

TRUCKEE MEADOWS WATER AUTHORITY  
MINUTES OF THE OCTOBER 16, 2019  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Wednesday, October 16, 2019, at TMWA., 1355 Capital Blvd., Reno, Nevada. Chair Hartung called the meeting to order at 10:00 a.m.

1. ROLL CALL

**Members Present:** Paul Anderson, Jenny Brekhus, Kristopher Dahir, Naomi Duerr, Neoma Jardon, Vaughn Hartung, and Jeanne Herman.

**Members Absent:** None.

A quorum was present.

*\*Vice Chair Dahir left at 12:25p.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Jeff Church, Reno Tax Revolt.

3. PUBLIC COMMENT

Mr. Church requested the Board consider assisting the homeless along the river and citizen safety.

Janet Phillips, Tahoe-Pyramid Trail, announced the completion of the trail from Reno to Truckee (one-third of the trail is on TMWA property) and thanked the Board for their support.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE MINUTES OF THE SEPTEMBER 18, 2019 MEETING

**Upon motion by Member Dahir, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the September 18, 2019 minutes.**

6. PRESENTATION OF TMWA'S FISCAL YEAR 2019 CUSTOMER SATISFACTION STUDY

Sara Hart, InfoSearch International Research Director, presented the FY 2019 Customer Satisfaction Study to the Board.

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

Michele Sullivan, TMWA Chief Financial Officer, presented the required communication from Eide Bailly regarding TMWA's annual financial audit.

8. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE APPROVAL OF AGREEMENT WITH WASHOE COUNTY TO UTILIZE FUNDS OF UP TO \$286,937 OF REMAINING WASHOE COUNTY AB9-SQ1 FUNDS FOR THE ONE TRUCKEE RIVER RESTROOM PROJECT

John Enloe, TMWA Director of Natural Resources & Planning, presented the staff report.

The Board discussed their concerns with regards to ensuring there was a mechanism for reporting and monitoring the progress once the restroom was installed; the need for more staffing and additional resources; and to consider alternative funding sources, such as the Truckee River Fund. Mr. Enloe affirmed the City of Reno also has concerns, but there are provisions in the agreement to end the project if issues arise, but all parties want it to be a success; and they are looking at long-term funding options for operations and maintenance, and multiple facilities along the river.

**Upon motion by Member Duerr, second by Member Anderson, which motion duly carried by unanimous consent of the members present, the Board approved the agreement with Washoe County to utilize funds of up to \$286,937 of remaining Washoe County AB9-SQ1 funds for the One Truckee River Restroom Project.**

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPROVAL OF THE INTERLOCAL AGREEMENT BETWEEN THE TRUCKEE MEADOWS WATER AUTHORITY AND THE CITY OF RENO FOR PROVIDING A SANITARY RESTROOM FACILITY ON THE CITY'S BRODHEAD PARK PROPERTY FOR USE BY THE PUBLIC

**Upon motion by Member Duerr, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the Interlocal Agreement between the Truckee Meadows**

**Water Authority and the City of Reno for providing a sanitary restroom facility on the City's Brodhead Park property for use by the public.**

**10. PRESENTATION OF ANALYSIS OF TMWA RULE 7 WATER DEMAND ESTIMATES AND DISCUSSION AND POSSIBLE ACTION AND DIRECTION TO STAFF ON POTENTIAL FUTURE CHANGES TO RULE 7 DEMAND ESTIMATES**

John Zimmerman, TMWA Water Resources Manager, and Laine Christman, TMWA Resource Economist & Conservation Supervisor, presented this staff report. Mr. Zimmerman stated factors considered in TMWA Rule 7 demand estimate are as follows: for single-family residence (square footage of lot size), multi-family residence (number of units), irrigation (type of vegetation and how much), and commercial (based on best available data); and the State Engineer approved the changes. Mr. Christman presented the analysis: the change to the demand estimates stemmed from the fact that in the past several years, water usage data for single-family and multi-family customers show a statistically distinct downward pattern of water use on average; a total of approximately 241 acre feet (AF) underutilization of water rights dedicated for single-family use for all lot sizes in the studied services. The proposed estimation will yield more efficient allocation of resources, which will require less water rights to be dedicated and will lower total cost of housing in the area.

The Board discussed being more conservative in the dedication (staff has done a thorough analysis, included a drought factor in the equation, and continue to review trends on an annual basis); the analysis showed a savings of about 20% for the average lot size; new services are using less water due to larger building footprints on lots and less landscaping; recognizing the benefit of reducing housing costs for affordable housing; the implication of this change to landscaping of commercial and multifamily projects (there would not be any implication since outside irrigation use is in a different category); and for staff to consider revising the proposed formula so that water right dedication is more than projected use.

Mr. Zimmerman added staff proposed to include a limit on the maximum allocation that could be purchased from TMWA's Rule 7 Inventory to obtain a Will-Serve Commitment from TMWA without Board approval. Mark Foree, TMWA General Manager, added the intent is that the proposed limit would apply to large industrial projects that propose to use a substantial volume of water; Staff discussed with the developers (at the time when the facility charges increased) they would review the dedication requirements since peak day demand had decreased for residential properties.

Scott Estes, TMWA Director of Engineering, stated there was a significant increase in the demand factor for commercial irrigation on the facility charges, but maximum day demand is different than dedication.

