

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MARCH 21, 2018
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, March 21, 2018, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Vice Chair Hartung called the meeting to order at 10:11 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Alternate Kristopher Dahir, Naomi Duerr, Vaughn Hartung, Neoma Jardon, Bob Lucey, and Ron Smith.

Members Absent: Geno Martini

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Ms. Tammy Holt-Still.

3. PUBLIC COMMENT

Ms. Holt-Still, Lemmon Valley-Swan Lake Recovery Committee, informed the Board that there is still water in Lemmon Valley and Swan Lake. She stated TMWA has been recharging the aquifers without prior testing, which is why the water table levels are so high even though TMWA has denied they have been recharging in the area.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE MINUTES OF THE FEBRUARY 21, 2018 MEETING

Upon motion by Member Dahir, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, with Alternate Member Dahir abstaining, the Board approved the February 21, 2018 minutes.

6. DISCUSSION AND ACTION CONFIRMING GENERAL MANAGER'S APPOINTMENT OF JAMES WEINGART AS A TRUSTEE TO FILL THE REMAINING TERM OF MICHAEL NEVAREZ TO THE §501.C-9 POST-RETIREMENT MEDICAL PLAN & TRUST ENDING DECEMBER 31, 2018

Jessica Atkinson, TMWA Human Resources Manager, presented the report.

Upon motion by Member Lucey, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board confirmed the General Manager's appointment of James Weingart as a trustee to fill the remaining term of Michael Nevarez to the §501.C-9 Post-Retirement Medical Plan & Trust ending December 31, 2018.

7. DISCUSSION AND ACTION ON RESOLUTION NO. 260: A RESOLUTION TO APPROVE FUNDING FOR THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

John Enloe, TMWA Natural Resources Director, presented the staff report.

Public Comment

Christi Cakiroglu, Keep Truckee Meadows Beautiful, on behalf of One Truckee River, explained how the project is progressing and gaining momentum in the community. Ms. Cakiroglu also provided a brief summary of next steps and thanked the Board for their support.

End of Public Comment

In reference to project #197: Doggie Ambassador project submitted by the Truckee Meadows Parks Foundation (TMPF), the Board discussed the efficacy of funding doggie bags in order to have volunteers distribute in various parks in the area. No one disagreed that dog waste going into the river was an issue, rather providing doggie bags to the public needed to be addressed in the respective jurisdictions and funding from TMWA should go towards educating the public about how dog waste affects water quality. The TMPF could resubmit a proposal focused on educating the public during the next round of proposals.

Upon motion by Member Smith, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 260: A Resolution to approve funding for the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation to fund such projects from Fund proceed, with the exception of project #197: Doggie Ambassador Project.

8. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF FOR \$25,000 ANNUAL FUNDING FOR FY18, FY19 AND FY20 FOR THE START-UP OF THE NEVADA WATER INNOVATION CAMPUS (NWIC) AND \$97,707 FUNDING IN SUPPORT OF THE SOUTH TRUCKEE MEADOWS WATER RECLAMATION FACILITY (STMWRF) AND RENO STEAD WATER RECLAMATION FACILITY (RSWRF) ADVANCED TREATMENT PILOT TESTING OPERATIONS

Mr. Enloe presented the staff report and informed the Board that the Western Regional Water Commission (WRWC) also provided funding to NWIC for three years and all entities involved are funding different pieces of the process. He stated NWIC is a great resource and directly supports TMWA, the funding will assist Washoe County to complete their pilot study, and with this funding, NWIC can continue to pilot test and develop advanced treatment processes to address water needs and opportunities in the Truckee Meadows and State of Nevada.

Discussion followed regarding repurposing effluent water for new uses; recognizing that TMWA's funding is possible due to the 3% rate increase effective May 1 and it should not be considered in perpetuity; questions about the activity in Bedell Flat and potential land use implications for potential development (a recharge feasibility study has been conducted and there is a link from the United States Geological Survey (USGS) Mr. Enloe can provide, and it is a multi-jurisdictional issue looking at sustainable water for the future); and that it should be noted we are capitalizing on small investments that save money in the long run for innovative scientific breakthroughs (the state has funded NWIC as well as private investment).

Public Comment

Ms. Holt-Still stated there are issues with Bedell Flat and recharge is affecting other aquifers which are ruining the valleys and open spaces. She claimed TMWA is extending electrical power into the Bedell Flat area for new development.

End of Public Comment

Vice Chair Hartung requested a report on aquifer and recharge in the Bedell Flat area.

Upon motion by Member Lucey, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved \$25,000 in annual funding for FY18, FY19 and FY20 for the start-up of the Nevada Water Innovation Campus (NWIC), and \$97,707 in funding to support the South Truckee Meadows Water Reclamation Facility (STMWRF) and Reno/Stead Water Reclamation Facility (RSWRF) advanced treatment pilot testing operations.

