



STANDING ADVISORY COMMITTEE

MINUTES

November 6, 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 3:01 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Bob Chambers, *Harry Culbert, Colin Hayes, Bill Hughes, Don Kowitz, Neil McGuire, Ken McNeil, Mike Pidlypchak, Dale Sanderson, Mike Schulewitch, Fred Schmidt and Jerry Wager.

Alternates Present: Fred Arndt, Ken Becker, Kevin Haddock, Jordan Hastings, **Karl Katt, and Jim Smith.

Primary Members and Alternates Absent: Carol Litster, Scot Munns, and Jonnie Pullman.

Staff Present: Matt Bowman, Robert Charpentier, Elizabeth Crook, Andy Gebhardt, John Enloe, Scott Estes, Sonia Folsom, Will Raymond, Shawn Stoddard, Michele Sullivan, John Zimmerman, Legal Counsel Debbie Leonard, and Marlene Olsen, GoodStanding.

**Member Culbert left at 4:20 p.m.*

***Member Katt left at 4:53 p.m.*

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE SEPTEMBER 4, 2018 MEETING

Upon motion duly made by Member Hayes and seconded by Member Chambers, and carried by unanimous consent of the members present, the Committee approved the September 4, 2018 meeting minutes.

5. RECOGNITION OF MIKE PIDLYPCHAK, SAC VICE CHAIRMAN

Chair McGuire recognized Vice Chair Pidlypchak for his many years of service to the Committee and as member and vice chair and presented him with a plaque.

Vice Chair Pidlypchak thanked Chair McGuire and all the Committee members.

Chair McGuire moved up agenda items #7 and #8 due to Shawn Stoddard, TMWA Senior Resource Economist, having been delayed.

7. UPDATE ON THE FUNDING POLICY AND RATE STABILIZATION FUND ACTION BY THE BOARD

Michele Sullivan, TMWA Chief Financial Officer, informed the Committee the Board approved the new funding policy (reserves that are outlined in debt covenants and unrestricted reserves) and amending the rate stabilization fund to 3% of projected annual water sales, which would increase maximum funding from \$7.5 million to approximately \$9.1 million.

8. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2019 THROUGH 2023, DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD

Ms. Sullivan presented the agenda item, the FY2019-2023 Funding Plan, which projects revenue and principal interest requirements and capital spending that will be customer rate funded. The Plan recommends the 2.5% rate increases scheduled for 2019, 2020, and 2021 be deferred to 2020, 2021 and 2022. The Board approved deferring the rate increases at its October meeting, which will be returned as a resolution at its December meeting for final approval.

Discussion followed regarding the senior lien debt, capital spending, and staff's analysis of the size and timing of rate increases.

Upon motion duly made by Member Schmidt and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved the funding plan for Fiscal Years 2019 through 2023 and recommended to the Board to defer the 2.5% rate increases to 2020, 2021, 2022.

6. PRESENTATION OF RECENT SUMMER WATER USE TRENDS

Dr. Stoddard presented on this agenda item. He stated the following: the number of total active water services continues to grow by about 180-190 new connections per month (single-family services about 160/month, multi-family services have increased about 12, active commercial about 5, and irrigation customers, about 5); summer 2015 was wet (had precipitation at key points) and summer 2018 was fairly dry; total water use has decreased about 7% since 2014, but average per service water use decreased 13%; TMWA's revenues have not recovered from the drought, which was a shock to water demand; and summertime use by single-family is 4-5x compared to winter water use.

9. UPDATE ON POSSIBLE CLOSURE OF THE §501-C-9 POST-RETIREMENT MEDICAL AND LIFE INSURANCE PLAN AND TRUST TO FUTURE EMPLOYEES

Ms. Sullivan presented this agenda item, informing the Committee the Board approved this at its October meeting and staff will bring it back as a resolution at the December Board meeting for the sole purpose of closing the trust to future employees.

Discussion revolved around the cost per employee, employee eligibility, the availability of other benefits, and fiscal effect.

Upon motion duly made by Member Kowitz and seconded by Member Schulewitch, and carried nine to three with Members McNeil, Pidlypchak and Wager dissenting, the Committee approved the closure of the §501-c-9 Post-Retirement Medical and Life Insurance plan and Trust to future employees.

10. PRESENTATION ON TMWA'S TREATMENT COSTS AND PROCESSES

Will Raymond, TMWA Operations & Water Quality Manager, presented on TMWA's treatment costs and processes for TMWA's water treatment plants, Chalk Bluff, Glendale and Longley. Mr. Raymond stated TMWA's highest expense is chemical expenditures at \$1.8M, which vary with changing seasons and water quality. Other expenses are the electricity bills for groundwater wells, water treatment plants and ice fighting, and maintenance. Mr. Raymond also noted that Chalk Bluff was awarded the Partnership for Safe Water Presidents Award, now one of only 45 treatment plants nationwide to have received this award for safe drinking water. Staff is consistently reviewing the most cost-effective way to treat and deliver water; with water quality being the primary goal.

Discussion followed regarding the increased cost of chemicals; management of and improvements to operations; maintenance and infrastructure updates.

11. UPDATE ON THE ANNEXATION OF THE STONEGATE DEVELOPMENT INTO THE TMWA RETAIL WATER SERVICE AREA

Scott Estes, TMWA Director of Engineering, informed the Committee that the Board approved the annexation of the Stonegate development, which is located in Cold Springs, approximately 3 miles north of TMWA's service area, into TMWA's retail service area at its October meeting. Developers will be responsible for 100 percent of the cost of the water system facilities estimated to cost \$40 million and TMWA will own, operate and maintain those facilities through customer rates. New water meters in Stonegate will be read, turned on and shut off remotely to reduce driving time.

