

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE OCTOBER 17, 2018
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, October 17, 2018, at Truckee Meadows Water Authority, 1355 Capital Blvd., Reno, Nevada. Chair Hartung called the meeting to order at 10:32 a.m.

1. ROLL CALL

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

A quorum was present.

**Member Lucey left at 12:20 p.m.*

***Member Jardon left at 1:00 p.m.*

****Member Dahir left at 1:03 p.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Jim Ainsworth.

3. PUBLIC COMMENT

Carmen Ortiz, Sun Valley Citizen Advisory Board Chair and Sun Valley General Improvement District Board Trustee, on behalf of Sun Valley residents requested the TMWA Board to not raise water rates this fiscal year due to TMWA being in a sound fiscal position.

Jeff Church, Reno resident, representing Reno-Tax Revolt, reasoned with the Board to vote no on WC1, property tax increase (see attached).

4. APPROVAL OF THE AGENDA

Chair Hartung requested agenda item #15 be heard after agenda #5.

Upon motion by Member Jardon second by Member Lucey, 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 19, 2018 MEETING

Upon motion by Member Smith, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the September 19, 2018 minutes.

15. DISCUSSION AND ACTION, AND REQUEST TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BY AND BETWEEN THE STATE OF NEVADA DIVISION OF ENVIRONMENTAL PROTECTION (NDEP), THE WASHOE COUNTY DISTRICT BOARD OF HEALTH (THE DISTRICT) AND TRUCKEE MEADOWS WATER AUTHORITY FOR ENGINEERING DESIGN REVIEW OF CERTAIN PUBLIC WATER SYSTEM INFRASTRUCTURE

Danny Rotter, TMWA Engineering Manager, presented the staff report stating all three entities have agreed on an interlocal agreement (ILA) to streamline the approval process and delegate engineering plan review to TMWA with audit and oversight functions by NDEP and the District. Oversight includes performing an audit of not more than 15% of projects approved by TMWA in the previous quarter. The District will invoice TMWA for the time spent to perform the audits.

The Board expressed satisfaction and appreciated all parties agreeing to move forward with TMWA's high standards, becoming more efficient in turnaround times, and giving authority to TMWA for comprehensive review and approval of distribution infrastructure that falls under the scope of TMWA's Design and Construction Standards. Staff is currently modifying the standard details to ensure clarity of what is required for the separation of water and sewer lines.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved to authorize the General Manager to execute the Interlocal Agreement between the State of Nevada Division of Environmental Protection, the Washoe County District Board of Health and Truckee Meadows Water Authority for engineering design review of certain public water system infrastructure.

6. PRESENTATION OF TMWA'S FISCAL YEAR 2018 CUSTOMER SATISFACTION STUDY

Sara Hart, InfoSearch International Research Director, presented the FY 2018 Customer Satisfaction Study to the Board.

Member Lucey requested to reopen agenda item #15.

Upon motion by Member Jardon, second by Member Lucey, which motion duly carried by unanimous consent of the members present, the Board approved to reopen agenda item #15.

15. REOPENED – DISCUSSION AND ACTION, AND REQUEST TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BY AND BETWEEN THE STATE OF NEVADA DIVISION OF ENVIRONMENTAL PROTECTION (NDEP), THE WASHOE COUNTY DISTRICT BOARD OF HEALTH (THE DISTRICT) AND TRUCKEE MEADOWS WATER AUTHORITY FOR ENGINEERING DESIGN REVIEW OF CERTAIN PUBLIC WATER SYSTEM INFRASTRUCTURE

Member Lucey questioned, and expressed issue with, the clause in the ILA that any one of the parties can terminate the agreement at any time with or without cause, stating concern of reverting back to the way things have been conducted thus far.

Mark Foree, TMWA General Manager, replied that if the ILA is terminated, it would have to go before the respective board to approve the termination. Michael Pagni, TMWA General Counsel, added this clause was subject of discussion amongst all parties; the compromise was that it was agreed that any termination would have to go to the respective boards for approval to terminate.

There was no further comment and item #15 was closed.

6. PRESENTATION OF TMWA’S FISCAL YEAR 2018 CUSTOMER SATISFACTION STUDY

Ms. Hart continued since 2002, InfoSearch has conducted a telephone survey every year; a random sample size of 500 customers (400 residential and 100 commercial) polled. Customer satisfaction for FY18 was 91% and has remained stable at 91%-93% for the last six years, which is extremely high and rare for an organization to maintain in any industry. Customers continue to express high satisfaction regarding TMWA’s ability to maintain adequate water supply and secure the region’s water supply, quality of water, but would prefer a more understandable water bill and greater use of public input; the level of concern (0 “not concerned” to 10 “very concerned”) they indicated regarding community growth is slowly trending up at 7; regarding droughts significantly decreased to 6.3 and providing sufficient water supply to 5.3. Finally, the price relative to value of water quality/service has been consistent at 74% for the last 3-years.

