



STANDING ADVISORY COMMITTEE

MINUTES

June 4, 2019

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: Robert Chambers, ***Harry Culbert, *Jordan Hastings, Don Kowitz, Carol Litster, Neil McGuire, Ken McNeil, Ann Silver, Jim Smith and Jerry Wager.

Alternates Present: Fred Arndt, Bruce Gescheider, Ken Becker, **Susan Hoog, Bill Hughes, Jonnie Pullman, Karl Katt, and Dale Sanderson.

Primary Members and Alternates Absent: Colin Hayes, Scot Munns, Mike Schulewitch, and Fred Schmidt.

Staff Present: Matt Bowman, Robert Charpentier, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Joe Petrelli, Danny Rotter, Michele Sullivan, Shawn Stoddard, Sandra Tozi, John Zimmerman, Legal Counsel Mat Trachok (McDonald Carano), Legal Counsel Michael Pagni (McDonald Carano), and Lobbyist Steve Walker (Walker & Associates).

**Member Hastings arrived at 3:08 p.m.*

***Member Hoog left at 4:17 p.m.*

****Member Culbert left at 4:27 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 Wager, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE APRIL 2, 2019 MEETING

Upon motion duly made by Member McNeil and seconded by Member Schulewitch, and carried by unanimous consent of the members present, the Committee approved the April 2, 2019 meeting minutes with the corrections.

5. DISCUSSION AND POSSIBLE RECOMMENDATION REGARDING BILLS IN THE 2019 LEGISLATIVE SESSION THAT MAY AFFECT TMWA

Steve Walker, TMWA Lobbyist, updated the Committee on the status of water bills and bills on which TMWA 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 several bills, including the following: AB30 (3M bill) went through several amendments and will go to interim session; AB62 (extend time to complete construction of projects to divert water) had been enrolled with amendments and delivered to the Governor; AB84 (issuance of state general obligation bonds to protect and preserve natural and cultural resources) had passed both houses; AB132 (prohibiting the denial of employment because of the presence of marijuana in a screening test taken by a prospective employee with certain exceptions), had passed both houses; AB136 (revises how prevailing wage is determined, reduced from \$250k to \$100k) had passed both houses and been approved by the Governor; SB250 (dedication of water rights, amendment accepted by the state engineer and bill sponsor) had passed both houses, TMWA amendments were accepted; 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.

No action taken.

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

Matt Bowman, TMWA Financial Controller, informed the Committee 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 were \$3.0m under budget; nonoperating expenses were \$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.

Member McNeil inquired about the next rate increase. Mr. Bowman replied staff will conduct an analysis and present in October.

7. PRESENTATION ON THE TMWA FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2020 AND CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2020 THROUGH 2024

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, which include a net increase of \$2.23m in FY 2020 and an increase in total spending across five years (2020-2024) of \$300,000 (\$213.4m to \$213.7m).

Member Gescheider inquired about the cause of the significant increase in the capital budget. Mr. Petrelli replied that a significant contributing cause was that the Mt. Rose Water Treatment Plant project increased the budget for FY 2020 & 2021 by \$2.0m. Additional questions were taken from Committee Members about specific projects, which staff responded to.

No action taken.

8. PRESENTATION ON DEVELOPER FEES, BUSINESS SERVICES FEES AND PROPOSED AMENDMENTS AND POSSIBLE RECOMMENDATION TO THE BOARD

Scott Estes, TMWA Director of Engineering, presented the changes and updates to the Water System Facility (WSF) and Business Service Fee (BSF) rate schedules. Pursuant to prior Board direction on customer rates, 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 existing customer rates. In one of the examples given, the increase will be \$380 per single-family residence. Mr. Estes further explained that 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).

Mark Foree, TMWA General Manager, further explained that all developer fees are paid for by the developers before customers use any water.

At this time, the Committee discussed the possibility of increasing the fees gradually, and staff explained that to do so would increase cost over time. Member Pullman commented that TMWA staff did a thorough analysis and are credible. The Committee also discussed that TMWA's expansion-related costs have increased faster than WSF and BSF fees. Additional questions were taken from Committee Members about Mr. Estes' presentation, which staff responded to.

Upon motion duly made by Member Pullman and seconded by Member Kowitz, and carried by unanimous consent of the members

present, the Committee's recommendation to the Board is to approve staff recommendation on the proposed amendments to developer fees and business services fees.

9. PRESENTATION ON 2019 COMMUNICATION PLAN

Andy Gebhardt, TMWA Director of Operations & Water Quality, presented on the agenda item. Mr. Gebhardt informed the Committee that, due to significant winter precipitation, TMWA is promoting smart watering practices and no additional conservation measures are taking place.

Discussion followed regarding communication regarding the WSF and BSF fee increase (TMWA has emailed its databases, discussed with the Builders Association of Northern Nevada and held workshops); whether TMWA has tried to educate the public that TMWA's tap water is safe to drink and relatively cheap compared to bottled water (it has, but staff noted that the public drinks bottled water out of convenience); and the fact that TMWA provides great quality water.

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

Next meeting:

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

1. Water supply update
2. Presentation on large capital improvement projects
3. Presentation on financial performance for fiscal year ended June 30, 2019
4. Presentation of Board decision regarding WSF and BSF fees

Upon motion duly made by Member Wager and seconded by Member Katt, and carried by unanimous consent of the members present, the Committee approved cancelling the July 2nd meeting.

Upon motion duly made by Member Wager and seconded by Member Culbert, and carried ten to one, the Committee approved cancelling the August 6th meeting.

11. STAFF ITEMS

Sonia Folsom, TMWA SAC Liaison, reminded the Committee of TMWA's summer party on July 13th and that staff will be scheduling tours of both the Chalk Bluff Water Treatment Plant and Verdi Hydroelectric Power Plant in the Fall for Committee members to attend and they should receive an invitation soon. New legal counsel Mat Trachok was introduced to the Committee.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment.

14. ADJOURNMENT

With no further items for discussion, Vice Chair Schmidt adjourned the meeting at 4:32 p.m.

Approved by the Standing Advisory Committee in session on October 1, 2019.

Sonia Folsom, Recording Secretary

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

***Member Hoog was present for agenda item 1 thru 9 only.*

****Member Culbert was present for agenda items 1 thru 10 only.*