

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MAY 23, 2019
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Thursday, May 23, 2019, at Sparks Council Chambers., 745 4th Street, Sparks, Nevada. Chair Hartung called the meeting to order at 10:14 a.m.

1. ROLL CALL

Members Present: Paul Anderson, Kristopher Dahir, Naomi Duerr, Vaughn Hartung, Jeanne Herman and Alternate Devon Reese.

Members Absent: Jenny Brekhus and Neoma Jardon

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Ron Smith, City of Sparks Mayor.

3. PUBLIC COMMENT

Chair Hartung welcomed the visiting Dr. Janusz Karwot, President of the Board, Rybnik (Poland) Water and Sewage Company, who is working with the University of Nevada on collaboration related to water technology.

4. RECOGNITION OF TMWA VICE CHAIR RON SMITH FOR HIS YEARS OF SERVICE

Chair Hartung recognized Ron Smith for serving on the TMWA Board of Directors, his commitment to TMWA's mission and wished him all the best.

Mark Foree, TMWA General Manager, stated Mr. Smith has been the only board member he personally recruited and appreciated his dedication and integrity on serving; it has been a pleasure.

The Board of Directors expressed their appreciation of his service, his great work and wished him all the best on his recovery.

Mr. Smith thanked the Board and appreciated the opportunity to serve.

5. APPROVAL OF THE AGENDA

Upon motion by Member Dahir, second by Alternate Member Reese, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

6. APPROVAL OF THE MINUTES OF THE APRIL 17, 2019 MEETING

Upon motion by Member Anderson, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the April 17, 2019 minutes.

7. DISCUSSION AND POSSIBLE ACTION, AND DIRECTION TO STAFF REGARDING 2019 LEGISLATIVE ACTIVITIES, CURRENT BILLS, AND TMWA RECOMMENDED POSITIONS ON LEGISLATIVE PROPOSALS

Steve Walker, TMWA Lobbyist, updated the Board on the status of water bills and bills the Board has taken a position of either support or oppose. Mr. Walker noted the bills that failed to meet the deadline and those bills that are exempt. He provided an overview of the following bills: AB30 (3M bill) has gone through several amendments and will go to interim session; AB62 (extend time to complete construction of projects to divert water) is on the Secretary's desk with another amendment; AB132 (bill which does not deny employment to a new employee if they test positive for marijuana between 2 to 5 nanograms of THC), TMWA opposed this bill, but it has passed both houses; SB207 (requiring apprentices for vertical construction), as of this meeting, unsure of its status; SB236 (allows for replacing a well within 300 feet crossing parcels, and own both parcels, without doing a point of diversion), TMWA supported this bill and passed out of the Assembly; SB245 (increases the award in tort actions from \$100k to \$250k and adds a new class for gross negligence with a liability maximum of \$1M), the Assembly has taken no action; SB334 (prohibits certain governmental entities from contracting with broadband Internet access service providers) and SB340 (requires prevailing wages be paid to delivery personnel), TMWA opposes these bills, bills are exempt, but no hearing has been scheduled.

Michael Pagni, TMWA General Counsel, stated SB250 (water rights tied to parcel map or permit, amendment accepted by the state engineer and bill sponsor), it has been approved out of Senate and it is now in the Assembly, staff continue to work on amendments; SB358 (revision to definition of what qualifies as a renewable energy system), amendments were passed and TMWA's hydro facilities are no longer excluded from the bill.

John Zimmerman, TMWA Water Resources Manager, informed the Board staff would bring back a final update in June after the legislative session ended.

No action taken.

8. PUBLIC HEARING ON RATE AMENDMENT

A. INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA RATE SCHEDULE WSF - WATER SYSTEM FACILITY CHARGES REVISING AREA FEE, SUPPLY AND TREATMENT, AND STORAGE UNIT COSTS AND TO TMWA RATE SCHEDULE BSF - BUSINESS SERVICES FEES

Scott Estes, TMWA Director of Engineering, acknowledged staff who contributed their time and expertise in developing the 2035 Water Facility Plan, which was essential in updating the WSF and BSF rate schedules: Keith Ristinen, Dave Kershaw, and Holly Flores, Principal Engineers, and Brooke Long, Senior Planning Engineer.