9. UPDATE REGARDING DRAFT RETURN FLOW MANAGEMENT AGREEMENT BETWEEN CITY OF RENO, CITY OF SPARKS, TAHOE-RENO INDUSTRIAL GENERAL IMPROVEMENT DISTRICT (TRIGID) AND TMWA AND POSSIBLE DIRECTION TO STAFF

Mr. Enloe provided an overview of the return flow management agreement. He described how the groundwater and surface water components would be managed, including, but not limited to, modifying TMWA's operations by turning on a few wells, utilizing Whites Creek water rights and TMWA's privately owned stored water (POSW) to meet return flow requirements for all entities during normal water year and drought years.

The Board discussed how the groundwater component going to TMWRF does not have a return flow obligation (Reno and Sparks also have surface water rights that are permitted for return flow); return flow is measured on a daily basis by the Federal Water Master (TMWA's goal is to do the same, working with the cities of Reno and Sparks and TRIC to manage everyone's water resources to satisfy the return flow obligation); the industry standard is to treat the water to the level that is needed for each particular use, which is most cost effective; the management and permitting of the water rights will be paid for by TRIGID at no cost to TMWA; TMWA is working with NDOT on an agreement to manage NDOT's water rights for this purpose; TMWA will consider a rate for the community resources and managing the return flow management program (TMWA is also working on a draft modification of the ditch irrigation service which will be presented to the Board at a future meeting); and the need to engage TRIC and Storey County to address issues together.

Upon motion by Member Brekhus, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved continuing with drafting the return flow management agreement between City of Reno, City of Sparks, Tahoe-Reno Industrial General Improvement District (TRIGID) and TMWA, proposed tariff structure, and coordinate with City of Reno and City of Sparks to present next steps.

10. (CONTINUED) DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING STAFF RECOMMENDATION ON POTENTIAL ESTIMATE AND TIMELINE TO RETROFIT ALL UNMETERED SERVICES AND ALTERNATIVE OPTIONS FOR THE METER RETROFIT FUND PROGRAM

John Zimmerman, TMWA Water Resources Manager, presented the staff report and options for the Board to consider. Mr. Zimmerman informed the Board the Standing Advisory Committee recommended to move forward with Option 1: Reserve current fund balance for future retrofits and change fee purpose.

The Board inquired as to how much TMWA receives each year (approximately \$500,000 per year, but it depends on service fees); if the current amount, \$3.6 million, has an expiration (there is no timeline, it could take about 10 years to use it for the purpose intended); where does the interest from the retrofit fund go (most likely into TMWA's general fund, but would need to confirm); and recommended using the money already collected for future retrofits and not repurposing those funds for other uses.

Upon motion by Member Brekhus, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the Standing Advisory Committee recommendation of Option 1: Reserve Current Fund Balance for Future Retrofits and Change

Fee Purpose, and for staff to present options for repurposing and a potential rule change.

11. DISCUSSION AND ACTION ON THE TMWA TENTATIVE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019 AND DRAFT CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2019 THROUGH 2023

Michele Sullivan, TMWA Chief Financial Officer, informed the Board that operating expenses increased \$2.8 million over FY 2017; DRI cloud seeding was funded for \$75,000 to maintain equipment, and fully funded the Truckee River Fund at \$850,000. The biggest increase is in salary and wages due to the addition of 15 employees. With 21 people retiring over the next three years, we need apprentices now to start training up; also, treatment plant operators hired will reduce overtime, which will pay for itself; the equipment and mechanic specialists are running behind on preventative maintenance; investment income will increase approximately \$1.5 million due to higher rates of return; a possible fixed senior lien refunding of \$44.2 million of the tax exempt commercial paper (TECP) is included in the budget, with plans of keeping \$30 million in TECP to be paid down over the next five years; will-serve contributions are expected to decrease \$1.6 million; other developer capital contributions are expected to increase \$1.6 million; and changes in the meter retrofit fund program would be adjusted in the budget once the Board decides how to repurpose the fund program.

Vice Chair Hartung asked if TMWA pays property tax in California, and Mr. Foree replied yes because of reservoirs owned in California. Vice Chair Hartung also inquired if any savings would be realized if a generation plant was built at Chalk Bluff Water Treatment plant. Pat Nielson, TMWA Distribution, Maintenance & Generation Director, replied they are conducting a feasibility study to evaluate hydro generation at Chalk Bluff.

Member Brekhus inquired about the Farad settlement and the rate stabilization fund, and whether the bond refunding has implications on upcoming rate increases. Ms. Sullivan replied the \$21.5 million for the feasibility study is a different analysis than the rate stabilization fund, and added no, there would be no implications on the rate increase plan from the bond refunding.