Discussion followed regarding who is responsible for the water bill (many Reno residents are tenants) to fully understand conception about water supply and service (staff calls customers back to resolve any issues or misconception); that rates do not increase during the summer, rather people use more water; to educate the community on the housing crisis/growth (staff working on communicating that message to the community); people becoming more concerned about water supply and water conserved is not used for growth; community misconception of flood as it pertains to TMWA’s service (TMWA staff has invited the Truckee River Flood Management Authority to participate in Smart About Water Day); concern about

flood waters having containments that could potentially affect drinking water quality; and to better communicate with TMWA's customers (staff is evaluating potential vendors for a web application).

7. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE 2020-2040 WATER RESOURCE PLAN OUTLINE AND PUBLIC OUTREACH PLAN, AND DRAFT WATER SUPPLY SCENARIOS

Kara Steeland, TMWA Hydrologist, presented on the 2020-2040 Water Resource Plan ("2040 WRP") draft outline and public outreach plan. Ms. Steeland indicated there will be significant changes in formatting and drafting the plan to make it an easy to use document; the content will be forward looking and provide alternative future water supply and demand scenarios, as well as policy recommendations. In addition, staff will engage the public beginning this fall to gauge the community's concerns and interests.

At this point the Board expressed preference with staff going in this direction to appeal to the general audience and address misconceptions prevalent in the community; requested staff look into case studies and address effluent water management and new building technology and provide alternate examples (to be used as a policy guide for other local agencies); and to bring back a more in-depth draft and policies to the Board as staff continues developing the 2040 WRP.

Bill Hauck, Senior Hydrologist, presented on the different supply scenarios that will be included in the 2040 WRP: 1) Design Drought – TMWA's 8-year drought from 1987-1994 to create a 20-year planning scenario; 2) Multiple Linked Historic Droughts – link the 2012-2015 drought with the 1987-1994 drought with additional average water years to create a 20-year planning scenario; and 3) Warm-Dry or Hot-Dry Future Climate –similar to the US Bureau of Reclamation's Truckee River Basin Study, published in August 2015. Staff is also working with the Desert Research Institute (DRI) and Precision Engineering to complete an evaporation study in the Lake Tahoe Basin in 2019. That study will be presented to the Board at a later date.

Discussion followed regarding other options, or scenarios, of storing water and to consider long range options (such as Bedell Flat) and the use of alternate water sources (such as flood water).

Upon motion by Member Duerr, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the 2020-2040 Water Resource Plan outline and public outreach plan, and draft water supply scenarios recommended by staff.

8. UPDATE ON THE STATUS OF TMWA'S POSSIBLE ACQUISITION OF THE WEST RENO WATER COMPANY WATER SYSTEM, STATUS OF DUE DILIGENCE INVESTIGATION, STATUS OF ANCILLARY AGREEMENTS WITH SJP RENO PROPERTY, RENO LAND DEVELOPMENT AND BT SOUTH, AND DISCUSSION AND DIRECTION TO STAFF AND AUTHORIZATION FOR GENERAL MANAGER ON POSSIBLE AMENDMENTS TO ACQUISITION AGREEMENT

John Zimmerman, TMWA Water Resources Manager, informed the Board staff has continued with due diligence and are preparing the closing documents. At the September meeting the Board authorized the General Manager to extend the due diligence period by 30-days if necessary. The extension was necessary and gave staff and the parties involved more time to resolve the issues identified thus far and extends TMWA's right to terminate the agreement in its sole discretion without cause. Staff will provide a final update at the next Board meeting.

Discussion followed confirming staff would need to finalize the agreement by the end of 2018; who would be responsible if any of the wells failed (TMWA staff have reviewed water quality and pump tests, and three of five will be production wells based on capacity and necessary improvements); TMWA would be responsible to rehabilitate or construct new wells as required; TMWA would only extend water service to the currently approved development and existing residents/commercial businesses as TMWA does not approve land use entitlements; an additional charge could be added if water quality goes bad or a new well needs to be drilled; and Member Jardon requested a final update on additional legal fees outside of Mr. Pagni's normal retainer and suggested that other parties should pay the cost of TMWA legal fees, not TMWA, which suggestion was echoed by Chair Hartung. Mr. Pagni also confirmed staff is still negotiating the final purchase price and who has responsibility for certain costs upon final agreement.

