Saturday, October 21, 2017 from 10:00 a.m. – 2:00 p.m. at the Lazy 5 Regional Park in Sparks. This is the first event of its kind that TMWA has organized, which is meant to educate and engage the public in all aspects of TMWA’s operations, financial status, TROA, etc.

7. PRESENTATION OF TMWA’S FISCAL YEAR 2017 CUSTOMER SATISFACTION STUDY

Sara Hart, InfoSearch International Research Director, stated InfoSearch has held TMWA’s customer satisfaction survey since 2002. Ms. Hart reported the study is conducted via a telephone survey throughout the year for a total random sample size of 500 customers polled: 400 residential and 100 commercial customers. The survey has consistently measured the overall level of customer satisfaction and attitudes toward water related issues including, but not limited to, water quality and supply, public outreach, and customer service. Ms. Hart said TMWA’s overall customer satisfaction for FY17 was 92% and has remained stable at 92-93% for the last five years, which is extremely high and remarkable considering the extreme drought conditions experienced in the last few years and the rate increase this past May. Ms. Hart stated the highest correlation she has observed is water quality awareness. In FY17, TMWA’s rating improved significantly with regards to maintaining adequate water supply and maintaining the region’s water supply.

Discussion followed regarding whether the study identified where respondents live within TMWA’s service area, age of infrastructure, and to potentially include a question about where customers live so staff can better understand related issues and concerns; customer response to “never” having problems with taste increased 19% between 2014 and 2016; the rating for the level of concern regarding drought and sufficient water supply improved significantly, and customers who were most concerned about the rate increase were commercial customers and amongst the residential customers, those who were age 65+, have lived in Reno for 20+ years and live alone.

Public Comment

Neil McGuire, TMWA Standing Advisory Committee Chair, stated that TMWA has done a great job listening to its customers, the Board and SAC members and have continued with its strong messaging, but the public get comfortable and it then becomes difficult to convince them that it is necessary for a rate increase. TMWA needs to continue to be a strong water company that can be compared nationally.

14. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING WATER SERVICE OPTIONS TO THE VERDI AREA INCLUDING A POSSIBLE WHOLESALE AGREEMENT WITH THE WEST RENO WATER COMPANY, OR POSSIBLE ACQUISITION OF THE WEST RENO WATER SYSTEM

John Enloe, TMWA Natural Resources Director, reminded the Board this agenda item was deferred at the August meeting where the Board directed staff to develop alternative options to the proposed wholesale agreement. Mr. Enloe referred to the staff report and briefly described four options for the Board to consider. He noted that staff recommends the Board consider option 3: The Board authorize staff to enter into negotiations to develop a draft acquisition agreement for the West Reno water system, whereby TMWA would become the retail service provider in the short term (i.e. 6-9 months). Mr. Enloe also clarified that Boomtown would also like to see TMWA acquire their system sooner rather than later so that Boomtown would not spend any further finances to continue legal filings with the Public Utilities Commission (PUC).

Discussion followed regarding the potential water system acquisition costs and improvements to increase the level of service; the current connection TMWA has in place ends at West Meadows; a \$1.5 million pump station and main extension will be required to connect TMWA's system with the Boomtown system; how new development will be responsible for the construction of subsequent water system improvements and facility costs: funding options such as connection fees, assessment districts and/or grants to cover the approximately \$14M cost associated with facility improvements to extend retail water service to Boomtown; communication between TMWA staff and City of Reno staff with regards to review of proposed developments; there is sufficient water in the existing system to serve the area today which allows time as projects develop to build the necessary infrastructure; and there are several uncertainties with the system which TMWA staff will need time to assess and evaluate.

Member Jardon appreciated staff's efforts and reinforced the concerns of Verdi residents with relation to the quantity and quality of water by a water service company other than TMWA.

Member Brekhus asked if facility improvements to extend retail water service to Boomtown were being calculated into connection fees. Mr. Enloe replied, yes.

Member Herman commented that she is very pleased to hear this discussion and is pleased with the direction it is going. She stated she wished it had occurred two years ago so that it may have helped with the fire situation in Verdi this past fall.

Member Duerr agreed that TMWA could provide stability with adding fire hydrants for fire response and asked what was included in the \$14M. Mr. Enloe replied the \$4-\$5 million short-term cost would be to acquire the water system assets, build a pump station and pipeline, plus other nominal improvements of wells and tanks to improve the level of service. The \$14 million is for backbone facilities, mains and pump station improvements, to connect to the systems.

There was no representative from West Reno Water Company, but Member Brekhus stated she had spoken with a representative from the company and they stated interest in being acquired.

Public Comment

Mr. McGuire stated the SAC discussed this issue at great length and came to a unanimous decision to support TMWA entering into an agreement with West Reno which does not negatively impact TMWA customer rates in the future. He strongly feels as a committee the members are concerned and take the

time to consider options, look at the facts and do not allow for politics to enter into their decision making. The committee is made up of accountants, bankers, business people whom the Board has entrusted them to represent TMWA's customers and discourage any cross-subsidization.

Mr. Gardella reiterated that Verdi residents prefer TMWA to acquire West Reno sooner rather than later and suggested the Board form a special assessment district which would require all owners to enter into a contract requiring everyone to pay their fair share; i.e. as houses are built and sold, the capital portion of the sales goes to pay down the bond.

Dawne Rice, Verdi resident, stated she feels relieved after hearing the discussion and expressed her concerns regarding her well going dry again and suggested that the new development be required to xeriscape their properties as it is developed.

Alice House, Verdi resident, also expressed her concern about her own well going dry for a third time and it is better that TMWA manages the wells in the area.

Chip Bowlby, Reno Land president, thanked TMWA staff for working together to move this forward, he is in support of connection fees being part of the solution and TMWA is the solution for the community and residents in Verdi.

Closed Public Comment

At this point discussion ensued regarding the factors of a special assessment district to ensure as many citizens as possible are on board so that TMWA can manage the resources in this area efficiently.

Upon motion by Member Duerr, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved to authorize staff to move forward with Option 3; enter into negotiations to develop a draft acquisition agreement for the West Reno Water System for future Board action. The draft acquisition agreement would include: terms and conditions for the acquisition of the water system facilities, assets and obligations; a summary of facility improvements, implementation schedule and estimated costs to connect the system to TMWA; and a plan identifying how the acquisition and improvement costs would ultimately be paid for.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board additionally authorized TMWA staff to coordinate with the City of Reno and Washoe County to develop several possible funding strategies for implementation of the Verdi Area Water Facility Plan improvements.

The Board of Directors recessed at 12:21 p.m.

The Board of Directors reconvened at 12:34 p.m.

8. PRESENTATION OF TMWA'S POPULATION PROJECTION AND PROJECTED GROWTH IN WATER DEMANDS

Shawn Stoddard, TMWA Senior Resource Economist, presented the staff report. He stated spring weather patterns have a huge impact on water usage, the projections are a moving average of the last three years and are updated every six months. Currently, peak projections have held at approximately 600k residents. Member Brekhus inquired if the rate increase was included in these projections. Mr. Stoddard replied, no.

9. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2017

Mark Foree, TMWA General Manager, provided an overview of the results for TMWA's FY2017 goals and objectives. Overall the results were very good, most having met or exceeded their benchmarking or industry standards; most notably, meeting both Safety goals which have been elusive in meeting in past years.

Michele Sullivan, TMWA Chief Financial Officer, reported that all financial goals were met but one, and TMWA received an improved S&P rating of AA+. TMWA did not meet the median target of 32% for maintaining a low debt ratio, rather had a result of 45% but that was anticipated as TMWA still has a very high debt load compared to other utilities.

Alternate Member Dahir inquired if TMWA will be able to attain the next level in credit rating. Ms. Sullivan replied yes, within the AA ratings, but not AAA. Mr. Foree reminded the Board when TMWA was formed in 2001, it was 100% debt leveraged and Ms. Sullivan added that in the last two years the debt has been reduced by 20%.

Discussion occurred regarding holding cash reserves instead of paying down debt would improve debt ratio coverage, but currently the high cash reserve is also a result of the Farad insurance settlement which has already been earmarked so it appears as if there is more; commercial paper is paid down with the selling of will-serve commitments; and recently paid \$7.2M to pay down commercial paper.

Mr. Gebhardt explained the reason for not meeting the treatment costs this year was due to flooding and high river turbidities for an extended period of time requiring significantly more chemicals than normal.

Pat Nielson, TMWA Distribution, Maintenance & Generation Director, explained the goals for planned and unplanned disruptions taking 4-12 hours to fix were not met due to the 4th Street and Prater Way road construction and continued Mueller meter pits failing, which TMWA continues to replace and requires extended time. Mr. Foree added TMWA's crew are very professional and do a great job under pressure, in extreme weather and are very efficient.

Mr. Nielson stated the American Water Works Association (AWWA) benchmarks are reported nationally and do not accurately reflect the time it takes to complete these projects in this region, but still feels it is

crucial to keep track of the statistics. The causes for the leaks and main breaks are due to soil, seismic activity, and the freeze/thaw cycles are more frequent than in the east coast.

Mr. Gebhardt explained TMWA did not meet the AWWA benchmark of maintaining a high level of billing accuracy. It was the first-year staff tracked this goal and what is considered an 'error' needs to be refined.

Vice Chair Hartung inquired about the possibility of obtaining smart meters much like NV Energy. Mr. Gebhardt replied yes, in the future and they are currently looking at industry standards.

Mr. Enloe reported all goals in Natural Resources were met except for the number of presentations (six versus 10) given regarding Truckee River Operating Agreement (TROA). He reported that the permitting process for Mt Rose Water Treatment plant has been completed and bidding will occur in December with construction anticipated to begin in spring 2018.

Scott Estes, TMWA Engineering Director, reported all goals were met in Engineering and New Business except for the new business turnaround for subdivisions within 30 days, 71% actual versus the 75% goal.

Member Brekhus inquired if this had to do with the health department issues. Mr. Estes replied yes, but he is proud of his staff for working diligently and attaining good results despite the issues. Mr. Foree added that the statistics have already improved this year.

10. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2018

Mr. Foree reported that all goals with AWWA benchmarking or industry standards were updated to reflect current data.

Mr. Enloe reported two new Natural Resources organization objectives were added: #3. Work with stakeholders to develop draft return flow management agreement to address TRIC effluent; and #4. Perform cost-benefit analysis for converting remaining flat rate customers to meter. Mr. Foree added also to address how to repurpose the meter retrofit fee program.

Ms. Sullivan reported two new Financial organization objectives were added: #7. Maintain high level of utility's financial effectiveness, median goal of 1.7%; and #8. Successfully renew or replace TMWA's liquidity facility that supports Tax Exempt Commercial Paper (TECP).

Member Brekhus inquired who was the letter of credit obtained by and for how much. Ms. Sullivan replied MUFG Bank of Tokyo and it is about \$400k, but it will most likely be less this year.

Ms. Sullivan presented two new Business Information Systems (BIS) department goals: #4. Initiate BIS steering committee program; and #5. Development of TMWA IT strategic plan.

Mr. Enloe reported on two new Natural Resources department goals: #6. Remain actively involved in UNRs Nevada Water Innovation Campus projects; and #7. Respond to customer water usage audit requests within 3 days.

Vice Chair Hartung commented on the importance of using new technology to address treatment issues. Mr. Enloe agreed and it is gaining more membership.

Jessica Atkinson, TMWA Human Resources Manager, presented new Human Resources department goals: #1. Develop a system to track continuous training for full-time equivalent (FTE) employees; #2. Track the number of annual employee FTEs departures per year, median or better goal of 6.8%; and #3. Track the number of FTEs eligible for retirement, median or better goal of 22.4%.

Ms. Sullivan presented three new Finance department goals: #3. Maintain a lean operating ratio, median goal of 56%; #4. Reduce TMWA's debt per capita based on America Metropolitan Water Association (AMWA), work toward median of \$552; and #5. Maintain ratio of capital cost to total budgeted costs, goal of 25%.

Vice Chair Hartung inquired if cost in overhead can be reduced and expressed his interest in seeing a hydro plant installed on Highland Canal to offset energy usage. Ms. Sullivan replied yes, in small ways; such as reducing AT&T bills and power, which is the biggest expense.

Upon motion by Member Jardon, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved the proposed TMWA Goals and Objectives for fiscal year 2018 with the addition of investigating options for other hydroelectric power plants.

11. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2018 THROUGH 2022, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Ms. Sullivan presented the draft funding plan for FY 2018-2022 and funding plan assumptions. She showed the last five years of water sales revenue and FY17 results, which include \$500k due to the rate increase, are much lower than FY14, and revenue came in within 2% of the funding plan.

Member Brekhus inquired about the funds from the Farad settlement. Ms. Sullivan replied those funds are already earmarked for hydro improvements.

Ms. Sullivan presented a list of liabilities which are not part of the draft funding plan and will result in a budget augmentation in the next few months; which include repairs to Donner Lake dam, Glendale diversion, and access roads – all as a result of the flooding, and the increase in power costs of 12%, which is four times the 3% projected for the next year.

Vice Chair Hartung inquired if TMWA had an insurance policy that could be used to pay for some of the repairs caused by the flooding. Ms. Sullivan replied no, but staff is applying to FEMA to get reimbursed.

Member Brekhus inquired since the Mt. Rose WTP has been pushed out and now costs \$5M, and there is enough river water, if there is an option not to expand. Mr. Enloe replied part of the problem for the delay is the bidding environment and there is more water than originally anticipated which is why the design has expanded; to build out for capacity now instead of later is more efficient and less costly.

Discussion followed regarding the land use designated in the Mt. Rose-Galena Fan area in the future and if the treatment plant expansion was still needed. But the issue remained that capacity is needed in the area now regardless of future development plans, and part of the treatment plant design is to recharge the aquifer.

Ms. Sullivan reported that the projections in the funding plan have improved slightly over last year, but the already approved 3% rate increase in May, 2018 is still necessary, and the Board will be revisiting the 2.5% increases projected in FY19, FY20 and FY21. Mr. Foree added that the financial situation has improved slightly, but not enough to reconsider the 3%.

Member Jardon inquired what was the largest electrical expense. Ms. Sullivan replied Chalk Bluff water treatment plant, but that is in one location, and the wells or pumping stations combined could possibly be more.

Upon motion by Member Smith, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board accepted the report.

12. REQUIRED COMMUNICATION FROM EIDE BAILLY IN REGARDS TO TMWA'S ANNUAL FINANCIAL AUDIT

Ms. Sullivan informed the Board of TMWA's contract with Eide Bailly to conduct their annual financial audit. The required communication details the scope of work and the audit began on October 16.

13. DISCUSSION AND POSSIBLE DIRECTION TO STAFF ON OPTIONS FOR DEVELOPMENT OR USE OF FARAD PROPERTY, INCLUDING POSSIBLE SOLICITATION OF REQUESTS FOR PROPOSALS FOR SALE, LEASE OR OTHER DISPOSITION OF FARAD PROPERTY AND/OR EQUIPMENT

Mr. Nielson presented the staff report and proposal to send out the RFP to garner interest from the community.

Mr. Foree inquired if it was possible to modify the RFP to include the potential of purchasing the property so that parties who are interested can communicate that in their proposal. Mr. Pagni replied, yes.

Discussed followed regarding the limitations of the property and potential to develop (the property is being listed "as is"); the property has no deed restrictions; the possibility of excluding potential types of uses and including potential uses for recreation, rafting, fishing, etc.; and there are no groundwater rights tied to the property.

Mr. Pagni stated it be best to see what the parties submit to see the interest before going to the next stage in the phase so as not to restrict the potential uses. Mr. Foree added staff prefers to sell the property since

the reclamation costs to tear down the flume structures are extensive and the \$21M set aside from the insurance settlement will first be used for any costs associated with Farad.

Member Brekhus noted she would like to protect the easement of the Tahoe-Pyramid bikeway and ensure it continues to be open to the public, and suggested that Nevada County be notified to work together regarding the RFP for the Farad property. She suggested to hold this item and to schedule a visit to the site to see its potential. Mr. Foree replied TMWA will own Farad within 30 days and a visit could be scheduled at that time.

Mr. Nielson suggested generalizing the RFP as more of a Statement of Interest to move forward.

Mr. Pagni stated the process would be more general and not require interested parties to respond to an RFP, rather express interest of the potential use for the property.

Upon motion by Member Jardon, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the solicitation of Statement of Interest for sale, lease or other disposition of Farad property and/or equipment.

15. GENERAL MANAGER'S REPORT

Mr. Foree informed the Board of a Submission to the Board by Ken McNeil and the press release for the Smart about Water day.

Mr. Gebhardt noted that Robert Charpentier, TMWA Communications Specialist, Marlene Olsen, GoodStanding, and Cammy LoRe, Consultant, were to be commended for their efforts in organizing the Smart About Water day event.

16. PUBLIC COMMENT

There was no public comment.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Brekhus mentioned she had toured Swan Lake, which is still flooded, and inquired if the aquifer recharge in the North Valleys was the cause, and if staff has communicated with the impacted residences. Mr. Gebhardt replied that he has sent out emails to Lemmon Valley residents and Mr. Foree replied that recharge has been suspended since January. Mr. Gebhardt stated he would attend both the Washoe County Commission and City of Reno Council meetings next week to provide information.

Mr. Nielson stated the he would schedule a tour of Farad for interested Board members.

18. ADJOURNMENT

With no further discussion, Vice Chair Hartung adjourned the meeting at 2:17 p.m.

Approved by the TMWA Board of Directors in session on _____.

Sonia Folsom, Recording Secretary

**Members Herman and Smith were present for agenda items 1 thru 15 only.*

DRAFT

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE NOVEMBER 6, 2017
 SPECIAL MEETING OF THE BOARD OF DIRECTORS

A concurrent meeting of the Washoe County Commissioners, Reno City Council and Sparks City Council members was held on Monday, November 6, 2017, at Washoe County Commissioners Chambers, 1001 East 9th Street, Reno, Nevada. Members of the TMWA Board of Directors were present. Commissioner Chair Bob Lucey called the meeting to order at 8:30 a.m.

ROLL CALL

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

Members Absent: Jenny Brekhus, Jeanne Herman, and Geno Martini

A quorum was present.

**Member Smith left at 11:00 a.m.*

1. PRESENTATION, DISCUSSION AND POSSIBLE ACTION ON THE STATUS AND PROCESS FOR THE REVIEW AND APPROVAL OF “WATER PROJECTS” BY THE TRUCKEE MEADOWS WATER AUTHORITY, THE WASHOE COUNTY HEALTH DISTRICT, AND/OR THE NEVADA DEPARTMENT OF ENVIRONMENTAL PROTECTION, AND POSSIBLE DIRECTION TO STAFF.

Greg Lovato, Nevada Department of Environmental Protection (NDEP) Administrator, Kevin Dick, Washoe County Health District (WCHD) Officer, and Mark Foree, TMWA General Manager, presented on the current workflow path and optimal workflow path, turnaround times for project approvals, reinstating the waiver for certain projects back to TMWA, and proposed timeline to update Nevada Administrative Codes (NAC), which have not been updated since 1997, to clarify ambiguities, provide more design flexibility and give large water purveyors more autonomy, which would take approximately one year.

TMWA Board of Directors discussed TMWA’s success rate of zero violations in water quality since inception (16 years); the waiver being pulled in March; the southern Nevada (Las Vegas Valley Water District) plan review processes being different than in northern Nevada and that NDEP should ensure a consistent and equal process throughout the state; NDEP allowing a local agency (WCHD) to exert greater authority than what is seen in southern Nevada; if plans are being returned to the design engineer for non-compliance, it should be identified where on the plans the problem is so that it can be corrected in a timely manner; encouraging to see NDEP, WCHD and TMWA working together to come to an agreement and compromise on how to move forward with workflow path, reinstating the waiver and updating NAC;

interpretation of regulations should be realistic; and to bring TMWA into the workflow path at the beginning of the process.

City of Sparks Council members discussed TMWA never approving a project without the dedicated water rights and ensuring water quality is up to standards; confirming land easement requirements are not required at the beginning of the project but are always required prior to construction; the need for WCHD to address staffing if the workload is too overbearing for the one plan review engineer on staff; commended the three entities for working together; the major factor that needs to continue is the increased communication with WCHD, TMWA and the developers so all know what is expected of them and any changes in the regulations or interpretations; and the displacement of citizens on a fixed income due to these delays in approving housing projects also increases the number of homeless in the area.

City of Reno Council members discussed the issue of pulling the waiver and to quickly reinstate it so that the process is streamlined and projects are approved in a more timely manner; have an automated and trackable system in place; the lack of communication to pull the waiver without giving TMWA reasons and ways to have it restored; due to the significant increase in growth and development in the region, the issue with affordable housing is unprecedented and delaying project approvals compounds the problem; identify where in the plans NAC compliance is not met to improve turnaround times; commended all parties working together to address these issues; suggested a liaison between the City of Reno and WCHD to continue the open lines of communication; and requested a WCHD representative to continue attending City of Reno's Monday meetings; requested an update in 30 days; and would like to see northern Nevada have a similar process as in the south.

Washoe County Commissioners discussed the issue of pulling of the waiver and alternate interpretations of NAC and the assumption TMWA will make a mistake despite having a stellar record; identify the problems in the red-lined version on the plans so the design engineer knows what the problem is and can readily correct it; communication is key to improving the process; coinciding the review processes between TMWA and WCHD would be beneficial; to quickly reinstate the 500 foot waiver and the larger waiver that southern Nevada has (not having to submit water projects for any of these types of projects) and not wait for the updates to NAC; emphasized they want to see northern Nevada mirror processes in the south; a representative identified by NDEP, WCHD and TMWA notify Washoe County and the Cities of Reno and Sparks of the reinstatement of the waiver when it occurs.

Public Comment

Don Tatro, Builders Association of Northern Nevada (BANN), claimed this was the largest issue he has dealt with at BANN. The issues they have been dealing with since April had nothing to do with the safety of drinking water, rather logistical placement of landscape infrastructure. Mr. Tatro is appreciative of the collaborative progress and hopes to see the waiver reinstated, updated to NAC to make it relative to newer techniques and perhaps a Bill Draft Request (BDR) to outline how to move through the process more efficiently through Nevada Revised Statutes (NRS).

Joel Grace, Reno Land Vice President of Development, take what works in order to move the approval of projects faster, rents are high because of lack of supply, more units available, rents decrease. TMWA is capable of approving these projects, capable staff, he does not see issue for redundancy, yes for oversight, but if it's working in southern Nevada...

Bobbie Merrigan, Ryder Homes and Chair of INP Committee at BANN, thanked everyone for their willingness to listen. Ms. Merrigan stated the turnaround times have improved, but communication is key to resolve the fundamental issues.

Steve Strickland, Wood Rogers, thanked everyone of having a concurrent meeting to address the magnitude of the issues they have been experiencing this past year. They have a real opportunity to make things happen and automate the process for a more efficient turnaround time.

Tammy Holt-Still, Lemmon Valley – Swan Lake Recovery Committee, expressed concern regarding TMWA’s recharge activities in the area through the Fish Springs – Vidler water pipeline; that with the recharge program, excessive water is damaging the area and there is not enough room underground; and why TMWA does not have a certified Federal Water Master to handle the aquifer system being recharged.

Upon motion by Member Duerr, second by Alternate Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved receiving an update in 30 days on the progress of reestablishing the waiver and process improvements being made which should be included in the General Managers report at each Board meeting.

ADJOURNMENT

With no further discussion, the meeting was adjourned at 11:31 a.m.

Approved by the TMWA Board of Directors in session on _____.

Sonia Folsom, Recording Secretary



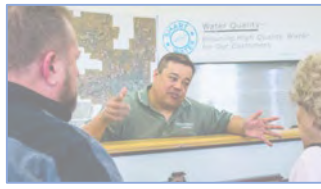
STAFF REPORT

TO: Board of Directors
FROM: Andy Gebhardt, Director Operations and Water Quality
DATE: December 13, 2017
SUBJECT: **Smart About Water Day update**

Background:

In 2016, TMWA initiated, as part of their on-going Water Communication plan, a Water Leadership campaign. This was in response to the recent drought and the community’s desire for a better understanding of the water system. With many misconceptions swirling surrounding TMWA’s role in growth in our region, particularly as it relates to water supply, we decided that we would embark on a pro-active communication plan. One of the components of the plan was to host an annual workshop that would enable customers to have focused discussions with employees regarding their water and water in the region, and hopefully come away with a better understanding of how the water system is operated.

TMWA held the first of these workshops, titled Smart About Water Day, on October 21, 2017 at the Lazy 5 Regional Park. Attached you will find a brief re-cap of the first Smart About Water Day.



TMWA’s Smart About Water Day

October 21, 2017 | Lazy 5 Regional Park | 10 a.m. – 2 p.m.

As a part of TMWA’s “Water Leadership” platform, the goal of this event was to inform and educate the entire community regarding the state of our water -- how our region’s water supplies and system are managed, putting the record-breaking water year in perspective. The intended outcome is to foster a more informed public discourse about our water supply and regional water planning. Select partners added external validation and context, helping TMWA accomplish this goal.

Attendance



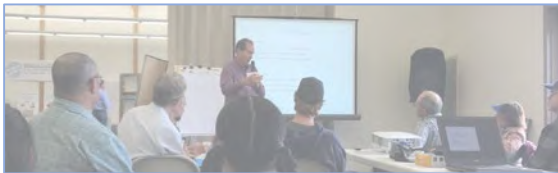
At last count, 79 people attended, from school kids to retirees. Additionally, several TMWA employees and their families opted to come as well. At the entrance, attendees plotted where they lived with stick pins on a service territory map, demonstrating customers came from every part of the community. Compared to most TMWA events, people were very engaged and some stayed for the entire 4-hour event. Onsite media coverage included KTVN and This is Reno.

Education



To showcase TMWA’s level of diligence, all TMWA’s functional areas were on display. This included Distribution & Delivery, Water Quality, Water Resource Planning, Hydroelectric Facilities and Finance. Interactive displays featured TWMA’s big rigs (fleet of service trucks), a Chalk Bluff water treatment board, pipes and mains, a cross-section of a fire hydrant and a hydroelectric facilities history board with a small turbine. Water quality and watershed experiments with hands-on family activity were popular.

Expertise



Mini-presentations were well attended. Topics presented by TMWA staff included TROA Benefits, Conjunctive Use, Water Rights and Home Winterization. Truckee Meadows Regional Planning and Western Region Water Commission addressed Smart Growth. Attendees stayed far longer than expected, presenting questions that they have always wanted to ask.

Feedback



During exit interviews, many people said they appreciated the interactive activities. Specifically noted were the Water Quality testing experiments, Sierra Nevada Journey’s water run-off modeling and Arbor Tours by arborist Dale Carlon. Some had questions about wastewater that TMWA could not authoritatively address. This represents an area for potential partner expansion for the next event.

Partners



To include content related to Water Leadership for this inaugural event, the site space allowed for the addition of organizations to enhance regional water expertise.

On the topic of Growth and Water, this included:

- *Truckee Meadows Regional Planning Agency*
- *Western Region Water Commission*

On the topic of Watershed Education, this included:

- *The Nature Conservancy (Independence Lake Management)*
- *Sierra Nevada Journeys (Youth Activities)*



To: TMWA Board of Directors
Thru: Mark Foree, General Manager
From: Michele Sullivan, Chief Financial Officer
Date: November 29, 2017
Subject: **Discussion and action on adoption of Resolution No. 256, a resolution to approve the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2017**

Recommendation

TMWA staff will present the Comprehensive Financial Report (CAFR) to the Board for the fiscal year ended June 30, 2017 for approval by resolution and request direction to the Chief Financial Officer to forward the appropriate documentation to the State of Nevada Department of Taxation within the prescribed deadline.

Summary

Pursuant to NRS 354.624, Truckee Meadows Water Authority (TMWA) is required to conclude an audit before November 30, 2017, and submit the audit report to the governing body not later than six months after the close of the fiscal year for which the audit is conducted.

The CAFR for the fiscal year ended June 30, 2017, includes the letter of transmittal, management's discussion and analysis, the audit report, the financial statements, required supplementary information, statistical schedules and the compliance section.

The financial statements include the Statement of Net Position (Balance Sheet) of the Truckee Meadows Water Authority as of June 30, 2017 and June 30, 2016 and related Statements of Revenues, Expenses and Changes in Net Position (Income Statement) as well as the Statement of Cash Flows.

Of particular importance to TMWA is the auditor's opinion on the financial statements that TMWA was in compliance with *Generally Accepted Accounting Principles (GAAP)*, and Nevada Revised Statutes for the year ended June 30, 2017. The auditors had no finding in the financial statement audit. As part of the single audit of TMWA's financial statements there was one finding. A single audit is required when an entity receives more than \$750k in federal funding, and TMWA was required to have this audit performed because it received \$1.2 million related to the TROA grant. During the single audit it was discovered that invoices were submitted to the Bureau of Reclamation (BOR) that were dated before the original grant award date totaling \$87k. These invoices were replaced at the BOR with other qualified invoices that fall within the grant period. In the future, TMWA procedures will include a checklist of items that must be followed for each federal grant award.

TMWA enjoyed excellent financial performance for the fiscal year ended June 30, 2017 with a positive change in net position for the year of \$46.5 million. Preliminary financial results were provided at the September 2017 SAC and BOD meetings which showed a positive change in net position of \$46.7 million. Variances between the final audited financial statements and preliminary were minor at \$0.2 million, with no change in operating revenues and expenses. Cash balances in the final results are unchanged at \$174.0 in total cash

Debt service coverage ratio was 2.86x in FY17 v 1.58 in FY 16. The change is due to deferral of \$12 million in bond payments. Other unrequired debt service payments of \$32.9 were made in the 2017 bond refunding, and commercial paper was paid down by \$4.4 million in FY17.

Discussion

This staff report presents a summary of overall financial performance. Complete information is shown in the financial statements and the notes supporting the financial statements. Management's Discussion and Analysis (MD&A) in the financial section provides a detailed discussion of comparative financial performance with fiscal year 2016.

Fiscal Year 2017 Actual to Budget comparison

Total operating revenues were approximately \$97.3 million, 1.9% higher than the revised operating revenue budget. Water sales revenues were \$1.5 million or 1.6% higher than the revised water sales budget. Water sale revenues were higher than budget by \$4.1 million last summer (July-September, 2016) due to over 90 days of no precipitation. However, a cooler, wetter spring (March-May, 2017) left water sales revenues short of budget projections for those months, leaving water sales flat as compared to budget after the spring season. In June of 2017, revenues rebounded with more hot weather, bringing water sales revenue slightly higher than budget for the year. Hydroelectric revenues were \$0.03 million or 1.9% higher than budget. Other miscellaneous water sales were \$0.3 million or 13.0% higher than budget, mainly due to increases in inspection fees for new business activities as residential building activity becomes more robust in the service area.

Total operating expenses before depreciation were approximately \$50.3 million, \$2.5 million or 4.7% less than the revised budget. Spending on wages and salaries was \$1.1 million or 5.8% less than budget, due to turnover and lower spending on interns and temporary employees. Employee benefits were \$0.3 million or 3.6% over budget due to adjustments in the NVPERS actuarial estimates related to the proportion of TMWA's contribution to NVPERS. Spending on service and supplies was \$1.8 million or 6.8% less than revised budget. Power costs were \$1.1 million less than anticipated. TMWA as a consolidated water utility continues to aggressively manage power expenses. Claims for domestic well mitigation were also lower than anticipated by \$0.2 million. Depreciation expense was \$32.2 million, \$1.1 million or 3.2% less than revised budget.

Net non-operating revenue and expenses were favorable \$3.5 million or 23.0% as compared to the revised budget. As part of the 2017 bond refunding, there was a release of two forward delivery agreements (FDA) with Bank of New York Mellon and JP Morgan. These banks will no longer have to provide a 5.5% interest rate on a portion of TMWA's debt reserves and O&M

reserves balances, so they paid TMWA \$5.1 million for the release of this commitment. This settlement was negotiated by our financial advisors at PFM. Offsetting were higher bond amortization expenses of \$0.7 million related to the 2017 refunding bonds, and a decrease in the fair value of investments of \$0.3 million.

Total capital contributions were \$43.4 million, \$11.9 million or 37.7% greater than planned mainly due to developer infrastructure contributions of \$10.8 million.

Spending on capital outlays and construction projects for the fiscal year ended June 30, 2017 was approximately \$31.1 million. The final revised capital budget was \$31.9 million significantly reduced from the previous augmented budget amount of \$47.8 million. Customer Rate funded projects totaled \$26.5 million or 85.2%, Developer funded projects were \$3.8 million or 12.2%, and STMGID Reserves funded \$0.8 million or 2.6% of capital spending.

Major projects funded by Customer Rates were the Fleish Penstock at \$2.5 million, Stead Main Replacement \$2.4 million, 4th and Prater Replacement \$2.7 million, Chalk Bluff Plant Improvements \$1.8 million, Double Diamond Well 3 \$1.4 million and Tank Improvements \$1.1 million. Major projects funded by Developers were the Truckee Canyon Water Treatment Improvements \$1.5 million and Terminal PH Adjustment \$1.0 million.

Total cash and investments as of June 30, 2017 was approximately \$174.0 million, \$10.4 million higher than budget. Additional cash balances are from the release of FDAs received as investment income of \$5.1 million, higher operating cash flow of \$2.9 million, and higher developer contributions of \$1.2 million. Approximately \$41.8 million was restricted by bond indenture requirements and conditions of the STMGID water utility consolidation. The remaining balance of \$132.2 million was available to pay for future operating and maintenance expenses, construction spending, future debt payments, and commercial paper redemptions. Included in unrestricted cash is \$21.5 million from insurance settlements collected in FY16 and FY17 for Farad hydroelectric facilities, and \$9.5 million collected in FY16 and FY17 for the release of FDA agreements.

Fiscal Year 2017 Actual to Prior Year Comparison

Total operating revenues in fiscal year 2017 were approximately \$97.3 million, 5.49% higher than the prior fiscal year 2016. Water sales revenues were \$5.2 million or 5.56% higher than prior year. Water sale revenues were higher than prior years by \$4.6 million last summer (July-September, year over year) due to over 90 days of no precipitation in FY17. Additional revenue due to the rate increase effective the first billing cycle in May 2017 contributed an additional \$0.5 million in water sales revenue to fiscal year 2017. Hydroelectric revenues were \$0.6 million or 34.3% higher than prior year due to additional water flow in the Truckee River. Other miscellaneous water sales were \$0.4 million or 15.31% less than prior year, mainly due to an insurance settlement collected in the prior year.

Total operating expenses before depreciation were approximately \$50.3 million, \$1.8 million or 3.6% higher than the prior year. Spending on wages and salaries was \$0.7 million or 4.15% higher, due to wage increases of approximately 2%, promotions and step increases. Employee benefits were \$2.7 million or 29.66% higher mainly due to \$2.3 million increase in NVPERS actuarial estimates related to the proportion of TMWA's contribution to NVPERS. Spending on

service and supplies was \$1.6 million or 6.7% less than prior year. Expenses related to the Fleish penstock project were expensed for a loss of \$0.6 million in the prior year. Power costs are lower by \$0.3 million in the current year, and professional services are lower \$0.3 million due to work performed internally, especially in hydrology. Accruals for fiscal year ended June 30, 2016 were slightly overstated by \$0.3 million.

Net non-operating revenue and expenses were unfavorable \$2.2 million or 23.1% as compared to prior year. In the prior year the sale of water rights to implement TROA created a gain on sale of \$7.0 million. Offsetting was lower interest expense in 2017 of \$4.5 million.

Total capital contributions were \$43.4 million, \$24.1 million greater than prior year due to an \$11.8 million insurance settlement related to Farad hydroelectric plant, \$9.4 million increase in developer contributions, \$2.3 million in additional developer infrastructure contributions, and \$1.0 million in additional grants received mainly due to TROA.

Total cash and investments as of June 30, 2017 was approximately \$174.0 million, \$13.0 million lower than prior year. Use of \$32.9 million in the debt service reserve fund to pay down debt in the 2017 refunding was offset by \$11.8 million additional insurance funds received, and \$5.1 million received from release of FDAs. Restricted cash balances decreased from \$87.3 million to \$41.8 million due to release of the debt service reserve fund and lower current debt service requirements due to deferral of principal payments on Senior Lien Debt. The unrestricted cash balance increased from \$99.8 million to \$132.2 million. Included in unrestricted cash is \$21.5 million from insurance settlements collected in FY16 and FY17 for Farad hydroelectric facilities, and \$9.5 million collected in FY16 and FY17 for the release of FDAs.

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 256

A RESOLUTION APPROVING THE FINANCIAL STATEMENTS OF THE TRUCKEE MEADOWS WATER AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2017

WHEREAS, TMWA is responsible for filing financial statements with various agencies, banks, and regulatory authorities; and

WHEREAS, pursuant to NRS 354.624, TMWA is required to file audited financial statements with the Nevada Department of Taxation, not later than six months after the close of the fiscal year being audited; and

WHEREAS, the TMWA Board is required to accept and approve the financial statements prior to filing of said statements with the Nevada Department of Taxation by December 31, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority that the audited financial statements for the period ended June 30, 2017, as provided to the TMWA Board, are hereby accepted and approved and staff is directed to submit such information to the Nevada Department of Taxation.

Upon motion of _____, seconded by _____, the foregoing Resolution was passed and adopted December 13, 2017, by the following vote of the Board:

Ayes: _____

Nays: _____

Abstain: _____ Absent: _____

Approved this 13th day of December, 2017

Geno Martini, Chairman

STATE OF NEVADA,)
 : ss.
COUNTY OF WASHOE.)

On this 13th of December, 2017, Geno Martini, Chairman of the Board of Truckee Meadows Water Authority, personally appeared before me, a Notary Public in and for said County and State, and acknowledged that he executed the above instrument freely and voluntarily and for the purposes therein mentioned.