12. UPDATE ON THE POSSIBLE ACQUISITION OF THE WEST RENO WATER COMPANY WATER SYSTEM, AND STATUS OF DUE DILIGENCE

John Zimmerman, TMWA Water Resources Manager, informed the Committee that staff has continued with due diligence and are preparing the closing documents for West Reno Water Company. 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.

Mr. Estes added that developers will pay for the extension and TMWA has secured one and possibly two principal forgiveness loans for \$500k each from the State of Nevada Drinking Water State Revolving Fund.

13. DISCUSSION AND RECOMMENDATION TO THE BOARD REGARDING THE PROPOSAL TO BROADEN PURPOSES FOR THE METER RETROFIT FEE PROGRAM

Mr. Zimmerman informed the Committee of TMWA's proposal to change the name from the Water Meter Retrofit Fee to Water Resource Sustainability Fee, broaden the category of projects that improve the community's water resource sustainability and drought resiliency, and reduce the fee from \$1,830 to \$1,600 per acre foot.

Member Schmidt stated his desire that the fee should be lower than \$1,600 and Member McNeil said he believed it should be higher. Discussion followed regarding the possibility of keeping the fee the same at \$1,830. John Enloe, TMWA Director of Natural Resources, explained that the fee had to have a reasonable nexus to the broader proposed purpose of the fee and the anticipated cost of the projects it would be used to support.

No action taken.

14. PRESENTATION ON TMWA SERVICE AREA AND EXISTING PRIVATE WATER SYSTEMS

Mr. Enloe provided a summary of TMWA's service area and existing private water systems, most notably the Boomtown/West Reno Water System, Vista and StoneGate development. Mr. Estes added the next extension in Verdi will be to the Riverbelle Mobile Home Park and consolidated into TMWA.

15. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, TMWA SAC Liaison, referred to the SAC Membership list, which identified the Committee members whose terms were expiring on December 31, 2018. Ms. Folsom stated of the 22 current members, 16 have terms that are expiring. Ms. Folsom was pleased to report all members, with the exception of the Commercial Customer Class Alternate and At-Large 2 Primary representatives, have accepted the invitation to continue for another two-year term.

Staff's proposed SAC membership will be presented to the TMWA Board for approval will be:

- Neil McGuire, Irrigation Customer primary representative
- Donald Kowitz, Commercial Customer primary representative
- Robert Chambers, Senior Citizen primary representative
- Karl Katt, Senior Citizen alternate representative
- Ken McNeil, At-Large 1 primary representative
- Ken Becker, At-Large 1 alternate representative
- Jordan Hastings, At-Large 2 primary representative
- Carol Litster, Residential 1 primary representative
- Dale Sanderson, Residential 1 alternate representative
- Harry Culbert, Residential 2 primary representative
- Fred Arndt, Residential 2 alternate representative
- Jerry Wager, Residential 3 primary representative
- Scot Munns, Residential 3 alternate representative

16. PRESENTATION OF APPLICATIONS TO FILL THE COMMERCIAL CUSTOMER CLASS ALTERNATE VACANCY AND OTHER POSSIBLE VACANCIES AND POSSIBLE RECOMMENDATION TO THE BOARD

Ms. Folsom presented the application submitted by Bruce Gescheider to fill the Commercial Customer Class Alternate vacancy.

Upon motion duly made by Member Schmidt and seconded by Member Hughes, and carried by unanimous consent of the members present, the Committee approved recommending to the TMWA Board of Directors Bruce Gescheider to fill the Commercial Customer Class Alternate vacancy.

17. PRESENTATION OF 2019 MEETING SCHEDULE

Ms. Folsom presented the SAC meeting schedule for 2019.

Upon motion duly made by Member Chambers and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved the Standing Advisory Committee 2019 Meeting schedule.

18. ELECTION OF CHAIR AND VICE CHAIR FOR 2019

Debbie Leonard, SAC Legal Counsel, noted both Chair Neil McGuire was up for re-election and the Vice Chair was now vacant with Vice Chair Mike Pidlypchak resigning.

Upon motion duly made by Member Schmidt and seconded by Member Schulewitch, and carried by unanimous consent of the members present, the Committee approved Neil McGuire as Chair.

Upon motion duly made by Member Hayes and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved Fred Schmidt as Vice Chair.

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

February meeting:

1. Water supply update
2. Presentation on FY2018 CAFR
3. Update on the Other Post-Retirement Employee Benefit (OPEB) program
4. Update deferral of Phases 3-5 rate increases
5. Update on the Meter Retrofit Fee, Rule 7 amendment
6. Presentation on TMWA's draft Water Facility Plan
7. Presentation of draft Developer Fees update
8. Presentation of new development at TRICenter (a future meeting)

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

Upon motion duly made by Member Hayes and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved to cancel the December 4, 2018 meeting.

20. STAFF ITEMS

Ms. Leonard reminded the Committee about abiding by Open Meeting Law with regards to members meeting outside of committee meetings, to ensure there is no possible quorum and not to discuss anything of substance that could be considered deliberation on matters related to TMWA.

21. COMMITTEE ITEMS

There were no committee items.

22. PUBLIC COMMENT

There was no public comment.

23. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 5:02 p.m.

Approved by the Standing Advisory Committee in session on March 5, 2019.

Sonia Folsom, Recording Secretary

Member Culbert was present for agenda items 1 thru 12 only.

Member Katt was present for agenda items 1 thru 19 only.