



STANDING ADVISORY COMMITTEE

MINUTES

April 3, 2018

The Standing Advisory Committee (SAC) met at Truckee Meadows Water Authority (TMWA) in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Chair McGuire called the meeting to order at 3:02 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: *Bob Chambers, Harry Culbert, **Bruce Gescheider, Jim Smith, Don Kowitz, Carol Litster, Neil McGuire, Ken McNeil, Mike Pidlypchak, Mike Schulewitch and Jerry Wager.

Alternates Present: Fred Arndt, ***Jordan Hastings, and Scot Munns.

Primary Members and Alternates Absent: Ken Becker, Kevin Haddock, Colin Hayes, Bill Hughes, Karl Katt, Jonnie Pullman, Dale Sanderson, and Fred Schmidt.

**Member Chambers arrived at 3:03 p.m.*

***Member Gescheider arrived at 3:05 p.m.*

****Member Hastings arrived at 3:11 p.m.*

Staff Present: Matt Bowman, Scott Estes, Sonia Folsom, Andy Gebhardt, Bill Hauck, Joe Petrelli, Shawn Stoddard, Michele Sullivan, Marci Westlake, John Zimmerman, and Legal Counsel Debbie Leonard.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

Upon motion duly made by Member Culbert and seconded by Member Schulewitch, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE FEBRUARY 6, 2018 MEETING

Upon motion duly made by Member Kowitz and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved the February 6, 2018 meeting minutes.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist, reported the water content tripled and doubled in the Tahoe and Truckee Basins, respectively; it is the fourth wettest March in Lake Tahoe; the wettest month in history at Boca Reservoir; to expect a normal runoff year; all Truckee River reservoirs will fill in 2018; and water is being released from Lake Tahoe.

6. PRESENTATION OF THE TMWA TENTATIVE BUDGET FOR 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 Committee that the significant increase in the salaries budgeted, \$2.1 million, is related to the fact that 21 employees will be retiring over the next three-four years and the need to train apprentices during that time; the Cloud Seeding program was funded at \$75,000 to maintain the equipment; and a possible fixed senior lien refunding of \$44.2 million of the tax exempt commercial paper (TECP) is included to avoid risk from increasing interest rates.

Joe Petrelli, TMWA Principal Financial Analyst, presented the draft Capital Improvement Plan (CIP) for fiscal years 2019-2023: the current plan shows \$46.6 million in spending in FY 2019 overall and \$191.5 million for FY 2019-2023.

Member Gescheider inquired what the original estimate was for the Mount Rose Water Treatment Plant (MRWTP) and inquired if part of the funding used was the former South Truckee Meadows General Improvement District (STMGID) reserves. Scott Estes, TMWA Engineering Director, replied it was originally estimated at \$8-10 million, but the increase is due to the fact that the plant capacity was increased to 4 million gallons per day (MGD) instead of the original 2 MGD. Mr. Estes further explained the decision to increase capacity came after a study of the availability of creek water showed that more water could be diverted than originally thought and it is more cost effective to build for the higher capacity now rather than expand the infrastructure at a later date.

Member Schulewitch added the MRWTP is not going to be in the former STMGID area (therefore STMGID reserves will not be used) and the capacity will be used to serve new development, which will be paid for by the developers.

Member McNeil inquired about expanding water service to Verdi. Ms. Sullivan replied that the \$14-\$15 million in backbone facilities necessary to expand water service to the Verdi area are not included in this CIP. Funding for that project, if it occurs, would come from developers or a special assessment district, and not TMWA.

Mr. Petrelli confirmed that developer contribution is tied to economic growth and development and the developer fees are collected over time. Ms. Sullivan added that TMWA determines how much of each project should be funded by development, and that amount plus interest is calculated into the fees developers pay.

Member Gescheider expressed the need to show more in the projections and especially outer years of the CIP.

Vice Chair Pidlypchak responded that this is the way it is done, where you know almost certainly for the first two years, what projects and the amount of funding will come through, but beyond that it is uncertain.

No action taken.

7. UPDATE ON THE AGREEMENT FOR WATER SYSTEM ACQUISITION BETWEEN WEST RENO WATER COMPANY AND TMWA

John Zimmerman, TMWA Water Resources Manager, reported that staff is still working on the main agreement and the 120-day due diligence period has not started. There are 3 agreements: 1. The developer agreement with Reno Land and BT South LLC, which has two components: meridian North subdivision, which calls for \$1800 per unit for connection fees, and the planned development in the south subdivision, which calls for \$4866 per unit for connection fees; 2. BCH Gaming for the river casing agreement will transfer upon closing; and 3. Draft agreement with SJP Properties owner of the underlying water right and land owner in Boomtown properties.

Discussion followed regarding the \$2.5 million to be paid for by the developer (it is the \$1800 & \$4866 per unit for connection fees, respectively); the reason for holding onto the river casing transfer (waiting for the system acquisition to be final); if all water rights would transfer to TMWA (SJP currently owns the groundwater rights for the existing development, which will be dedicated to TMWA at closing, BT South and Reno Land will hold their water rights for future dedication and will work with SJP properties to dedicate their water rights to TMWA); and the charge per unit is paid for by the developer at the point of meter set.

8. UPDATE ON STONEGATE RETAIL SERVICE REQUEST

Mr. Zimmerman reported that not much progress has been made since the last report in February. The Stonegate developer agreed to look into developing on-site groundwater wells and to tie development to freeway capacity improvements planned by the Nevada Department of Transportation.

9. UPDATE ON POTENTIAL ESTIMATE AND TIMELINE TO RETROFIT ALL UNMETERED SERVICES AND ALTERNATIVE OPTIONS FOR THE METER RETROFIT FUND PROGRAM

Mr. Zimmerman informed the Committee that the Board adopted the Committee's recommendation, Option #1, to reserve the current fund balance for future retrofits and change fee purpose. Mr.

Zimmerman added that they are still conducting retrofits, but it is slowing down, and the funds cannot be used for any other purpose.

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

June meeting:

1. Presentation of third quarter financial performance for FY 2018
2. Presentation of the final budget for FY 2019 and the Capital Improvement Plan for fiscal years 2019 through 2023
3. Presentation of the senior lien refunding of the tax exempt commercial paper (TECP)
4. Presentation of the 2018 Summer Communication Campaign
5. Discussion regarding the repurposing of the Meter Retrofit Fund program
6. Presentation on the Mount Rose Water Treatment Plant

Upon motion duly made by Member Gescheider and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved to cancel the May 1, 2018 meeting.

Upon motion duly made by Member Culbert and seconded by Member McNeil, and carried by unanimous consent of the members present, the Committee approved the agenda items for future meetings.

Upon motion duly made by Member Chambers and seconded by Member Schulewitch, and carried by unanimous consent of the members present, the Committee approved to cancel the July 3, 2018 meeting.

11. STAFF ITEMS

Sonia Folsom, TMWA SAC Liaison informed the Committee of TMWA's annual BBQ to be held on Saturday, July 14th, 2018 from 11am-3pm.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment.

14. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:19 p.m.

Approved by the Standing Advisory Committee in session on June 5, 2018.

Sonia Folsom, Recording Secretary

**Member Chambers was present for agenda items 3 thru 14*

***Member Gescheider was present for agenda items 5 thru 14*

****Member Hastings was present for agenda items 5 thru 14*