Notary Public



November 29, 2017

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

We have audited the financial statements of Truckee Meadows Water Authority, a Joint Powers Authority (TMWA) as of and for the year ended June 30, 2017 and 2016, and have issued our report thereon dated November 29, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under Uniform Guidance

As communicated in our letter dated July 15, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of TMWA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by TMWA is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, TMWA adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* which clarifies presentation of payroll-related measures in required supplementary information. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, with the exception of the recording of the contingent sales tax refund which is presently shown as consuming current financial resources (near-term liquidity) and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Liability and related disclosures for post-employment benefits other than pensions (OPEB)
- Liability and related disclosures for pension benefits
- Receivable for delivered but unbilled water sales revenue
- Allocation of administrative costs to capital assets
- Valuation of developer dedicated infrastructure and other donated capital assets

Management's estimate of the actuarial accrued liability for other post-employment benefits is based on a third party actuarial valuations. Management's estimate of the pension liability is based on actuarial valuation; which are calculated based on the employee information submitted by TMWA to the Public Employees' Retirement System of the State of Nevada (PERS). Management's estimate of the delivered but unbilled water sales revenue is based upon number of days in the cycle and water usage. Management's estimate of the allocation of administrative costs to capital assets is based upon the year-to-date construction salaries and wages relative to total construction and indirect salaries and wages. Management's estimate of the value of the developer dedicated infrastructure and other donated capital assets is based on acquisition value (as defined under GASB Statement No. 72) using engineering cost indices at the time of dedication or donation. We evaluated the key factors and assumptions used to develop these sensitive estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting TMWA's financial statements relate to:

- Long term debt obligations
- Obligations for pensions and other postemployment benefits

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management; of which there were none. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole; of which there were none.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated November 29, 2017.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with TMWA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as TMWA's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing TMWA's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

- For the the introductory and statistical sections, which accompany the financial statements but are not RSI we read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.
- We were engaged to report on the schedules of revenues, expenses and changed in net position – budget and actual, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the

prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

We applied certain limited procedures to management's discussion and analysis, the schedule of funding progress – OPEB, the schedule of TMWA's share of the net pension liability – NV PERS, and the schedule of TMWA contributions – NV PERS, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the information and use of Truckee Meadows Water Authority Board of Directors and management of Truckee Meadows Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada



NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Years Ended June 30, 2017 and 2016

PREPARED BY: Michele Sullivan, CPA
Chief Financial Officer

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November 29, 2017

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Truckee Meadows Water Authority (TMWA) for the Fiscal Year ended June 30, 2017. The purpose of the report is to provide the Board of Directors, our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the CAFR in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this CAFR, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board of Directors audit TMWA's financial statements on an annual basis. Eide Bailly, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2017 and 2016. The independent auditor's report is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The CAFR consists of four sections:

Introduction Section - This section is comprised of the letter of transmittal which contains information relative to TMWA's background, a listing of TMWA's principal officers, organizational chart and other relevant information to assist the reader in understanding TMWA's operations, financial condition, and accomplishments.

Financial Section - This section consists of TMWA's basic financial statements, supplementary financial information and independent auditor's report on the basic financial statements. This section also includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

Statistical Section - This section is comprised of selected financial, operational and demographic information generally presented annually and includes statistics for the past ten years.

Compliance Section - This section consists of information regarding TMWA's compliance with state statutes, in particular, conformance with the Local Government Finance Act.

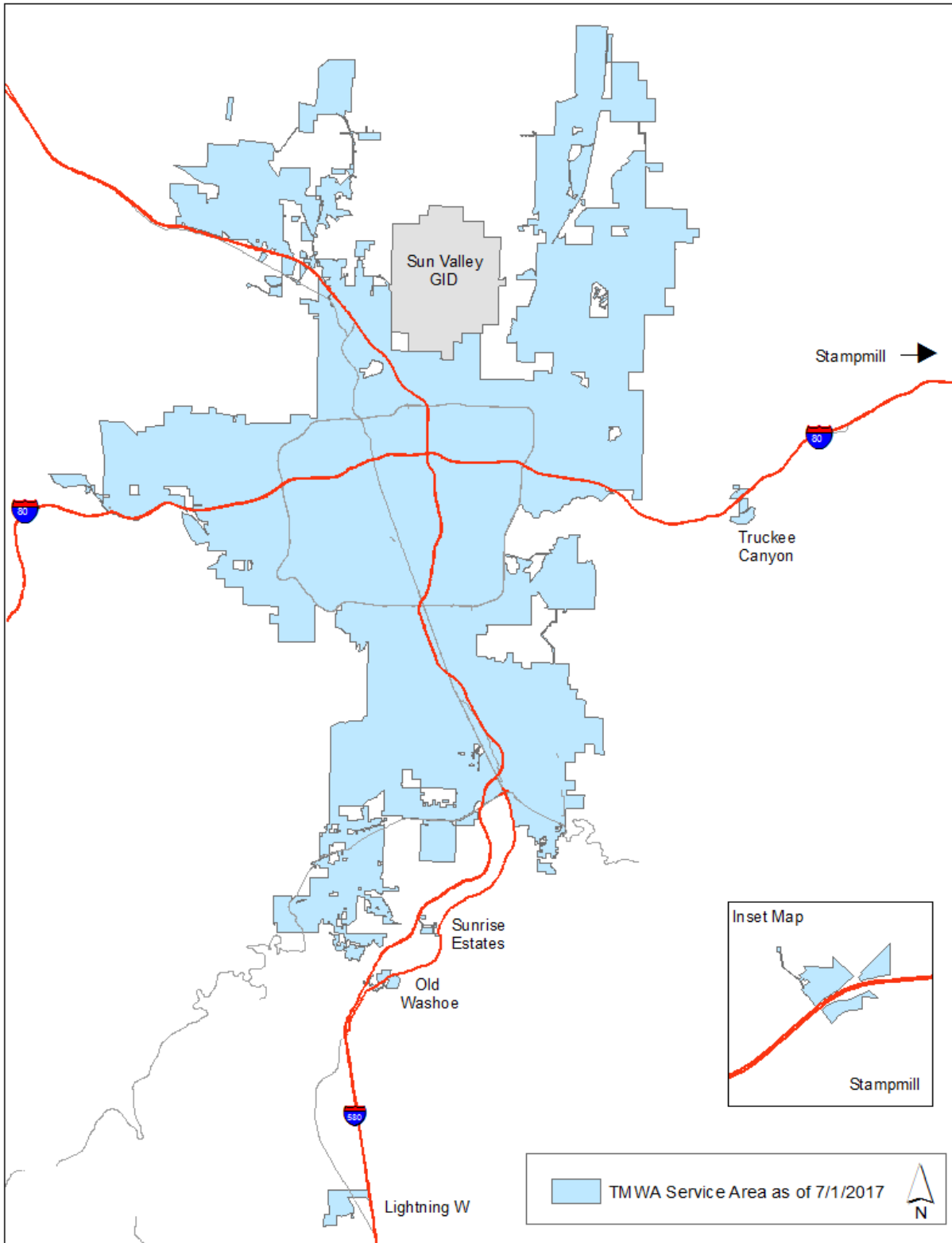
REPORTING ENTITY

TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the assets of the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources (“SRP”), now known as NV Energy (NVE), with the goal of retaining local control over the water resources of the area. TMWA took over the water system assets on June 11, 2001. Amendments to the JPA were approved by the Attorney General’s Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County’s water utility and another water utility named South Truckee Meadows General Improvement District (STMGID). The consolidation of the water utilities occurred on January 1, 2015 with TMWA as the surviving entity. There are no component units associated with this financial reporting entity.

TMWA has no financial interdependence with its member agencies. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution, and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to the approval of the TMWA Board of Directors, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property and sales and use taxes, as well as other state taxes. TMWA pays property taxes in Nevada and Sierra Counties of California for the privilege of storing water in private and federal reservoirs. TMWA has no taxing authority.

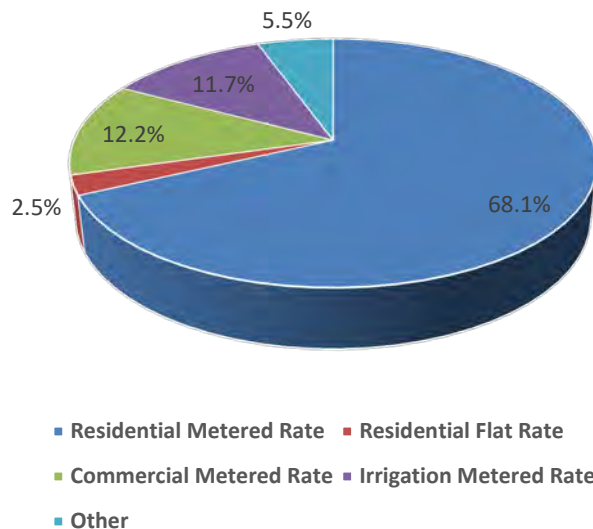
TMWA has over 125,000 service connections and one wholesale customer. TMWA operates within the Truckee Meadows Service Area (TMSA). TMWA has only one wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

The following map reflects the TMSA.



The following graph depicts the proportion of operating revenues by class for fiscal year 2017:

TMWA Operating Revenues \$97.3 Million



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. In early fiscal year 2016, there were still approximately 4,300 customers who continued to pay the flat rate, but the TMWA Board mandated that essentially all remaining flat rate customers be converted to a metered rate. TMWA accomplished this goal by the first billing cycle of October 2015. Currently, there are less than 300 water services that remain to have a meter installed, and these primarily represent problematic services with multiple customers on a single service line. TMWA is mindful of the revenue impact from the conversion to metered billing in its financial planning, and also accounts for the changing water demands in its water facility and resource planning efforts. Regardless, it is recognized that any system-wide equity in customer rates can only be achieved when all customers are charged based on the water they use. Also, with drought conditions intermittently facing the region the final conversion of flat rate customers to metered billing was essential.

The Board adopted a goal in August 2003, to maintain a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual debt service. This calculation excludes developer facility charges and other fees associated with new development. This coverage target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on primarily a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent manner and insure that TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien coverage (excluding developer fees and charges) was approximately 3.15x and with certain developer fees and charges was approximately 3.80x as of June 30, 2017. The debt coverage ratio is significantly higher than previous years due to deferral of \$12.5 million in principal payments in a 2016 refunding transaction.

ECONOMIC OUTLOOK AND WATER RESOURCES

The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001, with overall population gains in Washoe County of over 25 percent. Taxable sales in Washoe County increased by 10.7% in fiscal year 2016, and 5.8% in fiscal year 2017. Unemployment rates have decreased significantly since the recession, from highs in 2011 of over 13% to an unemployment rate of 4.0% in June of 2017, which was slightly lower than the national average of 4.4%. There has been improvement in the local economy in fiscal years 2016 and 2017 with the return of meaningful residential and commercial construction activity.

To meet water demands in the future, TMWA prepared a very detailed Water Resource Plan (WRP) for the years 2016-2035 during fiscal year 2016. That plan was adopted by the Board in March 2016, and was previously updated during fiscal year 2010. This extensive plan document addresses current water resources, future water resources, and water rights availability as well as defined drought standards which conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

Historically, to complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2010-2030 was developed. The original WFP was adopted by the TMWA Board in December of 2004 and updated in 2010. The WFP evaluates the infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements in Capital Improvement Plan needs to serve growth based upon population and water demand forecasts in the WRP. An updated WFP is currently being developed based on water demand projections defined in the 2016-2035 WRP. For fiscal year 2017, TMWA's Board approved a 2017-2021 Capital Improvement Plan with a five year spending level of \$153.4

million which focuses spending primarily on water system reconstruction. Spending on the acquisition of water rights has been essentially suspended because TMWA has a sufficient inventory of water rights to issue will-serve commitments for the foreseeable future, although opportunistic purchases will be considered.

TMWA is a very active supporter and participant in the process of negotiating and implementing the Truckee River Operating Agreement (TROA), as are the TMWA member agencies including the cities of Reno and Sparks, and Washoe County. TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and the Federal Government. TROA is intended to provide TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015 remaining related lawsuits were dismissed and TROA became effective December 1, 2015 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

Additional upstream reserves were acquired when TMWA reached an agreement with the Truckee-Carson Irrigation District (TCID) to purchase TCID's half interest in Donner Lake assets. This purchase grants TMWA 100% interest in Donner Lake water rights and storage rights thus increasing TMWA's rights by 4,750 acre feet. On December 16, 2015 the TMWA Board agreed to purchase TCID's Donner Lake assets for the appraised value of \$17,445,000 less credits for various dam improvements previously performed by TMWA. On March 29, 2016 the final settlement was executed and TMWA paid TCID \$17,187,041 to acquire the rights to Donner Lake assets.

To further drought resiliency for the community that TMWA serves, TMWA constructed the North Valley's Integration Project which ties in the Fish Springs Ranch infrastructure into TMWA's North Valleys water system providing access to approximately 8,000 acre feet of groundwater resources in the Honey Lake ground water basin which is located approximately 35 miles north of the Reno-Sparks metropolitan area. This project was completed in fiscal year 2017.

Since the implementation of TROA, TMWA's Privately Owned Stored Water (POSW) has more than doubled. Record precipitation in Western Nevada during the last winter season ended drought conditions for the TMWA service area. TMWA does not expect to need to use POSW to serve customers for the next two to three years. When combining TMWA's existing POSW surface water resources, the groundwater resources of the Honey Lake basin, the extensive drought storage benefits of TROA and the expansion of Aquifer Storage and Recovery (ASR) groundwater recharge efforts, the TMWA service area will benefit significantly from a drought resiliency standpoint.

WATER QUALITY

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries to the Truckee River, travels into Nevada through the Reno-Sparks Metropolitan area with the terminus of the river at Pyramid Lake, a distance of approximately 120 miles. The river's water quality is excellent; however, additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 84 million gallons per day (MGD) Chalk Bluff Water Treatment Plant and the 37.5 MGD Glendale Water Treatment Plant. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the President's Award from the Partnership for Safe Water in 2015. This prestigious recognition places the Chalk Bluff plant as one of 29 surface water treatment plants in the United States that have been so recognized. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has requalified for this award successfully on an annual basis.

TMWA spends approximately \$1 million annually monitoring water quality by analyzing nearly 11,000 samples at over 150+ locations throughout the TMWA water system. TMWA strictly complies with current drinking water standards, including the revised arsenic standards as promulgated by the United States Environmental Protection Agency, and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

WATER CONSERVATION

Water conservation has been and will continually be a high priority at TMWA. Prudent use of the area's water resources extends this vital resource through periods of dry weather patterns in this high desert climate. These conservation efforts also reduce or defer further investments in expensive new plant infrastructure which moderates the fiscal impact on water rates. The purpose of water conservation at TMWA is to promote wise use of water through a number of initiatives. TMWA's conservation programs were designed to achieve 10% annual water savings as part of the conservation goal agreed to in the 1996 Water Conservation Agreement between TMWA's predecessor SPPCo, the Pyramid Lake Paiute Tribe, and the United States. The backbone of water conservation in the Truckee Meadows has been the Water Meter Retrofit Program. With the success of that program the final conversion of flat rate customers to metered billing occurred in October of 2015 resulting in essentially all TMWA and former Washoe County customers paying for the water they use.

The Water Meter Retrofit Program

In 1995, the conversion of Sierra Pacific's (now TMWA's) 44,651 flat rate services to metered services began. As of June 30, 2015, TMWA estimates that less than 300 small unit residential and multi-unit metering facilities remain to be installed. Developers, through a charge of \$1,830 for every acre-foot of new water demand, provide funding for this project. These funds are considered restricted cash assets as represented on TMWA's statement of net position.

Assigned Day Watering

TMWA implemented a three days a week watering schedule during the summer of 2010 supplanting the twice a week watering schedule which had been in effect for two decades prior. This new program was well received by the community and resulted in no more water usage than the twice a week schedule and a reduced peak day demand on the water system facilities.

Landscape Efficiency Program

This program promotes the use of attractive drought tolerant plants for the high desert climate experienced in Western Nevada. The program includes help with landscape augmentation that is available to institutional irrigation customers as well as certain commercial customers participating in an irrigation program based on data supplied by evaporation-transpiration sensing equipment. This equipment controls the amount of irrigation based upon moisture levels in turf areas. Also during periods of wet weather patterns, irrigation is deferred until such time as turf moisture levels indicate irrigation must be applied.

Water Audit Program

This program assists TMWA customers in the evaluation of both indoor and outdoor water use. TMWA water conservation consultants visit residents and businesses to measure the amount of water applied to lawns and landscape. After evaluation of information, recommendations are made to the customer on how to minimize consumption while preserving their landscape. This program also looks for leaks within and outside the home and promotes efficient indoor water use.

FINANCIAL INFORMATION

Internal Controls

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Another purpose of internal controls is to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such controls over the benefits derived from implementing such controls. TMWA management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

Budgetary Controls

TMWA is legally required to prepare, present to the TMWA Board and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Administration of Local Government Finance Act, which stipulates that the Board be presented with a tentative budget by April 15 of each year, with formal adoption of the budget after a public hearing in May of each year. The adopted budget is then filed with the Nevada Department of Taxation.

TMWA is also required to prepare a Capital Improvement Plan for review and formal acceptance by the TMWA Board. This plan is a comprehensive compilation of all capital projects and capital outlays expected during the ensuing five fiscal year period. TMWA's Board is kept informed of TMWA's financial performance throughout the fiscal year at scheduled Board meetings. The General Manager, as the chief administrative officer, is authorized to approve all expenses that are within the approved budget. This authority is conferred upon the General Manager by virtue of the TMWA Cooperative Agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA. TMWA routinely prepares five year financial forecasts in conjunction with the Capital Improvement Plan.

BUDGET ANALYSIS AND VARIANCES

Actual total operating revenues of \$97.3 million were \$1.8 million or 1.9% above the revised budget for fiscal year ended June 30, 2017. Charges for water sales were \$1.5 million or 1.6% over budget. TMWA water sales were higher due to a record number of days with no precipitation in the area during July and August of 2016, the peak of the irrigation season. Even so, customers continue to practice responsible water use. As a consolidated water utility, even with population growth in the service area, water usage has decreased by 5% since fiscal year 2014, mainly due to conservation efforts implemented during drought periods.

Total operating expenses of \$82.5 million were approximately \$3.5 million under the budget of \$86.0 million. Operating expenses before depreciation were \$2.5 million under budget. Service and supplies expenses were \$1.7 million under budget due to savings on electrical expenses of \$1.1 million as operators continue to apply power management practices to the consolidated water systems. Claims for Mt. Rose domestic well mitigation (see footnote 8 Contingent Liabilities) were \$0.2 million under budget. Spending on operating salaries and wages was \$1.1 million less than budget due mainly to vacant positions and turnover, while employee benefit spending was \$0.3 million higher than budget. Actuarial evaluations related to GASB No. 68 resulted in proportionately higher pension expense and liability allocated to TMWA due to employee headcount increases in fiscal year 2016.

Total net nonoperating revenues and expenses were \$3.5 million favorable to budget. This variance was primarily due to higher investment earnings. As part of the 2017 bond refunding, there were releases of forward delivery agreements with JP Morgan and Bank of New York Mellon. These banks will no longer be required to provide a 5.5% interest rate on a portion of TMWA's debt reserves and O&M reserves balances, so they paid TMWA \$5.1 million dollars total for the release of this commitment. Offsetting were higher bond issuance costs of \$0.7 million. TMWA originally budgeted for a competitive sale of its 2017 bond refunding, but decided to use an underwriter due to the volatility in the bond market at the time of the offering.

Capital contributions of \$43.4 million were \$11.9 million above budget. Cash contributions from developers were \$1.1 million greater than budget and were attributable to increasing levels of residential construction activity as the local economy improves. Developer infrastructure contributions are not included in the budget, but total \$10.8 million in noncash contributions in fiscal year 2017.

Total capital spending was approximately \$31.1 million for fiscal year 2017, which was approximately \$0.8 million less than the \$31.9 million planned in the augmented capital budget.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2017, TMWA has approximately \$132.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2017 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$8.8 million as of June 30, 2017. TMWA still retains a \$1.8 million water rate stabilization reserve of which \$0.5 million is restricted and \$1.3 million included as a reservation of unrestricted net position.

TMWA MILESTONES

TMWA, now in its sixteenth year of operation, was successful in obtaining an upgrade in its credit rating with Standard and Poor's from AA to AA+, and retaining its credit rating (Aa2) with Moody's. Both rating agencies continued to maintain a stable outlook for TMWA.

ACKNOWLEDGEMENTS

The timely preparation of this report could not be done without the assistance of TMWA finance personnel, the management team and employees of TMWA. We would like to thank the Board of Directors, TMWA customers, and the development community, for their commitment to the long-term operational and financial stewardship of TMWA.



Mark Foree, P.E.
General Manager

Michele Sullivan, CPA
Chief Financial Officer

**Truckee Meadows Water Authority
List of Principal Officials
June 30, 2017**

TMWA Board of Directors

Geno Martini, City of Sparks Mayor, Chairman of the Board

Vaughn Hartung, Washoe County Commissioner, Vice Chair

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Jeanne Herman, Washoe County Commissioner

Neoma Jardon, City of Reno Council Member

Ron Smith, Sparks Council Member

Management

Mark Foree, PE, General Manager

Scott Estes, PE, Director of Engineering

Mike Pagni, General Counsel

John Enloe, Director of Natural Resources Planning and Management

Andy Gebhardt, Director of Operations and Water Quality

Pat Nielson, Director of Distribution, Maintenance, and Generation

Michele Sullivan, CPA, Chief Financial Officer

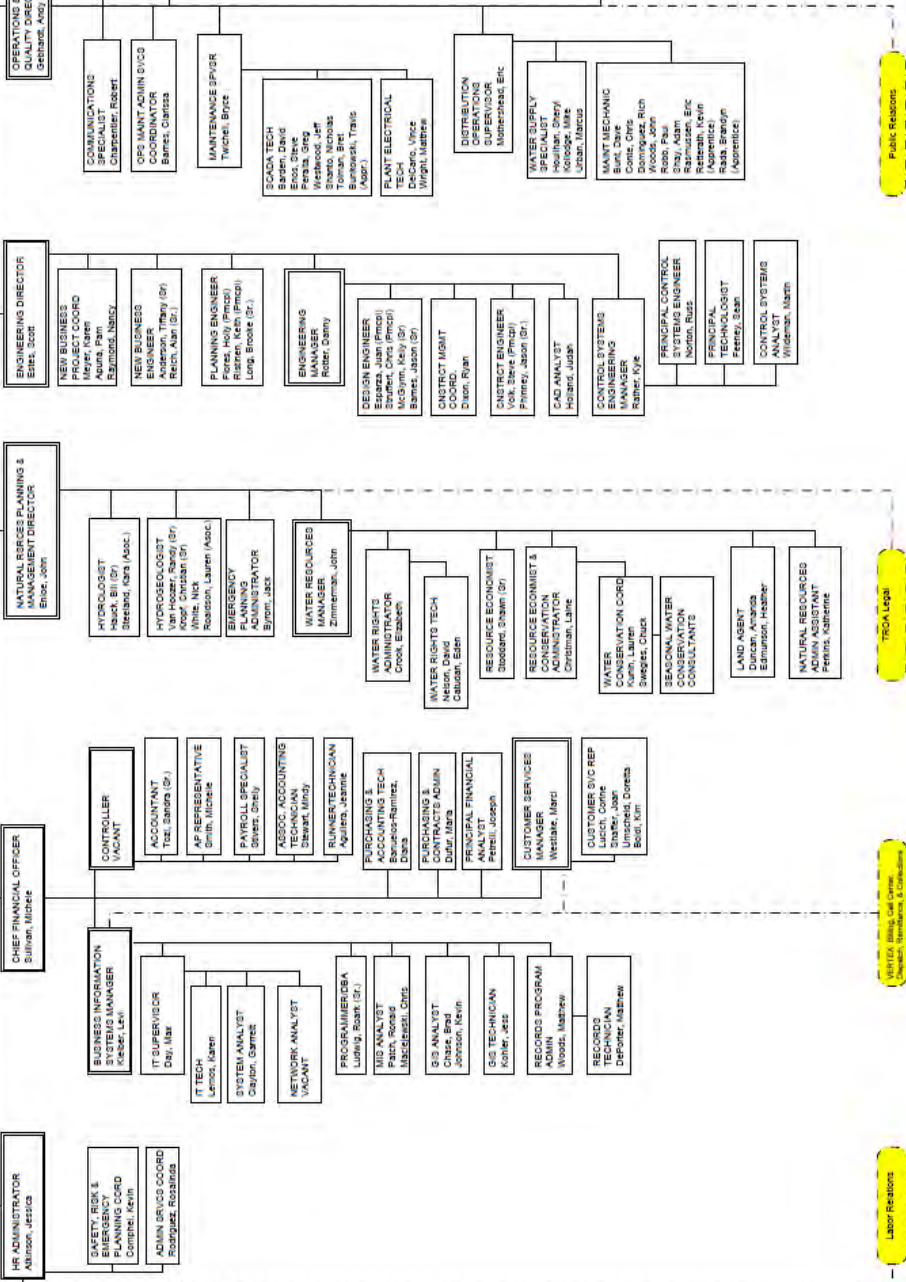


Organization Chart October 6, 2017

BOARD OF DIRECTORS
 Chair: **Chancellor**
 Vice Chair: **General Counsel**
 Members: **Timothy Lohmeyer**

GENERAL MANAGER
 Forest, Mark

EXEC ASSISTANT
 Fogarty, Sonia



Public Relations

TRCA Legal

WHITE, King, Call Center Support, Numbers & Conveyors

Labor Relations



Government Finance Officers Association

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Presented to

**Truckee Meadows Water Authority
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

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Independent Auditor's Report

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying statements of net position of the Truckee Meadows Water Authority, a Joint Powers Authority, (TMWA), as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the TMWA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Truckee Meadows Water Authority, as of June 30, 2017 and 2016, and the respective changes in financial position and, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 17 through 26, the schedule of funding progress – other postemployment benefit plans on page 62, the schedule of TMWA's share of net pension liability on page 63, and the schedule of TMWA's contributions on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TMWA's basic financial statements. The introductory section, the schedules of revenues, expenses and changes in net position – budget and actual, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

The schedules of revenues, expenses and changes in net position – budget and actual and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenses and changes in net position – budget and actual and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of TMWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TMWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Comprehensive Annual Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

Transfer of operations of the Washoe County Water Utility (WCWU) and the merger of the South Truckee Meadows General Improvement District (STMGID) into TMWA in fiscal year 2015, had a material impact on TMWA's financial statements. The assets and liabilities and net position of the WCWU transfer of operations were measured and incorporated in TMWA's financial statements as of January 1, 2015, with operating and non-operating revenues and expenses accounted for prospectively from that date. The asset, liabilities and net position of the STMGID combination were measured as of July 1, 2014 and the entire fiscal year of operating and non-operating revenues and expenses were accounted for in TMWA's financial statements from that date.

FINANCIAL HIGHLIGHTS

TMWA's Net Position
(in millions)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Unrestricted Current Assets	\$ 149.2	\$ 116.0	\$ 130.2
Restricted Current Assets	8.6	21.5	22.4
Long-Term Restricted and Other Assets	33.7	66.8	69.1
Capital Assets, net	941.7	930.8	905.6
Total Assets	<u>1,133.2</u>	<u>1,135.1</u>	<u>1,127.3</u>
Deferred Outflow of Resources	<u>17.4</u>	<u>10.2</u>	<u>9.2</u>
Total Assets & Deferred Outflow of Resources	<u>1,150.6</u>	<u>1,145.3</u>	<u>1,136.5</u>
Total Current Liabilities	108.5	123.1	133.8
Long Term Debt Outstanding	372.3	406.7	410.8
Net Pension Liability	<u>35.8</u>	<u>26.9</u>	<u>22.3</u>
Total Liabilities	<u>516.6</u>	<u>556.7</u>	<u>566.9</u>
Deferred Inflow of Resources	<u>2.5</u>	<u>3.6</u>	<u>5.7</u>
Net Investment in Capital Assets	529.7	478.5	444.4
Restricted	28.6	40.6	42.2
Unrestricted	<u>73.2</u>	<u>65.9</u>	<u>77.3</u>
Total Net Position	<u>\$ 631.5</u>	<u>\$ 585.0</u>	<u>\$ 563.9</u>

Financial Position

Fiscal Year 2017 Summary

In the fiscal year ended June 30, 2017, total net position increased by approximately \$46.5 million, the result of recording operating income, net nonoperating income and increasing capital contributions.

Total Unrestricted Current Assets increased by \$33.2 million from June 30, 2016. Unrestricted cash increased \$32.4 million due to several transactions, some of which were one-time in nature. Cash received in an insurance settlement of \$11.8 million was related to damage at the Farad hydroelectric plant. After many years of litigation, this case was settled in fiscal year 2017. \$5.1 million in cash was received related to the release of commitments with two banks which provided guaranteed interest rates of 5.5% on TMWA's Debt Service Reserve Fund and Operating and Maintenance Reserve balances. In fiscal year 2017, TMWA refunded its 2007 Bonds, and is no longer required to keep a minimum debt service reserve fund related to Senior Lien Debt. This released \$32.9 million from Long-Term Restricted and Other Assets, which drives the change of \$32.5 million in that asset category. The \$32.9 million was used to pay down the senior lien debt outstanding in the 2017 bond refunding. Restricted Current Assets decreased by \$12.9 million. This is mainly due to a decrease in cash reserved for current debt service. Total cash balances, both restricted and unrestricted decreased by \$13.0 million in fiscal year 2017.

Most of TMWA's net position is in Capital Assets. Capital Assets, net of accumulated depreciation increased by \$10.9 million in fiscal year 2017 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Depreciation expense was \$32.2 million.

Deferred Outflows of Resources increased \$7.2 million due to higher allocations for pension liabilities based on the actuarial analysis performed for Nevada Public Employees Retirement System (NVPERS).

Long Term Debt Outstanding decreased \$34.4 million due to the 2017 bond refunding, and Total Current Liabilities also decreased \$14.6 million due to lower current portion of debt and interest outstanding. Net Pension Liability increased \$8.9 million and relates to TMWA's proportionate share of the net pension liability of the NVPERS.

Fiscal Year 2016 Summary

In the fiscal year ended June 30, 2016, total net position increased by approximately \$21.1 million, the result of recording operating income, net nonoperating income and capital contributions.

Total Unrestricted Current Assets decreased by \$14.2 million from June 30, 2015. The overall decrease was mainly due to a decrease in due from other governments by \$10.1 million as a result of final cash balances transferred in fiscal year 2016 related to WCWU and STMGID treasury balances, and a decrease in unrestricted cash by \$5.2 million. Offsetting was an increase in accounts receivable of \$1.0 million due to slightly greater water sales at year end. Total Restricted Current Assets decreased by \$1.0 million, mainly due to a decrease in current bond debt service

reserves. Long-Term Restricted and Other Assets decreased by \$2.3 million due to a decrease in restricted renewal and replacement reserve of \$4.6 million mainly due to the use of STMGID reserves for rehabilitation on the former STMGID service area. Offsetting were increases in restricted cash for bond debt service by \$1.6 million and an increase in the operations and maintenance reserve by \$1.2 million due to an increase in the operating expense budget as a result of a full year of merged water utility operations.

Capital Assets, net of accumulated depreciation increased by a net \$25.2 million during the year ended June 30, 2016 as increases in capital assets from capital expenditures and contributions were greater than depreciation expenses. TMWA purchased water rights in Donner Lake for an appraised value of \$17.4 million. Capital spending also included \$9.3 million in construction spending for a 24-inch main in the North portion of the service area to integrate water from Fish Springs, providing a new source of water for this portion of the system. Depreciation expense was \$32.1 million.

Deferred Outflow of Resources increased by \$1.0 million mainly due to \$3.4 million increase in deferred outflows of resources recorded related to pensions, and an increase in deferred outflows of \$3.1 million recorded for the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2016 refunding of its 2006 bonds. Offsetting was amortization to interest expense of the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2006, 2007, 2014, 2015A and 2016 advanced refundings of \$5.5 million.

Total Current Liabilities decreased \$10.7 million. Current portion of long term debt decreased by \$6.9 million mainly due to paydown of Commercial Paper by \$7.2 million. Other decreases were in accounts payable which decreased by \$1.5 million and due to other governments which decreased by \$0.7 million. Current interest payable decreased by \$2.7 million, while principal payments due increased by \$1.4 million. Net Pension Liability increased by \$4.6 million and relates to TMWA's proportionate share of the net pension liability of the NVPERS.

TMWA's Changes in Net Position
(in millions)

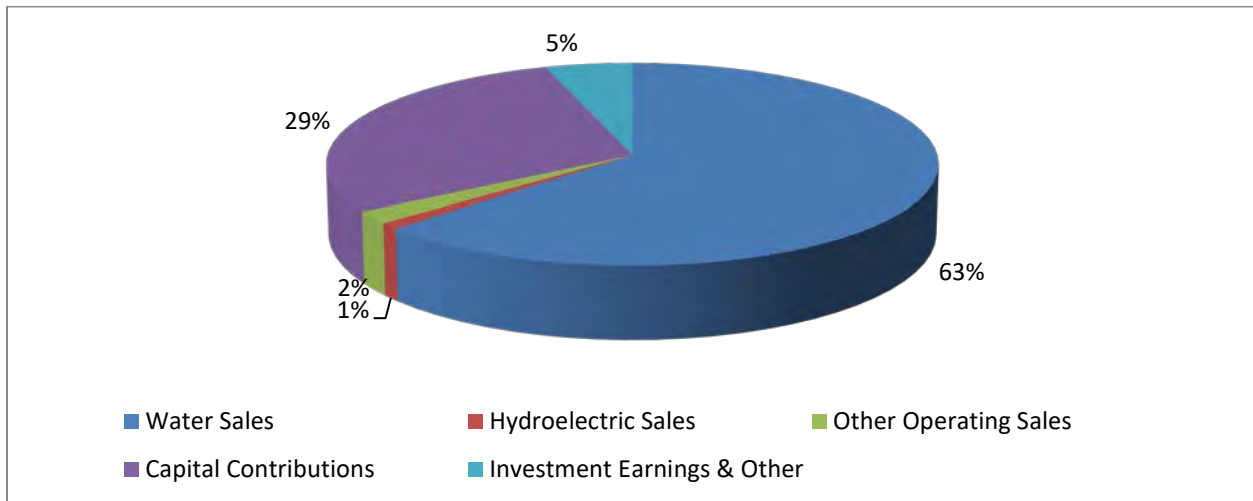
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating Revenues	\$ 97.3	\$ 91.9	\$ 90.0
Operating Expenses	82.5	80.6	70.1
Operating Income	<u>14.8</u>	<u>11.3</u>	<u>19.9</u>
Nonoperating Revenues (Expenses) net	<u>(11.7)</u>	<u>(9.5)</u>	<u>(23.5)</u>
Income before Capital Contributions	3.1	1.8	(3.6)
Capital Contributions	43.4	19.3	19.6
Special Item - WCWU transfer of operations	<u>-</u>	<u>-</u>	<u>231.5</u>
Change in Net Position	<u>46.5</u>	<u>21.1</u>	<u>247.5</u>
Net Position - BOY, as previously reported	585.0	563.9	311.6
Prior period adjustment for GASB 68	-	-	(24.9)
Prior period adjustment for STMGID merger	<u>-</u>	<u>-</u>	<u>29.7</u>
Net Position - BOY, as restated	<u>585.0</u>	<u>563.9</u>	<u>316.4</u>
Net Position - EOY	<u>\$ 631.5</u>	<u>\$ 585.0</u>	<u>\$ 563.9</u>

TMWA's Revenues
(In millions)

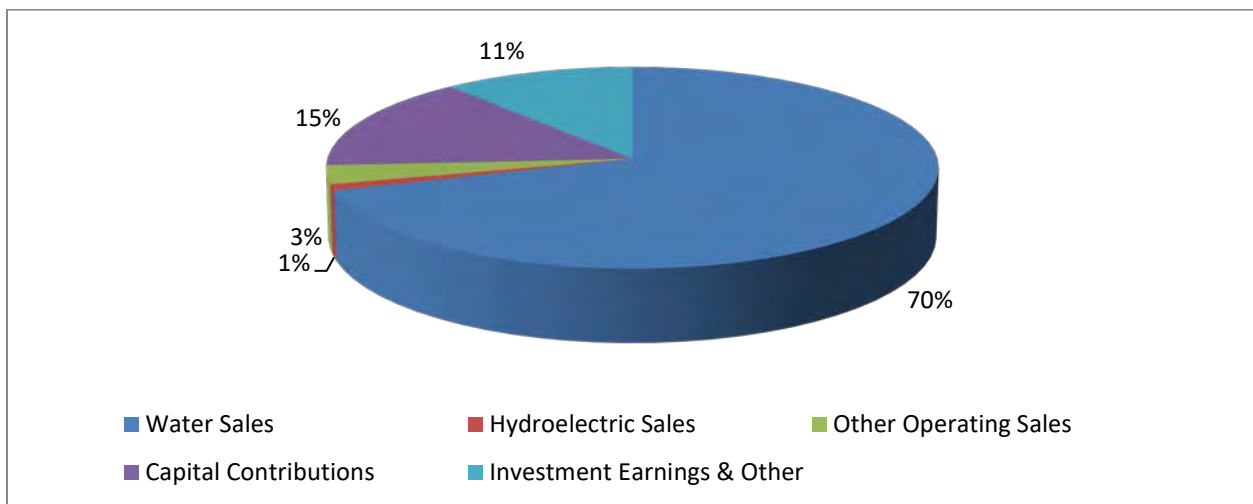
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues			
Operating Revenues			
Water Sales	\$ 92.7	\$ 87.5	\$ 86.2
Hydroelectric Sales	1.8	1.2	1.4
Other Operating Sales	2.8	3.2	2.4
	<u>97.3</u>	<u>91.9</u>	<u>90.0</u>
Nonoperating Revenues			
Investment Earnings	7.2	6.7	2.1
Other	-	6.5	0.3
	<u>7.2</u>	<u>13.2</u>	<u>2.4</u>
Capital Contributions	<u>43.4</u>	<u>19.3</u>	<u>19.6</u>
Total Revenues	<u>\$ 147.9</u>	<u>\$ 124.4</u>	<u>\$ 112.0</u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2017, 2016 and 2015:

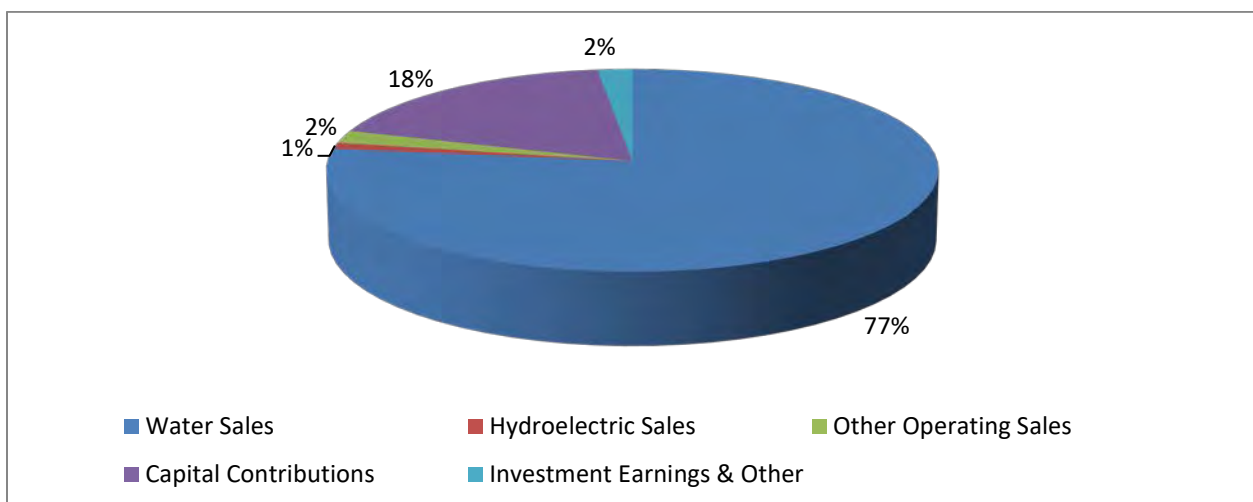
Total Revenues for the Year Ended June 30, 2017



Total Revenues for the Year Ended June 30, 2016



Total Revenues for the Year Ended June 30, 2015



Results of Operations-Revenues

Fiscal Year 2017 Summary

For fiscal year 2017, total operating revenues increased \$5.4 million from fiscal year 2016. Water Sales were \$92.7 million, \$5.2 million or 5.9% greater than in fiscal year 2016. Water Sales were higher mainly due to a record number of days with no precipitation in the service area during July and August of 2016, the peak of the irrigation season, which resulted in significant increases in water usage. A 3% rate increase implemented in the first billing cycle of May, 2017 also contributed \$0.5 million in additional Water Sales revenue to fiscal year 2017. Hydroelectric Sales were \$0.6 million or 52.2% greater than fiscal year 2016, due to higher river flows which allowed for more opportunity to operate hydroelectric generation plants. Other Operating Sales were \$0.4 million lower than fiscal year 2016, mainly due to additional fees collected in fiscal year 2016.