Mr. Estes presented the changes and updates to the WSF and BSF rate schedules. Pursuant to prior Board direction, growth pays for growth and the amendments to TMWA's WSF and BSF rate schedules apply only to developers applying for new or expanded water service, and do not affect customer rates. Mr. Estes explained the proposed rate increases to the WSF and BSF rate schedules in detail, and explained that while the rates increased in many categories there was also a decrease of the denominator (demand of growth) in many categories such that the actual overall increase was not as significant as it may first appear. In one of the examples given, the increase will be \$348 per single-family residence for new residential development. He further explained the reason for the time it took to update the fees was due to the economic downturn and acquiring the Washoe County systems just as the economy picked up again, which took extra staff time to conduct their analysis of the systems. Mr. Estes also pointed out that not all area fees are increasing. The Area 10 Fee is decreasing by a significant amount because the TMWA Supply-Treatment Fee is no longer applicable (the Vidler resource will be used). The Area 15 Fee will also decrease significantly due to using the new lower maximum day demand factor which coincidentally resulted in no change in the denominator (demand of growth).

At this point the Board discussed the potential effective date of the increase if it were adopted (July 1, 2019) after the second hearing in June and the possibility of staged implementation of the proposed fees over time or delaying the timing of implementation, and the impact on affordable housing (the delay in updating the fees has benefited the developers for the last six years). Staff noted that delaying implementation would lead to further increases in the future in order to equalize lost revenue in the interim. The Board requested staff to evaluate the impact of delay on developers and return with more information (specifically the overall cost impacts to all areas considering both the fee increases and the lower demand factors) for Board consideration at the next meeting.

B. PUBLIC COMMENT

Mark Herrmann, developer in Reno, stated the residents would not pay builders costs initially, but it would eventually pass onto homeowners.

CLOSE PUBLIC HEARING

Upon motion by Member Herman, second by Alternate Reese, which motion duly carried by unanimous consent of the members present, the Board approved to continue the first reading of the proposed amendments to the WSF and BSF fee schedules to the next meeting.

9. PRESENTATION OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED MARCH 31, 2019

Matt Bowman, TMWA Financial Controller, informed the Board that not much had changed in overall performance since the last update: change in net position was \$10.8m more than budget; operating revenue was \$1.3m higher than budget year-to-date, but lower in the third quarter due to lower water usage by customers and ongoing maintenance at the Fleish plant; operating expenses are \$3.0m under budget; nonoperating expenses are \$2.5m less than budget due to higher investment earnings; and capital contributions were \$4.0m more than budget, driven by higher water rights will-serve sales and developer contributions.

10. PUBLIC HEARING ON ADOPTION OF BUDGET

A. DISCUSSION AND ACTION ON REQUEST FOR ADOPTION OF RESOLUTION NO. 274: A RESOLUTION TO ADOPT THE FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2020 AND THE 2020-2024 FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Mr. Bowman presented the final budget for fiscal year ending June 30, 2020. The only change to the tentative budget presented at the March 20, 2019 Board meeting is a favorable increase in the change in net position of \$300,000 due to an increase in hydroelectric revenue estimates.

Joe Petrelli, TMWA Financial Analyst, presented the changes to the 2020-2024 Capital Improvement Plan, resulting in a net increase of \$2.23m in FY 2020 and total spending across five years increased \$300,000.

PUBLIC COMMENT

There was no public comment

Upon motion by Alternate Member Reese, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 274: A resolution to adopt the final budget for the Fiscal Year ending June 30, 2020 and the 2020-2024 Five-Year Capital Improvement Plan.

CLOSE PUBLIC HEARING

11. GENERAL MANAGER'S REPORT

Mark Foree informed the Board staff continues to work with the State of Nevada on usage of Marlette Lake water including a possible long term option and expect to complete the agreement within the next few weeks; TMWA had an extremely successful Smart About Water day with approximately 232 people in attendance at Idlewild Park on May 4. Thanks to all the staff who worked so hard to prepare for this great event.

12. PUBLIC COMMENT

There was no public comment.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Duerr thanked staff for their analysis on the facility charges and developer fees, and to delay the second reading to August for an effective date in September would be a good consideration.

14. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 12:01 p.m.

Approved by the TMWA Board of Directors in session on June 19, 2019.

Sonia Folsom, Recording Secretary