Upon motion by Member Brekhus, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board authorized the General Manager to make possible amendments to acquisition agreement and update the Board on legal fees.

Chair Hartung recessed at 12:13 p.m.

Chair Hartung reconvened at 12:20 p.m.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON APPROVAL OF THE ANNEXATION OF THE STONEGATE DEVELOPMENT INTO THE TMWA RETAIL WATER SERVICE AREA

Mr. Pagni disclosed conflict of interest as his firm represents the Stonegate Development on project entitlement issues and accordingly did not participate in the item. Chair Hartung asked about TMWA's substitute legal representative and Mr. Foree replied that Mr. Zimmerman provided legal review of the proposed annexation agreement.

Scott Estes, TMWA Engineering Director, presented the staff report to the Board to approve the annexation of Stonegate development into TMWA's service area.

Discussion revolved around the length of the pipeline and who would own and maintain (it is approximately seven miles and TMWA would own and maintain it); the Stonegate Developers will pay for the construction of all water facilities required for TMWA to provide water service. Stonegate is working on developing additional onsite groundwater sources to support peak capacity. In the past, a similar long pipeline extension was made to Wingfield Springs (about five miles long). Future growth in

the north valleys will be supplied based on the dedications of up to 8,000 acre feet (AF) of Fish Springs groundwater resource and the Stonegate development would use 2,000 AF of that dedication. To insure reliable water service, Stonegate will be required to develop onsite wells or construct an emergency intertie with Great Basin Water Company.

Member Brekhus expressed concerns about the distance outside of TMWA's service area to support this development as well as stating she did not support it at the City of Reno Council even though it was approved by Reno City Council. Mr. Enloe reminded the Board they accepted the request for TMWA to provide retail water service to the Stonegate development, and authorized TMWA to provide the City of Reno with an Acknowledgment of Water Service letter for the project at its December 2017 meeting.

Upon motion by Member Jardon, second by Member Dahir, which motion duly carried five to one with Member Brekhus dissenting and Member Lucy absent, the Board approved the annexation of the Stonegate Development into the TMWA retail water service area and authorized the General Manager to finalize and execute the final agreement.

Mr. Foree recommended to continue agenda items #10 and #11 and if time allows to hear them at the end of the meeting.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved moving agenda items #10 and #11 to the end of the meeting if time allowed or continue to the next meeting.

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

Sandra Tozi, TMWA Senior Accountant, presented the required communication from TMWA's external auditors, Eide Bailly, which set expectations for conducting and completing the audit of TMWA's financial statements for fiscal year ended June 30, 2018.

13. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2019 THROUGH 2023, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Michele Sullivan, TMWA Chief Financial Officer, presented the 5-year funding plan for FY 2019-2023. TMWA is in a good financial position and Ms. Sullivan will be recommending the Board defer the scheduled 2.5% rate increase scheduled for implementation in May 2019. Ms. Sullivan proposed the Board defer the implementation of the three previously approved rate increases to May 2020, 2021 and 2022 at a maximum of 2.5% each; staff will continue to monitor the closing of the funding gap between recurring revenues and the cost of servicing TMWA customers, based on the Funding Plan annually.

The Board expressed appreciation to staff for taking a financially strategic approach in not moving forward with the 2019 rate increase and deferring all three to 2020 thru 2022; staff will continue monitoring TMWA's financial position and funding gap; and understands the importance of communicating the deferral of the rate increase to the community.

Upon motion by Member Duerr, second by Vice Chair Smith, which motion duly carried by unanimous consent of the members present, the Board accepted the funding plan for Fiscal Years 2019 through 2023 and staff recommendation to bring back the deferral of the 2.5% rate increase for 2019, 2020, and 2021 to 2020, 2021, and 2022 for Board approval at the next meeting.

14. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE POSSIBLE CLOSURE OF THE §501-C-9 POST RETIREMENT MEDICAL AND LIFE INSURANCE PLAN AND TRUST TO FUTURE EMPLOYEES

Ms. Sullivan presented the staff report to close the §501-c-9 Post Retirement Medical and Life Insurance plan and Trust to future employees and ensure current employees would not be affected by the closure. This also applies to TMWA employees in the International Brotherhood of Electrical Workers (IBEW) Local 1245 contract.

Upon motion by Member Dahir, second by Vice Chair Smith, which motion duly carried by unanimous consent of the members present, the Board approved the closure of the §501-c-9 Post Retirement Medical and Life Insurance plan and Trust to future employees to be brought back as a resolution at the next meeting.

16. DISCUSSION AND ACTION ON REQUEST FOR BOARD INPUT AND ACCEPTANCE OF GENERAL MANAGER PERFORMANCE OBJECTIVES FOR CONTRACT YEAR 2018/2019

Mr. Foree presented the general manager proposed objectives for 2018/2019.