Investment Earnings were \$7.2 million in fiscal year 2017, \$0.5 million or 7.0% greater than fiscal year 2016. This is mainly due to termination of two forward delivery agreements, one with JP Morgan, and one with Bank of New York Mellon, as part of the 2017 bond refunding. These banks are no longer required to provide a 5.5% interest rate on a portion of TMWA's debt reserves and O&M reserves balances, so they paid TMWA \$5.1 million dollars for the release of these commitments. In the prior year ended 2016, TMWA received a similar settlement from Bank of America for \$4.4 million as part of the 2016 bond refunding. In fiscal year 2017, there were no Other Nonoperating Revenues, and in fiscal year 2016 there were \$6.2 million mainly due to \$7.0 million in water rights sold to the Pyramid Lake Paiute Tribe as part of the implementation of TROA, offset by a \$0.6 million loss on disposal of assets.

For fiscal year 2017, Capital Contributions increased by \$24.1 million. This increase was primarily due to a contribution from NV Energy from a court awarded payment by their insurers for flood damage to the Farad Hydroelectric Plant river diversion dam for \$11.8 million, that was paid to TMWA in accordance with an agreement with NVE. Various developer connection fees and water rights will-serve sales increased by \$9.4 million or 95.8% due to more robust residential construction, as the economy improves in the TMWA service area. Developer contributed infrastructure was \$10.8 million, an increase of \$2.3 million or 27.7% due to increased construction in the service area. Grants received were \$1.2 million, or \$1.0 million greater than fiscal year 2016 due to grants received related to TROA implementation.

Fiscal Year 2016 Summary

For fiscal year 2016, total operating revenues increased \$1.9 million from fiscal year 2015. Water Sales were \$87.5 million, \$1.3 million or 1.56% greater than in fiscal year 2015. Water Sales were less than expected from the first full year as a consolidated water utility by \$7.8 million due mainly due to conservation. Hydroelectric Sales decreased by \$0.2 million or 14.0% due to lower river levels early in the fiscal year 2016. Other Operating Sales increased by \$0.8 million or 30.0% due to additional fees collected related to increasing construction activity. Investment Earnings were higher by \$4.6 million in fiscal year 2016 due to a payment from Bank of America. As part of the 2016 bond refunding, there was a partial release of a forward delivery agreement with Bank of America, and they will no longer be required to provide a 5.5% interest rate on a portion of TMWA's debt reserves balance. Bank of America paid TMWA \$4.4 million dollars for the release

of this commitment. Other Nonoperating Revenue increased \$6.2 million mainly due to \$7.0 million in water rights sold to the Pyramid Lake Paiute Tribe as part of the implementation of TROA. Offsetting was a \$0.6 million loss on disposal of assets.

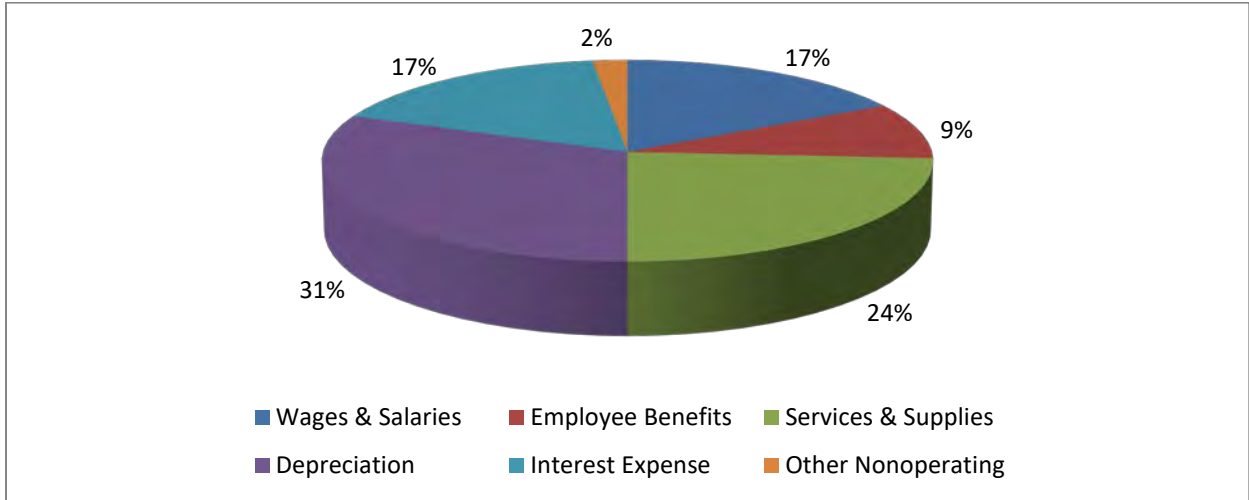
For fiscal year 2016, Capital Contributions decreased by \$0.3 million from fiscal year 2015. This decrease was mainly due to the Farad Hydroelectric Plant river diversion dam settlement payment for \$9.6 million received from NV Energy as settlement with their insurers in fiscal year 2015. Offsetting were developer infrastructure contributions of \$8.5 million, \$5.8 million higher than fiscal year 2015. This is mainly due to increasing residential construction activity. Sales of water rights will-serves of \$4.4 million, \$2.5 million higher than fiscal year 2015, were also indicative of this construction trend.

TMWA's Expenses
(in millions)

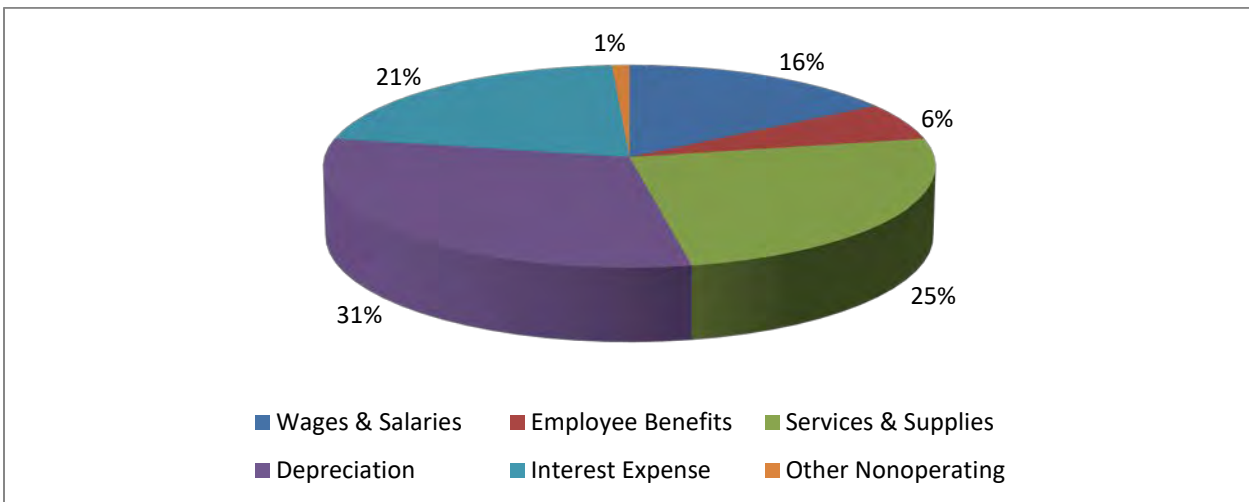
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 17.3	\$ 16.5	\$ 13.8
Employee Benefits	9.0	6.4	5.2
Services & Supplies	24.0	25.6	23.2
Depreciation	32.2	32.1	27.9
	<u>82.5</u>	<u>80.6</u>	<u>70.1</u>
Nonoperating Expenses			
Interest Expense	17.0	21.5	21.3
Other Nonoperating Expenses	1.9	1.2	4.6
	<u>18.9</u>	<u>22.7</u>	<u>25.9</u>
Total Expenses	<u>\$ 101.4</u>	<u>\$ 103.3</u>	<u>\$ 96.0</u>

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2017, 2016 and 2015:

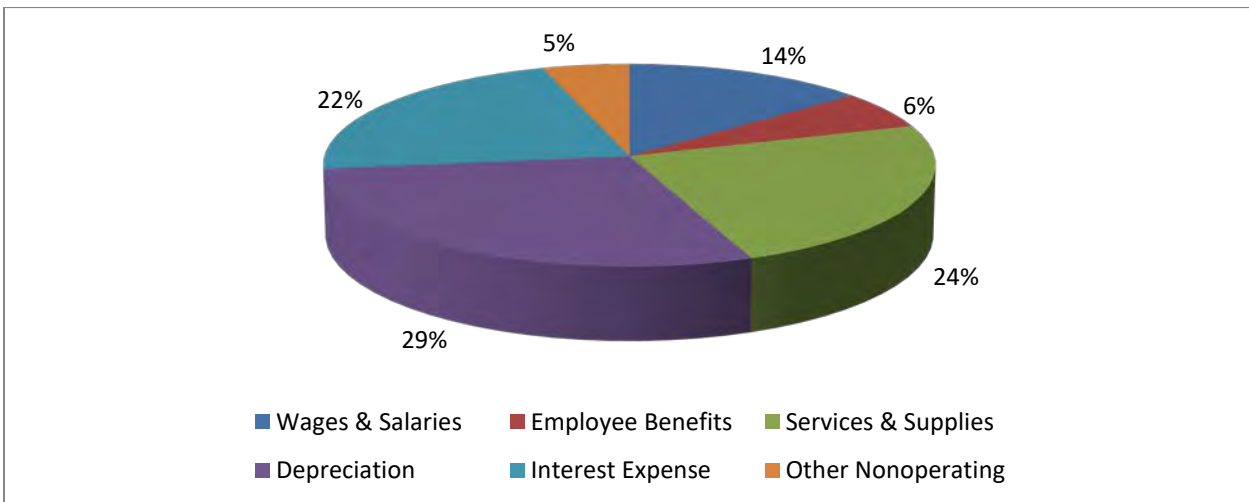
Total Expenses for the Year Ended June 30, 2017



Total Expenses for the Year Ended June 30, 2016



Total Expenses for the Year Ended June 30, 2015



Results of Operations-Expenses

Fiscal Year 2017 Summary

Operating expenses were \$82.5 million, \$1.9 million or 2.3% higher than fiscal year 2016. Spending on Wages and Salaries was \$0.8 million or 4.32% higher, due to a modest wage increase of approximately 2%, promotions and addition of two employees. Employee Benefits were \$2.6 million or 42.2% higher mainly due to a \$2.3 million increase in NVPERS actuarial estimates related to the proportion of TMWA's pension liability. Spending on Services and Supplies was \$1.6 million or 6.2% less than prior year. Expenses related to the repair of Fleish penstock project were expensed for a loss of \$0.6 million in the prior year. Power costs were lower by \$0.2 million in the current year, and professional services were lower \$1.2 million due to work performed internally, especially in hydrology and construction engineering. Offsetting were \$0.2 million in higher chemicals expenses.

Net Nonoperating Expenses were favorable \$3.8 million as compared to prior year. Lower interest expense in 2017 by \$4.5 million was due to the 2016 bond refunding. Other Nonoperating Expenses were \$0.7 million unfavorable due to decrease in fair value of investments by \$0.4 million, and payment of \$0.2 million in litigation settlements.

Fiscal Year 2016 Summary

Operating expenses were \$80.6 million, \$10.5 million or 15% higher than fiscal year 2015. Wages and Salaries increased \$2.8 million mainly due to the transfer of 25 positions from the Washoe County Water Utility (WCWU) to TMWA, which occurred halfway through fiscal year 2015. In 2016, those employees were with TMWA for a full year. A modest wage increase of approximately 2% added approximately \$0.3 million to total operating wages and salaries. Also, three key directors retired in 2016, and several months of overlapping payroll were required to ensure a smooth transition of duties to new management. Employee Benefits increased by \$1.1 million. The main contributor to this increase was WCWU employees were with TMWA for a full year in 2016. TMWA's employee health benefits premiums also increased by 20% in January of 2016. Health insurance premiums had not changed for three years prior. Services and Supplies expense increased \$2.4 million, and Depreciation expense increased \$4.2 million and are both directly attributable to the water utility merger.

Total Nonoperating Expenses decreased by \$3.2 million to \$22.7 million in fiscal year 2016 from \$25.9 million in fiscal year 2015. The primary reason for the decrease is non-operating expenses related to the merger of \$3.0 million incurred in fiscal year 2015. Offsetting were higher net interest expense of \$0.3 million, and higher amortization of bond/note issuance costs of \$0.2 million year over year.

CAPITAL ASSETS

At June 30, 2017, TMWA's total capital assets were \$1,330.9 million before accumulated depreciation of \$389.2 million, for a net book value of \$941.7 million. Included in the total capital assets reported on the Statement of Net Position was \$20.8 million in construction work in progress.

At June 30, 2016, TMWA's total capital assets were \$1,288.1 million before accumulated depreciation of \$357.3 million, for a net book value of \$930.8 million. Included in the total capital assets reported on the Statement of Net Position was \$17.7 million in construction work in progress.

Detailed information about TMWA's capital assets can be found in Note 5 to TMWA's financial statements.

LONG-TERM DEBT

At June 30, 2017, TMWA had \$458.3 million in total reported debt outstanding. This amount reflects \$407.1 million in total outstanding principal indebtedness, and \$51.2 million net bond premium. Of the \$407.1 million in total reported debt outstanding, \$86.1 million was due within in one year and is classified as short term indebtedness. Included in short term debt is TMWA's tax exempt commercial paper notes (TECP). TMWA intends to re-market the \$83.4 million in outstanding tax-exempt commercial paper notes as maturities come due, but all the TECP is classified as a short term indebtedness since the TECP notes mature in less than or equal to 270 days.

Total outstanding principal indebtedness of \$407.1 million as of June 30, 2017 reflects a decrease of \$73.2 million or 15.2% from total outstanding principal of \$480.3 million as of June 30, 2016. Total outstanding principal indebtedness of \$480.3 million as of June 30, 2016 reflects a decrease of \$34.4 million or 6.7% from total outstanding principal of \$514.7 million as of June 30, 2015.

During fiscal year 2017, TMWA received credit ratings from Standard and Poor's of AA+, an upgrade from AA in fiscal year 2016, and maintained ratings from Moody's of Aa2.

Detailed information about TMWA's indebtedness can be found in Note 6 to TMWA's financial statements.

CONTACTING TMWA's FINANCIAL MANAGEMENT

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Comprehensive Annual Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89509-3013.

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Truckee Meadows Water Authority
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and investments	\$ 132,203,954	\$ 99,764,684
Accounts receivable, net	14,803,390	13,580,981
Due from others	333,417	313,955
Due from other governments	9,559	45,969
Interest receivable	595,161	1,048,498
Prepaid assets and other assets	1,222,604	1,243,125
	149,168,085	115,997,212
Restricted current assets		
Cash and investments		
Water meter retrofit program	2,369,793	2,084,980
Current bond debt service	6,250,183	19,395,405
	8,619,976	21,480,385
Total current assets	157,788,061	137,477,597
Restricted noncurrent assets		
Cash and investments		
Future bond debt service	3,242,632	35,390,010
Operations and maintenance	8,797,778	8,739,954
Renewal and replacement	20,672,290	21,160,870
Water rate stabilization	500,000	500,000
	33,212,700	65,790,834
Noncurrent assets		
Capital assets, not depreciated	150,655,018	147,064,145
Capital assets, depreciated	791,037,884	783,728,106
Prepaid bond insurance and other assets	510,360	1,013,985
	942,203,262	931,806,236
Total noncurrent assets	975,415,962	997,597,070
Total assets	1,133,204,023	1,135,074,667
Deferred Outflow of Resources		
Deferred amount on bond refundings	3,154,276	3,053,052
Deferred amount on net pension liability	14,239,295	7,156,688
	17,393,571	10,209,740
Total deferred outflow of resources	17,393,571	10,209,740
Total Assets and Deferred Outflow of Resources	\$ 1,150,597,594	\$ 1,145,284,407

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Truckee Meadows Water Authority
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
Liabilities		
Current liabilities payable from unrestricted current assets		
Accounts payable	\$ 3,028,060	\$ 2,909,126
Contracts and retention payable	3,305,406	2,185,872
Accrued liabilities	3,912,372	4,000,137
Due to other governments	3,738,649	2,137,679
Accrued interest payable	384,147	315,707
Current portion of long-term debt	85,205,701	89,414,845
Customer deposits and amounts due to developers	2,729,962	2,757,239
	102,304,297	103,720,605
Current liabilities payable from restricted current assets		
Current portion of long-term debt	850,000	12,620,000
Interest payable	5,400,183	6,775,405
	6,250,183	19,395,405
Total current liabilities	108,554,480	123,116,010
Noncurrent liabilities		
Net pension liability	35,783,246	26,869,406
Long-term debt, net of current portion	372,259,981	406,696,538
Total noncurrent liabilities	408,043,227	433,565,944
Total liabilities	516,597,707	556,681,954
Deferred Inflow of Resources		
Deferred amount on net pension liability	2,410,007	3,486,191
Deferred amount on bond refundings	127,250	133,948
Total deferred inflows of resources	2,537,257	3,620,139
Total liabilities and deferred inflow of resources	519,134,964	560,302,093
Net Position		
Net investment in capital assets	506,700,472	478,543,111
Restricted for water meter retrofit program	2,369,793	2,084,980
Restricted for debt service	850,000	12,620,000
Restricted for operations and maintenance reserve	4,197,778	4,139,954
Restricted for renewal and replacement reserve	20,672,290	21,160,870
Restricted for water rate stabilization	500,000	500,000
Unrestricted	96,172,297	65,933,399
Total net position	631,462,630	584,982,314
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 1,150,597,594	\$ 1,145,284,407

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Truckee Meadows Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for water sales	\$ 92,687,260	\$ 87,534,332
Hydroelectric sales	1,788,934	1,175,195
Other operating sales	2,791,989	3,219,416
Total operating revenues	<u>97,268,183</u>	<u>91,928,943</u>
Operating Expenses		
Salaries and wages	17,257,014	16,541,811
Employee benefits	9,047,279	6,364,279
Services and supplies	23,980,864	25,575,227
Total operating expenses before depreciation	<u>50,285,157</u>	<u>48,481,317</u>
Depreciation	<u>32,169,578</u>	<u>32,134,190</u>
Total operating expenses	<u>82,454,735</u>	<u>80,615,507</u>
Operating Income	<u>14,813,448</u>	<u>11,313,436</u>
Nonoperating Revenues (Expenses)		
Investment earnings	7,209,113	6,737,745
Net increase (decrease) in fair value of investments	(342,257)	80,042
Gain (loss) on disposal of assets	(155,722)	6,460,373
Amortization of bond/note issuance costs	(1,183,526)	(1,219,746)
Interest expense	(16,968,911)	(21,549,864)
Other nonoperating expense	(243,000)	-
Total nonoperating revenues (expenses)	<u>(11,684,303)</u>	<u>(9,491,450)</u>
Income (Loss) before Capital Contributions	<u>3,129,145</u>	<u>1,821,986</u>
Capital Contributions		
Grants	1,226,863	224,138
Water meter retrofit program	341,074	482,081
Developer infrastructure contributions	10,797,854	8,454,980
Developer will-serve contributions (net of refunds)	7,950,666	4,363,692
Developer capital contributions-other	6,062,247	2,473,163
Developer facility charges (net of refunds)	5,116,956	2,931,940
Contributions from others	11,855,511	356,200
Net capital contributions	<u>43,351,171</u>	<u>19,286,194</u>
Change in Net Position	46,480,316	21,108,180
Net Position, Beginning of Year	<u>584,982,314</u>	<u>563,874,134</u>
Net Position, End of Year	<u>\$ 631,462,630</u>	<u>\$ 584,982,314</u>

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Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Cash received from customers	\$ 95,999,034	\$ 90,753,299
Cash paid to employees	(25,619,259)	(24,132,183)
Cash paid to suppliers	(22,492,461)	(26,198,864)
Net Cash from Operating Activities	47,887,314	40,422,252
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(31,121,251)	(49,416,333)
Interest paid on financing	(16,172,525)	(18,904,799)
Principal paid on financing	(14,004,694)	(12,568,107)
Proceeds from refunding bonds	172,268,662	149,354,337
Redemption of commercial paper notes	(4,400,000)	(7,200,000)
Proceeds transferred to refunding escrow	(207,049,766)	(151,026,620)
Proceeds from capital debt issuance	732,529	8,239,034
Proceeds from capital asset disposal	5,340	6,460,373
Contributions for water meter retrofit program	341,074	482,081
Contributions from developers-will-serve letters	7,950,666	4,363,692
Contributions from developers-other	6,062,247	2,473,163
Contributions from developers-facility charges	5,116,956	2,931,940
Contributions from others	11,855,511	356,200
Grants	1,262,453	253,131
Bond/note issuance costs	(1,158,127)	(1,298,798)
Net Cash used for Capital and Related Financing Activities	(68,310,924)	(65,500,706)
Investing Activities		
Cash received in connection with WCWU transfer of operations	-	9,678,076
Cash received from STMGID subsequent to merger	-	162,770
Payments received on Verdi business park receivable	20,793	22,244
Interest received	7,403,545	7,233,417
Net Cash from Investing Activities	7,424,338	17,096,507
Net Change in Cash and Cash Equivalents	(12,999,273)	(7,981,947)
Cash and Cash Equivalents, Beginning of Year (including \$87,271,219 in restricted accounts)	187,035,903	195,017,850
Cash and Cash Equivalents, End of Year (including \$41,832,676 in restricted accounts)	\$ 174,036,630	\$ 187,035,903

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Truckee Meadows Water Authority
Statements of Cash Flows
Year Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 14,813,448	\$ 11,313,436
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	32,169,578	32,134,190
Other nonoperating expenses	(243,000)	-
Pension expense	5,792,926	3,459,922
Pension contributions	(5,037,877)	(4,534,811)
Changes in assets and liabilities		
Accounts receivable, net	(1,222,409)	(964,744)
Due from others	(19,462)	(294,389)
Due from other governments	-	132,406
Prepaid assets	29,246	(62,219)
Accounts payable	118,934	(738,224)
Accrued liabilities	(87,763)	45,199
Due to customers and developers	(27,277)	(48,917)
Due to other governments	1,600,970	(19,597)
Total adjustments	33,073,866	29,108,816
Net Cash from Operating Activities	\$ 47,887,314	\$ 40,422,252
Non-Cash Capital and Related Financing Activities		
Developer infrastructure contributions	\$ 10,797,854	\$ 8,454,980
Amortization of bond insurance expenses	474,107	417,757
Amortization of net bond premium	(2,242,859)	(486,796)
Amortization of refunding allowances to interest expense	181,981	2,735,233
Supplemental Cash Flows Information		
Capitalization of interest expense	283,987	486,001
Capitalization of interest revenue	92,155	165,059

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Truckee Meadows Water Authority (TMWA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

Reporting Entity and Purpose

TMWA is a Joint Powers Authority (JPA) formed in November 2000 under the Joint Powers Legislation of the State of Nevada, pursuant to a Cooperative Agreement among the City of Reno, Nevada, the City of Sparks, Nevada, and Washoe County, Nevada. TMWA was formed to purchase water assets (the Water System), undertake the water utility operations, and to develop, manage, and maintain supplies of water for the benefit of the Truckee Meadows communities. TMWA purchased the existing water system originally operated by Sierra Pacific Power Company (SPPCo), now known as NV Energy, Inc.

TMWA is governed by a seven-member Board of Directors appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County (2 seats)

The cities and county representatives are not required to be elected officials. Modifications to the JPA were approved by the governing bodies in December 2009 which changed the at-large seat into a second seat for Washoe County. The amendments to the JPA were approved by the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA and Washoe County's Community Services Department's water utility (WCWU) and the merger of another water utility named South Truckee Meadows General Improvement District (STMGID). The transfer of operations of WCWU and the merger of STMGID occurred on January 1, 2015 with TMWA as the continuing entity.

Basis of Accounting

TMWA's activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of the governmental entity. Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet its operating objectives. The financial statements for TMWA are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

TMWA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary activities.

When both restricted and unrestricted resources are available for use, it is TMWA's policy to use unrestricted resources first, and then restricted resources as they are required.

Budgets and Budgetary Accounting

TMWA adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and TMWA policy include the following major procedures to establish budgetary data:

- On or before April 15, the General Manager of TMWA submits to the Board of Directors a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held on the third Wednesday in May.
- Prior to June 1, at a public hearing, the Board of Directors indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
- Any revisions that alter total appropriations must be approved in advance by the Board. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at year end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

The budget reflected in the financial statements has been amended from the original amounts in accordance with State statute for the years ended June 30, 2017 and 2016. This presentation for fiscal year 2017 and 2016 is included as Supplementary Information.

Cash and Investments

Cash balances are, to the extent practical, invested as permitted by law. Monies that are not required for immediate obligations are invested.

Investments authorized by state statutes and TMWA's bond resolutions include, but are not limited to, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool (LGIP), an external investment pool which is administered by the State Treasurer with oversight by the Board of Finance of the State of Nevada. Investments are reported at fair value, including the investment with LGIP which is equal to TMWA's original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. Exceptions to the fair valuation of investments are the guaranteed investment contracts which are valued at cost.

Restricted cash and investments are monies that are restricted by legal or contractual requirements.

Cash Equivalents

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes of value. Based on the nature of the investment policies, all amounts are available on demand and are, therefore, classified as cash equivalents on the Statements of Cash Flows.

Accounts Receivable

Accounts receivable is comprised of amounts due from TMWA's customers, net of an allowance for uncollectible accounts. Amounts due from TMWA's customers are comprised of amounts billed and an estimate of amounts earned but unbilled for water deliveries prior to fiscal year end.

Restricted Assets

Certain proceeds of TMWA's water revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants as follows:

- Current bond debt service - used to segregate resources accumulated for debt service payments over the next twelve months.
- Future bond debt service - used to report resources set aside to make up potential future deficiencies in the current bond debt service.
- Operations and maintenance - used to report resources set aside to subsidize potential deficiencies from TMWA's operation that could adversely affect debt service payments.
- Renewal and replacement - used to report resources set aside to subsidize potential deficiencies in cash flow for replacement of water facilities.
- Water rate stabilization - used to report resources set aside to stabilize customer rates if significant water revenue fluctuations occur.

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit program as mandated by Public Law 101-618.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items have been classified as current.

Capital Assets

All purchased property, plant, and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Interest cost incurred during the construction phase of the asset is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

Depreciation is computed using the straight-line method over the assets' estimated useful lives (in years) as follows:

	Years		Years
Distribution mains	60-75	Hydroelectric facilities	20-80
Plants	15-50	Canals	15-50
Services	15-60	Reservoirs	20-75
Pump stations	15-50	Vehicles	5-10
Tanks	65-75	Furniture and fixtures	10
Wells	15-50	Computer hardware and software	3-5
Pressure reducing stations	25	Lab equipment	5
		Administration buildings	50

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. TMWA's deferred outflows of resources is its deferred charge on refunding which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, TMWA has deferred outflows of resources related to pensions.

In addition to liabilities, the Statements of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to bond refundings and pensions.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation.

Compensated Absences

Under contract, employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is accrued as amounts are earned by employees to the extent it is likely TMWA will ultimately pay those benefits. The liability is included in accrued liabilities in the accompanying Statements of Net Position.

Classification of Revenues

Operating revenues consist of water sales, hydroelectric sales, miscellaneous fee income, and various reimbursements of operating expenses. Nonoperating revenues consist essentially of income derived from investments, and reimbursement for nonoperating activities. Developer facility charges, will-serve contributions, and other contributions reflect payments primarily for water service. Developer infrastructure contributions are an estimation of the value of infrastructure built by developers and permanently dedicated to TMWA.

Implementation of GASB Statement No. 82

As of July 1, 2016, TMWA adopted certain portions of GASB No. 82, *Pension Issues – an amendment of GASB No. 67, No. 68, and No. 73*. The implementation of this standard is to clarify the presentation of payroll-related measures in required supplementary information.

Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code

TMWA conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Accounts Receivable, Net

Accounts receivable, net consisted of the following:

	June 30, 2017	June 30, 2016
Billed amounts	\$ 6,185,181	\$ 5,142,543
Earned, but unbilled amounts	8,868,924	8,675,516
	15,054,105	13,818,059
Allowance for uncollectibles	(250,715)	(237,079)
Accounts receivable, net	\$ 14,803,390	\$ 13,580,981

Note 4 - Cash and Investments

In accordance with state statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. At June 30, 2017, the carrying amount of TMWA's deposits of \$- was less than the respective bank balance of \$1,019,399 by \$1,019,399. At June 30, 2016, the carrying amount of TMWA's deposits of \$1,564,692 was greater than the respective bank balance of \$963,018 by \$601,674. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

As of June 30, 2017, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	Total
Investments			
U.S. Treasuries	\$ 18,931,822	\$ -	\$ 18,931,822
U.S. Agencies	31,326,931	56,012,317	87,339,248
LGIP	3,242,632	-	3,242,632
Money Market Mutual Funds	34,916,307	-	34,916,307
Corporate Notes	17,811,237	9,073,890	26,885,127
Corporate Commercial Paper	2,979,690	-	2,979,690
	<u>\$ 109,208,619</u>	<u>\$ 65,086,207</u>	<u>\$ 174,294,826</u>

As of June 30, 2016, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	Total
Investments			
U.S. Treasuries	\$ 2,156,094	\$ -	\$ 2,156,094
U.S. Agencies	43,470,850	21,664,723	65,135,573
Guaranteed Investment Contracts	29,752,798	-	29,752,798
LGIP	3,219,035	-	3,219,035
Money Market Mutual Funds	67,793,723	-	67,793,723
Corporate Notes	2,376,328	15,021,300	17,397,628
	<u>\$ 148,768,828</u>	<u>\$ 36,686,023</u>	<u>\$ 185,454,851</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On July 7, 2005 the TMWA Board adopted an investment policy which further limited its investment choices. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below. TMWA's investment policy does not allow for investment in asset backed securities even though such investments are permitted by law.

Interest Rate Risk

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. As a means of limiting TMWA's exposure to this risk, TMWA constantly monitors the bond futures market and ladders investments accordingly to maximize investment returns while balancing the investment maturities with spending requirements. TMWA follows state statute limits of investment in obligations of an agency of the United States or a corporation sponsored by the United States government to those maturing within ten years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows state statute for reducing exposure to investment credit risk by investing in guaranteed investment contracts, U.S. Agencies securities; "AAA" rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 310 days at June 30, 2017, and 142 days at June 30, 2016. In addition, guaranteed investment contracts in which TMWA invests are unrated. Investments in U.S. Agencies are rated "AAA" and when investments are made in corporate commercial paper these investments are rated "A-1+"/"P-1". Investments in corporate notes are rated "AAA".

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by TMWA or by TMWA's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

At June 30, 2017 and 2016, the following investments by issuer, exceeded 5% of TMWA's total investments:

	June 30, 2017	
Federal National Mortgage Association	\$ 39,347,575	22.58%
Federal Home Loan Bank	25,580,936	14.68%
Federal Home Loan Mortgage Corporation	22,410,737	12.86%
	June 30, 2016	
Federal Home Loan Bank	\$ 28,229,498	15.09%
Bank of America Guaranteed Investment Contract	29,752,798	15.91%
Federal National Mortgage Association	13,912,523	7.44%

Investments Measured at Fair Value

TMWA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. TMWA does not have any investments that are measured using level 3 inputs.

TMWA has the following recurring fair value measurements as of June 30, 2017:

	Fair Value June 30, 2017	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 18,931,822	\$ 18,931,822	\$ -
U.S. Agencies	87,339,248	-	87,339,248
Money Market Mutual Funds	34,916,307	34,916,307	-
Corporate Notes	26,885,127	-	26,885,127
Corporate Commercial Paper	2,979,690	-	2,979,690
	171,052,194	\$ 53,848,129	\$ 117,204,065
LGIP	3,242,632		
	\$ 174,294,826		

TMWA has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value June 30, 2016</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments by fair value level			
U.S. Treasuries	\$ 2,156,094	\$ 2,156,094	\$ -
U.S. Agencies	65,135,574	-	65,135,574
Money Market Mutual Funds	67,793,723	67,793,723	
Corporate Notes	<u>17,397,628</u>	<u>-</u>	<u>17,397,628</u>
	152,483,019	<u>\$ 69,949,817</u>	<u>\$ 82,533,202</u>
 LGIP	 <u>3,219,035</u>		
	 <u>\$ 155,702,054</u>		

The following is a description of the valuation methodologies used by TMWA for its Level 2 assets:

U.S. Agencies – Valued using matrix pricing and market corroborated pricing models.

Corporate notes and commercial paper – Valued based on cash flow models that maximize the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2017 follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 17,666,963	\$ 19,153,325	\$ (16,014,570)	\$ 20,805,718
Land	19,821,360	321,804	391	20,143,555
Water rights	109,575,822	129,923	-	109,705,745
	<u>147,064,145</u>	<u>19,605,052</u>	<u>(16,014,179)</u>	<u>150,655,018</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated				
Distribution mains	488,098,466	20,705,741	-	508,804,207
Water treatment (plants)	182,072,974	2,824,046	-	184,897,020
Services	138,518,880	2,800,849	-	141,319,729
Pump stations	63,979,314	223,914	(158,404)	64,044,824
Treated water storage (tanks)	89,572,480	480,947	(102,308)	89,951,119
Wells	64,622,905	6,482,027	-	71,104,932
Pressure regulating stations	8,846,137	1,260,543	(99,891)	10,006,789
Canals	40,689,804	565,079	-	41,254,883
Reservoirs	18,564,775	-	-	18,564,775
Vehicles	4,989,617	819,673	(123,930)	5,685,360
Furniture and fixtures	603,066	-	-	603,066
Computer hardware and software	2,574,691	86,300	-	2,660,991
Lab equipment	197,578	-	-	197,578
Hydroelectric facilities	24,989,996	3,272,894	-	28,262,890
Administrative buildings	12,720,435	118,796	-	12,839,231
	<u>1,141,041,118</u>	<u>39,640,809</u>	<u>(484,533)</u>	<u>1,180,197,394</u>
Total capital assets, being depreciated				
Less accumulated depreciation:				
Distribution mains	(101,217,796)	(9,217,543)	(1,232)	(110,436,571)
Water treatment (plants)	(74,606,063)	(5,575,904)	(7,793)	(80,189,760)
Services	(85,349,814)	(7,500,271)	-	(92,850,085)
Pump stations	(17,672,994)	(2,030,854)	80,913	(19,622,935)
Treated water storage (tanks)	(23,124,556)	(1,987,293)	100,673	(25,011,176)
Wells	(27,227,902)	(2,107,940)	(14,152)	(29,349,994)
Pressure regulating stations	(5,403,379)	(404,829)	56,816	(5,751,392)
Canals	(8,471,476)	(938,384)	-	(9,409,860)
Reservoirs	(5,168,494)	(544,493)	-	(5,712,987)
Vehicles	(2,190,609)	(538,127)	107,855	(2,620,881)
Furniture and fixtures	(398,276)	(57,555)	-	(455,831)
Computer hardware and software	(1,253,844)	(446,238)	-	(1,700,082)
Lab equipment	(77,196)	(34,394)	-	(111,590)
Hydroelectric facilities	(3,061,985)	(501,395)	-	(3,563,380)
Administrative buildings	(2,088,628)	(284,358)	-	(2,372,986)
	<u>(357,313,012)</u>	<u>(32,169,578)</u>	<u>323,080</u>	<u>(389,159,510)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>783,728,106</u>	<u>7,471,231</u>	<u>(161,453)</u>	<u>791,037,884</u>
Total Capital Assets, Net	<u>\$ 930,792,251</u>	<u>\$ 27,076,283</u>	<u>\$ (16,175,632)</u>	<u>\$ 941,692,902</u>

12-13-17 BOARD Agenda Item 8
12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2017 and 2016

Capital asset activity for the year ended June 30, 2017 follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 11,419,506	\$ 16,031,241	\$ (9,783,784)	\$ 17,666,963
Land	19,686,804	134,556	-	19,821,360
Water rights	92,128,154	17,447,668	-	109,575,822
Total capital assets, not being depreciated	<u>123,234,464</u>	<u>33,613,465</u>	<u>(9,783,784)</u>	<u>147,064,145</u>
Capital assets, being depreciated				
Distribution mains	477,529,680	10,568,786	-	488,098,466
Water treatment (plants)	179,849,523	2,223,451	-	182,072,974
Services	134,919,335	3,599,545	-	138,518,880
Pump stations	61,382,245	2,820,065	(222,996)	63,979,314
Treated water storage (tanks)	85,293,141	4,279,340	-	89,572,481
Wells	62,507,165	2,115,740	-	64,622,905
Pressure regulating stations	8,671,021	175,116	-	8,846,137
Canals	40,087,788	602,016	-	40,689,804
Reservoirs	13,434,262	5,130,513	-	18,564,775
Vehicles	4,007,826	981,791	-	4,989,617
Furniture and fixtures	603,066	-	-	603,066
Computer hardware and software	2,405,854	187,837	(19,000)	2,574,691
Lab equipment	197,578	-	-	197,578
Hydroelectric facilities	24,804,788	185,208	-	24,989,996
Administrative buildings	12,042,500	677,935	-	12,720,435
Total capital assets, being depreciated	<u>1,107,735,771</u>	<u>33,547,343</u>	<u>(241,996)</u>	<u>1,141,041,118</u>
Less accumulated depreciation:				
Distribution mains	(92,169,125)	(9,048,671)	-	(101,217,796)
Water treatment (plants)	(68,919,145)	(5,686,918)	-	(74,606,063)
Services	(78,131,960)	(7,217,854)	-	(85,349,814)
Pump stations	(15,868,711)	(2,002,930)	198,647	(17,672,994)
Treated water storage (tanks)	(21,043,199)	(2,081,357)	-	(23,124,556)
Wells	(24,849,481)	(2,378,421)	-	(27,227,902)
Pressure regulating stations	(4,998,801)	(404,577)	-	(5,403,378)
Canals	(7,514,604)	(956,872)	-	(8,471,476)
Reservoirs	(4,634,181)	(534,313)	-	(5,168,494)
Vehicles	(1,740,904)	(449,705)	-	(2,190,609)
Furniture and fixtures	(324,746)	(73,530)	-	(398,276)
Computer hardware and software	(808,744)	(464,100)	19,000	(1,253,844)
Lab equipment	(42,802)	(34,394)	-	(77,197)
Hydroelectric facilities	(2,556,391)	(505,594)	-	(3,061,985)
Administrative buildings	(1,793,675)	(294,953)	-	(2,088,627)
Total accumulated depreciation	<u>(325,396,470)</u>	<u>(32,134,190)</u>	<u>217,647</u>	<u>(357,313,012)</u>
Total capital assets, being depreciated, net	<u>782,339,301</u>	<u>1,413,153</u>	<u>(24,349)</u>	<u>783,728,106</u>
Total Capital Assets, Net	<u>\$ 905,573,765</u>	<u>\$ 35,026,619</u>	<u>\$ (9,808,133)</u>	<u>\$ 930,792,251</u>

Note 6 - Long-Term Debt

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling \$4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, as well as any future senior lien bonds.

