

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE SEPTEMBER 18, 2019
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, September 18, 2019, at Sparks Council Chambers., 745 4th Street, Sparks, Nevada. Vice Chair Dahir called the meeting to order at 10:00 a.m.

1. ROLL CALL

Members Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, Naomi Duerr, Jeanne Herman, and *Alternate Devon Reese.

Members Absent: Neoma Jardon and Vaughn Hartung.

A quorum was present.

**Alternate Reese left at 11:07a.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Andy Gebhardt, TMWA Director of Operations & Water Quality.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

Upon motion by Member Duerr second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

5. APPROVAL OF THE MINUTES OF THE AUGUST 15, 2019 WATER RESOURCE PLAN WORKSHOP MEETING

Upon motion by Member Duerr, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved the August 15, 2019 Water Resources Plan Workshop minutes.

6. APPROVAL OF THE MINUTES OF THE AUGUST 21, 2019 MEETING

Upon motion by Member Anderson, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved the August 21, 2019 minutes.

7. DISCUSSION AND ACTION ON ESTABLISHING A LEGISLATIVE SUBCOMMITTEE FOR THE 2019-2020 INTERIM LEGISLATIVE SESSION AND APPOINTMENT OF BOARD MEMBERS TO SUBCOMMITTEE

John Zimmerman, TMWA Water Resources Manager, informed the Board that there will be bills that will be discussed during the interim that staff would like to monitor, and as the Board directed, to be more engaged with legislators. As such, staff is recommending establishing a legislative sub-committee for the 2019-2020 interim legislative session.

Upon motion by Member Reese, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved establishing a legislative subcommittee for the 2019-2020 interim legislative session and appointed Vaughn Hartung, Kristopher Dahir and Naomi Duerr as members, and Jeanne Herman as the alternate.

8. PRESENTATION OF PRELIMINARY FISCAL YEAR 2019 UNAUDITED FINANCIAL PERFORMANCE

Matt Bowman, TMWA Financial Controller, presented the preliminary findings and reported there were no major surprises in fiscal year 2019. Operating revenue was consistent with budget (\$0.2m higher due to \$0.8m more in water sales); investment earnings better than budget (\$4.4m variance from budget of \$2.8m); capital contributions were \$25.5m higher than the budget of \$16.7m due to non-cash developer infrastructure contributions (approximately \$19.1m); record hydro earnings in August 2019 after Fleish hydropower plant closed for much of FY 2019 due to work on the flume; higher water sales, \$6.3m due to the 3% rate increase in May 2018; total operating expenses were \$0.9m less than budget; salaries and wages increased to do increase in head count (7% head count increase in preparation for 22 expected retirements occurring over the 3-5 years) and step increases; employee benefits are lower related to Governmental Accounting Standards Board (GASB) changes in Other Post-Employment Benefit (OPEB) and pensions in FY 2018; non-operating expenses were down \$4.1m from budget due to higher investment earnings; and cash position is \$197.8m (\$152.9m unrestricted cash and \$44.9m restricted cash to pay for scheduled bond principal and interest payments).

Board members inquired what TMWA does with the hydro generated power and if TMWA generates more than it uses. Staff advised that TMWA is under contract to sell the power to NV Energy and currently TMWA uses more than it produces. Board members inquired how much was left in the commercial paper program (there is approximately \$23m and expect to pay \$5m per year until fully paid); and where the

increased developer rates are indicated (the new developer rates are not indicated in this report, but would see it in developer contributions).

9. PUBLIC HEARING, CONSIDERATION OF WRITTEN BIDS AND CONSIDERATION OF POSSIBLE ORAL BIDS FOR SALE OF FARAD PROPERTY AND DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF SALE OR OTHER DISPOSITION OF FARAD PROPERTY CONSISTING OF APPROXIMATELY 111 ACRES IN NEVADA COUNTY, CALIFORNIA GENERALLY REFERRED TO AS ASSESSOR'S PARCELS 48-030-14, 48-050-01, 48-050-10, 48-060-07, 48-040-02 AND 48-130-04

Mr. Zimmerman and Pat Nielson, TMWA Director of Distribution, Maintenance and Generation, presented on this item. Mr. Zimmerman stated the Board rejected all bids at the last Board meeting, the highest of which was \$63k by Bill Black. Since the last meeting, Mr. Black has submitted a bid of \$127,500 and staff proceeded to re-notice the sale hearing to allow the Board to consider the bid today. As of today, no one other than Mr. Black has submitted a bid.