**Upon motion by Member Dahir, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved staff recommendation to move forward with potential future changes to Rule 7 demand estimates, but to bring back public feedback and comments to the Board prior to the first reading of the proposed Rule change.**

*Chair Hartung recessed at 11:53 a.m.*

*Chair Hartung reconvened at 12:01 p.m.*

11. RECONSIDERATION OF BOARD ACTION ON AGENDA ITEM NO. 10 FROM THE FROM THE SEPTEMBER 18, 2019 MEETING OF THE TMWA BOARD OF DIRECTORS AND DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING PARAMETERS FOR THE SALE OF THE FARAD PROPERTY

Member Anderson thanked the Board for allowing him to bring this agenda item back for reconsideration, because it would be a disservice to TMWA customers if the entire Board did not get to vote on this item and consider the liability of maintaining the property.

Member Duerr stated she was concerned with staff in taking a different direction than Board gave at the last meeting, but would support the motion to reconsider.

Vice Chair Dahir and Chair Hartung disagreed that staff did anything contrary to what was asked of them and were working within the bounds of Board direction.

Chair Hartung noted that he did not attend the last meeting, but thought the Board reached an agreement at its August meeting on a price range that would be acceptable; Mr. Bill Black increased his offer to \$127,500 to move forward with the sale.

**Upon motion by Member Anderson, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved reconsideration of Board action on Agenda Items 9 and 10 from the September 18, 2019 and to hear agenda items 12 and 13 concurrently.**

12. RECONSIDERATION OF BOARD ACTION ON AGENDA ITEM NO. 9 FROM THE SEPTEMBER 18, 2019 MEETING OF THE TMWA BOARD OF DIRECTORS: 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

13. 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 informed the Board that staff did not receive any other offers other than Mr. Black except a proposal from Navitas Utilities that did not comply with the Board's direction to sell the property and it would not be in TMWA's best interests as it would require TMWA to contribute all land and water rights associated with the Farad property, contribute \$1M in cash to finance a feasibility study, encumber the property with significant additional debt, and maintain all liability associated with ownership, while reserving to Navitas certain rights to exit as feasibility is evaluated.

*Public Hearing*

Chair Hartung 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*

Member Duerr expressed her desire for staff to continue working with non-profit organizations to keep it in the public domain and hire a commercial realtor.

Chair Hartung inquired as to when this process began. Mr. Zimmerman provided the two year timeline and Mr. Foree added that Mr. Black has already put the required earnest money into escrow.

Member Brekhus inquired what were staffs' liability concerns regarding the property. Mr. Foree replied the structures on property are between 40-100 years old were staffs' primary concern.

**Member Dahir made a motion, second by Member Anderson, 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 passed by a majority vote of five in favor (Anderson, Jardon, Hartung, Herman, and Dahir) and two opposed (Brekhus and Duerr).**

14. PRESENTATION OF AND DISCUSSION, AND POSSIBLE DIRECTION TO STAFF REGARDING PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2020 THROUGH 2024

Michele Sullivan, TMWA Chief Financial Officer, presented the preliminary five year funding plan for FY 2020 – 2024. Ms. Sullivan stated that TMWA received one-time cash advances (\$30M) over the last three years and therefore deferred the May 2019 rate increase, and will start paying \$11M annually in principal payments in 2020 on TMWA's Senior Lien debt which were deferred in the 2016 Bond Refunding for fiscal years 2017,2018 and 2019. She recommended the Board approve the next rate increase of 2.5%, which is less than the Consumer Price Index (CPI) for the two year period since the latest rate increase, in May 2020 because it is still necessary to close the funding gap between recurring revenues and the cost of servicing the customer base.

*Public Comment*

Chris Milton, Sun Valley General Improvement District (SVGID) Public Works Director, noted that TMWA's financials are healthy which can pay down the debt, SVGID customers are low-income families, and asked the Board to reconsider prior to adoption of the 2.5% rate increase in May 2020.

*Close Public Comment*

Board members stated staff presented the information clearly and effectively and understood the necessity for a rate increase to keep in line with CPI; understood restricted cash would increase in order to pay down the \$11M annually; to use the entire \$9M in the Rate Stabilization Fund would not close the funding gap, but understood it could be used if and when CPI goes out of range for future rate increases; the average household bill would increase approximately \$1/month, but the Board would like to see a chart showing the increase in the average customer bill when staff returns for final approval in early 2020.

**No action taken.**

15. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2019

TMWA staff presented the goals and objectives results for fiscal year 2019. All goals and objectives were either met or far exceeded their target except for a few administrative goals that will be completed in FY 2020, a couple of financial goals that will take time to meet the targets due to debt outstanding, treatment goal due to pumping costs from running Fish Springs, distribution goal of planned outages due to the construction project in Midtown Reno, and engineering goal regarding the construction of the Mt. Rose Water Treatment Plant, which cannot be completed in FY 2020 due to a harsh winter and snow in FY 2019, and will be completed in the fall of 2020 (FY 2021).

16. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2020

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

The Board discussed adding goals to address TMWA being part of the regional growth plan and studying the potential effluent disposal costs.

**Upon motion by Member Anderson, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the proposed TMWA Goals and Objectives for Fiscal Year 2020 and to add the goals discussed: 1. Analyze and provide Board with list of water purveyors that have a role in regional growth; 2. Consider delaying collection of connection fees for multi-family housing until the meter is set as is allowed with single family homes; and 3. Consider including effluent disposal costs into water rates in relation to the water importation project in North Valleys.**

17. GENERAL MANAGER'S REPORT

Mr. Foree had no further comments.

18. PUBLIC COMMENT

There was no public comment.

19. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Herman requested staff to consider Mr. Milton's comments and to review SVGIDs wholesale contract with TMWA.

Member Brekhus requested TMWA to study its facilities at Stonegate in relation to the interlocal agreement with the City of Reno in order to improve coordination efforts between agencies.

20. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 1:32 p.m.

Approved by the TMWA Board of Directors in session on December 12, 2019.

Sonia Folsom, Board Clerk.

*\*Vice Chair Dahir was present for agenda items 1 thru 13 only.*