On November 15, 2005, TMWA issued \$40,000,000 in Series 2005A water revenue bonds which constituted special limited obligations of TMWA. The principal and interest were payable solely from, and secured by an irrevocable pledge of the net revenues derived by TMWA from the operation of the Water System. On May 14, 2015, \$33,050,000 of the bonds were refunded with the Series 2015A Refunding Bonds (see below) on a current basis, with the remaining balance of \$890,000 paid on July 1, 2015.

On May 3, 2006, TMWA issued \$150,745,000 in Series 2006 Refunding Bonds which constituted special limited obligations of TMWA. These bonds were sold to refund \$145,970,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds were considered to be defeased and the liability was removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$5,901,299. The unamortized balance was being amortized as a component of interest expense over the remaining life of the newly issued debt, which had a shorter remaining life than the original life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over 27 years by \$10,016,065 and resulted in an economic gain of \$5,152,424. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. On April 12, 2016, \$148,015,000 of the bonds were refunded with the Series 2016 Refunding Bonds (see below) on a current basis, with the remaining balance of \$400,000 paid on July 1, 2016.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to \$160,000,000 in TECP notes. After \$23,000,000 of redemptions, total authorized issuance stands at \$137,000,000 in TECP notes. Of the total authorization, TMWA has outstanding \$83,400,000 as of June 30, 2017 and \$87,800,000 as of June 30, 2016. The first draw was on August 16, 2006 for \$30,000,000, a second draw was on December 5, 2006 for \$13,000,000, a third draw was made on February 15, 2008 for \$25,000,000, and a fourth draw was made on June 28, 2011 for \$11,400,000, for a total issuance of \$79,400,000. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012, leaving \$68,000,000 outstanding at June 30, 2014. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014, for a total issuance of \$95,000,000. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016 TMWA redeemed \$4,400,000. TMWA has remaining authorization to issue \$53.6 million as of June 30, 2017 and 2016, respectively. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. The third draw was to fund certain construction projects on an interim basis; the fourth draw was for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. The fifth draw was to refund, on an advanced basis, \$26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The funds in escrow were distributed to the Washoe County bondholders as

of July 1, 2015, the call date of the bonds. The TECP program is facilitated by a direct pay letter of credit (Liquidity Facility) between TMWA and the Bank of Tokyo-Mitsubishi UFJ. The stated amount of the Liquidity Facility is \$103,432,878. The average interest rate on the outstanding balance of TECP as of June 30, 2017 was 0.89% and June 30, 2016 was 0.48%. As of June 30, 2017, the total TECP notes outstanding were comprised of 5 tranches ranging from \$10,000,000 to \$21,550,000 with maturities ranging from 31 to 67 days. As of June 30, 2016, the total TECP notes outstanding were comprised of 6 tranches ranging from \$6,150,000 to \$23,150,000 with maturities ranging from 30 to 129 days.

On January 17, 2007, TMWA issued \$218,975,000 in Series 2007 Refunding Bonds, which constituted special limited obligations of TMWA. These bonds were sold to refund \$212,275,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$15,284,819. The unamortized balance was being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over 24 years by \$18,192,500, and resulted in an economic gain of \$10,439,350. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. On April 11, 2017, the bonds were refunded with the Series 2017 Refunding Bonds (see below) on a current basis.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling \$2,401,120. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, and the 2017 Refunding Bonds, as well as any future senior lien bonds.

On January 28, 2010, TMWA issued \$28,240,000 in Series 2010 Refunding Bonds which constituted special limited obligations of TMWA. These bonds were sold to refund \$29,515,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,657,234. The unamortized balance was being amortized as a component of interest expense over the remaining life of the old and new debt, which has the same remaining life. This advance refunding was undertaken to reduce total debt service payments over approximately 3.5 years by \$2,332,160, and resulted in an economic gain of \$1,947,941. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. Final debt service payments on the 2010 Refunding Bonds were made on July 1, 2015.

On February 11, 2010, TMWA entered into a loan contract with DWSRF to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently, TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total

amount of \$4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the, senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, and the 2017 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA. The loan balance of \$9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was \$14,162,268. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. This loan has remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, 2017 Refunding Bonds as well as any future senior lien bonds.

On April 14, 2015, TMWA issued \$28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis \$33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease that callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over approximately 21 years by \$6,563,813 and resulted in an economic gain of \$4,575,309. The funds held in the irrevocable trust were distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the DWSRF the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. TMWA made draws on this contract as construction proceeded, totaling \$8,239,034 by June 30, 2016. Additional draws in fiscal year 2017 of \$732,529 brought the final loan balance to \$8,971,562. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien, 2015A Refunding Bonds, the 2016 Refunding Bonds, and the 2017 Refunding Bonds as well as any future senior lien bonds.

On April 12, 2016, TMWA issued \$124,790,000 in Series 2016 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$148,015,000 in maturities of the Series 2006 Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2006 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,092,808. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a

shorter remaining life in comparison to the remaining life of the refunding bonds. This current refunding was undertaken to reduce total debt service payments over 22 years by \$4,332,501, and resulted in an economic gain of \$15,025,124. The funds in the irrevocable trust were distributed to 2006 bondholders as of July 1, 2016, the call date of the 2006 Bonds.

On April 11, 2017, TMWA issued \$147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with \$32,865,308 from TMWA's cash balances were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2007 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$289,903. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over 14 years by \$15,301,534, and resulted in an economic gain of \$15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

12-13-17 BOARD Agenda Item 8
12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2017 and 2016

The following schedules summarize the changes in long-term obligations as of June 30, 2017:

	Final Maturity Date	Authorized	Balance July 1,2016	Additions	Deletions	Balance June 30,2017	Due in 2017-2018
Supported by User Charges:							
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 2,613,744	\$ -	\$ 254,818	\$ 2,358,926	\$ 263,065
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	400,000	-	400,000	-	-
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	214,290,000	-	214,290,000	-	-
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0.00%	7/1/2029	2,401,120	1,669,527	-	123,669	1,545,859	123,669
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2030	4,381,614	3,772,013	-	216,660	3,555,353	223,757
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	7,965,667	-	789,547	7,176,120	811,889
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	28,750,000	-	830,000	27,920,000	850,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	8,971,562	8,239,034	732,529	-	8,971,562	383,321
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	-	-	124,790,000	-
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	-	147,415,000	-	147,415,000	-
Subtotal		700,208,298	392,489,985	148,147,529	216,904,694	323,732,820	2,655,701
Plus unamortized net bond premium			28,441,399	24,853,662	2,112,199	51,182,862	
Total debt before tax exempt commercial paper			420,931,384	173,001,191	219,016,893	374,915,682	
TMWA Tax-Exempt Commercial Paper		137,000,000	87,800,000	-	4,400,000	83,400,000	83,400,000
Total Debt		<u>\$ 837,208,298</u>	<u>\$ 508,731,384</u>	<u>\$ 173,001,191</u>	<u>\$ 223,416,893</u>	<u>\$ 458,315,682</u>	<u>\$ 86,055,701</u>

12-13-17 BOARD Agenda Item 8
12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2017 and 2016

The following schedules summarize the changes in long-term obligations as of June 30, 2016:

	Final Maturity Date	Authorized	Balance July 1,2015	Additions	Deletions	Balance June 30,2016	Due in 2016-2017
Supported by User Charges:							
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 2,860,578	\$ -	\$ 246,834	\$ 2,613,744	\$ 254,810
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	890,000	-	890,000	-	-
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	148,415,000	-	148,015,000	400,000	400,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	214,800,000	-	510,000	214,290,000	11,390,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0.00%	7/1/2029	2,401,120	1,793,196	-	123,669	1,669,527	123,669
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	9,435,000	-	9,435,000	-	-
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	3,981,798	-	209,785	3,772,013	216,659
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	8,733,487	-	767,820	7,965,667	789,547
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	28,750,000	-	-	28,750,000	830,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	15,000,000	-	8,239,034	-	8,239,034	230,150
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	<u>124,790,000</u>	<u>-</u>	<u>124,790,000</u>	<u>-</u>	<u>124,790,000</u>	<u>-</u>
Subtotal		627,061,736	419,659,059	133,029,034	160,198,108	392,489,985	14,234,835
Plus unamortized net bond premium			<u>3,673,290</u>	<u>24,564,337</u>	<u>(203,772)</u>	<u>28,441,399</u>	
Total debt before tax exempt commercial paper			423,332,349	157,593,371	159,994,336	420,931,384	
TMWA Tax-Exempt Commercial Paper		<u>148,600,000</u>	<u>95,000,000</u>	<u>-</u>	<u>7,200,000</u>	<u>87,800,000</u>	<u>87,800,000</u>
Total Debt		<u>\$ 775,661,736</u>	<u>\$ 518,332,349</u>	<u>\$ 157,593,371</u>	<u>\$ 167,194,336</u>	<u>\$ 508,731,384</u>	<u>\$102,034,835</u>

Annual debt service requirements to maturity for TMWA's bonds and commercial paper are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Debt Service</u>
2018	\$ 86,055,700	\$ 13,420,803	\$ 99,476,503
2019	2,738,723	15,360,498	18,099,221
2020	2,829,058	15,273,963	18,103,021
2021	13,460,867	14,983,254	28,444,121
2022	13,599,193	14,419,778	28,018,971
2023-2027	76,823,773	61,557,949	138,381,722
2028-2032	98,496,564	41,100,903	139,597,467
2033-2037	104,923,942	12,456,746	117,380,688
2038	8,205,000	205,125	8,410,125
 Total	 <u>\$ 407,132,820</u>	 <u>\$ 188,779,019</u>	 <u>\$ 595,911,839</u>

Because commercial paper notes have a maturity of less than 270 days, they are presented as maturing in the current year. It is the intent of TMWA that as TECP matures, the interest and principal will be remarketed into new commercial paper notes.

Note 7 - Net Position

Restricted Net Position

TMWA records the following restrictions of net position:

Restricted in accordance with bond covenants: TMWA's bond covenants require certain restrictions of TMWA's net position for operations and maintenance, debt service, renewal and replacement, and water rate stabilization.

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program as mandated by Public Law 101-618.

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of \$10,672,290 and \$11,160,870 as of June 30, 2017 and 2016, respectively, is included in the amount restricted for renewal and replacement.

Board Designation

The TMWA Board of Directors has designated \$1,300,000 for water rate stabilization. This designation is not reflected as restricted net position, but is considered a designated portion of unrestricted net position.

Note 8 - Contingent Liabilities

Boca Dam and Reservoir: The Truckee Storage Project was constructed to provide a supplemental supply of irrigation water to approximately 29,000 acres of land in the Truckee Meadows surrounding Reno and Sparks, Nevada. Boca Dam and Reservoir (the “Boca Dam”), the major feature of the Truckee Storage Project, was constructed by the United States and is operated by the Washoe County Water Conservation District (the “Conservation District”). As part of the Safety of Dams retrofit being conducted by the Bureau of Reclamation (the “BOR”), the BOR is currently working on conceptual designs for an earthquake hardening project at the base of Boca Dam. The construction costs for an earthquake hardening project are currently estimated at \$36.0 million, plus additional design and engineering costs. Under federal law, the beneficiary of the authorized purposes of the structure must pay 15% of the total project cost. Given the complexities of TROA, pending litigation and other matters which complicate identifying who is the beneficiary of the authorized purposes of the structures, the Conservation District is in negotiations with the BOR as to how that 15% is allocated between irrigation and municipal uses. Cost allocation issues have yet to be resolved. Based upon information received by the Authority, the Conservation District currently expects its portion of beneficiary cost to range from \$4.395 million to \$6.0 million based on cost estimates at this time. As of June 30, 2017, the BOR had spent approximately \$6.2 million in design and engineering costs on the project. The Authority expects its portion of the potential responsibility for the cost being assessed the Conservation District will be between \$0 and \$2.2 million.

Mt. Rose Fan Domestic Well Program: As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County’s Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an “unreasonable adverse effect” as a result of municipal groundwater pumping. TMWA’s continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA’s budget includes projected costs for administering the domestic well mitigation plan. In addition, TMWA’s 2017-2021 Capital Improvement Plan lists several major construction projects to move surface water into the affected area during certain times of the year to mitigate adverse effects on groundwater levels.

Note 9 - Risk Management

TMWA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. TMWA is responsible for group health insurance premiums payable to the City of Reno for coverage in the City's self-funded health insurance program. All other risks are covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

Note 10 - Pensions and Other Employee Benefits

Defined Benefit Pension Plan

Plan Description

TMWA contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. Members entering PERS on or after July 1, 2015 have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. TMWA contributes under the employer-pay option.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

The Employer-pay contribution (EPC) rate was 28% for both fiscal years June 30, 2017 and 2016.

TMWA's contributions were \$5,037,877 and \$4,534,811 for the years ended June 30, 2017 and 2016, respectively.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2016 and 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2016 and 2015, PERS' long-term inflation assumption was 3.5%.

Net Pension Liability

At June 30, 2017, TMWA reported a liability for its proportionate share of the net pension liability of \$35,783,246. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, TMWA reported a liability for its proportionate share of the net pension liability of \$26,869,406. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's proportion of the net pension liability was based on TMWA's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2016 and 2015, TMWA's proportion was .2674 and .2351 percent, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2016 and 2015, calculated using the discount rate of 8.00%, as well as what TMWA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability, June 30, 2016	\$ 52,753,951	\$ 35,783,246	\$ 22,042,152
Net Pension Liability, June 30, 2015	41,058,088	26,869,406	15,208,145

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions

TMWA's June 30, 2017 net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's June 30, 2016 net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2016	June 30, 2015
Inflation Rate	3.50%	3.50%
Payroll Growth	5.00% including inflation	5.00% including inflation
Investment Rate of Return	8.00%	8.00%
Productivity Pay Increase	0.75%	0.75%
Projected Salary Increases	4.60% to 9.75%, depending on service. Rates include inflation and productivity increases	4.60% to 9.75%, depending on service. Rates include inflation and productivity increases
Consumer Price Index	3.50%	3.50%
Other Assumptions	Same as those used in the June 30, 2015 funding actuarial valuation	Same as those used in the June 30, 2014 funding actuarial valuation

Mortality rates for non-disabled male regular members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female regular members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. Mortality rates for all non-disabled police/fire members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years. Life expectancy at age 65 is assumed to be 21.0 years.

Actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016 and June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016 and 2015, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016 and June 30, 2015.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, TMWA recognized pension expense of \$5,792,926. At June 30, 2017, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,410,007
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	3,345,751	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	5,855,667	-
TMWA contributions subsequent to the measurement date	<u>5,037,877</u>	<u>-</u>
	<u>\$ 14,239,295</u>	<u>\$ 2,410,007</u>

\$5,037,877 reported as deferred outflows of resources related to pensions resulting from TMWA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

For the year ended June 30, 2016, TMWA recognized pension expense of \$3,459,922. At June 30, 2016, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,026,696
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,459,495
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	2,621,877	-
TMWA contributions subsequent to the measurement date	<u>4,534,811</u>	<u>-</u>
	<u>\$ 7,156,688</u>	<u>\$ 3,486,191</u>

\$4,534,811 reported as deferred outflows of resources related to pensions resulting from TMWA contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2015 (the beginning of the measurement period ended June 30, 2016) is 6.48 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2017 will be recognized in pension expense as follows:

Year Ending June 30:

2018	\$ (875,805)
2019	(875,805)
2020	(2,339,423)
2021	(1,719,594)
2022	(704,524)
Thereafter	(276,260)

Additional Information

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at www.nvpers.org under Quick Links – Publications.

Deferred Compensation Plans

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. For the year ended June 30, 2017, TMWA had matching contributions totaling \$1,066,019, and \$1,007,308 for the year ended June 30, 2016.

Other Post-Employment Benefit Plans (OPEB)

TMWA has two “Other Post –Employment Benefit Plans”, (OPEB). The first plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all new hires. The second plan was formed to provide post-employment benefits for benefitted employees who transferred from Washoe County as a result of the water utility consolidation. The first plan is referred to as the §501-c-9 Plan and the second plan is referred to as the §115 Plan. Both Plans reference the Internal Revenue Code sections that the plans were formed under.

§501-c-9 Plan

Plan Description. The §501-c-9 plan known as The Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (Plan), is a single-employer defined benefit OPEB plan that was established to provide eligible TMWA employees with post-employment health benefits. The Plan was amended to provide post-retirement life insurance benefits in July 2011. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan is governed by not less than three, but not more than five trustees. Four trustees were appointed by the TMWA Board of Directors, two from non-represented employees and two from represented employees. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel regardless of date of hire. Eligibility requirements benefit levels, employee contributions and employer contributions are amended through TMWA’s collective bargaining agreements for its represented employees and by the TMWA Board of Directors with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group dependents are also covered. The post-December 31, 1997 group of represented employees will receive a total subsidy of \$1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period. For MPAT employees, the annual subsidy is \$235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is \$105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes 62. There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

The number of active participants and retirees as of July 1, 2016, the effective date of the most recent OPEB valuation was 173 and 31, respectively. As of June 30, 2017 and 2016 there were 35 and 29 retirees, respectively, receiving benefits from the Plan.

Funding Policy, Annual OPEB Cost and Net OPEB Obligation. Beginning in fiscal year 2011, the Plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the post-employment health benefits.

TMWA’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, were as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 445,063	\$ 445,063	100%	\$ -
2016	244,429	244,429	100%	-
2015	244,429	244,429	100%	-

The net OPEB obligation as of June 30, 2017 and 2016 was calculated as follows:

	2017	2016
Normal cost	\$ 330,786	\$ 303,827
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	114,277	(59,398)
Annual OPEB Cost (ARC)	445,063	244,429
Total Contributions	(445,063)	(244,429)
Change in net OPEB obligation	-	-
Net OPEB Obligation, Beginning of Year	-	-
Net OPEB Obligation, End of Year	\$ -	\$ -

Funded Status and Funding Progress. The funded status of the Plan as of the most recent actuarial valuation (July 1, 2016) was as follows:

Actuarial Accrued Liability (AAL) (a)	\$ 10,407,569
Actuarial Value of Plan Assets (b)	8,948,929
Unfunded/(Overfunded) Actuarial Accrued Liability (UAAL) (a-b)	\$ 1,458,640
Funded Ratio (Actuarial Value of Plan Assets/AAL) (b/a)	85.98%
Covered Payroll (c)	\$ 13,944,136
UAAL as a Percentage of Covered Payroll [(a-b)/(c)]	10.46%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides current year information and multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	22 years
Investment rate of return	6.00%
Projected salary increases	3.00%
Healthcare inflation rate	5.00%

§115 Plan

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with post-employment health benefits. This specific plan was formed to provide post-employment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. Twenty-five employees transferred from Washoe County to TMWA, of which two had no post-employment benefits, and were subsequently enrolled in the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (§501-c-9 Plan). Of the remaining 23 transferred employees, one left the employment of TMWA to work for another public agency, which disqualified the individual from future benefits from the §115 Plan, resulting in 22 remaining transferred employees that are entitled to benefits as of June 30, 2017. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this Plan.

Eligibility. There are two employee classifications eligible for benefits in this Plan: Tier I and Tier II classifications.

For Tier I employees/retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 100% of the premium for coverage of such retiree under the benefit plans. Tier I employees who have attained the Medicare Eligibility Age during a Trust Plan Year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage and TMWA will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II employees/retirees the maximum benefits to be paid by the Trust who have not attained the age of 65 is to be the same amount of the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree's behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the Trust towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

For Tier II employees/retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive the equivalent of the State of Nevada's Medicare Exchange Retiree HRA contribution subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. Medicare then becomes the primary carrier, and the Benefits Plans funded by the Trust are to become secondary. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

In order to receive the benefits described the Tier II employee must be an employee of TMWA immediately prior to drawing their retirement benefits.

The number of active participants and retirees as of July 1, 2016, the effective date of the most recent OPEB valuation was 22 and 0. As of June 30, 2017 and 2016 there were one and zero retirees, respectively, receiving benefits from the Plan.

The net OPEB obligation as of June 30, 2017 and 2016 was calculated as follows:

	2017	2016
Normal cost	\$ 76,771	\$ 45,592
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	26,670	29,997
Annual OPEB Cost (ARC)	103,441	75,589
Total Contributions	(103,441)	(75,589)
Change in net OPEB obligation	-	-
Net OPEB Obligation, Beginning of Year	-	-
Net OPEB Obligation, End of Year	\$ -	\$ -

Funded Status and Funding Progress. The funded status of the Plan as of the most recent actuarial valuation (July 1, 2016) was as follows:

Actuarial Accrued Liability (AAL) (a)	\$ 1,453,919
Actuarial Value of Plan Assets (b)	695,940
Unfunded Actuarial Accrued Liability (UAAL) (a-b)	\$ 757,979
Funded Ratio (Actuarial Value of Plan Assets/AAL) (b/a)	47.87%
Covered Payroll (c)	\$ 1,658,227
UAAL as a Percentage of Covered Payroll [(a-b)/(c)]	45.71%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	28 years
Investment rate of return	6.00%
Projected salary increases	3.00%
Healthcare inflation rate	5.00%

Note 11 - Commitments

TMWA has committed \$1,400,000 to further enhancement of the Truckee River as mitigation for operation of the Farad hydroelectric plant, which has yet to be transferred.

TMWA has committed a maximum of 1.5% of its combined operating expense budget and total annual debt service in fiscal year 2017 as a contribution in fiscal year 2017 to the Truckee River Fund of the Community Foundation of Western Nevada, for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA.

Note 12 - Subsequent Events

On September 7, 2017 TMWA reduced its outstanding commercial paper balance from \$83,400,000 to \$74,200,000 with a payment from unrestricted cash of \$9,200,000.

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Required Supplementary Information
Truckee Meadows Water Authority

12-13-17 BOARD Agenda Item 8
12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
Schedule of Funding Progress – Other Postemployment Benefit Plans
June 30, 2017

Plan	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(a-b)/c]
501c9 Plan	July 1, 2016	\$10,407,569	\$ 8,948,929	\$ 1,458,640	85.98%	\$13,944,136	10.46%
115 Plan	July 1, 2016	1,453,919	695,940	757,979	47.87%	1,658,227	45.71%
		<u>\$11,861,488</u>	<u>\$ 9,644,869</u>	<u>\$ 2,216,619</u>	<u>81.31%</u>	<u>\$15,602,363</u>	<u>14.21%</u>
501c9 Plan	July 1, 2014	\$ 8,196,010	\$ 8,443,923	\$ (247,913)	103.02%	\$12,941,448	-1.92%
115 Plan	January 1, 2015	1,357,972	546,873	811,099	40.27%	1,612,906	50.29%
		<u>\$ 9,553,982</u>	<u>\$ 8,990,796</u>	<u>\$ 563,186</u>	<u>94.11%</u>	<u>\$14,554,354</u>	<u>3.87%</u>
501c9 Plan	July 1, 2012	<u>\$ 6,228,631</u>	<u>\$ 6,181,506</u>	<u>\$ 47,125</u>	<u>99.24%</u>	<u>\$11,618,408</u>	<u>0.41%</u>

501c9 Plan:

The July 1, 2016 Actuarial Valuation reflected an increase in the AAL due to a one time 20% increase in health insurance premiums effective January, 2016. July 1, 2014 Actuarial Valuation reflected a reduced discount rate assumption from 6.5% to 6% which is the primary reason for the increase in the AAL from the July 1, 2012 valuation.

115 Plan:

The July 1, 2016 Actuarial Valuation reflected an increase in the AAL. A one time 20% increase in health insurance premiums effective January, 2016 was off set by a decrease in the number of eligible employees and reductions related to assumptions around implicit subsidy.

12-13-17 BOARD Agenda Item 8
 12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
 Schedule of TMWA's Share of Net Pension Liability
 Public Employees' Retirement System of Nevada (PERS)
 Last Ten Fiscal Years*

	2016	2015	2014
TMWA's portion of net the pension liability	0.2674%	0.2345%	0.2139%
TMWA's proportionate share of the net pension liability	\$ 35,783,246	\$ 26,869,406	\$ 22,293,306
TMWA's covered payroll	\$ 16,314,669	\$ 14,077,995	\$ 12,573,558
TMWA's proportional share of the net pension liability as a percentage of its covered payroll	219.33%	190.86%	177.30%
Plan fiduciary net position as a percentage of the total pension liability	72.23%	75.13%	76.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, TMWA will present information for only those years for which information is available.

12-13-17 BOARD Agenda Item 8
 12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
 Schedule of TMWA Contributions
 Public Employees' Retirement System of Nevada (PERS)
 Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 5,037,877	\$ 4,534,811	\$ 3,629,441
Contributions in relation to the statutorily required contribution	\$ 5,037,877	\$ 4,534,811	\$ 3,629,441
Contribution (deficiency) excess	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 17,947,692	\$ 16,314,669	\$ 14,077,995
Contributions as a percentage of covered payroll	28.07%	27.80%	25.78%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, TMWA will present information for only those years for which information is available.



Supplementary Information
June 30, 2017 and 2016

Truckee Meadows Water Authority

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Year Ended June 30, 2017

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 91,196,093	\$ 92,687,260	\$ 1,491,167
Hydroelectric sales	1,755,890	1,788,934	33,044
Other operating sales	2,471,500	2,791,989	320,489
Total operating revenues	<u>95,423,483</u>	<u>97,268,183</u>	<u>1,844,700</u>
Operating Expenses			
Salaries and wages	18,319,615	17,257,014	1,062,601
Employee benefits	8,736,336	9,047,279	(310,943)
Services and supplies	25,730,715	23,980,864	1,749,851
Total operating expenses before depreciation	<u>52,786,666</u>	<u>50,285,157</u>	<u>2,501,509</u>
Depreciation	<u>33,247,620</u>	<u>32,169,578</u>	<u>1,078,042</u>
Total operating expenses	<u>86,034,286</u>	<u>82,454,735</u>	<u>3,579,551</u>
Operating Income	<u>9,389,197</u>	<u>14,813,448</u>	<u>5,424,251</u>
Nonoperating Revenues (Expenses)			
Investment earnings	2,231,304	7,209,113	4,977,809
Net change in fair value of investments	-	(342,257)	(342,257)
Gain (loss) on disposal of assets	-	(155,722)	(155,722)
Bond/note issue costs and amortization of bond insurance	(474,444)	(1,183,526)	(709,082)
Interest expense	(16,930,176)	(16,968,911)	(38,735)
Other nonoperating expense	-	(243,000)	(243,000)
Total nonoperating revenues (expenses)	<u>(15,173,316)</u>	<u>(11,684,303)</u>	<u>3,489,013</u>
Income (Loss) before Capital Contributions	<u>(5,784,119)</u>	<u>3,129,145</u>	<u>8,913,264</u>
Capital Contributions			
Grants	1,191,168	1,226,863	35,695
Water meter retrofit program	450,000	341,074	(108,926)
Developer infrastructure contributions	-	10,797,854	10,797,854
Developer will-serve contributions (net of refunds)	8,189,633	7,950,666	(238,967)
Developer capital contributions-other	5,328,086	6,062,247	734,161
Developer facility charges (net of refunds)	4,509,144	5,116,956	607,812
Contributions from others	11,805,511	11,855,511	50,000
Net capital contributions	<u>31,473,542</u>	<u>43,351,171</u>	<u>11,877,629</u>
Change in Net Position	<u>\$ 25,689,423</u>	46,480,316	<u>\$ 20,790,893</u>
Net Position, Beginning of Year		<u>584,982,314</u>	
Net Position, End of Year		<u>\$ 631,462,630</u>	

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual
Year Ended June 30, 2016

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 88,328,024	\$ 87,534,332	\$ (793,692)
Hydroelectric sales	945,552	1,175,195	229,643
Other operating sales	2,580,867	3,219,416	638,549
Total operating revenues	<u>91,854,443</u>	<u>91,928,943</u>	<u>74,500</u>
Operating Expenses			
Salaries and wages	16,609,056	16,541,811	67,245
Employee benefits	8,164,236	6,364,279	1,799,957
Services and supplies	27,666,431	25,575,227	2,091,204
Total operating expenses before depreciation	<u>52,439,723</u>	<u>48,481,317</u>	<u>3,958,406</u>
Depreciation	<u>33,207,312</u>	<u>32,134,190</u>	<u>1,073,122</u>
Total operating expenses	<u>85,647,035</u>	<u>80,615,507</u>	<u>5,031,528</u>
Operating Income	<u>6,207,408</u>	<u>11,313,436</u>	<u>5,106,028</u>
Nonoperating Revenues (Expenses)			
Investment earnings	2,357,604	6,737,745	4,380,141
Net change in fair value of investments	-	80,042	80,042
Gain (loss) on disposal of assets	(625,000)	6,460,373	7,085,373
Bond/note issue costs and amortization of bond insurance	(1,105,128)	(1,219,746)	(114,618)
Interest expense	(21,191,268)	(21,549,864)	(358,596)
Total nonoperating revenues (expenses)	<u>(20,563,792)</u>	<u>(9,491,450)</u>	<u>11,072,342</u>
Income (Loss) before Capital Contributions	<u>(14,356,384)</u>	<u>1,821,986</u>	<u>16,178,370</u>
Capital Contributions			
Grants	-	224,138	224,138
Water meter retrofit program	540,684	482,081	(58,603)
Developer infrastructure contributions	-	8,454,980	8,454,980
Developer will-serve contributions (net of refunds)	1,152,288	4,363,692	3,211,404
Developer capital contributions-other	906,612	2,473,163	1,566,551
Developer facility charges (net of refunds)	1,505,652	2,931,940	1,426,288
Contributions from others	6,995,000	356,200	(6,638,800)
Net capital contributions	<u>11,100,236</u>	<u>19,286,194</u>	<u>8,185,958</u>
Change in Net Position	<u>\$ (3,256,148)</u>	<u>21,108,180</u>	<u>\$ 24,364,328</u>
Net Position, Beginning of Year		<u>563,874,134</u>	
Net Position, End of Year		<u>\$ 584,982,314</u>	



Statistical Section

Truckee Meadows Water Authority

This part of the Truckee Meadows Water Authority comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

<u>Section Contents</u>	<u>Schedule No.</u>
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	1-6
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its water sales and other revenues.	7-8
Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt, and its ability to issue additional future debt.	9
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other utilities.	10-12
Operating Information These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services it provides and the activities it performs.	13-17
Debt Ratios These schedules contain information about changes in the Authority's debt and its debt in relation to service connections.	18-19

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

	Fiscal Year			
	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014</u>
Net Position				
Net investment in capital assets	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785
Restricted	28,589,861	40,505,804	42,158,803	25,198,683
Unrestricted	<u>96,172,297</u>	<u>65,933,399</u>	<u>77,312,759</u>	<u>54,036,550</u>
Total Net Position	<u>\$ 631,462,630</u>	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>	<u>\$ 311,563,018</u>

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

12-13-17 BOARD Agenda Item 8
 Truckee Meadows Water Authority
 Schedule No. 1 – Net Position by Component
 Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 227,319,870	\$ 222,418,497	\$ 223,410,534	\$ 220,473,195	\$ 204,972,595	\$ 177,972,803
22,644,404	13,678,852	22,873,643	23,515,136	23,947,116	16,387,385
51,471,349	57,107,888	41,907,040	43,968,725	56,186,497	87,278,594
<u>\$ 301,435,623</u>	<u>\$ 293,205,237</u>	<u>\$ 288,191,217</u>	<u>\$ 287,957,056</u>	<u>\$ 285,106,208</u>	<u>\$ 281,638,782</u>

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12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 2 – Changes in Net Position
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Special Item	Change in Net Position
2017*	\$ 97,268,183	\$ 82,454,735	\$ 14,813,448	\$ (11,684,303)	\$ 3,129,145	\$ 43,351,171	\$ -	\$ 46,480,316
2016*	91,928,943	80,615,507	11,313,436	(9,491,450)	1,821,986	19,286,194	-	21,108,180
2015*	90,029,316	70,114,860	19,914,456	(23,526,380)	(3,611,924)	19,638,821	231,516,024	247,542,921
2014	84,315,390	59,317,860	24,997,530	(20,386,339)	4,611,191	5,516,204	-	10,127,395
2013	85,577,107	59,619,074	25,958,033	(20,675,251)	5,282,782	2,947,604	-	8,230,386
2012	81,790,499	56,622,273	25,168,226	(19,023,050)	6,145,176	1,109,062	-	7,254,238
2011	76,246,433	55,542,274	20,704,159	(21,802,941)	(1,098,782)	1,332,941	-	234,159
2010	75,667,848	58,388,775	17,279,073	(20,269,550)	(2,990,477)	5,841,325	-	2,850,848
2009	75,013,826	62,216,261	12,797,565	(19,873,120)	(7,075,555)	10,542,981	-	3,467,426
2008	78,220,168	60,591,754	17,628,414	(17,224,464)	403,950	25,884,509	-	26,288,459

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

	Fiscal Year			
	2017*	2016*	2015*	2014
Operating Revenues				
Revenues from water sales				
Residential unmetered water sales	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811
Residential metered water sales	65,829,635	60,198,267	51,796,871	44,137,033
Commercial metered water sales	11,369,179	11,026,132	11,339,953	10,755,824
Irrigation metered & fire protection	11,887,395	11,554,063	11,123,168	10,720,156
Wholesale sales	1,154,907	1,029,954	2,560,399	3,845,593
Total water sales	92,687,260	87,534,332	86,186,698	79,190,417
Hydroelectric revenue	1,788,934	1,175,195	1,366,786	3,045,147
Other operating revenues	2,791,989	3,219,416	2,475,832	2,079,826
Total operating revenues	<u>\$ 97,268,183</u>	<u>\$ 91,928,943</u>	<u>\$ 90,029,316</u>	<u>\$ 84,315,390</u>

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

12-13-17 BOARD Agenda Item 8
 Truckee Meadows Water Authority
 Schedule No. 3 – Operating Revenues by Customer Class
 Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 10,288,324	\$ 10,899,330	\$ 11,611,351	\$ 13,115,143	\$ 14,216,666	\$ 15,310,296
43,957,551	41,476,536	37,636,859	35,962,518	34,646,185	34,940,141
10,885,539	10,473,659	10,214,401	10,112,854	9,812,718	10,326,007
11,031,924	10,129,233	9,007,523	8,894,110	8,716,187	8,880,817
<u>3,748,276</u>	<u>3,473,100</u>	<u>2,938,106</u>	<u>3,136,081</u>	<u>2,833,330</u>	<u>3,228,785</u>
79,911,614	76,451,858	71,408,240	71,220,706	70,225,086	72,686,046
3,557,965	3,519,897	3,079,158	2,577,660	2,769,918	2,836,521
<u>2,107,528</u>	<u>1,818,744</u>	<u>1,759,035</u>	<u>1,869,482</u>	<u>2,018,822</u>	<u>2,697,601</u>
<u>\$ 85,577,107</u>	<u>\$ 81,790,499</u>	<u>\$ 76,246,433</u>	<u>\$ 75,667,848</u>	<u>\$ 75,013,826</u>	<u>\$ 78,220,168</u>

	Fiscal Year			
	2017*	2016*	2015*	2014
Salaries and wages	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022
Employee benefits	9,047,279	6,364,279	5,271,735	5,045,922
Contract services	6,204,863	7,335,521	6,321,061	4,826,066
Utilities/power	5,201,870	5,386,413	5,449,347	5,189,312
Prof services (general/legal/media/leg)	2,258,454	2,512,154	3,132,132	2,538,097
Supplies	2,635,229	2,700,906	2,572,699	1,736,763
Chemicals	1,984,300	1,803,614	1,554,496	1,383,824
Insurance and claims	719,604	742,006	684,021	501,300
Leases and rentals	146,999	96,290	79,640	70,196
Other expenses	4,829,545	4,998,323	3,387,273	3,802,687
Total operating expenses before depreciation	50,285,157	48,481,317	42,215,411	37,101,189
Depreciation	32,169,578	32,134,190	27,899,449	22,517,885
Total Operating Expenses	<u>\$ 82,454,735</u>	<u>\$ 80,615,507</u>	<u>\$ 70,114,860</u>	<u>\$ 59,619,074</u>

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 4 – Operating Expenses
Last Ten Fiscal Years

	Fiscal Year					
	2013	2012	2011	2010	2009	2008
\$	11,128,162	\$ 11,049,337	\$ 11,180,101	\$ 11,619,701	\$ 11,665,974	\$ 10,083,912
	4,819,187	4,537,531	4,378,347	4,429,266	4,528,891	3,967,687
	4,868,532	5,090,741	5,488,432	6,623,576	5,848,255	5,489,563
	4,571,453	4,432,932	6,639,620	7,384,879	7,292,830	7,055,167
	1,610,614	1,254,751	1,909,575	2,751,236	2,755,823	2,331,511
	1,522,106	1,155,351	1,112,419	1,319,905	1,496,065	1,427,467
	1,333,002	1,361,144	1,653,424	1,443,177	1,231,681	1,165,321
	534,577	608,352	647,983	611,405	644,638	645,064
	74,596	84,844	69,472	124,563	-	58,181
	3,810,820	3,645,076	3,318,784	3,754,603	4,310,112	4,087,764
	34,273,048	33,220,057	36,398,157	40,062,310	39,774,269	36,311,637
	22,349,225	22,322,217	21,990,618	22,153,951	20,817,485	19,241,869
\$	<u>56,622,273</u>	<u>\$ 55,542,274</u>	<u>\$ 58,388,775</u>	<u>\$ 62,216,261</u>	<u>\$ 60,591,754</u>	<u>\$ 55,553,506</u>

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 5 – Nonoperating Revenues and Expenses
Last Ten Fiscal Years

Fiscal Year	Investment Earnings	Interest Expense	Grants	Gain/(Loss) on Disposal of Assets	Other Revenue or Expenses	Total Nonoperating Expenses
2017*	\$ 7,209,113	\$ (16,968,911)	\$ -	\$ (155,722)	\$ (1,768,783)	\$ (11,684,303)
2016*	6,737,745	(21,549,864)	-	6,460,373	(1,139,704)	(9,491,450)
2015*	2,127,009	(21,281,117)	-	(653,698)	(3,718,574)	(23,526,380)
2014	2,051,156	(21,282,412)	-	(136,300)	(1,018,783)	(20,386,339)
2013	2,007,375	(21,791,975)	-	(21,463)	(869,188)	(20,675,251)
2012	2,277,298	(21,786,675)	791,773	(611,086)	305,640	(19,023,050)
2011	2,322,169	(22,431,967)	274,837	(4,705)	(1,963,275)	(21,802,941)
2010	1,894,518	(22,291,259)	861,091	8,848	(742,748)	(20,269,550)
2009	3,635,126	(23,481,043)	564,277	3,557	(595,037)	(19,873,120)
2008	6,841,981	(24,106,569)	483,631	(91,170)	(352,337)	(17,224,464)

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 6 – Capital Contributions by Source
Last Ten Fiscal Years

Fiscal Year	Developer Water Rights/ Will Serves	Developer Infrastructure	Developer Other	Water Meter Retrofit Program	Developer Facility Charges	From Other Governments	From Others	Total
2017*	\$ 7,950,666	\$ 10,797,854	\$ 6,062,247	\$ 341,074	\$ 5,116,956	\$ 1,226,863	\$ 11,855,511	\$ 43,351,171
2016*	4,363,692	8,454,980	2,473,163	482,081	2,931,940	224,138	356,200	19,286,194
2015*	1,864,446	2,703,092	1,588,158	1,013,896	2,494,434	276,260	9,698,535	19,638,821
2014	1,529,129	1,723,023	410,447	479,488	963,660	343,628	66,829	5,516,204
2013	201,871	702,699	469,732	174,698	1,047,715	208,227	142,662	2,947,604
2012	173,599	263,249	153,475	173,094	263,089	-	82,556	1,109,062
2011	125,123	507,970	126,899	170,201	252,748	-	150,000	1,332,941
2010	133,305	4,088,095	184,791	248,618	437,933	-	748,583	5,841,325
2009	(25,229)	6,905,953	541,325	359,297	773,955	179,242	1,808,438	10,542,980
2008	2,978,057	8,092,373	2,401,248	1,408,879	3,412,118	7,591,834	-	25,884,509

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 7 – Gallons of Water Sold and Revenues by Category
Last Ten Fiscal Years

Category	2017*		2016*	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered ⁽¹⁾	--	\$ 2,446,145	--	\$ 3,725,916
Residential Metered	16,487,693	65,829,634	14,633,319	60,198,267
Commercial	4,277,917	11,887,395	4,086,057	11,026,132
Other ⁽²⁾	2,749,795	11,369,179	2,579,408	11,554,063
Wholesale	613,051	1,154,907	542,875	1,029,954
Total	24,128,456	\$ 92,687,260	21,841,659	\$ 87,534,332
	2015*		2014	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered ⁽¹⁾	--	\$ 9,366,307	--	\$ 9,731,811
Residential Metered	15,151,881	51,796,871	11,581,326	44,137,033
Commercial	4,350,417	11,339,953	3,913,088	10,755,824
Other ⁽²⁾	2,913,757	11,123,168	2,688,389	10,720,156
Wholesale	1,598,995	2,560,399	2,070,593	3,845,593
Total	24,015,050	\$ 86,186,698	20,253,396	\$ 79,190,417
	2013		2012	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered ⁽¹⁾	--	\$ 10,288,324	--	\$ 10,899,330
Residential Metered	11,916,455	43,957,551	11,077,177	41,476,536
Commercial	4,083,972	10,885,539	3,902,183	10,473,659
Other ⁽²⁾	2,816,474	11,031,924	2,543,132	10,129,233
Wholesale	1,982,557	3,748,276	1,831,821	3,473,100
Total	20,799,458	\$ 79,911,614	19,354,313	\$ 76,451,858
	2011		2010	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered ⁽¹⁾	--	\$ 11,611,351	--	\$ 13,115,143
Residential Metered	10,233,494	37,636,859	9,940,587	35,962,518
Commercial	3,925,081	10,214,401	4,642,286	10,112,854
Other ⁽²⁾	2,279,226	9,007,523	1,858,589	8,894,110
Wholesale	1,573,720	2,938,106	1,284,293	3,136,081
Total	18,011,521	\$ 71,408,240	17,725,755	\$ 71,220,706
	2009		2008	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered ⁽¹⁾	--	\$ 14,216,666	--	\$ 15,310,296
Residential Metered	11,319,330	34,646,185	10,385,949	34,940,141
Commercial	3,051,746	9,812,718	4,547,882	10,326,007
Other ⁽²⁾	3,059,335	8,716,187	2,677,005	8,880,817
Wholesale	1,659,709	2,833,330	1,763,412	3,228,785
Total	19,090,120	\$ 70,225,086	19,374,248	\$ 72,686,046

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

⁽¹⁾ Complete consumption information is not available for unmetered customers.