Vice Chair Dahir confirmed with Michael Pagni, TMWA General Counsel, due process for the public hearing. Mr. Pagni replied the next step would be to open to the public for auction and if no one came forward, to close the public hearing and the Board could discuss the written offer before them.

Member Duerr asked what the process would be if they rejected the bid since she has been contacted by conservation groups. Mr. Pagni replied the next steps would be to go to agenda item #10 under which item the Board could discuss other options. Member Brekhus added that, since no one has come forward, opportunity should be given to entities in California to make a claim. Mr. Nielson added that staff has had discussions with these groups.

Public Hearing

Vice Chair Dahir asked if there was anyone in the audience interested in submitting a bid.

No one from the public expressed interest in submitting an oral bid.

Closed Public Hearing

Public Comment

Janet Phillips, Tahoe-Pyramid Trail, thanked the Board for granting the easement for the trail going through the Farad property. She stated that California is interested in the other side of Donner Summit. Ms. Phillips stated she has spoken with a number of conservation organizations that are interested in the property, but are afraid of possible contaminants in the area that TMWA could assist in providing information. She is optimistic that there is room to get the property in recreational mode, and believes there is minimal liability to TMWA and suggested that TMWA keep the property as there are numerous utilities that own property for recreational purposes.

Close Public Comment

Mr. Zimmerman stated Mr. Black has offered \$127,500 (more than double his original offer at the August Board meeting) to purchase the property as is under the same terms of the written purchase agreement previously considered.

Discussion ensued on the purchase proposal. The Board confirmed staff had not conducted an environmental examination of the property. Board members suggested staff consider grants that are given to utilities to provide recreational opportunities on otherwise unusable land. Board members commented that the Board should trust staff, who have gone to great lengths to advertise the sale of the property and recommended selling due to inability to rehabilitate the Farad hydro facility and the liability associated with the property. Discussion continued on the possibility to reconsider selling to a conservation agency (Staff indicated Truckee Donner Land Trust has expressed interest but not at this time and they are concerned about liability), and whether the community would benefit by returning it to the private sector as it would generate funds through taxes and it would no longer be TMWA's responsibility.

Member Anderson made a motion, second by Member Herman, to approve the sale of the Farad property consisting of approximately 111 acres in Nevada County, California generally referred to as Assessor's Parcels 48-030-14, 48-050-01, 48-050-10, 48-060-07, 48-040-02 and 48-130-04 to Bill Black for \$127,500 as recommended. The motion failed to pass by a tie vote of three in favor (Anderson, Herman, and Dahir) and three opposed (Brekhus, Duerr and Reese).

10. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING PARAMETERS FOR THE SALE OF THE FARAD PROPERTY

The Board discussed other options with respect to the sale of the Farad property. Some Board members expressed the importance of keeping the Farad property under public ownership and an indication of how the Board and TMWA operates, citing TMWA's role in the Portland Loo and bathroom facilities in order to protect the water supply. Other Board members suggested listing the property in a different way (through a realtor) to see potential buyers, noting the strong financial position of TMWA allows time to garner interest from buyers and users of the river to manage the property. Comments were made that the Board should consider the potential liability of retaining the property. The Board directed staff to go with a commercial broker that has expertise with conservation organizations and is licensed in California and reach out to organizations that may be interested with an offer that would be acceptable to the Board; and for staff to have the property listed for a period of up to six months and return to the Board during or after that period of time with offers that the Board may consider.

Upon motion by Member Anderson, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board directed staff to obtain the services of a commercial realtor and list

the Farad property for sale, and return to the Board in approximately six months for an update if no offers are received.

11. DISCUSSION AND ACTION ON RESOLUTION NO. 279: A RESOLUTION TO APPROVE FUNDING FOR THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

John Enloe, TMWA Director of Natural Resources & Planning, presented the six projects for funding request of \$537,599 for Board approval.

The Board discussed setting the criteria for the next proposal cycle to help address the homeless issue along the river (several One Truckee River efforts are targeted for this purpose); having staff provide a summary report and to schedule a tour (the summary report will be provided when the calendar year report is presented and a tour can be scheduled with project recipients); and understand the river has many complicated issues and acknowledged TMWA efforts.

Upon motion by Member Duerr, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 279: A Resolution to approve funding for the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation to fund such projects from Fund proceeds.