Chair Hartung confirmed the purpose of (10) broadening the meter retrofit fee purpose for drought resiliency and water resource sustainability because the cost of retrofits would exceed the value of the retrofits. Mr. Foree replied yes.

Member Brekhus inquired if the Truckee River Fund (TRF) could be used for land acquisition or a new approach such as remediate uses closer to Reno/Sparks. Mr. Enloe replied yes, depending on the purpose and the TRF has funded very few projects in the Tahoe Basin, rather a lot projects are below the Tahoe dam; including sediment reduction and forest management activities. The TRF leverages projects taken on by numerous parties, including The Nature Conservancy and Truckee Donner Land Trust.

Upon motion by Vice Chair Smith, second by Chair Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the General Manager performance objectives for contract year 2018/2019.

17. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING CANCELLING THE NOVEMBER BOARD MEETING AND RE-SCHEDULING DECEMBER BOARD MEETING TO DECEMBER 12, 2018 OR SUCH OTHER DATE APPROVED BY THE BOARD

Mr. Foree proposed cancelling the November 21, 2018 Board meeting as it falls directly before Thanksgiving and moving up the December 19, 2018 meeting to December 12, 2018 to allow more time for closing documents regarding the acquisition of the West Reno Water Company water system.

Discussion followed regarding the conflict with the City of Reno Council meeting on December 12, and Thursday, December 13 at 10:00 a.m. was proposed.

Upon motion by Vice Chair Smith, second by Member Brekhus which motion duly carried by unanimous consent of the members present, the Board approved cancelling the November Board meeting and rescheduling December Board meeting to December 13, 2018.

10. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2018

TMWA staff presented the goals and objectives results for fiscal year 2018. All goals and objectives were either met or far exceeded their target except for a few administrative goals that will be completed in FY 2019 and a couple of financial goals that will take time to meet the targets.

11. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2019

Sonia Folsom, TMWA Executive Assistant, presented the proposed goals and objectives for FY 2019.

Upon motion by Member Duerr, second by Vice Chair Smith, which motion duly carried by unanimous consent of the members present, the Board approved the proposed TMWA Goals and Objectives for Fiscal Year 2019.

18. GENERAL MANAGER'S REPORT

Mr. Foree referenced the General Manager's Report for updates.

19. PUBLIC COMMENT

There was no public comment.

20. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There was no Board comment.

21. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 1:35 p.m.

Approved by the TMWA Board of Directors in session on December 13, 2018.

Sonia Folsom, Recording Secretary

**Member Lucey was present for agenda items 1 thru 8, and 15 only.*

***Member Jardon was present for agenda items 1 thru 13, and 15 only.*

****Member Dahir was present for agenda items 1 thru 15 only.*

No on WC1 Property Tax Increase: www.TaxYourselfNotMe.com

The next Community Homeless Advisory Board (CHAB) is tentatively Monday, Nov 5 at 9:30 AM, Location TBD but in past was Sparks City Hall.
Survey of homeless and affordable housing issues. ewixsten@orgcode.com

HOMELESS/ AFFORDABLE HOUSING FORUM: A number of dedicated persons are working to put on a forum on homeless/ housing issues to the public and providers, We hope to have exhibitors there as well and make the event free for attendees. We are looking for speakers and a location so please contact: Nevadacop@earthlink.net if you would like to be heard.

LEGAL UPDATE: This case from Boise affects us. It is the Federal 9th Circuit Court of Appeals of which Reno is a part. Info on request but I have ideas to support designated camping areas in Reno-Washoe.

ROBERT MARTIN (et al) Plaintiffs-Appellants, v. CITY OF BOISE, No. 15-35845 D.C. No.1:09-cv-00540-REB, OPINION: City's Camping and Disorderly Conduct Ordinances violated the Eighth Amendment's prohibition on cruel and unusual punishment. ... In Jones v. City of Los Angeles, 444 F.3d 1118, 1138 (9th Cir. 2006), a panel of this court concluded that "so long as there is a greater number of homeless individuals in Los Angeles than the number of available beds [in shelters]" for the homeless, Los Angeles could not enforce a similar ordinance against homeless individuals "for involuntarily sitting, lying, and sleeping in public." ... We agree with Jones's reasoning and central conclusion, however...violates the Eighth Amendment insofar as it imposes criminal sanctions against homeless individuals for sleeping outdoors, on public property, when no alternative shelter is available to them.

HOMELESS PADDOX LAYOUT DIAGRAM

SCALE 1/4" = 1'