⁽²⁾ These accounts include irrigation and non metered fire protection/sprinkler systems located on the premises of residential and commercial

12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 8 – Ten Largest Customers
June 30, 2017

<u>Customer Name</u>	<u>Water Used (000s Gallons)</u>	<u>Total Revenue</u>	<u>% of Total Water Sales</u>
1 Sun Valley Water	613,051	\$ 1,169,318	1.3%
2 Washoe County School District	281,880	843,548	0.9%
3 City of Reno	262,900	895,149	1.0%
4 Washoe County	166,341	500,413	0.5%
5 City of Sparks	137,884	471,955	0.5%
6 Nevada Properties (Peppermill)	174,416	441,686	0.5%
9 GSR Holdings, LLC	219,515	407,345	0.4%
7 University of Nevada Reno	153,134	387,555	0.4%
8 Somersett HOA	109,268	375,384	0.4%
10 Sparks LLC Nugget	112,997	297,456	0.3%
Totals	<u>2,231,386</u>	<u>\$ 5,789,809</u>	<u>6.2%</u>

City of Reno includes the Reno Housing Authority.

	Fiscal Year			
	2017*	2016*	2015*	2014
Operating revenues ⁽¹⁾	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190
Nonoperating revenues ⁽²⁾	11,790	11,132	5,970	7,176
Gross revenues	104,477	98,666	92,157	86,366
Operation and maintenance expenses ⁽³⁾	49,823	48,030	41,772	35,850
Contribution to water rate stabilization	-	-	-	-
Taxes other than income taxes ⁽⁴⁾	462	451	443	440
Total expenses	50,285	48,481	42,215	36,290
Net Revenues	\$ 54,192	\$ 50,185	\$ 49,942	\$ 50,076
Senior Lien Annual Debt Service ⁽⁵⁾	\$ 18,916	\$ 31,780	\$ 29,955	\$ 31,285
Senior Lien Debt Coverage excluding SDCs	2.86	1.58	1.67	1.60
System Development Charges (SDCs):				
Developer facility charges	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964
Developer capital contributions - other	6,062	2,473	1,588	410
Senior Lien Debt Coverage including SDCs ⁽⁶⁾	3.46	1.75	1.80	1.64

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

⁽¹⁾ Includes retail residential, commercial, irrigation water sales, and wholesale water sales net of bad debt expense.

⁽²⁾ Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income before reduction by capitalized investment income as required by Financial Accounting Standards Board Pronouncement (FASB) 62.

⁽³⁾ Includes water supply, treatment, distribution, hydroelectric power plant maintenance customer service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits, and services and supplies comprise these expenses.

⁽⁴⁾ The Authority is required to pay property taxes on water rights and storage facilities located in California. During the reported fiscal years TMWA paid various counties in California for hydroelectric facilities, and water storage rights in California.

⁽⁵⁾ This schedule does not include the payments on the DWSRF loan or the tax-exempt commercial paper, which are subordinate to the 2015-A, 2016 and 2017 Refunding Bonds.
Excludes capitalized interest expense which would reduce total interest expense pursuant to FASB 34.

⁽⁶⁾ TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal year 2012, TMWA defeased the remaining 2001-A bonds. This resulted in a one-time increase in the senior lien debt coverage ratio. Without this defeasance, the senior lien debt coverage ratio would be 1.52x.
In fiscal year 2017, TMWA deferred principal payments on debt which increased the debt coverage ratio.

12-13-17 BOARD Agenda Item 8
 Truckee Meadows Water Authority
 Schedule No. 9 – Debt Service Coverage Ratios
 Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 79,912	\$ 76,452	\$ 71,408	\$ 71,221	\$ 70,225	\$ 72,686
7,672	7,643	7,253	6,669	9,197	13,822
<u>87,584</u>	<u>84,095</u>	<u>78,661</u>	<u>77,890</u>	<u>79,422</u>	<u>86,508</u>
36,672	33,851	32,802	35,979	39,646	39,342
-	-	-	-	-	-
429	422	418	419	416	432
<u>37,101</u>	<u>34,273</u>	<u>33,220</u>	<u>36,398</u>	<u>40,062</u>	<u>39,774</u>
<u>\$ 50,483</u>	<u>\$ 49,822</u>	<u>\$ 45,441</u>	<u>\$ 41,492</u>	<u>\$ 39,360</u>	<u>\$ 46,734</u>
<u>\$ 29,672</u>	<u>\$ 21,295</u>	<u>\$ 31,191</u>	<u>\$ 31,124</u>	<u>\$ 31,420</u>	<u>\$ 31,427</u>
<u>1.70</u>	<u>2.34</u>	<u>1.46</u>	<u>1.33</u>	<u>1.25</u>	<u>1.49</u>
\$ 1,048	\$ 263	\$ 253	\$ 438	\$ 774	\$ 3,412
470	153	127	185	541	2,401
<u>1.75</u>	<u>2.36</u>	<u>1.47</u>	<u>1.35</u>	<u>1.29</u>	<u>1.67</u>

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12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 10 – Schedule of Total Building Permits Issued by Jurisdiction/Member Entity
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Washoe County</u>	<u>City of Reno</u>	<u>City of Sparks</u>
2017	2,615	5,399	3,636
2016	2,121	5,144	3,712
2015	1,807	4,792	3,581
2014	1,669	4,316	2,579
2013	1,516	3,214	2,393
2012	1,578	2,917	2,463
2011	1,272	2,919	1,763
2010	1,279	3,030	2,007
2009	1,586	3,592	2,579
2008	2,222	4,744	3,636

Source: As reported by each local governmental entity.

Fiscal Year	Population ⁽¹⁾	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Total Personal Income ⁽¹⁾	Unemployment Rate (Percent) ⁽⁵⁾
2017	459,142	\$ 48	37.5	63,919	\$ 21,265,000	4.0%
2016	451,248	51	37.5	63,670	20,165,000	5.9%
2015	441,165	48	37.4	63,108	19,077,000	6.4%
2014	436,647	48	37.6	62,986	18,833,000	7.2%
2013	434,120	47	37.6	62,424	18,284,145	9.8%
2012	427,704	45	37.4	62,323	17,849,009	12.3%
2011	421,593	49	37.2	62,324	17,944,975	13.2%
2010	417,379	47	37.0	62,452	17,421,365	13.6%
2009	416,632	45	36.4	63,310	18,550,337	11.7%
2008	423,833	46	36.5	63,635	19,392,856	6.8%

Sources:

- ⁽¹⁾ US Census-Nevada, 2008 - 2012.
 Washoe County Community Development, 2013 - 2017.
- ⁽²⁾ U.S. Department of Commerce, 2008.
 Washoe County Community Demographic Information 2009 - 2017.
- ⁽³⁾ Center for Regional Studies, University of Nevada, Reno 2009 - 2017.
- ⁽⁴⁾ Washoe County School District.
- ⁽⁵⁾ State Department of Employment, Training and Rehabilitation (DETR).
- ⁽⁶⁾ Washoe County Building and Safety Department.
- ⁽⁷⁾ Nevada State Department of Taxation.
- ⁽⁸⁾ Nevada State Gaming Control Board.
- ⁽⁹⁾ Reno/Tahoe International Airport. (RTIA)

Total Labor Force ⁽⁵⁾	Construction Activity Total Value ⁽⁶⁾	Number of New Family Units ⁽⁶⁾	Taxable Sales ⁽⁷⁾	Gross Income Gaming Revenue ⁽⁸⁾	Total Passenger Air Traffic ⁽⁹⁾
232,719	240,534,583	394	\$ 7,989,009,111	\$ 805,557,000	3,819,896
231,570	231,741,537	320	7,550,466,734	789,359,000	3,563,818
228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
222,607	225,096,997	198	6,370,684,534	744,962,250	3,312,839
219,607	126,468,377	159	5,824,726,136	741,038,030	3,514,421
221,764	95,875,949	83	5,522,605,351	738,151,877	3,561,557
212,480	67,721,019	55	5,282,935,192	751,466,957	3,795,421
221,954	55,952,010	35	5,176,981,699	788,545,658	3,777,701
224,089	85,657,662	103	5,707,791,051	867,202,273	3,979,015
221,785	202,519,159	240	6,823,701,000	996,615,975	4,841,257

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12-13-17 BOARD Agenda Item 8
Truckee Meadows Water Authority
Schedule No. 12 – Principal Employers
Current and Nine Years Ago

Employer	June 30, 2017			June 30, 2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	4.16%	7,250	1	3.24%
University of Nevada - Reno	4,750	2	2.26%	4,250	2	1.90%
Renown (Washoe) Medical Center	3,250	3	1.55%	2,250	5	1.01%
Washoe County	2,750	4	1.31%	3,250	3	1.45%
Peppermill Hotel Casino - Reno	2,250	5	1.07%	2,250	7	1.01%
Grand Sierra Resort	2,250	6	1.07%	-	-	-
International Gaming Technology	1,750	7	0.83%	2,750	4	1.23%
Atlantis Casino Resort	1,750	8	0.83%	1,750	9	0.78%
Silver Legacy Resort Casino	1,750	9	0.83%	2,250	6	1.01%
St. Mary's	1,750	10	0.83%	-	-	-
Sparks Nugget	-	-	-	1,750	10	0.78%
City of Reno	-	-	-	2,250	8	1.01%
Total Washoe Covered Employment	<u>210,251</u>			<u>223,590</u>		

Note: Each of the years reflect respective 4th quarter information. Nevada Revised Statute Chapter 612 stipulates that ac employment for individual employers may not be published. The number of employees is estimated using the midpoint.

Source: Nevada Department of Employment Training and Rehabilitation (DETR)

Customers by Category as of June 30, 2017*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	695	0.6%	\$ 2,446,145	2.6%
Residential Metered	109,939	91.2%	65,829,634	71.0%
Commercial and Irrigation	9,931	8.2%	11,887,395	12.8%
Other ⁽²⁾	2	0.0%	11,369,179	12.3%
Wholesale	2	0.0%	1,154,907	1.2%
Total	120,569	100.0%	\$ 92,687,260	100.0%

Customers by Category as of June 30, 2016*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	2,062	1.7%	\$ 3,725,916	4.3%
Residential Metered	106,730	89.9%	60,198,267	68.8%
Commercial and Irrigation	9,873	8.3%	11,026,132	12.6%
Other ⁽²⁾	3	0.0%	11,554,063	13.2%
Wholesale	1	0.0%	1,029,954	1.2%
Total	118,669	100.0%	\$ 87,534,332	100.0%

Customers by Category as of June 30, 2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	6,224	5.2%	\$ 9,366,307	10.7%
Residential Metered	100,446	84.6%	51,796,871	59.2%
Commercial and Irrigation	9,648	8.1%	11,339,953	13.0%
Other ⁽²⁾	4,528	3.8%	11,123,168	12.7%
Wholesale	2	0.0%	2,560,399	2.9%
Total	120,848	101.8%	\$ 86,186,698	98.5%

Customers by Category as of June 30, 2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	6,379	6.7%	\$ 9,731,811	12.3%
Residential Metered	76,422	80.0%	44,137,033	55.7%
Commercial and Irrigation	8,743	9.1%	10,755,824	13.6%
Other ⁽²⁾	4,008	4.3%	10,720,156	13.5%
Wholesale	2	0.0%	3,845,593	4.9%
Total	95,554	100.0%	\$ 79,190,417	100.0%

Customers by Category as of June 30, 2013				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	6,927	7.3%	\$ 10,288,324	12.9%
Residential Metered	75,113	79.3%	43,957,551	55.0%
Commercial and Irrigation	8,702	9.2%	10,885,539	13.6%
Other ⁽²⁾	3,965	4.2%	11,031,924	13.8%
Wholesale	2	0.0%	3,748,276	4.7%
Total	94,709	100.0%	\$ 79,911,614	100.0%

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Truckee Meadows Water Authority
Schedule No. 13 – Customer and Water Sales by Category
Last Ten Fiscal Years

Customers by Category as of June 30, 2012				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	7,699	8.2%	\$ 10,899,330	14.3%
Residential Metered	73,836	78.3%	41,476,536	54.3%
Commercial and Irrigation	8,695	9.2%	19,245,940	25.2%
Other ⁽²⁾	4,088	4.3%	1,356,952	1.8%
Wholesale	2	0.0%	3,473,100	4.5%
Total	94,320	100.0%	\$ 76,451,858	100.0%
Customers by Category as of June 30, 2011				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	8,685	9.3%	\$ 11,611,351	16.3%
Residential Metered	72,457	77.3%	37,636,859	52.7%
Commercial and Irrigation	8,564	9.1%	17,921,409	25.1%
Other ⁽²⁾	4,078	4.3%	1,300,515	1.8%
Wholesale	2	0.0%	2,938,106	4.1%
Total	93,786	100.0%	\$ 71,408,240	100.0%
Customers by Category as of June 30, 2010				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	10,403	11.1%	\$ 13,115,143	18.4%
Residential Metered	70,556	75.6%	35,962,518	50.5%
Commercial and Irrigation	8,465	9.1%	17,872,178	25.1%
Other ⁽²⁾	3,943	4.2%	1,134,786	1.6%
Wholesale	7	0.0%	3,136,081	4.4%
Total	93,374	100.0%	\$ 71,220,706	100.0%
Customers by Category as of June 30, 2009				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential -Unmetered	12,590	13.5%	\$ 14,216,666	20.2%
Residential Metered	68,557	73.4%	34,646,185	49.3%
Commercial and Irrigation	8,397	9.0%	17,573,511	25.0%
Other ⁽²⁾	3,808	4.1%	955,394	1.4%
Wholesale	7	0.0%	2,833,330	4.0%
Total	93,359	100.0%	\$ 70,225,086	100.0%
Customers by Category as of June 30, 2008				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	14,063	15.1%	\$ 15,310,296	21.1%
Residential Metered	67,357	72.3%	34,940,141	48.1%
Commercial and Irrigation	8,203	8.8%	18,305,887	25.2%
Other ⁽²⁾	3,595	3.9%	900,937	1.2%
Wholesale	7	0.0%	3,228,785	4.4%
Total	93,225	100.0%	\$ 72,686,046	100.0%

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

⁽¹⁾ Water Revenues are revenues that are billed and estimated for the fiscal year periods. Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

⁽²⁾ Includes non metered private fire protection services located on the premises of commercial and some residential customers.

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 Truckee Meadows Water Authority
 Schedule No. 14 – Schedule of Insurance Coverage
 June 30, 2017

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2015 to 6/11/2017	Blanket limit of \$245,000,000 per occurrence with sub-limits of \$50,000,000 for earthquake for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$25,000.
General Liability and Business Automobile Policy	Arch Insurance Company	6/11/2016 to 6/11/2017	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000 Inland Marine Physical Damage \$834,750 General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Arch Insurance Company	6/11/2016 to 6/11/2017	First Layer Excess Liability limit of \$10,000,000.
	Travelers Insurance Company	6/11/2016 to 6/11/2017	Second Layer Excess Liability Limit of \$10,000,000
Workers' Compensation	Employer's Insurance Company of Nevada	6/11/2016 to 6/11/2017	Fully insured for statutory limits under Workers' Compensation with no deductible. Policy also provides \$1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/2016 to 6/11/2017	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2016 to 6/11/2017	Employee Theft / Forgery or Alteration Computer Fraud/Funds Transfer Fraud \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance, Telephone Toll \$1,000,000. Fraudulent Impersonation \$250,000
	Zurich		
Network Security/ Cyber Risk	Travelers Insurance Company	6/11/2016 to 6/11/2017	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption \$3,000,000 Each claim \$25,000 Deductible
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2017	Ransom, In-Transit Delivery, Expenses, Judgements Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000 / \$1,250,000 person/event. Disappearance /Threat \$100,000 Hostage Crisis \$500,000

	Fiscal Year			
	2017*	2016*	2015*	2014
Administration/IT	28	28	22	20
Supply/Treatment Operations	39	32	30	31
Distribution Maintenance	66	63	62	48
Hydroelectric	7	6	6	6
Customer Service/Conservation	23	25	24	20
Water Planning/Resources	15	19	19	13
Engineering/Construction	28	24	23	14
Total Authorized Employees	<u>206</u>	<u>197</u>	<u>186</u>	<u>152</u>

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

12-13-17 BOARD Agenda Item 8
 Truckee Meadows Water Authority
 Schedule No. 15 – Number of Employees by Identifiable Activity
 Last Ten Fiscal Years

Fiscal Year						
2013	2012	2011	2010	2009	2008	
18	20	22	22	25	23	
26	27	28	28	32	28	
45	44	42	45	45	45	
7	8	7	5	6	7	
26	33	28	41	42	39	
15	12	13	14	11	10	
15	11	14	15	17	22	
<u>152</u>	<u>155</u>	<u>154</u>	<u>170</u>	<u>178</u>	<u>174</u>	

Customer Charges By Meter Size	2017*			2016*			2015*		
	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID
3/4"	\$ 19.10	\$ 17.95	\$ 9.77	\$ 18.54	\$ 17.43	\$ 9.49	\$ 18.54	\$ 17.43	\$ 9.49
1"	21.01	23.09	11.96	20.40	22.42	11.61	20.40	22.42	11.61
1 1/2"	23.90	33.03	16.96	23.20	32.07	16.47	23.20	32.07	16.47
2"	27.71	44.04	n/a	26.90	42.76	n/a	26.90	42.76	n/a
3"	31.52	70.92	n/a	30.60	68.85	n/a	30.60	68.85	n/a
4"	36.26	103.87	n/a	35.20	100.84	n/a	35.20	100.84	n/a
6"	42.02	189.37	n/a	40.80	183.85	n/a	40.80	183.85	n/a

Commodity Charge (all meter sizes)

TMWA Tier 1	1.77		1.72		1.72
TMWA Tier 2	2.86		2.78		2.78
TMWA Tier 3	3.35		3.25		3.25
WC Tier 1		2.70		2.62	2.62
WC Tier 2		3.37		3.27	3.27
WC Tier 3		4.05		3.93	3.93
WC Tier 4		5.41		5.25	5.25
STMGID Tier 1			1.40		1.36
STMGID Tier 2			1.85		1.80
STMGID Tier 3			2.28		2.21
STMGID Tier 4			2.66		2.58
STMGID Tier 5			2.81		2.73

Above rates are for metered single family residential service.

Monthly Base Rates (Meter Size)

3/4"	\$100.63	\$ 89.82	\$ 46.26	\$100.63	\$ 89.82	\$ 44.91	\$100.63	\$ 89.82	\$ 44.91
1"	144.90	90.18	46.26	144.90	90.18	44.91	144.90	90.18	44.91
1 1/2"	262.60	92.12	46.26	262.60	92.12	44.91	262.60	92.12	44.91
2"	374.30	93.55	46.26	374.30	93.55	44.91	374.30	93.55	44.91
3"	469.90	94.96	46.26	469.90	94.96	44.91	469.90	94.96	44.91
4"	595.70	99.18	46.26	595.70	99.18	44.91	595.70	99.18	44.91
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Above rates are for unmetered single family residential service.

TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, February 2014, June 2016 and May 2017

*2017, 2016 and 2015 rates reflect differences in charges between TMWA and the former Washoe County and South Truckee Meadows General Improvement District customers after consolidation.

	Fiscal Year			
	2017*	2016*	2015*	2014
Miles of water mains	1,961	1,940	1,915	1,341
Number of storage tanks	93	93	93	42
Number of Finished Water Storage	2	2	2	2
Number of pump stations	113	121	112	93
Number of wells	81	79	86	32
Treatment capacity (millions of gallons/day)				
Glendale Plant	34.5	34.5	37.5	37.5
Chalk Bluff	90	90	95	95
Longley Lane	3.6	3.6	4	

* Fiscal Years 2017, 2016 and 2015 reflect changes as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

MGD = millions of gallons per day

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 Truckee Meadows Water Authority
 Schedule No. 17 – Selected Operating and Capital Indicators
 Last Ten Fiscal Years

Fiscal Year						
2013	2012	2011	2010	2009	2008	
1,337	1,352	1,339	1,332	1,330	1,310	
42	42	42	42	42	38	
2	2	2	2	2	2	
94	95	94	96	108	96	
32	32	32	32	32	32	
37.5	37.5	25	25	25	25	
95	95	95	95	89	89	

	Final Maturity Date	Authorized	Balance June 30, 2017	Balance June 30, 2016	Balance June 30, 2015
2001 A Water Revenue (Tax Exempt) Bonds 3.70%-5.50%	7/1/2034	\$ 448,810,000	\$ -	\$ -	\$ -
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	4,669,565	2,358,926	2,613,744	2,860,578
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	-	-	890,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	-	400,000	148,415,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	-	214,290,000	214,800,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,545,859	1,669,527	1,793,197
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	-	-	9,435,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	3,555,353	3,772,013	3,981,798
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	7,176,120	7,965,667	8,733,487
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	27,920,000	28,750,000	28,750,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	1/1/2035	15,000,000	8,971,562	8,239,034	-
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2025	124,790,000	124,790,000	124,790,000	-
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50% -5.00%	1/1/2025	147,415,000	147,415,000	-	-
Subtotal			323,732,820	392,489,985	419,659,060
Less unamortized net bond discount (premium)			(51,182,862)	(28,441,399)	(3,673,290)
Total debt before tax exempt commercial paper			374,915,682	420,931,384	423,332,350
Tax-Exempt Commercial Paper		137,000,000	83,400,000	87,800,000	95,000,000
Total Debt			<u>\$458,315,682</u>	<u>\$508,731,384</u>	<u>\$518,332,350</u>

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Truckee Meadows Water Authority
Schedule No. 18 – Schedule of Changes in Debt
Last Ten Fiscal Years

Balance June 30, 2014	Balance June 30, 2013	Balance June 30, 2012	Balance June 30, 2011	Balance June 30, 2010	Balance June 30, 2009	Balance June 30, 2008
\$ -	\$ -	\$ -	\$ 8,810,000	\$ 28,590,000	\$ 66,035,000	\$ 73,600,000
3,099,675	3,331,277	3,555,620	3,772,931	3,983,431	4,187,333	4,384,844
34,795,000	35,620,000	36,415,000	37,180,000	37,920,000	38,635,000	39,330,000
148,785,000	149,140,000	149,485,000	149,815,000	150,135,000	150,445,000	150,745,000
215,285,000	215,745,000	216,185,000	216,605,000	217,005,000	217,385,000	217,745,000
1,916,866	2,040,534	2,164,202	2,282,661	2,309,945	-	-
19,855,000	28,240,000	28,240,000	28,240,000	28,240,000	-	-
4,184,928	4,381,614	4,381,614	3,921,904	201,110	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
427,921,468	438,498,425	440,426,436	450,627,496	468,384,486	476,687,333	485,804,844
(35,590)	(661,198)	(1,286,806)	(3,440,321)	(4,371,510)	(2,267,963)	(2,672,587)
427,957,058	439,159,623	441,713,242	454,067,817	472,755,996	478,955,296	488,477,431
68,000,000	68,000,000	79,400,000	79,400,000	68,000,000	68,000,000	68,000,000
<u>\$ 495,957,058</u>	<u>\$ 507,159,623</u>	<u>\$ 521,113,242</u>	<u>\$ 533,467,817</u>	<u>\$ 540,755,996</u>	<u>\$ 546,955,296</u>	<u>\$ 556,477,431</u>

	Fiscal Year			
	2017*	2016*	2015*	2014
Total Debt	\$ 407,132,820	\$ 480,289,985	\$ 514,659,060	\$ 495,921,468
Total Service Connections	118,348	116,653	114,529	89,070
Debt per Service Connection	\$ 3,440	\$ 4,117	\$ 4,494	\$ 5,568

Note: Service Connections include residential and commercial connections only. Irrigation, fire protection, and wholesale connections have been excluded.

*2017, 2016 and 2015 Service Connections reflect the increase as a result of the water utility consolidation discussed in MD&A and the notes to financial statements.

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 Truckee Meadows Water Authority
 Schedule No. 19 – Debt by Service Connection
 Last Ten Fiscal Years

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 506,498,425	\$ 519,826,436	\$ 530,027,496	\$ 536,384,486	\$ 544,687,333	\$ 553,804,844
88,268	87,464	87,013	86,781	86,948	87,163
<u>\$ 5,738</u>	<u>\$ 5,943</u>	<u>\$ 6,091</u>	<u>\$ 6,181</u>	<u>\$ 6,265</u>	<u>\$ 6,354</u>

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Compliance Section

Truckee Meadows Water Authority



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Truckee Meadows Water Authority, a Joint Powers Authority, (TMWA) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, we do not express an opinion on the effectiveness of TMWA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TMWA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
November 29, 2017



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

Report on Compliance for the Major Federal Program

We have audited Truckee Meadows Water Authority's (TMWA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on TMWA's major federal program for the year ended June 30, 2017. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of TMWA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TMWA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of TMWA's compliance.

Basis for Qualified Opinion on the Major Federal Program

As described in the accompanying Schedule of Findings and Questioned Costs, TMWA did not comply with requirements regarding CFDA 15.508, Providing Water to At-Risk Natural Desert Terminal Lakes, as described in finding number 2017-001 for Period of Performance. Compliance with such requirements is necessary, in our opinion, for TMWA to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, TMWA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Other Matters

Truckee Meadows Water Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. TMWA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of TMWA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered TMWA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Truckee Meadows Water Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 that we consider to be a material weaknesses.

TMWA's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. TMWA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Sallee LLP

Reno, Nevada
November 29, 2017



Auditor's Comments

To the Board of Directors
Truckee Meadows Water Authority
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2017, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding TMWA's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

TMWA conformed to all significant statutory constraints on its financial administration during the year ended June 30, 2016.

Prior Year Recommendations

See the Summary Schedule of Prior Year Audit Year Findings under separate cover.

Current Year Recommendations

See the Schedule of Findings and Questioned Costs.

A handwritten signature in black ink that reads 'Eide Bailly LLP'.

Reno, Nevada
November 29, 2017

12-13-17 BOARD Agenda Item 8
12-05-17 SAC Agenda Item 7
Truckee Meadows Water Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of the Interior				
Direct Award				
Bureau of Reclamation				
Providing Water to At-Risk Natural Desert Terminal Lakes - Truckee River Operating Agreement (TROA - Desert Terminal Lakes Program - TROA Completion and Implementation)	15.508	R10AP20768	\$ 1,164,254	\$ -
Reclamation States Emergency Drought Relief Drought Contingency Plan Update	15.514	R15AC00077	62,609	-
Total U.S. Department of the Interior			<u>1,226,863</u>	<u>-</u>
U.S. Environmental Protection Agency				
Pass-through from State of Nevada				
Department of Conservation and Natural Resources - Division of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Funds - North Valleys Integration Project	66.468	DW1601	659,899	-
Total U.S. Environmental Protection Agency			<u>659,899</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,886,762</u></u>	<u><u>\$ -</u></u>

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the TMWA, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. TMWA received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. TMWA’s summary of significant accounting policies is presented in Note 1 in TMWA’s basic financial statements. The organization has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None reported
Noncompliance material to financial statements notes?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Providing Water to At-Risk Natural Desert Terminal Lakes – Truckee River Operating Agreement (TROA – Desert Terminal Lakes Program – TROA Completion and Implementation)	15.508
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

None reported in the current year.

Section III – Federal Award Findings and Questioned Costs

**2017-001: U.S. Bureau of Reclamation
Providing Water to At-Risk Natural Desert Terminal Lakes, CFDA 15.508**

Period of Performance

Material Weakness in Internal Control over Compliance and Material Noncompliance

<i>Grant Award Number:</i>	Potentially affects grant award #R10AP20768 included under CFDA 15.508 on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	The <i>OMB Compliance Supplement</i> requires that when Federal awards specify a time period during which non-Federal entities may use Federal funds, the non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period.
<i>Condition:</i>	Expenditures incurred outside of the period of performance were submitted for reimbursement, resulting in payments being made for obligations that were incurred outside of the grant's period of performance.
<i>Cause:</i>	TMWA did not have adequate internal controls to ensure that amounts charged to Federal awards were for obligations incurred during the period of performance.
<i>Effect:</i>	TMWA may be required to repay these funds at a later date.
<i>Questioned Costs:</i>	CFDA 15.508- \$83,791 (Award #R10AP20768)
<i>Context/Sampling:</i>	A nonstatistical sample of 17 out of 112 expenditures was selected for testing. We noted five instances where amounts were paid for obligations incurred outside of the period of performance. After further review of the population, we noted 22 total instances of amounts paid for obligations outside of the period of performance.
<i>Repeat Finding from Prior Year:</i>	No
<i>Recommendation:</i>	We recommend TMWA enhance internal controls to ensure that amounts charged to Federal awards are for obligations incurred during the period of performance.
<i>Views of Responsible Officials:</i>	TMWA agrees with this finding.



STAFF REPORT

TO: Chairman and Board Members
FROM: Sonia Folsom, SAC Liaison
DATE: December 4, 2017
SUBJECT: **Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2017, such appointments to be made for new terms from January 1, 2018 to December 31, 2019 from the following list of candidates: (1) Fred Schmidt, primary representative, wholesale customer; (2) Jonnie Pullman, alternate representative, multi-family customer; (3) Colin Hayes, primary representative, BANN customer; (4) Jim Smith, alternate representative, BANN customer; (5) Bruce Gescheider, primary representative, Reno-Sparks Chamber customer; (6) Bill Hughes, alternate representative, Reno-Sparks Chamber customer**

Recommendation

Staff recommends that current Standing Advisory Committee (SAC) members and alternates (if any) be reappointed for an additional two year term beginning January 1, 2018. *(Please refer to the attached membership chart.)*

Background

In August, 2005, a Subcommittee of the TMWA Board appointed the original, eight SAC members along with six alternate members. Subsequently, additional members and alternates were appointed by the Builders' Association of Northern Nevada, the Reno-Sparks Chamber of Commerce. In September 2016, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocate and replace those with two at-large positions. Six of the twenty-three members of the SAC have terms which expire on December 31, 2017. *(Please see the attached SAC History and Governing Rules)*

Discussion

The attached chart reflects the proposed SAC members and their alternates (if any). SAC members and their alternates confirmed their willingness to be reappointed.

- The Wholesale customer representative, Fred Schmidt of Sun Valley General Improvement District (SVGID) will be re-appointed by the SVGID to the SAC for another term at its December 14th Board meeting.
- Jonnie Pullman has agreed to continue, but as the alternate representative of the Multi-Family Residential Class, and Mike Schulewitch has agreed to be the primary representative.
- BANN decided at their November meeting to reappoint Colin Hayes, primary representative, and Jim Smith, alternate, for another term.
- Reno-Sparks Chamber has reappointed Bruce Gescheider as their primary representative, and Bill Hughes, alternate, for another term.

TMWA Standing Advisory Committee
Term Appointments
2018 Membership List

Customer Class	Primary Representative	Member Since	Term Ends	Alternate Representative	Member Since	Term Ends
Wholesale (Sun Valley)	Fred Schmidt	2005	12/31/2017	N/A		
Irrigation	Neil McGuire	2005	12/31/2018	Vacant		
Multi-family Residential	Mike Shulewitch	2013	12/31/2018	Jonnie Pullman	2012	12/31/2017
Commercial	Donald Kowitz	2017	12/31/2018	Kevin Haddock	2011	12/31/2018
Senior Citizen	Robert Chambers	2005	12/31/2018	Karl Katt	2013	12/31/2018
At-Large 1	Ken McNeil	2013	12/31/2018	Ken Becker	2017	12/31/2018
At-Large 2	Mike Pidlypchak	2013	12/31/2018	Jordan Hastings	2017	12/31/2018
Residential:						
Representative 1	Carol Litster	2014	12/31/2018	Dale Sanderson	2017	12/31/2018
Representative 2	Harry Culbert	2006	12/31/2018	Fred Arndt	2017	12/31/2018
Representative 3	Jerry Wager	2014	12/31/2018	Scot Munns	2017	12/31/2018
Appointments:						
BANN	Colin Hayes	2010	12/31/2017	Jim Smith	2010	12/31/2017
Reno-Sparks Chamber	Bruce Gescheider	2009	12/31/2017	Bill Hughes	2016	12/31/2017



TMWA Standing Advisory Committee History

Bullet Points for SAC history

- 2004: The Board formed a Rate Making Review Committee (RMRC) for the purpose of reviewing and providing customer input on the proposed second and third phases of the current rate case that was going before the Board in 2005. At the time this Committee was formed, the Board did not foresee a permanent role for it.
- The initial RMRC recommended that the Board form a committee that serves in an advisory capacity on a permanent basis. Staff supported the recommendation for a standing committee.
- January 2005: Staff first approached the Board to recommend formation of the Standing Advisory Committee (SAC).
- March 2005: the Board established a SAC consisting of eleven (11) members: one (1) each of the following customer types – commercial; irrigation; multi-family; senior citizen; wholesale; and three (3) residential users all appointed by the TMWA (Truckee Meadows Water Authority) Board. The Builders Association of Northern Nevada, Reno-Sparks Chamber of Commerce and the Regional Water Planning Commission to appoint one (1) member each. Duties of the SAC include budget and rate increase review and recommendations and other matters the Board may assign.
- July 2005: The Board appointed a subcommittee to select applicants.
- September 2005: The Board appointed the first SAC members.
- August 2007: The State of Nevada Consumer Advocates Office appointed a member to the SAC.
- The SAC reviewed rate proposals in 2009, 2010 and 2012.
- December 31, 2014: Successful consummation of the mergers of South Truckee Meadows General Improvement District and Washoe County Water Utility into TMWA.
- September 2016: The Board eliminated the Northern Nevada Water Planning Commission and the State of Nevada Consumer Advocates Office appointments and created two At-Large positions.