12. PRESENTATION REGARDING OPERATIONAL READINESS FOR FIRE EMERGENCIES

Mr. Gebhardt informed the Board that due to the tragic fires in California and 162 square miles of service territory, TMWA staff is trained and ready to provide water for fire fighters and work in collaboration with regional agencies, including local hospitals.

13. DISCUSSION AND ACTION REGARDING GENERAL MANAGER PERFORMANCE REVIEW FOR CONTRACT YEAR 2018/2019 AND DISCUSSION AND ACTION ON POSSIBLE LUMP SUM AWARD AND/OR OTHER COMPENSATION ADJUSTMENT

Jessica Atkinson, TMWA Human Resources Manager, presented the staff report. Ms. Atkinson recapped that at the September 2018 meeting the Board approved extending the contract term with a stepped increase to the general manager's base salary towards market (which at the time was 13% below the 60th percentile) through an increase in 2018 and automatic adjustment on July 1, 2019 to the "market" step of the general manager wage band of 7.4% (bringing the salary within 1% of the 60th percentile). The Board

could consider an additional increase or lump sum award, provided the total award and 2019 adjustment cannot exceed 10% of his base salary. Mr. Pagni affirmed with the new contract in 2018 there was an initial increase to bring the general manager's salary to the market wage band, Step 5, and automatic annual increases to the "market" step (top step of the wage band) for the duration of the contract term which was adopted for the purpose of facilitating succession planning stability.

Discussion followed regarding additional compensation adjustment and/or lump sum (that range being \$0 to \$5,285) be given to Mr. Foree for such an exceptional job and recognition of an outstanding performance review; the Board is in a position to show future potential applicants that they take care of the general manager in order to secure qualified candidates; not consider giving a bonus as that is considered something done only in the private sector; the general manager goes through the same salary adjustment process as the Management, Professional, Technical and Administrative (MPATs) employees, and would receive an automatic 2.5% salary increase along with other MPATs; the general manager's salary fell so far below the market value due to where Mr. Foree began, how the market moved and not keeping up with the market; and consideration of giving a lump sum this year, but to continue looking at providing percentage in the future to recognize the great work.

Mr. Foree said he was grateful with the support of the Board over the years, and thanked his great team and staff since it wouldn't be possible without them.

Upon motion by Member Anderson, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the General Manager performance review for contract year 2018/2019 and lump sum award of \$5,285.

14. DISCUSSION AND ACTION ON REQUEST FOR BOARD INPUT AND ACCEPTANCE OF GENERAL MANAGER PERFORMANCE OBJECTIVES FOR CONTRACT YEAR 2019/2020

Mr. Foree presented TMWA's FY2020 proposed goals and objectives.

Member Duerr emphasized the need for the injection program at Bedell Flat and American Flat begin sooner than the five years staff estimation; requested staff to consider alternative solutions that would reduce impediments along the river and more collaboration with other regional agencies; complimented staff on the new approach to the update to the Water Resource Plan; and that she is pleased with the progress TMWA in taking a lead policy role in the region.

Member Brekhus agreed with Member Duerr's comments and requested consideration in evaluating the rate structure for service of effluent water.

Vice Chair Dahir expressed his appreciation in TMWA participating with local entities in the Blue Ribbon Data digital plan review initiative.

Upon motion by Member Duerr, second by Member Anderson, which motion duly carried by unanimous consent of the members present, the

Board approved the General Manager performance objectives for contract year 2019/2020.

15. GENERAL MANAGER'S REPORT

Mr. Foree reported TMWA received a credit upgrade from Fitch ratings, on the commercial paper program, from A+ to AA-, affirmed our 2015 bond refunding to A+, and changed the rating outlook from stable to positive.

16. PUBLIC COMMENT

There was no public comment.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Brekhus requested staff to revisit the Truckee River Fund priorities before the spring request for proposals (RFP) is released; and to have staff present the rate structure into the context of household costs.

Vice Chair Dahir agreed and would like to have staff present what the plan is with collaborating agencies with regards to the spring RFP.

Member Duerr stated it was quite a shock on the developers when the connection fees increased and would like to discuss the possibility of it increasing slightly each year such as a consumer price index (CPI).

18. ADJOURNMENT

With no further discussion, Vice Chair Dahir adjourned the meeting at 11:44 a.m.

Approved by the TMWA Board of Directors in session on October 16, 2019.

Sonia Folsom, Board Clerk.

**Alternate Reese was present for agenda items 1 thru 11 only.*