Joe Petrelli, TMWA Principal Financial Analyst, presented the draft Capital Improvement Plan (CIP) for fiscal years 2019-2023.

Discussion arose concerning whether or not AMI would have an impact on labor (yes and a consultant is compiling a study to reduce some labor); potable water storage tank recoats (93 tanks that are on a 15-year maintenance schedule; approximately 2-3 tanks per year); whether the furniture spending could be reduced (it is an amount that is carried year-over-year, but not necessarily spent. Ms. Sullivan will review expenditures and bring back the assessment in May); whether some funding could be used along with Federal government grants (historically TMWA has accessed the State Revolving Fund, not necessarily Federal grants since it requires a bigger match and greater local contributions); and what entails the hydroelectric improvements (these are smaller projects that arise).

Member Lucey inquired about the tank recoats and requested a maintenance schedule.

No action taken.

12. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING RIVER CASING TRANSFER AGREEMENT WITH BCH GAMING RENO, LLC AND AUTHORIZATION FOR GENERAL MANAGER TO NEGOTIATE AND FINALIZE AGREEMENT

Mr. Estes presented the agreement for Board consideration, explaining the river casing crosses the river and TMWA will be reimbursed as the expenses will go into the calculation of the Verdi Area Fee.

Upon motion by Member Smith, second by Member Lucey, which motion duly carried by unanimous consent of the members present, the Board approved the river casing transfer agreement with BCH Gaming Reno, LLC and authorization for General Manager to negotiate and finalize agreement.

13. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE AGREEMENT REGARDING WEST RENO WATER SYSTEM ACQUISITION AMONG RENO LAND DEVELOPMENT COMPANY, BT SOUTH LLC AND TMWA AND AUTHORIZATION FOR GENERAL MANAGER TO NEGOTIATE AND FINALIZE AGREEMENT

Mr. Enloe presented the agreement for Board consideration. He pointed out a slight change in the agreement in section 4.3 to change the term for will-serve commitments from 3 years to 42 months.

Vice Chair Hartung confirmed there would not be a fiscal impact to TMWA rate payers for any new development. Mr. Enloe replied that is correct, and staff will begin the process of assessing an area fee.

Member Brekhus inquired about the impact of the City of Reno rezoning Meridian 120 South. Michael Pagni, TMWA General Counsel, replied that Reno's potential zoning changes would not affect TMWA, who will set connection fees based on the specific demand identified within the agreement for the area.

Upon motion by Member Smith, second by Member Lucey, which motion duly carried by unanimous consent of the members present, the Board approved the agreement regarding West Reno Water System acquisition among Reno Land Development Company, BT SOUTH LLC and TMWA, including the change to Section 4.3: will-serve commitments received by TMWA within 42 months, not three years, and authorization for General Manager to negotiate and finalize agreement.

**Member Lucey left at 12:42 p.m. before the conclusion of agenda item 13.*

14. GENERAL MANAGER'S REPORT

Mr. Foree informed the Board the year has seen a less than average snowpack, but run off will be average and acknowledged Commissioner Hartung has been chosen as the public official of the year along with Governor Brian Sandoval by the Nevada Water Environment Association.

Vice Chair Hartung acknowledged that everyone on the TMWA Board and Standing Advisory Committee has given direction and thanked staff for their hard work.

Mr. Foree added the Health Department issues are being addressed and five meetings have been held to modify the Nevada Administrative Code (NAC) making it more flexible to implement. Nevada Department of Environmental Protection (NDEP) recently conveyed changes to the Legislative Counsel Bureau (LCB) and they are scheduled for the State Environmental Commission meeting in May, which is ahead of schedule. Also, NDEP has begun work with TMWA and Southern Nevada Water Authority (SNWA) on an interlocal agreement (ILA) that would give both TMWA and SNWA more responsibility in terms of NAC 445A design and construction regulations for water systems; modeled around what happens in Las Vegas currently.

Member Brekhus asked for a list of positions from which employees have retired in future General Manager's reports.

15. PUBLIC COMMENT

There was no public comment.

16. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Brekhus requested a report on Bedell Flat regarding the geography, jurisdiction, and if it is subject to any public lands bills to ensure conformance to the City of Reno Regional Plan. Member Duerr requested an update on rapid infiltration basin and aquifer recharge testing in the area.

17. ADJOURNMENT

With no further discussion, Vice Chair Hartung adjourned the meeting at 12:57 p.m.

Approved by the TMWA Board of Directors in session on April 18, 2018.

Sonia Folsom, Recording Secretary

**Member Lucey was present for agenda items 1 thru 13 only.*