**TRUCKEE MEADOWS WATER AUTHORITY
STANDING ADVISORY COMMITTEE
GOVERNING RULES**

1. **Members:** Membership in the Standing Advisory Committee (“Committee”) is governed by the Truckee Meadows Water Authority’s Board of Directors (“Board”). Each Member is appointed for a two-year term. Members serve and may be reappointed at the Board’s pleasure.
2. **Compliance with NRS Chapter 241:** Meetings shall be conducted in compliance with NRS Chapter 241, the Nevada “Open Meeting Law.”
3. **Quorum:** A quorum shall consist of a simple majority of the Members. Members may participate telephonically in meetings, but telephonic participation shall not be considered in establishing a quorum.
4. **Action:** For items other than those that constitute recommendations to the Board, an action may be taken by affirmative vote of the majority of Members physically present. For items that constitute recommendations to the Board, an action shall be taken only by an affirmative vote of the majority of the Membership. Each member shall have one vote. Members participating telephonically may not vote on action items. An Alternate sitting in for an absent Member has all of the voting rights of the absent Member. Otherwise, an Alternate has no voting rights.
5. **Agenda Items:** The Committee may, by action at a prior meeting, make suggestions to staff as to items to be placed on a future agenda. Except as otherwise directed by the Board, Staff shall have discretion as to the items that will be placed on the Committee’s agendas.
6. **Officers:** There shall be a Chair and a Vice Chair, elected by the Members. The Chair will conduct the meetings. The Vice Chair will conduct the meetings in the absence of the Chair. The Chair or Vice Chair may designate an alternate to conduct the meeting in their absence. Or, in the absence of the Chair and Vice Chair, a majority of the Members present may designate an alternate to conduct the meeting. The Chair and Vice Chair each shall serve for a one-year term, with their terms expiring at the first meeting scheduled following the beginning of the calendar year following their election. The Vice Chair shall automatically succeed to the position of Chair for the subsequent term, unless an alternate action is made by the Members. Officers may be reelected. The Chair or the Chair’s designee is the only Member who may speak on behalf of the Committee to the Board, to any member of the Board, or to the public.
7. **Conflicts of Interest:** Members shall disclose conflicts of interest regarding any decisions of the Committee and shall disclose any financial interest in Committee decisions and in organizations affected by Committee action, other than the financial interest that derives from being a TMWA customer. Members who will receive a direct financial benefit from any action taken by the Committee, other than a financial interest that derives from being a TMWA customer, shall abstain from voting on such action. In the event that a Member presents an idea to the Committee for consideration on behalf of another individual or entity, said Member shall disclose to the Committee the identity of said individual or entity.

- 8. Uses of staff:** Staff will provide reasonable assistance to facilitate meetings and provide readily available information to the Committee to carry out its functions. The Committee shall reasonably limit its demands on staff time, and any demands made in excess of what staff deems reasonable shall require Board approval. No Member may request the use of staff time without approval of the Committee.
- 9. Amendment of Rules:** Any amendments to these Rules shall require an affirmative vote of the majority of the members.

As amended, February 3, 2015



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director of Natural Resources
Scott Estes, Director of Engineering
DATE: December 13, 2017
SUBJECT: **Update regarding possible acquisition of West Reno Water Company system and future water service to the Verdi area, discussion and possible direction to staff on Verdi area water service**

Recommendation

Provide direction to staff related to the Letter of Intent and definitive Agreement for the Truckee Meadows Water Authority (TMWA) to acquire the West Reno Water Company water system; and funding matters related thereto. The definitive Agreement is scheduled to be heard at the January 17, 2018 Board meeting.

Background

TMWA has developed a Verdi Area Facility Plan (Area Plan) to meet the projected buildout demands in the Verdi area. Portions of the Area Plan facilities have been, or are currently being, constructed, including a new water main extension to convey water to the West Meadows development within the east Verdi area. The water system currently being extended into the Verdi area will be a temporary extension of the Mogul/Verdi Business Park tank zone, which has 150 GPM of excess supply capacity.

Presently, TMWA does not have the ability to provide retail water service to the planned and proposed developments in the Boomtown / Verdi area. Several major water system improvements with an estimated cost of \$16 million are required to provide the reliable water supply needed to support existing Verdi needs and approved development plans for the area.

At the October 18, 2017 meeting of the TMWA Board of Directors, four water service options were presented for consideration. The Board authorized staff to move forward with Option 3; enter into negotiations to develop a draft acquisition agreement for the West Reno Water System for future Board action. Staff has been working on the following tasks:

1. The terms and conditions for the acquisition of the water system facilities, assets and obligations;
2. A summary of facility improvements, implementation schedule and estimated costs to connect the system to TMWA (to allow for limited conjunctive use and effectively integrate the system into TMWA's operations); and
3. A plan identifying how the acquisition and improvement costs would ultimately be paid for (which would include a potential Nevada State Revolving Loan Fund water system consolidation grant of up to \$500,000 and negotiated contributions from land owners that would benefit from the water system acquisition and connection to TMWA).

Additionally, the Board authorized TMWA staff to coordinate with the City of Reno and Washoe County to develop several possible funding strategies for implementation of the Area Plan improvements.

Discussion:

Since the October meeting, staff has negotiated a non-binding Letter of Intent for the acquisition of the West Reno Water Company's water system. The Letter of Intent is intended to provide the basis for negotiations of a definitive Agreement ("Agreement") for TMWA to acquire the West Reno Water Company water system. It is understood that only a mutually signed Agreement will bind the parties, and that the contemplated transaction is subject to essential terms to be negotiated and approved by the TMWA Board to be binding.

The full details of the Letter of Intent can be reviewed in the attached document. Key provisions of the Letter of Intent include a description of the Property; Purchase Price; Water Rights; Evaluation Period; Banking Agreement; Annexation; System Improvements; and Future Service. As previously discussed with the Board, the estimated Purchase Price is \$950,000 (subject to acceptable documentation), calculated as the sum of the following:

- Book value of the water system assets, estimated at \$700,000;
- Reasonable legal and engineering fees and costs incurred by West Reno Water Company to prepare the application materials necessary for Seller to obtain authorization from the Nevada PUC to become a regulated public utility, estimated at \$150,000;
- Pipe casing and easement across the Truckee River, estimated at \$100,000.

TMWA will agree to bank and hold title to up to 300 acre feet of West Reno Water Company's groundwater rights for service from the water system for the benefit of the Boomtown area for existing and future water service in TMWA's future Verdi retail service area. TMWA also has 120 days following the date of the definitive (scheduled to be heard at the January 17, 2018 Board meeting) to conduct due diligence regarding the assets, physical inspections and other tests, examinations, studies, title review, and appraisals of the property.

In addition to the Letter of Intent, staff has reviewed the West Reno Water System and developed a preliminary estimate of Boomtown Consolidation Costs required to upgrade the

system to a level of service that would allow TMWA to effectively operate the system. The estimated facility improvement costs are \$1,590,000, summarized as follows:

Well Improvements	\$800,000
Tank Site Improvements	\$180,000
Arc Flash Analyses & Labeling	\$10,000
Tank Access Road Bridge	\$150,000
Tank Access Road Rebuild	\$450,000

Subtotal - Facility Improvements \$1,590,000

These costs do not include a 16-inch main extension and pump station required to connect TMWA’s system to the existing Boomtown system, estimated at \$1,482,000. These improvements will be financed upfront by TMWA, and included in a new Verdi Area Fee calculation. TMWA will plan, permit, design and construct these improvements over the next 18 months, which will allow for limited conjunctive use and will effectively integrate the West Reno Water System into TMWA’s operations.

TMWA staff has also negotiated a tentative agreement with Reno Land for their approved and proposed developments near Boomtown, whereby Reno Land or their successors will pay connection fees totaling \$2.54 million toward the Boomtown Consolidation Costs and West Reno Water System acquisition. Under the Reno Land water service agreement with West Reno Water Company, no connection fees were required. In addition, TMWA has received notice from the State that we will receive \$500,000 SRF water system consolidation funds for the consolidation of the Riverbelle water system in Verdi which will help pay for the main extension from the West Meadows subdivision to the Riverbelle Mobile Home Park.

Funding options for the \$16 million water system improvements to provide the reliable water supply needed to support existing Verdi needs and approved development plans for the area will be presented at a later date.

Attachment:

Letter of Intent



November 16, 2017

West Reno Water Company, Inc.
Rob Medeiros, President
P.O. Box 399
Verdi, Nevada 89439

RE: Letter of Intent to Acquire West Reno Water Company water system

Dear Mr. Medeiros:

This Letter of Intent is intended to provide the basis for negotiations of a definitive Agreement (“Agreement”) for the Truckee Meadows Water Authority (“TMWA”) to acquire the West Reno Water Company water system (“Water System”). It is understood that only a mutually signed Agreement will bind the parties, and that the contemplated transaction is subject to essential terms to be negotiated and set forth in the Agreement. Any definitive Agreement must be approved by the TMWA Board to be binding. Below is a summary of terms relative to the possible purchase and sale of the Water System:

Seller: West Reno Water Company, Inc., a Maryland corporation

Buyer: Truckee Meadows Water Authority

Property: All assets of Seller that provide, are used, held for use in connection with or necessary for the delivery of water to existing or future customers of Seller (collectively, the “Water System Assets”), including i) all water system assets, wells, tanks, pipelines, transmission, storage and distribution facilities, water facilities, groundwater rights, surface water rights, and necessary easements for water service, ii) real property, easements, licenses, or other real property rights owned or used in connection with the construction, installation and operation of the water system; iii) all hookup fees, connection charges, water resource fees, or other amounts paid by or received from applicants for service which have not been expended or which are due or to become due from developers or customers for future service; iv) all customer and billing information and records of whatever form; v) all books, records, plans, plats, engineering and other drawings relating to the water system; vi) all other personal property owned, leased or primarily used by Seller necessary to operate the water system.

Purchase

Price: The estimated Purchase Price ("Estimated Purchase Price") is Nine Hundred Fifty Thousand and 00/100 Dollars (\$950,000.00, subject to acceptable documentation), calculated as the sum of the following:

- Book value of the Water System Assets, estimated at \$700,000; plus
- Reasonable legal/engineering costs incurred by Seller to prepare the application materials necessary for Seller to obtain authorization from the Nevada PUC to become a regulated public utility, estimated at \$150,000; plus
- Pipe casing and easement across the Truckee River, estimated at \$100,000.

Water

Rights: The Water System Assets will include all groundwater rights owned by Seller, which shall be sufficient to meet the water demand of all existing uses of Seller's water system, including, but not limited to: the casino building and tower, RV park, MiniMart and carwash, Cabela's, the Dermody property, and all irrigation services, and all existing will serve commitments for future service to customers by Seller's water system. TMWA reserves the right to determine, in its sole discretion, whether the status and title to the groundwater rights are acceptable for dedication purposes under TMWA Rule 7, and shall cooperate with Seller in the performance of an audit of existing uses to establish the required dedication amount.

Evaluation

Period: TMWA shall have one hundred twenty (120) days following the Execution Date (the "Evaluation Period") to investigate all aspects of the Water System Assets and within which time period Buyer may terminate the Agreement in its sole and absolute discretion. Buyer may use this time to conduct such physical inspections and other tests, examinations, studies, inspection of leases, and appraisals of the Property, and other such items as Buyer deems necessary. During the Evaluation Period, Buyer and its agents, employees, representatives, and consultants shall have the right to enter onto the Sellers' property to conduct such activities.

Banking

Agreement: TMWA will agree to bank and hold record title to such portion of the 300 acre feet of groundwater rights (under Permits 36512, 44593, 44594, 44595, 44596, 66262, 66263, 66264) which exceed the amount necessary to support all current demands of service properties and will serve commitments for service from the Water System for the benefit of Seller or its assignees for future water service in TMWA's future Verdi retail service area. Banked water resources may be dedicated to TMWA pursuant to TMWA Rule 7 to obtain a will-serve commitment for new or expanded water service in the West Reno Service area

Annexation: As a condition of closing, service properties currently receiving water service through the Seller's Water System or otherwise holding a will serve commitment from Seller for future service will be annexed into TMWA's retail service area through annexation agreements entered with the owners of such real property on terms and conditions reasonably acceptable to TMWA and consistent with the provisions of the Agreement.

System

Improvements: Substantial improvements to TMWA's water system will be required to provide expanded water service to the Seller's water service area and TMWA's future Verdi retail service area. To fund these backbone water facility improvements, estimated to cost \$14 million, an assessment district or similar funding mechanism, connection fees and/or a capital surcharge fee included within the retail water rate may be required ("Funding Mechanisms"). Sellers shall agree to cooperate with TMWA in the establishment of such Funding Mechanisms. TMWA agrees that the service properties including, but not limited to: the casino building and tower, RV park, MiniMart and carwash, Cabela's, the Dermody property, all irrigation services (APNs 38-881-08, 38-870-09, 38-870-12, 38-870-13, 38-870-27, 38-430-02, 38-430-03, 38-430-04, 38-430-24, 38-430-51, 38-430-52), and the proposed truck stop (APN 038-870-19 and 038-870-20), will not be subject to the Funding Mechanisms. To the extent not previously completed, the RLD Improvements (as defined in Amendment No. 2 to Declaration of Covenants, Restrictions and Easements recorded as Document NO. 454990) shall be completed prior to and dedicated to TMWA at the Closing, or sufficient agreements acceptable to TMWA are provided with Reno Land Development Company to complete and dedicate to TMWA at RLDC's cost.

Future Service: Except as otherwise provided above, all applicants for future water service shall be required to comply with all applicable TMWA rates, rules and policies relating to water service now in effect and as may be amended from time to time.

Escrow Agent: Patti Hanson at Western Title Company, 5390 Kietzke Lane, Suite 100, Reno, Nevada, 89511 (the "Title Company").

Execution of Agreement: Both parties shall diligently pursue the negotiation and drafting of the Agreement to memorialize the terms and conditions agreed to herein following the mutual execution of this letter. Buyer will provide Seller with an initial draft of the Agreement. It is the intention of the parties to finalize

and execute the Agreement by January 19, 2018. Final terms of any definitive agreement shall be subject to approval of TMWA's Board of Directors.

This non-binding letter of intent is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive purchase agreement has been fully executed and delivered by the parties. The parties agree that this letter of intent is not intended to create any agreement or obligation by either party to negotiate a definitive purchase agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length.

Sincerely,

BUYER:

TRUCKEE MEADOWS WATER
AUTHORITY

By: Mark Force

Its: GM

Date: 11/16/17

SELLER:

WEST RENO WATER COMPANY, INC.

By: [Signature]

Its: President

Date: 11/17/17



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director, Natural Resources
DATE: December 13, 2017
SUBJECT: **Discussion, and action, and possible direction to staff regarding request from the developer of the StoneGate planned unit development that TMWA be the retail provider for its development project**

Recommendation

Authorize staff to submit the attached Acknowledgement of Water Service for the StoneGate Master Plan Amendment and PUD Zoning Map Amendment to fulfill the City of Reno's request.

Summary

On November 15, 2017, the Reno City Council conducted a public hearing regarding LDC17-00008 & LDC17-00009, regarding StoneGate's request for a Master Plan Amendment, Zoning Map Amendment and PUD handbook. The StoneGate Master Plan and PUD Zoning Map Amendment is a request to establish a Planned Unit Development (PUD) on a site that is ±1,737.9 acres in size that includes ±5,000 residential units, associated public facilities, open space and nonresidential development. Four parcels totaling ±1,378 acres in size are located southwest of the US-395/White Lake Parkway interchange, south of the US-395/Frontage Road. Two parcels totaling ±359.90 acres in size are located on the northwest side of the intersection of US-395 and White Lake Parkway. This request is considered a Project of Regional Significance for: (a) housing, (b) traffic, (c) water use, (d) sewage, (e) student population and (f) employment.

The Reno City Council continued the item until mid-January 2018 and requested City staff and the applicant to bring back several items for consideration. One of the items requested was an "Acknowledgement of Water Service" from TMWA. On November 16, 2017, the applicant formally requested "full retail supply and service from TMWA for the project". To fulfill the City of Reno's request, staff has prepared the attached Acknowledgement of Water Service for the Board's consideration. It states that:

“TMWA is agreeable to supplying water service to the Project, subject to the applicant satisfying certain conditions precedent, including, without limitation, execution of an Annexation Agreement, the dedication of water resources, approval of the water supply plan by the local health authority, the execution of a Water Service Agreement, payment of fees, and the construction and dedication of infrastructure in accordance with our rules and tariffs. This Acknowledgement of Water Service does not constitute a legal obligation by TMWA to supply water service to the Project, and is made subject to all applicable TMWA Rules.”

Background

At build-out of the project, the estimated average day demand is approximately 1,600 gallons per minute, the estimated maximum day demand of the project is approximately 4,000 gallons per minute, and the estimated amount of water rights required for dedication is approximately 2,500 acre feet. Presently, TMWA holds sufficient water rights to serve the Project from the Fish Springs groundwater resource. A 6+/- mile extension of TMWA’s water transmission facilities will be required from the intersection of North Virginia Street and Lemmon Drive to service the Project. In addition, TMWA will require an on-site source of water supply, either from new municipal wells, an intertie with Great Basin Water Company in Cold Springs, or both, to provide a level of redundant capacity. All facility improvements will be paid by the applicant.

Attachments:

Acknowledgement of Water Service for the StoneGate Master Plan Amendment
PUD Zoning Map Amendment



December 4, 2017

Don Pattalock, Managing Member
Heinz Ranch Land Company
9210 Prototype Drive, Suite 100
Reno, NV 89521

**RE: ACKNOWLEDGEMENT OF WATER SERVICE, STONEGATE MASTER PLAN
AMENDMENT AND PUD ZONING MAP AMENDMENT**

We have reviewed the plans for the above referenced development (“Project”) as submitted to the Truckee Meadows Water Authority (TMWA) and have determined the Project is not located within TMWA’s retail service territory and will require annexation. This letter constitutes an Acknowledgment of Water Service pursuant to NAC 445A.65515, and TMWA hereby acknowledges that TMWA is agreeable to supplying water service to the Project, subject to the applicant satisfying certain conditions precedent, including, without limitation, execution of an Annexation Agreement, the dedication of water resources, approval of the water supply plan by the local health authority, the execution of a Water Service Agreement, payment of fees, and the construction and dedication of infrastructure in accordance with our rules and tariffs. This Acknowledgement of Water Service does not constitute a legal obligation by TMWA to supply water service to the Project, and is made subject to all applicable TMWA Rules.

Presently, TMWA holds sufficient water rights to serve the Project from the Fish Springs groundwater resource. A 6+/- mile extension of water transmission facilities will be required from the intersection of North Virginia Street and Lemmon Drive to service the Project. In addition, TMWA will require an on-site source of water supply, either from new municipal wells, an intertie with Great Basin Water Company in Cold Springs, or both, to provide a level of redundant capacity.

Review of conceptual site plans or tentative maps by TMWA does not constitute an application for service, nor implies a commitment by TMWA for planning, design or construction of the water facilities necessary for service. The extent of required off-site and on-site water infrastructure improvements will be determined by TMWA upon receiving a specific development proposal or complete application for service and upon review and approval of a water facilities plan by the local health authority. Because the NAC 445A Water System regulations are subject to interpretation, TMWA cannot guarantee that a subsequent water facility plan will be approved by the health authority or that a timely review and approval of the Project will be made. The Applicant should carefully consider the financial risk associated with committing resources to their project prior to receiving all required approvals. After submittal of a complete Application for Service, the required facilities, the cost of these facilities, which could be significant, and associated fees will be estimated and will be included as part of the Annexation Agreement and Water Service Agreement necessary for the Project. All fees must be paid to TMWA prior to water being delivered to the Project.

Please call me at 834-8250 at your convenience if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. Enloe". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John P. Enloe, P.E.
Director, Natural Resources



November 16, 2017

[Via Email jenloe@tmwa.com](mailto:jenloe@tmwa.com)

John Enloe
Operational Strategies Manager
Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, Nevada 89502

***Re: Stonegate Master Plan Amendment and PUD Zoning Map Amendment
LDC17-00008 & LDC17-00009***

Dear John:

As you are aware, Heinz Ranch Land Company, LLC is developing the StoneGate Master Planned Community within the City of Reno. Currently, StoneGate lies within the Truckee Meadows Service Area; however, outside of TMWA's retail service area.

A TMWA Discover was completed on the project in April of 2015. Since that time, we have explored all water service options available to the project and are now in a position to request full retail supply and service from TMWA for the project.

Please advise on how to proceed with annexation into TMWA's service area.

Additionally, Reno City Council has requested StoneGate provide documentation of TMWA's willingness to serve the development. We'd like to request a letter that ultimately will satisfy the City's concerns relative to water service for the project.

As always, please feel free to call with any questions.

Respectfully yours,

A handwritten signature in blue ink, appearing to read 'D. Pattalock', is written over a circular blue stamp.

Donald A. Pattalock
Managing Member



STAFF REPORT

TO: Chairman and Board Members
FROM: Mark Foree, General Manager
DATE: December 4, 2017
SUBJECT: Discussion and action on scheduling regular board meeting dates and times for the Calendar Year 2018

Recommendation

Staff requests Board input on the schedule proposed for the TMWA Board of Directors meetings as well as confirmation of meeting times, including approval of the date for the Fall Strategic Planning Workshop.

Discussion

The regular schedule for TMWA Board meetings has traditionally been for the third Wednesday of the month at the Sparks Council Chambers beginning at 10 a.m. In checking the current Cities and County calendars, this continues to present the best option in terms of avoiding conflicts with the other agency meetings.

From time to time the public has voiced concerns over the meeting times and mid-day schedule for public comment to be taken. In the past the Board has successfully addressed this concern on a one-off basis by moving meetings such as rate hearings to the evening. In addition, Board meetings have been cancelled in instances where there was not sufficient or timely business to be conducted. Staff has concluded that cancelling a scheduled meeting is preferable to scheduling meetings monthly around busy schedules; so this approach has also worked well.

However, staff would still like to confirm the following dates and times with the Board and assess if there is interest in changing either prior to moving forward and finalizing a schedule of meetings for 2018. Based on your input, Staff will then issue the agreed-upon schedule.

2018 Board Meeting Dates – Proposed

Wednesday January 17	10 a.m.
Wednesday February 21	10 a.m.
Wednesday March 21	10 a.m.
Wednesday April 18	10 a.m.
Wednesday May 16	10 a.m. NOTE: NRS-MANDATED BUDGET HEARING DATE

2018 Board Meeting Dates – Proposed (continued)

Wednesday June 20	10 a.m.
Wednesday July 18	10 a.m.
Wednesday August 15	10 a.m.
Wednesday September 19	10 a.m.
Wednesday October 17	10 a.m. STRATEGIC PLANNING WORKSHOP (1355 Capital Blvd)
Wednesday November 21	10 a.m.
Wednesday December 19	10 a.m.



STAFF REPORT

TO: Board of Directors
FROM: Mark Foree, General Manager
DATE: December 5, 2017
SUBJECT: **General Manager's Report**

Attached please find the written reports from the Management team including the Operations Report (*Attachment A*), the Customer Services Report (*Attachment B*), and the Water Resource and the Annexation Activity Report (*Attachment C*).

Also, included in your agenda packet are press clippings from October 11, 2017 through December 6, 2017.

Attached is a Water Project Status Report as requested by the Board of Directors at the November 6 Concurrent Meeting with the cities and county. Of note is that TMWA's waiver for water main installations of less than 500 lineal feet has been restored. Most commercial projects will fall under this waiver.

Date: December 4, 2017

To: Sabra Newby, Reno City Manager
Steve Driscoll, Sparks City Manager
John Slaughter, Washoe County Manager

From: Greg Lovato, Administrator, Nevada Department of Environmental Protection (NDEP)
Kevin Dick, District Health Officer, Washoe County Health District (WCHD)
Mark Foree, General Manager, Truckee Meadows Water Authority (TMWA)

Subject: Thirty Day Update on Water Project Plan Review

This update is provided as requested during the November 6, 2017 Concurrent Meeting regarding Water Projects.

Reinstatement and Expansion of TMWA Waiver:

NDEP, WCHD, and TMWA have negotiated an agreement and a waiver was issued on December 4, 2017 by WCHD, with NDEP support, to TMWA. The waiver exempts TMWA from the Health District Review of Water Projects for water main additions of 500 lineal feet or less (that are not associated with NRS/NAC 278 requirements for tentative or final maps) for TMWA System 190. Work on this priority has been completed. The majority of commercial projects will fall under this waiver.

NDEP will also be working with WCHD and TMWA on necessary conditions for a broader waiver for water main additions greater than 500 lineal feet. NDEP is reviewing existing requirements and practices for water projects in Southern Nevada as part of this evaluation. NDEP anticipates developing a schedule for this waiver review within the next 30 days.

NAC Revision Process:

NDEP has conducted review of the areas of potential NAC 445A revisions to identify the items and organize a work process sequence to engage a workgroup in development of proposed changes to these elements of NAC 445A. NDEP identified potential NAC revisions workgroup members to provide appropriate geographic/population representation for the State. On December 1, NDEP sent an invitation for an initial workgroup meeting to be held in December. Additional meetings are anticipated to recur every three weeks following that meeting.

Process Improvement:

The City of Reno has agreed to provide daily delivery of commercial plans to the Health District to expedite the review process.

The Health District is working with the City of Reno to establish an agreement for financial support from the City's Building Enterprise fund to support Health District staff engaged in commercial plan review associated with economic development activities in the City of Reno.

Washoe County Technology Services, Washoe County Building and Safety, and the Health District are working to develop an Accela workflow sub-process will allow for a more efficient "flow" of work by staff, consistency across jurisdictions, allow for less duplication of staff work, and provide a more efficient process to identify when plans are a new submittal or a revision. This process will aid in the processing of building plans in a more efficient and timely manner by Health District staff. The sub-process will be implemented with the Health District and Washoe County Building to demonstrate its functionality to both the City of Sparks and City of Reno to gain acceptance for implementing the sub-process with them for workflows coming from these jurisdictions for review at the Health District as well.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
BY: Bill Hauck, Senior Hydrologist
DATE: December 04, 2017
SUBJECT: **December 2017 Operations Report**

Summary

- Going into 2018 the region is positioned extremely well from a water supply perspective
- Truckee River flows are significantly above average for this time of the year
- Lake Tahoe is as high as practical and is 82% of maximum capacity
- All other federal reservoirs are at maximum flood control elevations
- Normal Truckee River flows are anticipated over the course of the next 2 plus years
- Hydro revenue for November 2017 was an estimated \$313,137

(A) Water Supply

- **River Flows** - Truckee River flows at the CA/NV state line were approximately 1,550 cubic feet per second (CFS) this morning. This is higher than the long-term average of 455 CFS on this date. Above average river flows are due to the recent winter rainstorm events in the watershed and are expected to remain high for the rest of the year.
- **Reservoir Storage** - The elevation of Lake Tahoe is currently 6228.04 feet which is just a little more than a foot (1.06') below its legal maximum storage elevation of 6229.10 feet. All federally owned and operated reservoirs are at their respective wintertime operating elevations in addition to Donner and Independence lakes. Reservoir storage values as of 12/4 are as follows:

Reservoir	Current Storage (Acre-Feet)	% of Capacity (Percent)
Tahoe	614,200	82%
Boca	32,894	80%
Donner	4,459	47%
Independence	15,047	86%
Prosser	9,642	32%
Stampede	204,435	90%

In addition to the storage in Donner and Independence lakes, TMWA has approximately 17,240 acre-feet of water stored between Boca and Stampede Reservoirs under the terms of TROA. TMWA’s combined back-up reservoir storage between Donner and Independence lakes and TROA is approximately 36,750 acre-feet as of this morning.

- **Outlook** - The region is positioned extremely well from a water supply perspective as we approach the new year. The elevation of Lake Tahoe is as high as is practical, and all other federally-operated reservoirs have as much water in storage as is legally allowable. Normal Truckee River flows are on tap for the region for at least the next couple of years regardless of what type of winter we end up experiencing this time around.

(B) Water Production

Demand - Customer demands are at wintertime lows. Consumption averaged 37 MGD last week. Year-to-date consumption is 99.5% of 2016. Surface water made up 52% of TMWA’s raw water supply and groundwater the other 48% from production wells located throughout TMWA’s service territory.

(C) Hydro Production

Generation - Average Truckee River flow at Farad (CA/NV state line) for the month of November was approximately 1,016 cubic feet per second (CFS). All three Hydropower plants were on-line and 100% available during the month. Statistics for the month are as follows:

Hydro Plant	Days On-Line	Generation (Megawatt hours)	Revenue (Dollars)	Revenue (Dollars/Day)
Fleish	30	1,599	\$114,775	\$ 3,826
Verdi	30	1,415	\$100,609	\$ 3,354
Washoe	30	1,360	\$ 97,753	\$ 3,258
Totals	90	4,374	\$313,137	\$10,438



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Marci Westlake, Manager Customer Service
DATE: December 13, 2017
SUBJECT: **October and November Customer Service Report**

The following is a summary of Customer Service activity for October and November 2017

Ombudsman

- Customer called looking for where his water line is located-Marci called customer and walked him through where it could be located.
- Customer called and was concerned about his account-Marci called him back and sorted out his account.
- Representative from the State of Nevada called regarding 6794 Flower Street. Marci called her back and explained that the water was turned off due to non-payment.
- Customer called to complain regarding a leak that he felt we could have helped him with. Marci called him and discussed what we could give for a leak adjustment and customer was happy.

Communications

Customer outreach in October and November included:

- John Enloe spoke at the Reno Planning Commission regarding Verdi water issues, 50 people attended.
- Kelli Burgess did a Facebook Live presentation in the Glendale Lab discussing Smart about Water.
- Laine Christman had a Conservation, Drought and the Benefits of TROA presentation at the Renaissance Hotel, 20 people attended.
- On October 21st TMWA hosted a Smart about Water Day at Lazy 5 Park. Close to 90 people attended, it was staffed by numerous Directors, Managers, Supervisors and many field employees. Great time to see what TMWA does to maintain our day to day operations.
- James Weingart and Ian Dasmann did a Water Treatment presentation for University of Nevada Geography Department and 10 people attended.

- James Bryant did a Water Treatment presentation for Reno High School AP Environmental Science Class and 13 students attended.
- Will Raymond had a presentation for Water Operations for the National Association of Active and Retired Federal Employees and 15 people attended.

Conservation (January 1 – November 30)

- 5,844 Water Watcher Contacts
- 1,816 Water Usage Reviews

Customer Calls – October and November

- 17,142 phone calls handled
- Average handling time – 4 minutes, 29 seconds per call
- Average speed of answer – 23 seconds per call

Billing – October and November

- 253,381 bills issued
- 16 (<.1%) corrected bills
- 16,009 customers (6.0%) have signed up for paperless billing to date.

Service Orders –October and November (% is rounded)

- 14,760 service orders taken
- 7,329 (50%) move-ins / move-outs
- 2,298 (15%) cut-out-for-non-payment and cut-in after receiving payments, including deposits and checks for tamper
- 962 (7%) zero consumption meter checks
- 587 (4%) re-read meters
- 1,350 (9%) new meter sets and meter/register/ERT exchanges and equipment checks
- 811 (5%) problems / emergencies, including cut-out for customer repairs, dirty water, no water, leaks, pressure complaints, safety issues, installing water meter blankets, etc.
- 309 (2%) high-bill complaints / audit and water usage review requests
- 1,114 (8%) various other service orders

Remittance – October and November

- 62,029 mailed-in payments
- 52,865 electronic payments
- 59,318 payments via RapidPay (EFT)
- 35,942 one-time bank account payments
- 13,747 credit card payments
- 6,831 store payments
- 4,273 payments via drop box or at front desk

Collections –October and November

- 33,052 accounts received a late charge
- Mailed 18,879 10-day delinquent notices, 7.0% of accounts
- Mailed 4,980 48-hour delinquent notices, 1.9% of accounts
- 813 accounts eligible for disconnect
- 849 accounts actually disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- 0.14% write-off to revenue

Meter Statistics – Fiscal Year to November 30, 2017

- 0 meter retrofits completed
- 518 meter exchanges completed
- 893 new business meter sets completed
- 123,724 meters currently installed



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Zimmerman, Manager, Water Resources
DATE: December 4, 2017
SUBJECT: **Report Water Resources and Annexation Activity**

RULE 7

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance	5,601.11 AF
Purchases of water rights	0.00 AF
Refunds	0.00 AF
Sales	- 79.68 AF
Adjustments	4.33 AF
Ending Balance	5,525.76 AF

Price per acre foot at report date: \$7,500

WATER SERVICE AREA ANNEXATIONS

There were no annexations during this reporting period.



TMWA Board Meeting

Wednesday, December 13, 2017

Press Clippings

October 11, 2017 – December 6, 2017



Ask Joe: Why is water backing up on Double R Boulevard?

by Joe Hart



reno flooding.png

From the Ask Joe file, a question tonight about a possible case of water waste that is getting a lot of people's attention.

One of our viewers, Sandy, called up asking why there is so much water backing up and running down the street along Double R Boulevard in South Reno. Sandy says she's noticed it for weeks and wonders why nothing is being done about it, so she turned to us.

We went and checked it out for ourselves and there is a lot of water backing up. This is where Double R crosses Double Diamond Parkway.

The water is backing up in in this parking lot, and one of the employees at a business there says people have been stopping and coming in to their business demanding to know what's going on.

Well, when we showed up there was a crew from Reno Green Landscaping, and they found a big beaver dam clogging up the creek behind the businesses. The landscapers believe that is what has been causing the water to back up into the street.

So they got to work dismantling that beaver dam and hopefully that will take care of the problem. I also spoke with Andy Gephardt at TMWA, who confirmed it is creek water and not municipal water that's been backing up through the storm drain there.

It's definitely a lot of water though, and lot of residents and business owners have been scratching their heads over this one. Hopefully we finally have an answer as to what's going on there and the water will recede once that beaver dam is removed.

Thanks to Sandy for noticing the water backing up. If you have any questions or notice something that doesn't look right, send me an email at jhart@mynews4.com and I'll see if I can find the answers you are looking for.

Truckee Meadows Water Authority Hosting First “Smart About Water Day”

Posted on October 17, 2017

TMWA’s experts are hosting a “Smart About Water Day” this Saturday. It’s all about how local water supplies are managed, and putting a record breaking water year into perspective. Useful workshops will provide tips on winterizing your home, understanding water rights, regional planning and smart growth and other issues. The event will be held at Lazy Five regional Park on Pyramid Highway in Sparks, from 10am to 2pm.

Filed Under: [KOH Local News](#)

Tribal communities invited to Summit on sustaining water resources and agriculture

University of Nevada Cooperative Extension
October 17, 2017



Tribal high-school youth will have a unique opportunity on Nov. 13 in Reno to engage in hands-on activities, such as extracting DNA from a banana and hiking through the Truckee Meadows to see how water has shaped the area.

The activities are all part of the Native Waters on Arid Lands Youth Day presented by University of Nevada Cooperative Extension to teach tribal youth in the Great Basin and American Southwest about agriculture, water resources and changes in climate.

The Youth Day is a new event that has been added to the annual Native Waters on Arid Lands Tribal Summit, now in its third year, being presented this year Nov. 15-16 in Sparks. The Summit is part of the Native Waters on Arid Lands Project, which helps tribal communities in the Great Basin and American Southwest adapt to changes in climate, with a focus on water resources and agriculture.

"Through the Native Waters on Arid Lands Project, we're partnering with Native American tribes in the region to identify challenges and opportunities for sustaining water resources and strengthening tribal economies in the face of climate change," said Loretta Singletary of University of Nevada, Reno, co-project director for the Native Waters on Arid Lands Project, which is organizing the annual educational events as part of its broader integrated research and Extension outreach initiative.

The Youth Day is at the Desert Research Institute, a partner in the project, 2215 Raggio Parkway in Reno. For information about this educational event, contact Meghan Collins, meghan.collins@dri.edu.

The cost for the Native Waters on Arid Lands Tribal Summit is \$250 before Oct. 28 and \$300 beginning Oct. 29 and covers meals and refreshments.

For information or to register for the summit, visit the [Native Waters on Arid Lands Program website](#), or contact Extension Educator Staci Emm, emms@unce.unr.edu or 775-945-3444, ext. 10, or Summit Organizer Vicki Hebb, vicki.hebb@indianaglink.com or 605-222-2062.

RECOMMENDED STORIES FOR YOU

Session topics for the Summit include native waters on arid lands research updates, ground-surface water, traditional knowledge and ecology, economics and water, tribal ranching and conservation practices and tribal education forum.

The Native Waters on Arid Lands Youth Day and Tribal Summit are funded by a five-year, \$4.5 million grant from the United States Department of Agriculture's National Institute of Food and Agriculture — Agriculture Food Research Initiative. The Native Waters on Arid Lands Project was one of five integrated research and Extension projects nationwide selected for USDA funding.

[Share](#) [Tweet](#)

Truckee Reno Industrial Center awaits link to reclaimed water plan

Rob Sabo
info@nnbw.biz
October 30, 2017

A “purple pipe system” that uses reclaimed water from homes and businesses throughout the Truckee Meadows could provide a big boost to sustainability efforts for companies at Tahoe Reno Industrial Center east of Sparks.

There’s still a lot of infrastructure to put into play, but TRIC developer Lance Gilman says he’s in the process of establishing contracts to import 4,000 acre feet of water from the Truckee Meadows Water Reclamation Facility in east Sparks. It’s the largest sustainability project currently underway at TRIC — although that could soon change.

Reclaimed water from the TMWRF already is pumped to effluent re-use sites throughout Reno and Sparks. Businesses that use reclaimed, or nonpotable, water have dual-piping water systems installed. Piping for reclaimed water systems always is a light purple color to clearly distinguish it from potable water intake and distribution systems.

Businesses throughout TRIC already have purple pipe systems installed and are awaiting some infrastructure improvements and environmental approvals to begin using their systems, Gilman said. Reclaimed water can be used in several ways – cooling at data centers, in manufacturing processes, or to irrigate landscaping.

Piping for reclaimed water systems always is a light purple color to clearly distinguish it from potable water intake and distribution systems.

“The purple pipe system is installed throughout the park as an asset,” Gilman said. “It’s kind of just waiting on the sidelines to be implemented.”

Tahoe Reno Industrial Center already has 2,000 acre feet of reclaimed water rights, Gilman said, via a holding pond constructed during the park’s initial development. However, the larger sustainability plan would boost that amount to a minimum of 6,000 acre feet by installing an approximately 15-mile-long pipeline to transport water from the reclamation facility at the eastern edge of Sparks to TRIC.

Gilman said the upgraded facility could be put into play as early as 2020. However, there’s a great deal of work to be done to pull it all off.

“It’s about a two-year process to get everything built and operational,” he said. “We will have to bring a pipeline out from the Reno-Sparks treatment facility to TRIC, which is about 15 to 20 miles to our holding lake. We will have to come down the Truckee River, but there are three different easement paths we can follow to bring it in. That is a year-and-a-half project by itself, then we will have to deepen the reservoir, install pump stations, and run additional water lines in some areas.

“Everything is staged, and a great deal of infrastructure already is completed; however, there’s another level necessary to put it all into operation,” he added. “Especially for large users; we have to upgrade the system in some areas, improve the lake, install pump stations to get water around the park at proper pressure, and of course we will have to complete the pipeline (from the treatment facility).”

Gilman expects the next phase of infrastructure development will commence in the second quarter of 2018.

U.S. Filter designed and installed fully operating water and sewer facilities at TRIC, Gilman said. The system processes all on-site water from park users.

And although the industrial park is located in what appears to be extremely dry land, there's actually an abundance of water, Gilman noted. Previous scoping work identified as much as 30,000 acre feet of very pure underground water about 1,000 feet below the surface of the park's massive footprint. TRIC has roughly 5,400 acre feet of water rights from that resource approved by the state watermaster, and Gilman said that in 15 years of operations the water table has receded just one-eighth of an inch.

"We have an abundant supply of potable water in the underground basin, and it's a very stable underground water resource," he said.

The park also has access to a large quantity of water rights from the Truckee River and has induction wells installed to pull water from the river into its holding pond. However, Gilman said the park is not accessing those water rights.

"Basically it is an insurance water asset," he said. "We really don't use Truckee River water. Although it is there and we have the water rights and an induction well, it is not a major part of our utility company development.

"When we add treated effluent from Reno-Sparks, it will give us an incredible quantity," he added. "We have a tremendous investment in utilities for all our reclaimed water."

All businesses at TRIC are on dual meters for potable and nonpotable water. Costs are about the same, Gilman noted, due to the amount of infrastructure that needs to be installed and management and maintenance of that infrastructure.

Reclaimed water is not the only sustainability effort underway at TRIC. Gilman said Tesla and Switch are both well-invested in maximizing their use of sustainable resources and are considering major solar projects to generate power for their Northern Nevada projects.

Google's purchase of 1,200 acres at TRIC certainly affords the tech giant room for a large-scale solar project as well, and there have also been discussions about using geothermal wells at the park, Gilman noted.

"All of the major corporate groups are looking at sustainability investments," he said. "All of the major companies that have located or purchased property here within the last 36 months are implementing significant sustainability energy practices."

Water main break closes street outside Reno DMV

by News 4-Fox 11 Digital Staff
Tuesday, October 31st 2017



KRNVThumbnail

AA

RENO, Nev. (News 4 & Fox 11) — A water main break has closed both directions of the Reno street outside the city's DMV office.

The Nevada Department of Transportation reported the break had closed Galletti Way between Kietzke Lane and E. 4th Street.

Access to the DMV was opened Tuesday via Kietzke. A spokeswoman for the agency said the DMV office would likely be affected Wednesday.

It wasn't immediately determined if the office would be closed or if there would be a redirect for traffic, however.

Lower Threshold for Flooding This Season

Posted: Nov 01, 2017 4:27 PM PDT Updated: Nov 01, 2017 4:46 PM PDT
By Angela Schilling

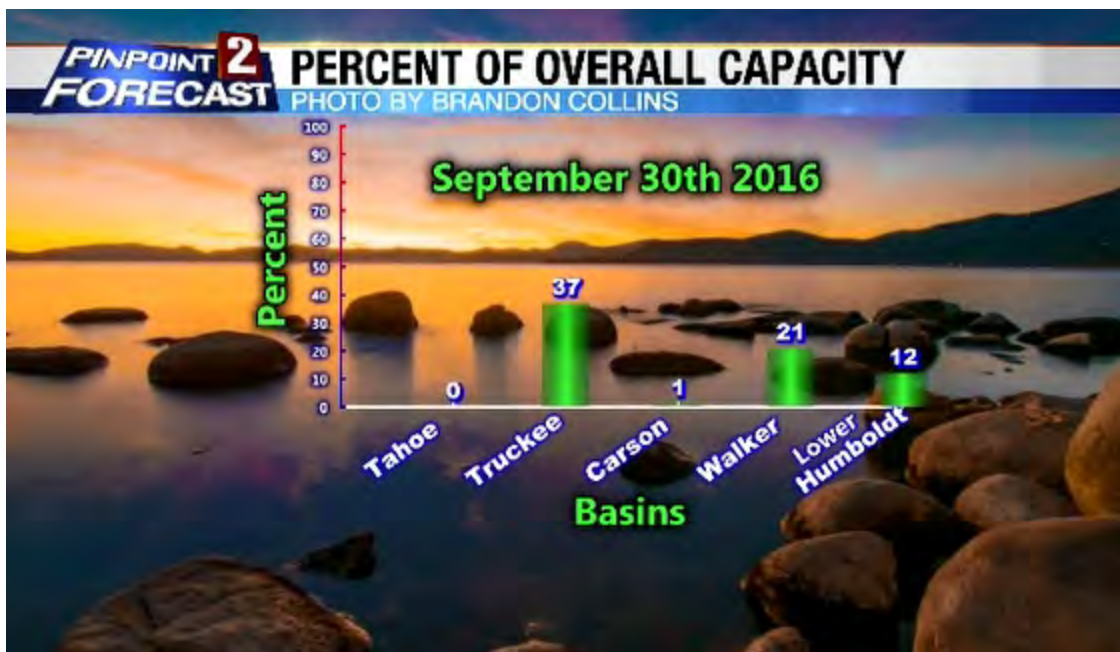
Our first atmospheric-river event is forecasted to move through northern Nevada and California by the weekend, and while it's not expected to be strong enough to cause any flooding, the threshold for flooding this season is lower than last year because more water is in storage. Flooding is not guaranteed this time around, but the National Weather Service says we are a touch more sensitive than before.

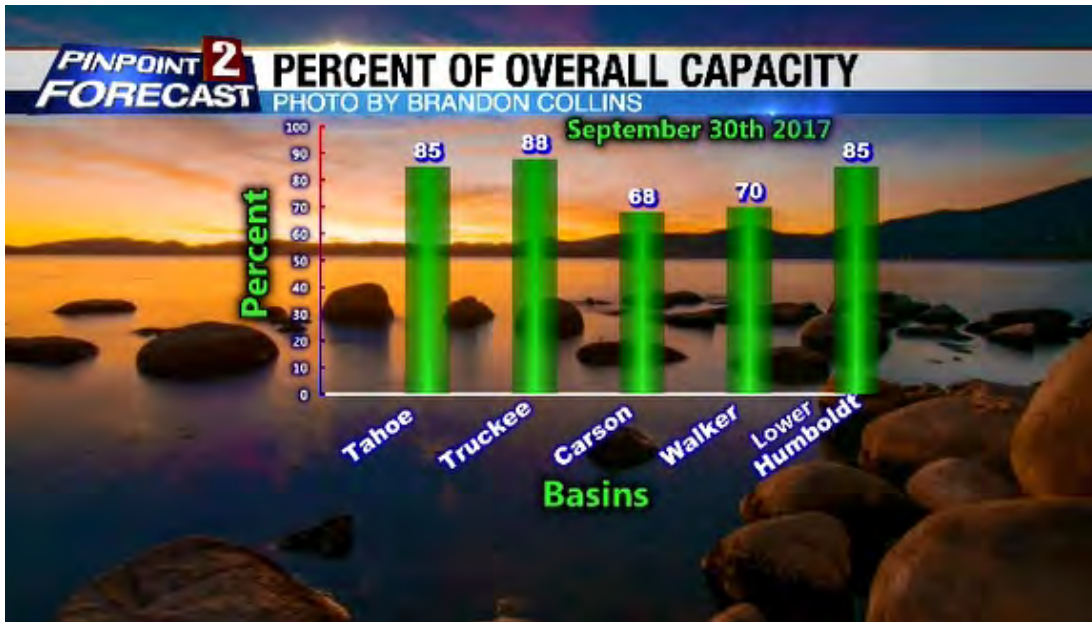
With sand bags out front, Lemmon Valley resident Scott Novak is not looking forward to the winter season. In fact, he's still remodeling his house from last years flooding. From a scale of one to ten, he says he's about a nine when it comes to fear of flooding again.

He has a reason to worry, he's gone through a lot, and unfortunately, with more water left over from last season, the threshold for flooding is somewhat lower this time around.

"We will still need significant warm, wet events to get flooding but might get there a little sooner. [We] Might not need quite as severe an event," said hydrologist Tim Bardsley.

By the end of September 2016, Tahoe was still below it's natural rim, but as of September 30th, 2017 Tahoe is at 85% of capacity.





Some spots, like around Steamboat Creek and the North Valleys, are more sensitive to flooding than others.

"It's been pretty heart pressing," said Lemmon Valley resident Scott Novak.

Like the flooding we saw last January, the strength of the individual storms plays a big role.

"I would say relative to last year the Truckee system is more sensitive than others just because it has so much more water in those reservoirs," said Bardsley.

It's not only our waterways that are a little more sensitive to flooding this go around, but also the people impacted by it too. Keep in min

Op-Ed

Four dams in the West are coming down — a victory wrapped in a defeat for smart water policy



Water trickles over Copco 1 Dam on the Klamath River outside Hornbrook, Calif. on Aug. 21, 2009. (Jeff Barnard / Associated Press)

Jacques Leslie

When a top Interior Department official acknowledged recently that the [Trump](#) administration wouldn't try to block removal of four hydroelectric dams on the Klamath River, he signaled a monumental victory for local Native American tribes, salmon fishermen and the national dam removal movement.

Yet this development is less momentous than it would have been in 2015, when dam removal was just one component of a broad plan for the Klamath Basin, which straddles the California-Oregon border. That plan included salmon habitat restoration, the return of tribal land and water-sharing among farmers, ranchers and tribes. It was the product of a decade of trust-building and honest negotiation among representatives of the basin's constituencies, whose efforts turned one of the nation's most contentious water basins into a model of collaboration. It helped that big money didn't skew the process: Most of the basin's residents are far from wealthy, and the only corporation involved is PacifiCorp, the utility that owns the dams.

ADVERTISING

But congressional [Republicans](#) declined to support the deal (it required legislative authorization and funding) on the grounds that taking down four obsolete, inefficient and soon-to-be money-losing dams could set a precedent that would eventually threaten, say, Hoover Dam. By espousing an outdated tenet of conservative ideology — all dams are engines of economic development — they sabotaged the interests of their own supporters.

Two years later, the dams are going to come down, but no water-sharing plan will accompany their removal. As a result, the ranchers and farmers in the Upper Klamath Basin, where Republican voters predominate, will not have a reliable source of irrigation water. Upper Klamath farm country is already studded with "for sale" signs. Becky Hyde, an Oregon rancher who courageously fought for a comprehensive basin agreement for many years, says the 2015 plan's collapse "feels like a betrayal." She diplomatically declines to say who she thinks the betrayers are.

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Given the president's environmental record, the decision to take down the Klamath dams was made despite its benefits to the river, not because of them.

The good news is that dam removal is virtually certain. Beginning in late September, Alan Mikkelsen, the U.S. Bureau of Reclamation's acting commissioner, has repeatedly stated that the Interior Department won't interfere with the application before the Federal Energy Regulatory Commission to dismantle the Klamath's four dams. FERC approval, widely expected in mid-2019, is the only remaining obstacle to freeing the river.

If the dams come down as planned in early 2020, the event will mark by most measures the nation's — and perhaps the world's — biggest dam removal project. The dams' absence will reopen about 500 miles² of river and tributary habitat for salmon, whose numbers have plummeted since the dams were built beginning a century ago. It will end the poisoning of the Klamath River proper, where blue-green algae is now so pervasive that signs warn visitors not to even touch the water for much of its 254-mile length.

Given the president's environmental record, the decision to take down the dams was made despite its benefits to the river, not because of them. What appeals to Interior Department officials is that removal is the preference of PacifiCorp. The dams' owner faces the straightforward choice of spending \$200 million to take the dams down or spending an unknown multiple of that amount on fish ladders and water quality improvements to secure the dams' re-licensing, all to continue generating an inconsequential amount of electricity. To the Trump administration, it's just a business decision, outside the appropriate purview of government. That puts the last remaining opponents of dam removal, the outspokenly conservative Siskiyou County Board of Supervisors in California, in the awkward position of appealing to federal officials to nullify a private corporation's decision, which stands right-wing dogma on its head.

Some basin farmers and ranchers hold out hope for another round of negotiations and a new water-sharing plan, but developments since the collapse of the 2015 deal have decreased that prospect. For one thing, the senior water right of southern Oregon's Klamath Tribes was recently judicially affirmed, giving them much less incentive to negotiate. Instead of guaranteeing a minimum share of the basin's water to the irrigators in dry years, as the tribes agreed to in the 2015 deal, they have cut off flows to the farms and ranches every year since 2013 so they can provide increased protection to the river's deeply threatened fish populations.

The collapse of the 2015 deal also soured the Klamath Tribes' governing council on negotiations. "Our congressional folks told us that if we could come up with an agreement that works for all, that it would move through Congress," Don Gentry, the Klamath Tribes' chairman, told me over the phone. "We expended a lot of time, developed relationships and reached a solution, and Congress didn't move it forward. So the question is, what opportunity is really there? Our members have been very frustrated."

The dams' dismantling will hearten environmentalists, but the collapse of the grass-roots Klamath Basin plan should hearten no one. Congress undermined an agreement that balanced conservation *and* agriculture, fish *and* farmers — a model the West will need in the future. As our water resources dwindle, the Republicans' reputation for nihilism grows.

Jacques Leslie is a contributing writer to Opinion.

2017 Global Outlook of the Water Industry

PRESS RELEASE PR Newswire

Nov. 1, 2017, 04:33 PM

LONDON, Nov. 1, 2017 /PRNewswire/ -- **Resilience will Drive The Water Industry and Address Global Climate Change, Water Security and Rapid Urbanization**

Download the full report: <https://www.reportbuyer.com/product/5171219>

The demand for sustainable solutions in the municipal segment is driven by huge investments made to build resilient cities across the world. A continual push for circular economy has led to innovation in making the water infrastructure sustainable.

Decentralized treatment systems are gaining attention due to their efficiency, cost effectiveness and better reuse capabilities. Water stress, coupled with rapid industrialization, has pushed rapidly growing economies such as India and China to adopt stringent regulations and enforce sustainable technologies to manage water pollution and stress. Implementation of the Internet of Things (IOT) in water and waste water infrastructure has helped in ensuring optimization and efficiency. This has further pushed the demand for smart and sustainable solutions.

Key predictions for the municipal water and wastewater segment include sustainability, customer engagement, smart water management, etc., while the growing demand for sustainable solutions, water reuse and zero liquid discharge (ZLD) will drive the water and wastewater market in the industrial segment. The global water market for the year 2017 is estimated to have a revenue of \$652.38 billion, with advanced membrane technologies and disinfection techniques getting due attention in the municipal segment. While the municipal segment has exhibited a growth of 3.8% from 2016, the industrial segment has exhibited a growth of 5.7%.

Research Scope

The study estimates the size of the 2017 Global Outlook for the Water Industry to be \$652.38 billion. The predictions for the year 2017 are done with 2016 as the base year. The study highlights key market predictions for 2017 for both industrial and municipal segments.

The municipal and industrial water market covers the Total Expenditure (TOTEX) of the following across treatment plants and networks: design and engineering, operation and maintenance, water and wastewater technology, process control management, chemicals.

Frost & Sullivan has presented the municipal and industrial water market expenditure forecast for Asia-Pacific (APAC), North America, Europe, Middle East & Africa (MEA) and Latin America. Key market predictions for municipal and industrial segment for each of these regions, in addition to revenue, are presented in the study. The study also encompasses the municipal and industrial technology outlook for various regions and the revenues for technology employed in water treatment, wastewater treatment, sludge management and smart water management.

The following are the key questions this study seeks to answer:

- What are the key market predictions for the global water industry in 2017?
- What is the revenue of the global water industry in 2017? How has it grown since 2016?
- What technology is growing and declining in 2017?
- What are the prospects for advanced treatment technologies and how is it replacing conventional systems?
- What are the key conclusions of this Global Outlook study of the water industry?

Download the full report: <https://www.reportbuyer.com/product/5171219>

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SOURCE ReportBuyer

As winter nears, Northern Nevada's typically dry lake beds are still full of water

by Melissa Matheney

Thursday, November 2nd 2017

Share

AA

RENO, Nev. (News 4 & Fox 11) — As winter approaches, lake beds that are typically dried up this time of year are still full of water, and levels will likely rise this winter.

Swan Lake, Silver Lake and White Lake still have not drained because they have a clay lake bed, according to Washoe County Emergency Manager Aaron Kenneston.

Kenneston says flood measures, including barriers and water pumps, will remain in place throughout the winter.

Water levels in each of the lakes have been measured all summer long and have dropped between two to three feet.

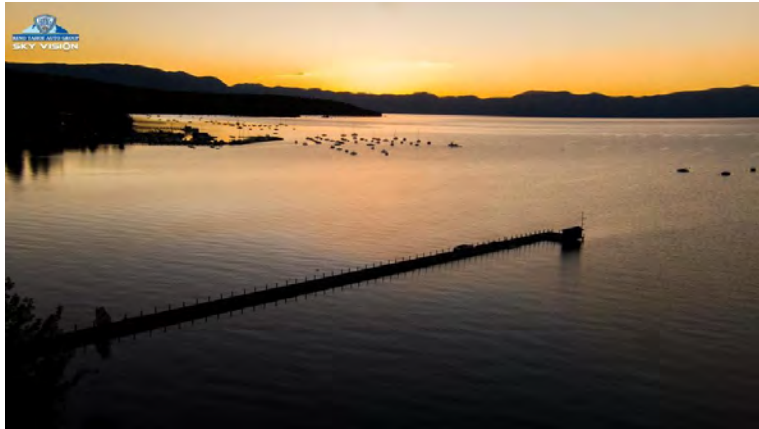
But over the last three weeks, the water levels have not fluctuated at all, and they are expected to rise with the winter weather, according to Kenneston.

At this time, the city of Reno and Washoe County officials say they don't see any impending flood threat, but they do encourage residents to remain vigilant during storms.

Water levels up ahead of winter season at Reno-Tahoe area reservoirs

by News 4-Fox 11 Digital Staff

Thursday, November 2nd 2017



Lake Tahoe's water level is currently 5.01 feet higher than it was a year ago. (KRNV)

AA

RENO, Nev. (News 4 & Fox 11) — The first winter storm of the season is headed for the Sierra and Lake Tahoe basin Friday afternoon.

With that in mind, News 4-Fox 11 is taking a look at the water levels of the reservoirs and lakes in the greater Reno-Tahoe area.

As of Thursday, Nov. 2, the majority of the water levels are higher than they were a year ago. The biggest increase is seen at Lake Lahontan, which is 47.99 feet higher than it was in 2016.

The biggest decrease is seen at Independence Lake, which is 3.31 feet lower than it was last year.

Reno-Tahoe area water levels

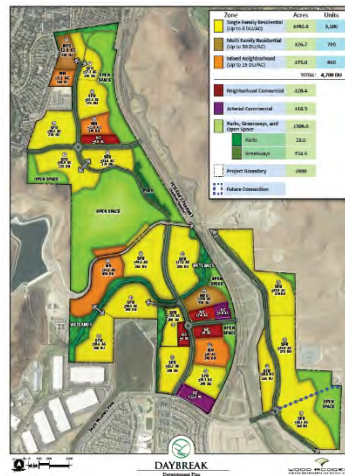
- Lake Tahoe: +5.01 Feet (Water currently being released)
- Boca Reservoir: +28.73 Feet (Water currently being released)
- Stampede Reservoir: +45.21 Feet (Water currently being released)
- Prosser Reservoir: -2.7 Feet (Water currently being released)
- Donner Lake: -1.32 Feet (Water currently being released)
- Independence Lake: -3.31 Feet (Water currently being released)
- Martis Creek Lake: -0.68 Feet (Water currently being released)
- Lake Lahontan: +47.99 Feet (Water currently being released)
- Pyramid Lake: +8.87 Feet (Water currently being released)

Rattlesnake Mountain Area Could Get Planned Community

Posted: Nov 02, 2017 6:34 PM PDT Updated: Nov 03, 2017 7:47 AM PDT

By Paul Nelson

CONNECT



980 acres along the east side of Rattlesnake Mountain could become Reno's newest planned development. The area from Donner Springs to South Meadows Parkway, including Butler Ranch, could see new housing, businesses and open space in the community known as "Daybreak."

"What this master plan represents is really a full, broad spectrum of housing products and housing opportunities that really are needed in our community," Andy Durling, Principal Planner for Wood Rodgers said.

Most of the project is on the west side of the SouthEast Connector, which will become Veterans Parkway.

"It's a very large project," Durling said. "What's also very unique about this is that it's a very large infill project. It's effectively connecting the communities of South Meadows and Donner Springs, Hidden Valley."

The plan calls for 4,700 homes, which is about 4.8 houses per acre. Durling says that is similar to the communities in South Meadows. As northern Nevada's population grows, housing is needed even more. The median income is not keeping pace with the median home price, so the houses could be especially important for first-time buyers or those who earn the median income, which is outpaced by the median home price.

"Town homes, duets, duplexes, things like that that are going to provide entry-level housing opportunities for new families," Durling said.

A large area of the project is on the northeast side of Rattlesnake Mountain, including the area east of Donner Springs Elementary School on the Butler Ranch.

"All the old ranches have transitioned, and really, this is kind of the last one," Durling said.

The south end of the project will include a mix of construction, including a town center that could be similar to the South Creek Center on Foothill Road. The man-made Alexander Lake would be drained to allow more houses and to bring the Steamboat Creek back to its natural course. With new developments, drainage and flood prevention are part of the planning process.

"This area is regulated to a 117-year flood plane, and we're going to have to mitigate to that, but we're actually going to go beyond that and provide 125 percent of the mitigation in that area," Durling said.

The project also includes a narrow sliver of land on the east side of Veterans Parkway. More than 125 acres will be used for single-family housing. 20 acres are set aside in that area for a future high school that sits next to BLM land.

"We are working with the school district to be able to provide that 20 acres, in addition to having them go get possibly a land transfer from BLM to get the remainder of acreage necessary for a high school," Durling said.

One of the questions with that property is how to handle the feral horses that live in that area. The developers are working with the Department of Agriculture to plan for the horses to have access to the water but fenced out of the community where they would be safer.

An elementary school and a charter school could also be part of the plan.

Developers presented the Master Plan in October and they are presenting a more specific breakdown of the project later this month. The City of Reno still has to approve the plan, and there is a lot of work left. The goal is to break ground at the end of 2018.

City Council Delays Adoption of New Master Plan

Posted: Nov 08, 2017 6:41 AM PST Updated: Nov 08, 2017 4:23 PM PST

Content starts in 6 sec



Planners for the city of Reno presented their Master Plan to the city council, Wednesday. 62,000 people are expected to move to Reno in the next 20 years, and the Master Plan is a road map that will allow the city to adjust to that growth.

"This is a very comprehensive plan," Sienna Reid, Senior Planner for the City of Reno said. "It's taking a look at a lot of different topics, whether those be infrastructure and services, economic development, sustainability. Also, what do we need in terms of open space and greenways? How do we enhance connectivity for this community?"

The master plan was created through the [ReImagine Reno process](#). The Reno Planning Commission's voted and recommended to move forward with the new plan. During the [Planning Commission's hearing on October 18, 2017](#), the commissioners discussed revisions related to several policy issues, including level of service targets, growth management, annexation, closed basin flood management and several others. The Reno City Council discussed the topics but delayed the Master Plan approval until staff can tie up some loose ends in some of the language. It could adopt the plan at its December 13 meeting at 1:00PM. The process started two-and-a-half years ago, and is nearly finished.

"This is how the process should work is getting as much community input as you can from businesses, from stakeholders, from your neighbors, from everything that's going to the city about what they want their city to look like," Oscar Delgado, Reno City Councilman said.

The revisions that emerged from the Planning Commission hearing are shown in the [latest draft of the updated Master Plan](#), which is the version Council considered, and is building on.

Delgado says one of the most important issues that need a closer look is how future developments will affect flood plains.

"Floods don't only take place on the Truckee River," Delgado said. "They take place in the North Valleys and down south as well. So we're going talk about new regulations in terms of how we take care of that."

56,000 people have moved to Reno since 2000, and that has brought many changes. The city expects even more changes with the growth forecasts over

the next two decades. Reid says the city could see more urban and suburban developments.

"Growth in the city is going to take place through a balance of, not only infill and redevelopment but also development in locations that are currently vacant," Reid said.

Reid says new neighborhoods will likely be based on wages and demographics, meaning housing could be more diverse.

"Not only detached single-family homes but town homes, smaller lot single-family homes, duplexes, triplexes, really kind of a range of housing products that are going to help meet the needs of our community," Reid said.

The city's boundaries stretch from the Summit Mall to the edge of Cold Springs, and as far west as Verdi. As the area grows, utilities, water connections, and sewer infrastructure will have to be built. Roads could be more congested, meaning current arteries could be widened and new ones could be built.

"We don't want to be like southern California where you're stuck in traffic forever," Delgado said. "We want to make sure we grow appropriately and make sure that we have the bandwidth for that."

Downtown Reno and the University District will remain a high priority for the city. While many changes could be on the way, the goal is to keep some things the same.

"The community really values the quality of life in the city of Reno," Reid said. "They love that it's quite high and they want to maintain that quality of life in the face of growth."

The City of Reno has also released an [updated summary of the new Master Plan](#). This document provides an overview of each chapter in the updated Master Plan and is meant to highlight key policies and priority initiatives.

(Reno City Council contributed to this report.)

TMWA fighting 'worst' water in US label

by Diane Thao

[Link to video](#)

Thursday, November 9th 2017

TMWA has been dealing with the Environmental Working Group's data for the past 7 years. The group labels Reno's tap water as one of the worst in the nation.

AA

RENO, Nev. (NEWS 4 & FOX 11) — Officials with the Truckee Meadows Water Authority say they are still dealing with articles tarnishing the utility's reputation.

The latest web piece from the site BestLifeOnline.com ranks Reno as 25th on its list of cities with the worst drinking water in the U.S.

The data cited in the report appears to be from the Environmental Working Group, dating back to 2015. It listed 11 contaminants detected above the "health guidelines."

"We're really proud of our water. It's frustrating to deal with this every now and then," said Andy Gebhardt, TMWA director of operations and water quality. "We follow every federal, state and local standard. We have never violated any of those standards."

TMWA also follows the EPA standard, he said.

Nevada Division of Environmental Protection's Bureau of Safe Drinking Water released a statement saying:

The Reno water system is compliant with the Safe Drinking Water Act and has never incurred a health-based standard violation for drinking water. Looking at the data cited in the report, it appears to be based on 2015 TMWA averages of routine samples collected and monitoring under EPA's Unregulated Contaminant Monitoring Rule – Cycle 3 (UCMR3). The data confirm that there have not been any concentrations above drinking water standards in Reno, and the water system continues to serve water that is safe to drink.

Partnership for Safe Water recognized TMWA with the President's Award for 2015, 2016 and 2017. Only the top 5 percent of water utilities in the nation are recognized.

News 4 reached out to the Environmental Working Group but has not received a response.

How you can prepare for flood during Flood Preparedness Week

Flood Awareness Week.png

by Sanaz Tahernia

Monday, November 13th 2017

It was less than six months ago that Northern Nevada was struck with the effects of flooding that resulted from last winter's record rain and snowfall. Hundreds of homes and structures were evacuated, and Governor Brian Sandoval declared a state of emergency in almost every single county in Northern Nevada.

On Tuesday, November 14 from 3 p.m. until 6 p.m. the city of Minden, Douglas County and the state of Nevada will be hosting a flood preparedness event to help residents prepare for a flood in the event that we experience another one this year. The event will be held in the dining room of the Douglas County Community and Senior Center, and organizations including the Douglas County staff, East Fork Fire Protection District, Nevada Division of Water Resources, Army Corps of Engineers, Carson Water Subconservancy District, Nevada Division of Emergency Management, FEMA National Flood Insurance Program, University of Nevada Cooperative Extension, Nevada Department of Transportation, the Truckee River Flood Management Authority and the National Weather Service will be on site and available to answer a variety of flood related questions.

Residents are encouraged to attend the Flood Awareness Week event to view the FEMA flood maps, learn about the Johnson Lane Area Drainage Master Plan, receive printed maps of their properties, and receive information on how to sign up for emergency alerts. Douglas County has set up a web page dedicated to local flood information. Click [here](#) for the most current information on County flood projects, and information pertaining to Flood Protection.

5,000 homes could come to Cold Springs in next 20 years

by Diane Thao
Tuesday, November 14th 2017

Cold Springs could see a boom in development if the City of Reno approves the 5,000 residential units.

COLD SPRINGS, Nev. (NEWS 4 & FOX 11) — More homes could be built in the Cold Springs area north of Reno over the course of 20 years.

The developer, [Ferraro Group](#), is proposing to rezone the [Heinz Ranch](#) area to [Stonegate](#) in front of the [Reno City Council Wednesday, November 15](#).

The city will consider the [master plan amendment](#), which would remove the industrial land use designation and establish it as a more residential community.

That plan includes building up to [5,000 residential units](#), as well as a mixture of commercial, industrial, three elementary schools and one high school. The construction of the residential area would be divided into five phases, with everything being built on a floodplain.

The project is controversial due to homeowners' concerns about the potential effects on traffic, flooding and wildlife.

TRAFFIC

The potential gridlock on Highway 395 is a [possibility](#). During rush hours, traffic can back up on U.S. 395 from Cold Springs to Interstate 80.

"It's money," said David of Cold Springs. "They want tax money."

FLOODPLAIN

David said, "It's going to flood all these houses. It will, like Lemmon Valley.

The water went underneath the road through the culverts and up on the other side of the road this year. What's going to happen next year when this is built?

No more runoff."

"Right now in the area, there is a flooding problem as 395 functions almost like a dam in this area," said Claudia Hanson, planning manager with the city

of Reno. "This project will actually support improvement on the drainage situation in the area."

Hanson could not confirm if new residents needed to purchase flood insurance. She said the developer is proposing to alleviate the flooding problem by adding more drainage capacity going under the freeway. The proposal also includes realigning drainage ways on the site, getting them to an area where they can manage water and allow more drainage underneath the freeway.

WATER

Ferraro Group is working with Truckee Meadows Water Authority and the state on water rights. If TMWA does not allow the water, the project will not continue.

AFFORDABLE HOUSING

Included in the project is a minimum of 200 apartment units slated for affordable housing. This will be built in the last phase.

"We know very well that affordable housing is an issue in this community, and it not being online until the fifth phase does give us some concerns," said Hanson.

HISTORIC HEINZ RANCH

According to Hanson, during the preliminary inspection of the property, tribal artifacts were discovered. The items were not disclosed. However, the pieces were documented. Hanson also noted that as of now, the land is not considered sacred.

The property is annexed to the city of Reno, though it lies in unincorporated Washoe County.

News 4 reached out to the Ferraro Group; the company has declined to comment about the project at this time.

The proposal is set to take place at Wednesday's council meeting in City Hall no earlier than 4 p.m.

If approved, the project would go to the regional planning for project regional significance. The earliest the ground-breaking could happen would be next summer.

StoneGate development stonewalled at Reno City Council

By [Rebecca Kitchen](#) |

Posted: Thu 1:37 AM, Nov 16, 2017 |

Updated: Thu 10:30 AM, Nov 16, 2017



RENO, Nev. (KOLO) The Reno City Council says more answers are needed before it can approve a housing development in Cold Springs.



The developers for the StoneGate project went before the council Wednesday, November 15, seeking a zoning change for the land that is currently zoned for industrial use. The developers want to build 5,000 housing units over the next 20 years. But the plan faces opposition, most loudly from people currently living in the area.

"You're backyard is our front yard and we don't like it," Danny Cleous told the council

"I know something needs to be done, but maybe you need to look inside first before you stretch out," Tammy Holt-Still added.

The developers say the project will be able to provide the city with 15 police officers and 12 firefighters, and will add \$168.5 million dollars into the general fund. But despite staff's recommendation to approve a Master Plan amendment, the council said there were several concerns it couldn't ignore.

"I think we've got a lot of untied knots, and we've got one major issue," Councilman Paul McKenzie said. The development is planned for his ward.

Opponents raised concerns about fire response and water rights, but their biggest concern at Wednesday's meeting was the traffic in the area.

"It's already a nightmare to drive here," Cleous said. "It's been a nightmare since the '80s to drive into town from out there in the North Valleys.

People who live in the North Valleys told the council it can take them more than 30 minutes to travel 5 miles during the morning commute into the city.

"In 5 years of this 20-year project, we're going to have 3,500 of those 5,000 stuffing into that road that can't handle the traffic it's got today," McKenzie said. "I can guarantee we cannot put 5,000 houses on that road today not knowing what is going to happen in the future because we don't know."

The development would be built in 5 phases, and the planning commission recommended the phases be built as NDOT works to improve traffic flows in the area. But the developers say that's not realistic given NDOT's project priorities change every few years.

"You're basically restricting StoneGate to this [plan] which they have no control over," Angela Fuss, project planner for StoneGate said. "If StoneGate wrote a check tomorrow to NDOT for two billion dollars, could we be guaranteed this would happen? No. It shouldn't be something that one specific project gets put on them as a condition and nothing else in the community has that same requirement."

The project is willing to do other things to help with the traffic problem. One proposal to ease congestion is retrofitting current railroad tracks in the area for a commuter train that would end at the 4th Street RTC station.

"It would be a very good solution for potential relief," John Griffin with the StoneGate project said. "It wouldn't be the only relief."

McKenzie said if he was voting solely based on the presentation at the meeting, he would vote no. But he says he has spoken with the developers who have expressed a willingness to compromise.

"I know there is a willingness to try to figure out solutions to the problems we have with this to move forward," he said. "And I think it is important we give them the opportunity to see if we can resolve some of these issues before we make that final decision."

In a 6-1 vote, the council continued the discussion to January 10, 2018. The developers will have to present agreements with fire, parks, water service and sewer service. But city staff will also have to return with a more robust traffic analysis, including the impacts of the proposed project on the freeway system and transportation alternatives.

First significant rainfall brings localized flooding to North Valleys

by Melissa Matheny
Thursday, November 16th 2017

First significant rainfall brings localized flooding to North Valleys

AA

The first significant rainfall of the season brought localized flooding to the North Valleys, according to Marnell Heinz with the City of Reno's public works department.

Heinz blames leaves and other debris that helped the water pool, but he says road crews were able to quickly get it cleared up and the water flowing properly.

Road workers from the City of Reno, Washoe County and Nevada Department of Transportation have been working since summer to prepare the roads for winter.

They've been clearing drainage ditches of leaves, sediment and other debris to keep rainwater flowing smoothly during storms.

Tahoe Fund seeks solutions to environmental challenges in Lake Tahoe Basin

Justin Scacco

November 16, 2017

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From combatting invasive species in Lake Tahoe to building out local bike trails, the Tahoe Fund has worked over the past few years to help support numerous projects across the Tahoe Basin since its founding in 2010.

In its next step toward improving Lake Tahoe's environment, the Tahoe Fund has opened its annual online project submission portal for endeavors that will help solve environmental challenges facing the area.

"The Tahoe Fund is looking for ideas and projects that will have a real impact on the Basin's environment," said Kevin Marshall, Tahoe Fund Projects Committee Member and Clear Capital President, in a statement. "With the support of the private community, the Tahoe Fund has the passion and ability to get high return projects done."

The Tahoe Fund has raised funds from private donors for more than 25 environmental improvement projects since 2010, according to a statement from the organization, which have included new bike paths at Kings Beach, watershed restorations, removal of aquatic invasive species, and environmental stewardship programs. Roughly four years ago, Tahoe Fund began encouraging submissions for funding of new innovative ideas.

"We decided to open it up, and do a call for projects," said Amy Berry, CEO of the Tahoe Fund. "I think this year, we are really hitting our stride in terms of understanding what we're looking for and really opening up, expanding, and trying to reach more people."

For this year's open entries, the Tahoe Fund is seeking projects that will improve Lake Tahoe's environment, reduce the risk of wildfire, and address climate change by enhancing water quality, restoring watershed, creating healthier forests, improving transportation and fostering recreation, according to information from Tahoe Fund, while also seeking to foster a greater sense of stewardship in the Tahoe Basin.

In order to be chosen, projects must demonstrate that any necessary environmental permits will be obtained, and that they enjoy strong community support and have other sources of funding identified. The Tahoe Fund is currently seeking projects with fundraising goals between \$5,000 and \$1 million, which will be reviewed by the Tahoe Fund Projects Committee, with selections announced in May or June.

"We usually have between three and five projects every year that are active," Berry said. "Some are multi-year projects like the Incline to Sand Harbor bike path."

Another project that was recently tested out and was chosen by the Tahoe Fund two years ago, is the UV Light Pilot Project, which uses ultraviolet light as a method of controlling aquatic invasive species.

"That one we love, because it was just a guy who had a really cool idea, and it's like, 'Let's go test it out and see what happens,'" said Berry. "The very early results are very encouraging, and we're hoping that's going to be a new solution for aquatic invasive weeds. We're looking for more projects like that — something that's a neat, new idea, and has never been tried in Tahoe before."

The Tahoe Fund is actively raising funds for two projects, The Sugar Pine Reforestation project, which is helping to fight tree mortality in the Tahoe Basin, and the Aquatic Invasive Bottom Barrier Challenge, which is working toward removing aquatic invasive weeds from the lake.

Any project seeking 2018 support should submit a proposal by Jan. 31.

For more information on helping current projects or to submit a project idea, visit TahoeFund.org.

The Tahoe fund is a nonprofit organization incorporated in Nevada and California, according to its website, and seeks to enhance the environment of the Lake Tahoe Basin by building support and funding on environmental improvement projects that help restore lake clarity, improve outdoor recreation, and build a strong sense of stewardship.

Staff writer Justin Scacco can be reached at 530-550-2643 or via email at jscacco@sierrasun.com

Lemmon Valley residents voice concerns to Washoe County Officials

By CHLOE ORTEGA |
Posted: Sat 10:44 PM, Nov 18, 2017 |
Updated: Sun 7:49 AM, Nov 19, 2017

RENO, Nev. (KOLO)- Lemmon Valley residents are not feeling assured that Washoe County officials will do much to help residents with flooding this winter season.



The most recent storm has already caused some flooding into the front yards of some houses that sit in front of Swan Lake.

"Yeah, it is this early and the water is already up the road," said Alan Johnson, the son of two residents who live in Lemmon Valley. "It is going to be way worse than last year."

Johnson said there is not much they can do with the rising water but to put sandbags around the house.

The same day we interviewed Johnson, Washoe County officials held an open house for residents to ask local experts about flooding and the plan for the upcoming winter. Many residents showed up upset.

"This is supposed to be awareness for flooding but we have been flooded since January," said Lemmon Valley resident Kathy Jeter.

Jeter and her husband do not feel assured that county officials will help much if flooding were to occur. County officials, however, say they are prepared for the winter season.

"We had a little rainstorm last week, actually, a big rainstorm," said Assistant County Manager, Dave Solaro. "It showed us that we had a barrier system in place and pumps to get water out of that neighborhood."

If more storms come through this winter season, the water will rise. County officials said they have 6 feet before they reach the lake limit.

"The issue is if the lake gets to the point where we use the 6 feet of storage we got," said Solaro. "We are going to have to continue to add barriers to the neighborhoods and just play it out as it happens."

For now, the residents remain worried.

"Washoe County, City of Reno, State of Nevada all own parts of Swan Lake," said Jeter. "They need to come together and find a solution to fix this."

Court to decide if emails are public

Amy Alonzo

Mason Valley News USA TODAY NETWORK

Emails and cell phone communications from Lyon County commissioners' personal accounts and devices could become publicly available information if the Nevada Supreme Court determines they are public information under Nevada's Public Records Act.

Attorneys for Lyon County and the Comstock Residents Association argued the matter before the Nevada Supreme Court Tuesday in Carson City.

Lyon County commissioners are not issued county cell phones or computers when they take office. They are issued county email addresses, and all

See PUBLIC, Page 3A

Public

communications that involve county business must be done on the county email, said County Manager Jeff Page.

In this case, the Comstock Residents Association and one of its board members, Joe McCarthy, made a public records request to Lyon County seeking all communications made on both public and private devices made between county employees and commissioners and employees of Comstock Mining, Inc. between 2010 and 2014. The request is related to the board's approval of a zoning amendment that allows open pit mining by CMI in the Silver City area.

Following the public records request, Lyon County refused to provide communications made through private accounts and devices, stating those communications do not fall under the umbrella of the Nevada Public Records Act.

The Third Judicial District Court in 2016 sided with the county, stating that the private communications were not paid for with public tax money, and communications not paid for with public money are not public records.

Representing CRA and McCarthy, Reno-based attorney John Marshall argued that any "official county business is public record. They used their phone not just for their private conversations, but their public work as well."

"When you take a document out of public space and put it in a private space, does it lose its character as a public record? We say 'no'," Marshall said. "We would urge the court to reverse the district court ... just because they happen to be located on a personal device, that does not render them from the Public Records Act."

He said any record created by a public official relating to a matter of public interest is a public record, and that “people are making a voluntary choice to exercise their public duties on a private phone.”

Lyon County District Attorney Steve Rye countered that Lyon County provided thousands of pages of documents in response to the records request, but that the remaining

documents sought by CRA are “not in the custody or control of the county.”

Rye suggested the court look at addressing “what a reasonable standard of what a public record is” and that Legislature should determine this through revising the Nevada Revised Statutes Chapter 239, which houses the Public Records Act. It could take up to a year for the court to render its decision.

The 2014 public records request was made at the same time the CRA was filing the complaint regarding the board’s vote to approve the zoning request by CMI that would allow open-pit mining.

The CRA opposes a January 2014 vote by commissioners who approved the zoning request 4-1. The board of commissioners had previously denied the zoning request in 2010.

Members of the CRA filed a complaint in the Third Judicial District Court in Yerington seeking a reversal of the board’s 2014 decision. The group said the vote caused residents to lose confidence in local government, particularly after Commissioner Bob Hasting disclosed he had received campaign contributions from Comstock and former Commissioner Vida Keller disclosed her husband assisted on projects pertaining to historic preservation for CMI and the Comstock Foundation.

The CRA filed a petition for review in district court to determine whether the county had violated open meeting laws, followed due process and complied with Nevada Revised Statutes.

The Third Judicial District Court affirmed the county’s master plan amendment regarding Silver City and found the commissioners used substantial evidence to approve Comstock Mining’s application to amend the master plan and make zoning changes to certain property to allow mining.

The Supreme Court affirmed all except the due process claim, and that case was sent back to district court. The county and CMI filed a motion for judgment on the claim, and it is pending a decision in district court.

Lake Tahoe funding included in Interior bill, says Nevada Sen. Dean Heller

R-C Capitol Bureau
November 22, 2017

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Sen. Dean Heller says critical funding to protect Lake Tahoe and detect wildfires in the basin is included in the Interior Department's appropriations bill.

Heller, R-Nev., said the legislation includes language directing the U.S. Forest Service to implement the Lake Tahoe Restoration Act he sponsored and provides \$3 million to support wildfire management in the basin along with \$500,000 to help organizations working to prevent and fight wildfires. That includes money for AlertTahoe, a camera system to help firefighters around the lake spot and respond to fires.

"As a lifelong Nevadan and an avid outdoorsman, Lake Tahoe remains a source of memories for me and my family including my four children and two grandchildren," Heller said.

He thanked the Senate Interior and Environment appropriations subcommittee for recognizing the importance and value of the Tahoe basin.

He sponsored the Lake Tahoe Restoration Act along with Sen. Dianne Feinstein, D-Calif., to fund restoration efforts in the basin. That measure was signed into law in 2016.

In addition, he introduced the Emergency Fuel Reduction Act to expedite processes for prevention projects on public lands such as those in the basin.

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Focused planning can balance Reno's growth, housing costs: Brekhus

Jenny Brekhus Published 11:12 a.m. PT Oct. 19, 2017 | Updated 5:13 p.m. PT Oct. 23, 2017
/

Jenny Brekhus(Photo: Provided)

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The hurricane that flooded Houston and Amazon's announcement that it is going to build a second corporate headquarters outside of Seattle are reasons to think about Reno's future. Houston is America's fifth-largest metropolis. Pre-Irma, Houston's image was that of a sprawling economic dynamo with an abundant supply of affordable housing. This was often attributed to laissez-faire land-use policy. Widespread flooding of neighborhoods built on environmentally sensitive areas demonstrated liabilities to this approach. Like New Orleans before, devastation may redefine Houston. It could become a smaller city in population size and less attractive for private economic investment.

More: [Reno's roads need better planning: Jenny Brekhus](#)

More: [Would Amazon consider Reno-Sparks for its new headquarters?](#)

Amazon's headquarters announcement is not as easily understood. The company's plan for a second headquarters that will create 50,000 jobs ignited a frenzy among cities hoping to land the prize. A cynical view is that it is a ploy to ignite a public incentives bidding war. Cynicism aside, Amazon announced it is looking for "locations with the potential to attract and retain strong technical talent" and "communities that think big and creatively when considering locations and real estate options." People are wondering about the meaning of this.



Three large, glass-covered domes are as part of an expansion of the Amazon.com campus in downtown Seattle. Amazon said it will spend more than \$5 billion to build another headquarters in North America. (Photo: Elaine Thompson, Associated Press)

I think the key words are “attract” and “talent.” While local focus has been on Amazon’s relatively low-paying warehouse jobs, the company also employs high-paid office workers. These technical workers are among those doing best in the post-recession economy. As such, it stands to reason that these individuals have personal requirements about where they want to live.

Amazon-level growth could lead to increased traffic and other strains on infrastructure. Video provided by Newsy Newslook

In Seattle, Amazon workers enjoy a community that makes the most of its geographic setting and also has a pleasing built urban environment. Seattle residents enjoy access to protected natural lands (thanks to Washington state and federal policy). A northwestern ethic of urban planning delivers quality park systems, walkable neighborhoods and interesting business districts. All make for a high quality of life.

So why is Amazon looking for a second city? In part, because Seattle’s high housing costs have followed the trajectory of job-rich American cities and are becoming out of reach for even well-paid workers. As previously noted, however, the Houston model, while supplying ample housing, falls short.

The next great American city will be a job attractor, provide residents a high quality of life, and keep housing costs in check. Reno has as strong chance as any city to get this right. Our current population size and environmental risks are manageable, our geography is spectacular and we still have land to expand (but must be vigilant against premature sprawl). We’ve also recently been attracting outside investment and jobs.

Top of Form
Bottom of Form

If we want to meet this challenge, community focus must be surgical. It will involve widespread participation, and Carson City leadership is essential. It is an audacious undertaking. Some groundwork is underway, but we have a long road ahead.

Jenny Brekhus is a member of the Reno City Council representing Ward 1.

RGJ Investigates: The stories that made a difference in Northern Nevada

[Brian Duggan](#), bduggan@rgj.com Published 1:27 p.m. PT Nov. 27, 2017 | Updated 1:29 p.m. PT Nov. 27, 2017

The Reno Gazette Journal has broken some of the biggest stories in Northern Nevada over the years.

Its investigations have shed light on major problems, helped give voice to those without one and held leaders accountable for their actions.

The RGJ's journalism has been honored by the likes of the [Knight Foundation](#) as a national finalist for the Online Journalism Awards and has [consistently taken First Place for community service and investigative journalism](#) from the Nevada Press Association. Its journalists have been honored with top awards by organizations like the [Education Writers Association](#) and the [National Association of Real Estate Editors](#).

The following is a collection of in-depth investigations by the RGJ. It often goes without saying that investigative journalism is both time-consuming and expensive — but it's also a crucial element for our public discourse. If you'd like to help support this kind of journalism in our Northern Nevada community, please consider subscribing to the Reno Gazette Journal. [You can learn more about subscribing right here.](#)

As always, thanks for reading.

— *Brian Duggan, investigations editor for the RGJ*



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Yerington high students Jayla Tolliver, left, and her sisiter Taylissa Marriott watch a football game at Yerington High. (Photo: Andy Barron/RGJ)

Two black teens face racist bullying in Yerington — and they say no one is stopping it

Siobhan McAndrew's investigation into racist bullying at Yerington High School described how students blocked doorways while spouting hateful speech to two black teenagers there. Police initially refused to investigate the incidents because they considered the matter a freedom of speech issue.



Niko Smith spent 12 hours pacing this cell before he tried to hang himself. He died after his heart stopped as he struggled with six deputies who pinned him to the floor of his cell. (Photo: Provided by the WCSO)

Death behind bars

Reno Gazette Journal reporter Anjeanette Damon spent nearly a year investigating why the death rate at the Washoe County jail increased 600 percent in two years. In her four-part series, Damon tells the stories of 13 people who died while waiting for their day in court — and the problems that contributed to their deaths. Damon's investigation was a [finalist for a 2017 Knight Award for Public Service award](#).

Burn size, poor monitoring and delays helped fuel Little Valley Fire

Jason Hidalgo's investigation comprehensively showed how the state's poor planning for the prescribed burn put people and their homes at risk — some with tragic results —

despite promises made to homeowners a month before the fire that everything was under control. Through his reporting, Hidalgo showed how state officials understaffed the prescribed burn and ignored weather reports of a major wind storm that would eventually ignite the smoldering underbrush into a massive blaze.



The failed state of special education. (Photo: Suzanne Palma)

Washoe is struggling to educate its students with disabilities

Over the course of two years, Reno Gazette-Journal reporter Siobhan McAndrew investigated the state of special education in the Washoe County School District. Through public records, court documents and interviews with more than 50 families, McAndrew pieced together a series of stories detailing how some of the most vulnerable students in the district were left behind, and sometimes abused. McAndrew's investigation won the [prestigious Community Service prize at the 2017 Nevada Press Association awards](#).

Over-prescribing doctors can escape scrutiny in Nevada

Following a federal sting operation that broke up an opioid pill mill in Reno, reporters Anjeanette Damon and Jason Hidalgo showed how Nevada fails to regulate over-prescribing doctors who contribute to the opioid epidemic. Their investigation [won first place](#) in the Nevada Press Association investigative reporting category in 2017.



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Landlord Jeanette McDaniel surveys the condition of a house she rented to Project Uplift, which used it as a group home for mentally ill state clients, in Sparks on Jan. 28, 2016. *(Photo: Jason Bean, Jason Bean/RGJ)*

Erratic oversight left mentally ill living in squalid Sparks home

After the Reno Gazette Journal learned about a home in Sparks, Nev., where a state-sanctioned business was housing people with mental illnesses in squalid conditions, reporter Anjeanette Damon showed how this type of arrangement with the state often meant these group homes flew under the regulatory radar, sometimes resulting in fetid conditions for the people living inside them. [Damon took home a first place prize for investigative reporting for her series.](#)

Finding Cee Cee: Surviving school through a transgender transition

Reporter Trevon Milliard tells the story of how a family in Washoe County came to grips with their transgender child as the Washoe County School District altered its policies to do the same.

RGJ Exclusive: BLM wants \$1 million VIP compound from Burning Man

Burning Man reporter Jenny Kane obtained documents that detailed an extravagant request by the U.S. Bureau of Land Management for Burning Man organizers to pay for a

\$1 million compound complete with flush toilets and a freezer filled with ice cream for a handful of top federal officials.



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(Photo: Jason Bean/RGJ)

'Recipe for disaster': Pedestrians dying on state roads

A Reno Gazette-Journal investigation by Anjeanette Damon found the majority of the pedestrian fatalities in 2014 perished on city roads maintained by the Nevada Department of Transportation — roads that traversed sleepy pastures and sparsely populated areas decades ago.



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(Photo: Andy Barron/RGJ)

RGJ Investigates: We're using more water today than in 2011

During the historic Western drought in 2015, the staff at the RGJ found that the largest residential water user in Reno was a private golf course that consumed 11 million gallons of water in 2014 even though no one had played on it in years. The investigation by Jeff DeLong and Brian Duggan also showed that people who pay a single fee regardless of the amount of water they use each month consume more than twice the amount of water customers on a meter use each month on average.

Sold Short

An RGJ investigation by Jason Hidalgo showed how lax oversight and legal loopholes put distressed homeowners at risk in short sale flipping schemes. Hidalgo found that as a handful of investors made

Progress made in eradication of Truckee River invasive plant



Claire Cudahy
November 27, 2017

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Courtesy / UC Davis Tahoe Environmental Research Center |

UC Davis Tahoe Environmental Research Center crews were contracted by Tahoe Resource Conservation District to aid in the project.

Tahoe Resource Conservation District is three years into a long-term aquatic invasive species eradication project on the Truckee River — and the progress is encouraging.

TRCD is working to eliminate Eurasian watermilfoil from a 3-mile stretch of the Truckee River, starting above the Tahoe City dam and continuing down to Alpine Meadows Road.

"The results are kind of mind-blowing," said Nicole Cartwright, TRCD executive director. "We were seeing densities where there could have been 50 percent coverage with aquatic invasive plants. After one year of treatment, the following year we're coming back and there are little tiny plants scattered throughout with less than 10 percent coverage. So the treatment has been very effective, it's just slow at this point."

Treatment includes a combination of bottom barriers — which cut off oxygen and sunlight to the plants — and diver-assisted suction removal.

Cartwright said that fragments of Eurasian watermilfoil likely traveled from the south end of Lake Tahoe, where it's predominately concentrated, to the Truckee River after flooding in 2006.

"Over a 10 year period we've seen really great establishment and pretty remarkable coverage actually," said Cartwright. "The root structure in the river is very different than in the lake. Where we have removed patches of Eurasian watermilfoil, it's almost like they are creating their own microclimates."

The usually rocky riverbed is covered in silt held in place by the root systems. Upon removal, the silt is washed away and the riverbed is restored to its original condition, which provides a habitat for native fish and mussels.

But the project could take another 10 years to complete.

"If we were able to get designated funding to get divers and hand crews out there seven days a week for three months, that would look a lot different, but we just don't have that kind of funding, so we're biting off little chunks at a time. It's a tiny window when recreation has been completed — all the river rafting has stopped or is slowing down — to when the snow flies," explained Cartwright.

"In that timeframe we're still dealing with low-water levels or high flows. It's a dynamic system and that makes planning for the project very difficult."

Current funding for the project comes from a variety of agencies, including California State Parks, Tahoe Fund, Tahoe City Rotary, **Truckee River Fund** and the Department of Water Resources.

Meanwhile TRCD is preparing to release preliminary results from its invasive species pilot project at the Lakeside Marina and Beach this summer. A private firm hired by TRCD made progress in eradicating Eurasian watermilfoil using [targeted ultraviolet-C light administered from a boat](#) fitted with a drop-down panel of lights. The research showed that UVC light damaged the DNA and cellular structure of the plants, causing them to die.

"We have one year of post-monitoring to do, so this next summer season we will do biological and water quality post-monitoring," said Cartwright. "The final conclusion will come out next December."

County: Lemmon Valley Flood Protections to Stay In Place Indefinitely

November 21, 2017 [Bob Conrad](#) [Website](#) [Facebook](#) [Twitter](#) [LinkedIn](#)



Flood waters in Lemmon Valley. Image: Bob Conrad.



Pumps on Lemmon Drive. Image: Bob Conrad.

Washoe County held an open house last weekend to discuss the upcoming winter and how it will impact **flooded areas in the North Valleys**.

Assistant County Manager David Solaro said that flood mitigation efforts — pumping equipment and flood barrier walls — will stay in place indefinitely as winter approaches.

The county has spent **more than \$2 million** in the North Valleys since last winter. Some are still not back in their homes that were flooded during the winter storms.

Swan Lake has only dropped 3 feet from its high point last winter. North Valleys lakes have no outlet, and evaporation is what is reducing the water level.

“We still have some homes that people aren’t able to go back to because water is impeding going to the house,” Solaro said. “There is one home that still has water in it.”

Some residents are still displaced from their homes and funding for living assistance will end by Jan. 1, 2018. Solaro said the county is providing assistance for those residents.

“We’re here to take care of our citizens,” he added.

Residents that showed up the county event, many wearing black in solidarity with flood victims, carried signs that read, “We’re tired of all the water.”

Kathy Jeter said she wants to see better cooperation from area governments to mitigate flood damage.

“We don’t need flood awareness — we’re flooded,” she said. “We’re still flooded from last January. Stop the building until (this problem) is fixed.

“I’m not against development. I’m against development before you fix the water problem. All this new development is adding more water to Swan Lake.”

Solaro disputed this notion, however, and said that the amount of water that hit the North Valleys was simply unprecedented.

Watch the video below for more information.

County: Lemmon Valley Flood Protections to Stay In Place Indefinitely

WCSD board: Op-ed may violate law

Sam Gross Reno Gazette Journal USA TODAY NETWORK

The Washoe County School District board of trustees is addressing a potential violation of the Nevada open meeting law stemming from an op-ed submitted to the Reno Gazette Journal by one of its members.

The op-ed, written by trustee Scott Kelley on behalf of the board, was apologizing to the community for how the board handled Superintendent Traci Davis' job performance review.

Kelley solicited input on the piece in emails and phone calls to his colleagues on the board prior to its submission, publishing only after a "majority" of trustees had given their approval. This, says board vice

president Katy Simon Holland, is where the po-

See WCSD, Page 4A

WCSD

Continued from Page **1A**

tential open meeting law violation lies.

"His intention was as a courtesy to let board members know," Holland said. "Unfortunately, it went over that fine line."

That fine line Holland is referring to is the difference between board members informally discussing matters among themselves and formally polling a majority of trustees, something that could constitute board action.

Nevada open meeting law requires public bodies like the school board to notify the public three working days before taking any collective action, including issuing a written agenda of what they plan to talk about as a body. Violations are investigated by the Nevada Attorney General's Office and can result in penalties for public officials.

Simply asking board members for input on the op-ed is not the issue. The issue is that Kelley decided to send the piece only after he'd gotten a 'majority' of trustees to approve of what he'd written, Kelley said.

This could be construed as an official action of the board, he said.

"We don't think it's an open meeting law violation, but we're going to go ahead and take care of it," he said in an interview with the RGJ.

'Unreasonably reasonable when it comes to transparency'

Board president Angela Taylor said she was the one who sounded the alarm of the potential violation. After Kelley sent the email saying a “majority” of trustees had approved the op-ed, she got in touch with the board’s attorney to see if a line had been crossed.

“We want to be unreasonably reasonable when it comes to transparency,” Taylor said.

The board will discuss the potential violation during its meeting on

Tuesday, Nov. 28. Nevada law gives a 30-day window for public bodies to address and “cure” potential open meeting law violations before state sanctions would be handed down.

The potential violation happened on November 4 or November 5, according to Tuesday’s meeting agenda item addressing the potential violation.

The trustees fix for this potential violation would be to place all the email correspondence leading up to the op-ed onto the public record and publicly vote to accept or deny Kelley’s editorial.

By rectifying the error now, the trustees could avoid a member of the public filing an open meeting law complaint with the attorney general’s office, which would trigger a possible investigation.

School board has violated the open meeting law before

WCSD’s board of trustees has a recent history of open meeting law violations.

In July 2014, the board took action behind closed doors to fire then-Superintendent Pedro Martinez, resulting in a total of six open meeting law violations.

The Attorney General’s Office fined six trustees \$250 for each violation totaling to a \$1,500 fine.

Martinez sued the board, but the lawsuit was settled out of court for about \$500,000.

The board got itself into similar hot water during an impromptu vote to hire current Superintendent Traci Davis.

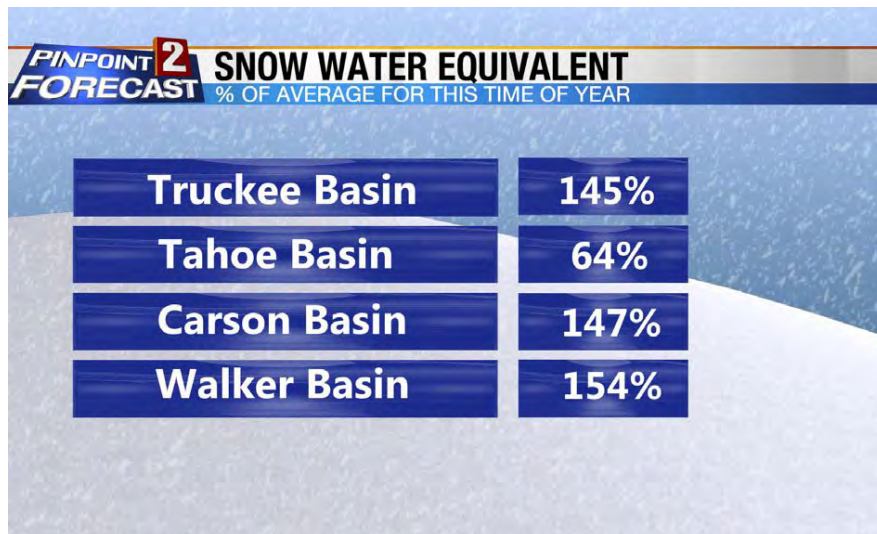
Trustees hired Davis during a board meeting in 2015 with no mention on the agenda aside from a reference to a discussion about the superintendent search.

Trustees quickly rescinded the vote after an RGJ reporter questioned if the hire was contrary to open meeting law.

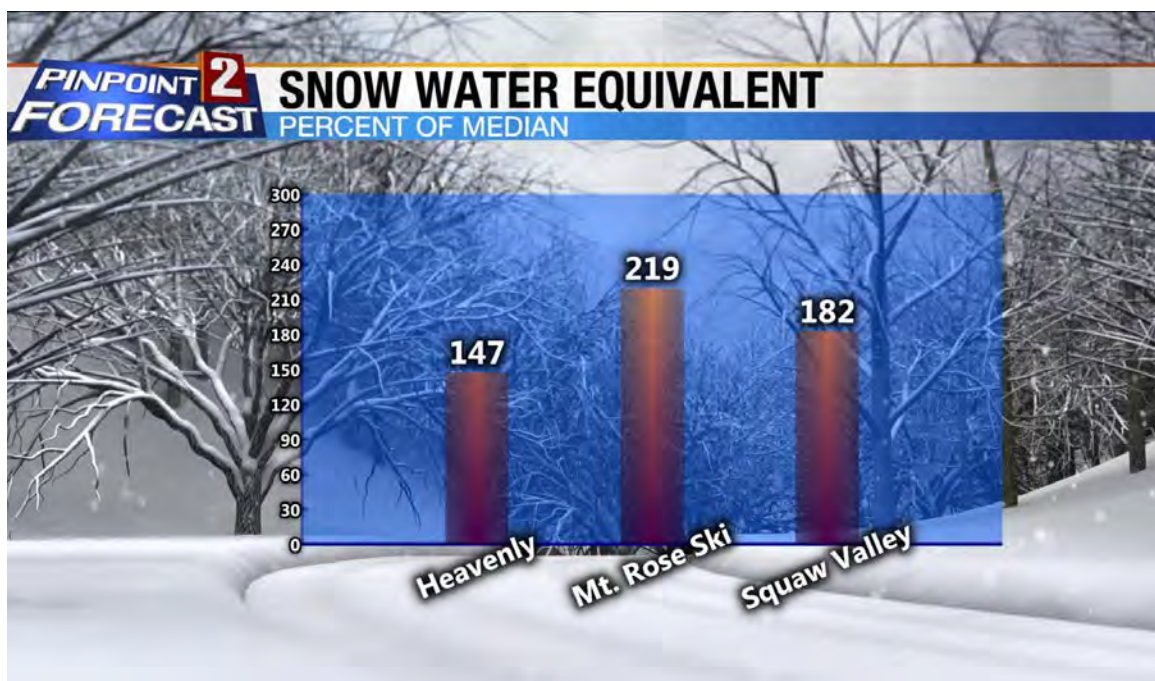
Status of Our Snow Pack After a Mild November

Posted: Dec 01, 2017 4:16 PM PST Updated: Dec 01, 2017 4:20 PM PST
By Angela Schilling

Lake Tahoe is the fullest it's been for this time of year since the mid 1980's, and according to the National Weather Service, we would need to have more than one dry winter for us to go back into a drought like we were in a few years ago. It usually takes about three dry years for Lake Tahoe to deplete its storage. As far as the current snow season, our snow pack is doing quite well above 8,000 feet. Looking at the snow water equivalent, the Truckee Basin is 145 percent of normal and about the same in Carson and Walker. The Tahoe basin is at 64 percent, as it is lower in elevation.



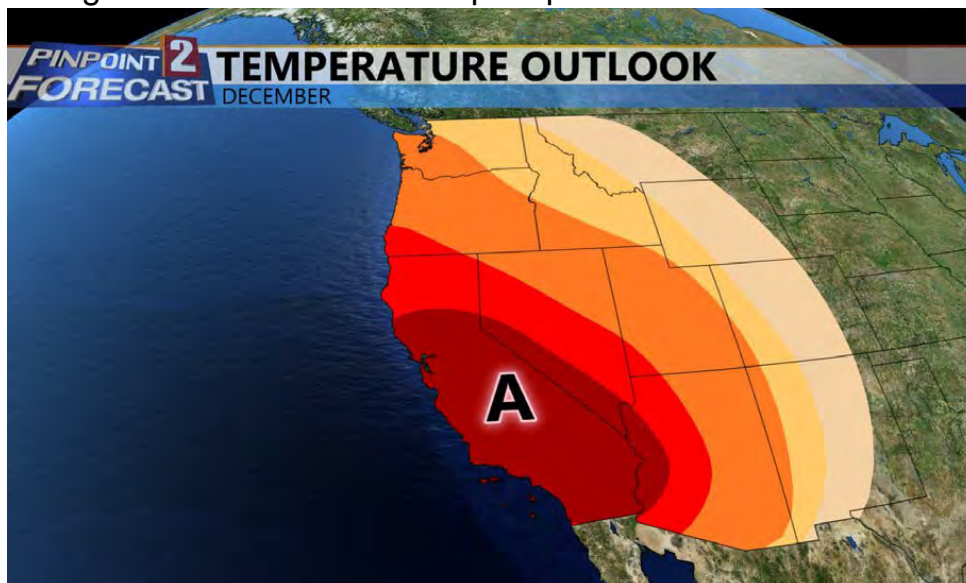
The individual resorts are doing well above 8,000 feet too. Heavenly, Mt. Rose, and Squaw have double the amount of water at 8000 feet than they did last year. Right now Squaw has 26 inches of snow at the base of the upper mountain and zero at the lower base. At Mt. Rose, they have 34 inches at the upper portion of the mountain and 16 inches at the base.



As of now in Reno, we're a little over a tenth of an inch above normal for the water year. It's been a warm November with several days near 70 degrees and records broken for the month of November. We broke the daily record at Reno-Tahoe International Airport on the both of 26th and 23rd of November with temperatures in the lower 70's. The old record was in the upper 60's. Average high for the month of November is in the mid 50's.



Going forward, the Climate Prediction Center gives us a good chance for having an above normal December in terms of temperature and a good chance of a below average December in terms of precipitation.



It's too early to tell though how our snow pack will do by the end of spring. Last year didn't really get going until January. The first snow pack survey will be done around the first of the year.

Study: Sierra Nevada ‘snow line’ is moving uphill

Claire Cudahy
ccudahy@tahoedailytribune.com
December 3, 2017

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CLAIRE CUDAHY / TRIBUNE

A recent study points to a rapidly-rising "snow line," the elevation at which rain turns to water, in the northern Sierra Nevada. Anthony Cupaiuolo has been skiing the Sierra Nevada backcountry near Lake Tahoe since 1997. But over the last decade, he's noticed some changes.

"Outside of last year, which really sticks out as an anomaly, we haven't seen [snow] coverage down at lower elevations nearly as much as we would in the late '90s and early 2000s," said Cupaiuolo, who usually skis at least 80 days every winter, with a majority of them spent in the backcountry.

It's something he pays attention to since some of his favorite runs descend down to lake level, which sits at 6,225 feet.

"Whether that's terrain out by Emerald Bay or Mount Tallac or Flagpole Peak out in Meyers, a lot of that needs low elevation snow, so snow below 7,000 feet to fill in the rocks and Manzanita bushes," explained Cupaiuolo.

But Cupaiuolo is not the only one keeping his eye on the "snow line," the elevation at which precipitation either turns to rain or snow.

[In a recent study published in the journal "Water,"](#) scientists at the Desert Research Institute reported that warmer temperatures have pushed the snow line in the northern Sierra Nevada 1,200 to 1,500 feet uphill.

The study used data collected from remote sensors to monitor the snow line from 2008 – 2017. To expand their data set, the researchers used temperature data from other weather stations to estimate the portion of the precipitation that fell as snow in the Sierra dating back to 1951.

“The concerning thing is that the last 10 years have the steepest decline in precipitation falling as snow of any 10-year period in the 67-year station record,” said Ben Hatchett, coauthor of the study.

Randall Osterhuber, a researcher at UC Berkeley’s Central Sierra Snow Laboratory on Donner Summit, said the study reflects observations he’s been seeing in the Sierra as well.

“On average snow lines are rising, and we’re certainly seeing that at our station here on Donner Summit,” said Osterhuber. “Bottom line we are seeing an ever-increasing amount of our precipitation falling as rain versus snow.”

Hatchett and his team attribute the trend to warmer sea surface temperatures and a rise in winter storms called “atmospheric rivers,” which they found result in a higher snow line.

But Hatchett says more research is needed.

“One of the main limitations of the study is, of course, the short period of record that we looked at in the paper,” he explained. “But we think it’s important to identify this potential trend and continue to monitor it because if it continues or stays higher like it’s been for the last five years, that’s concerning for ski resorts, water resource management and mountain ecosystems.”

The Sierra’s snowpack stores a third of California’s water supply, which will gradually melt off in the spring into the state’s managed reservoirs.

“If during the wintertime we’re getting more rain and less snow and we’re not building that snowpack, instead of managing that precipitation as a future resource we have to manage it immediately as a potential hazard in terms of flooding,” added Hatchett.

WaterCrisis: Over 100 'water waster' schools to receive smart water devices

WESTERN CAPE / 5 DECEMBER 2017, 08:10AM / MARVIN CHARLES



Nico Pretorius, chief executive of Bridgiot, next to a drain where the smart water meter device is installed. Picture: Henk Kruger/ANA

Cape Town - Education MEC Debbie Schäfer visited the Hector Pieterse High School in Kraaifontein where the smart water meter device, developed by Stellenbosch University's Department of Electrical and Electronic Engineering, was installed.

Since the device was installed at the school earlier this year it has managed to save 38 000 litres of water. "I think this is very exciting. It's wonderful to see such practical initiatives being developed in our everyday life. It's hugely important for us to save water, especially in a crisis," Schäfer said.

She also pleaded with other schools to look into additional methods to assist in saving water. "For those who can afford this device my plea is that they please look into this and please be receptive of saving water at their schools."

Retail giant Shoprite has also come on board to endorse the device and has decided to distribute it to over 100 schools in the Western Cape. "We are pleased with the results we have seen we then decided to invest in not only the device but the maintenance component which comes with the device," Lunga Schoeman, assistant CSI manager at The Shoprite Group, said.

The Cape Argus previously reported on the university's smart water meter invention. The project is headed by Professor Thinus Booysen. It enables the use of smart metering technology to limit water usage and minimise expenses.

The small device is attached to a municipal water meter and then reports into a web server using a smartphone.

The information is made available on a web app and provides daily reports and notifications regarding consumption. According to Schoeman, the group targeted the top 100 schools identified as water wasters. "That is where they will be able to save and in doing so we will be able to save around 1 million litres a day in the province if we get this right," Schoeman said.

Schoeman is also calling for competitors and stakeholders to come on board to support them in installing the device

How County Permits & Fees Affect New Housing Prices

Posted: Dec 04, 2017 7:15 PM PST Updated: Dec 05, 2017 7:09 AM PST
By Arianna Bennett

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Link to video: <http://www.ktvn.com/story/36992325/how-county-fees-affect-new-housing-prices>

Most of the housing developments built in Washoe County over the past few years have had rents higher than the average Northern Nevada worker can afford. [Last week](#), Channel 2 spoke with builders about why that is. This week, we look into how permitting and fees at the county level impact the final cost.

Don Tatro, the Executive Director of the Builders Association of Northern Nevada said, among other things, higher fees and permitting rates are driving up the cost of new developments. On Monday, Washoe County officials broke down that process for us.

In Washoe County, there is a long process involving multiple, different departments, before a piece of land can be developed. That begins in the "entitlement phase," in which a landowner submits a plan, and the county assesses it to make sure it's zoned correctly, safe, and suitable for the intended development. That involves studies for traffic impact, water use, and services like police and fire. This also involves opportunities for public comment; more, if it's a large or controversial project. Once it passes that phase, the owner can submit an application for a building permit. The county will then look at the specific building proposed for the site, and run it through similar assessments for safety and code adherence. Once that application is accepted, the owner can begin building.

Tatro said the whole process can cost upwards of \$40,000 for a single family home. County officials said that there is a range of costs depending on the location, any zoning changes, how much infrastructure needs to be built, and the size of the development, but in general, \$40,000 is a reasonable estimate.

"Washoe County is not necessarily an impediment to development. We work with the applicants," Washoe County Planning Manager Trevor Lloyd said. "We are

bound by state law that says you have to make sure that you're applying the health and safety requirements for any development."

Some of those costs, like the building permit application, have come down. Building permits went down four percent since 2016, due to a change in technology. Others, however, have gone up, including health inspection fees and infrastructure fees.

"Expansion of infrastructure costs money," Washoe County Director of Planning and Building Mojra Hauenstein said. "So the more people we get online on our existing infrastructure, the more it costs to expand infrastructure."

That means that developments trying to build in new areas without pre-existing infrastructure incur higher fees and then cost more. And that's a problem, because currently, a lot of Washoe County land has a cap on how much housing can be built per acre. In the unincorporated parts of Washoe County (outside of Reno and Sparks), land parcels have a maximum of five dwelling units per acre. At a time when most public officials are trying to push high-density, infill development, this cap encourages sprawl. And the more sprawl, the more expensive the development.

However, the county is working on an update to the regional plan, which could change that cap.

"We are asking for some flexibility in the new update," Hauenstein said, "because the market has uses and things that we didn't see 20 years ago."

They are hoping to have the new regional plan drafted sometime in 2018.

Development is expensive. Here's one way Reno might pay for it

[Anjeanette Damon](#), adamon@rgj.com Published 3:00 p.m. PT Dec. 5, 2017

The rising cost of housing in the last few years is making home ownership a tough proposition for Reno home buyers. We look at what's fueling the Biggest Little City's housing crisis and potential options for people looking for a new place to call home Jason Hidalgo/RGJ



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Housing construction in the Damonte Ranch area on March 24, 2017.(Photo: Andy Barron/RGJ)Buy Photo

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As development once again picks up on the outskirts of Reno's city limits, developers are scrambling for a way to pay for expensive infrastructure.

To help, the city of Reno is looking to revive an old financing tool that will allow developers to pass the cost of roads, gutters, even sewers and water systems to those who buy a house in their development through an extra charge on their property tax bill.

The so-called developer special assessment districts would save developers from having to seek additional private financing to build the public infrastructure for their projects-- a task that is more expensive the farther away from the city's core the development is.

Instead of the developer paying for the improvements, the city of Reno would issue bonds for between \$3 million and \$25 million to build the infrastructure. Then, the new homeowners would be assessed a property tax fee, which would be used to make the bond payments going forward. The city, not the developer, would collect the assessments and pay the bonds. The debt would be secured by the property.

Since the developer doesn't have to front the money to build the infrastructure, it can sell the houses for a lower upfront price. The cost for the homeowner comes later on the tax bill.

"Developer SAD's allow the developer to be relieved of the responsibility to fund this portion of the project cost and shift the cost directly to the ultimate purchasers of the lots," said Reno Acting Finance Director Jill Olsen. "The benefit for this financing tool is to the developer. There is no direct benefit to the City."

Proponents of the financing tool say it's a way for growth to pay for growth. Rather than taxpayers citywide funding an infrastructure project to benefit a new development, just those who live in the development foot the cost.

For example, the Truckee Meadows Water Authority is exploring a \$14 million pipe to service new development in Verdi. A special assessment district is a potential tool to finance that pipe.

But there is a small risk to the city. Although the bond debt would not be backed by taxpayers, the city would have to pay delinquent assessments. If a homeowner doesn't pay the assessment, the city can lien the property and then try to sell the lien. If the lien doesn't sell, the city would have to continue paying the assessment.

Special assessment districts are used frequently in Southern Nevada. And Reno has used them in the past, particularly when development was booming in the early 2000s. The Somersett Parkway was built through special assessments as was some public infrastructure in the Double R Boulevard area of town.

Olsen said the city has not been left paying delinquent assessments in any of its special assessment districts to date.

Olsen said the city decided to update its special assessment guidelines after developers expressed an interest in using the tool again. On Wednesday, the Reno City Council will decide whether to adopt new guidelines for the districts. The council will decide such things as what projects would be eligible for such financing as well as whether to establish new dollar limits for the debt.

Several Flood-Affected Lemmon Valley Homes Still Uninhabitable

Posted: Dec 05, 2017 7:28 PM PST Updated: Dec 05, 2017 7:36 PM PST
By Elizabeth Olveda

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With winter upon us, Lemmon Valley residents are concerned about potential, additional, flooding damage in their neighborhoods.

Linda Walls is one of several affected area residents whose home is still uninhabitable from last winter. There is not much difference in terms of lake levels between last winter and today.

In March, Walls' front yard along Pompe Way was completely covered in flood water. She says, "There was two and a half feet of water under our house and in our patio."

Now we're in December, and Linda and her husband still cannot live in their home that they bought almost 40 years ago. Wall expressed her frustration with the floodwaters, "Unless something's done with the lake by dredging it--so it has somewhere to go down--it has nowhere to go but out."

For now, the Walls are living in a home on a friend's property nearby. Dave Solaro, Assistant County Manager for Washoe County says the county is providing financial housing assistance to the Walls and others affected by the flooding. Solaro explains, "It'll be provided without any compensation back to the state or county up until January 1st."

However, Linda says that even her temporary home is tilting to one side because of the overly saturated ground. The rainfall the area has had so far this year is only making matters worse. Solaro says, "We had two rain events, just shy of an inch of rain out in the area there and the lake responded with a five inch rise."

Now, the county is preparing for what they expect to be another wet winter. County crews are currently working to build a dirt berm along Pompe Way. Solaro says he is also going in front of the board of county commissioners this month. There, he plans to try and get approval for up to \$300,000 worth of Washoe County contingency funds to go toward expanding the HESCO barrier along Pompe Way.

To learn more about the berm construction on Pompe Way, click [here](#).