



STANDING ADVISORY COMMITTEE

MINUTES

December 3, 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 3:02 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Robert Chambers, Harry Culbert, Jordan Hastings, Colin Hayes, Don Kowitz, Carol Litster, Neil McGuire, Ken McNeil, Mike Schulewitch, and Jerry Wager.

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

Primary Members and Alternates Absent: Bill Hughes, Scot Munns, Ann Silver, Fred Schmidt and Jim Smith.

Staff Present: Matt Bowman, Robert Charpentier, Laine Christman, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Danny Rotter, Sandra Tozi, John Zimmerman, and Legal Counsel Michael Pagni (McDonald Carano).

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE OCTOBER 1, 2019 MEETING

Upon motion duly made by Member Schulewitch and seconded by Member Hayes, and carried by unanimous consent of the members

present, the Committee approved the October 1, 2019 meeting minutes.

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

Andy Gebhardt, TMWA Director of Operations & Water Quality, presented on the FY 2019 Customer Satisfaction Study.

6. PRESENTATION ON THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019

Matt Bowman, TMWA Financial Controller, presented the Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2019. The audit, which was completed by Eide Bailly, went well with no findings, comments or audit adjustments. Mr. Bowman credited Sandra Tozi, TMWA Senior Accountant, with preparing the majority of the documentation for the auditors.

Chair McGuire commended staff's efforts for there to be no findings, which is a great accomplishment.

7. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST QUARTER FISCAL YEAR 2020

Mr. Bowman presented the Financial Performance for First Quarter Fiscal Year 2020. The first quarter results indicate: water sales revenue and operating expenses are down from budget, \$1.4m and \$2.0m respectively; change in net position was \$4.2m higher than budget, due primarily to higher capital contributions; non-operating expenses were \$0.5m lower due to higher investment income of \$0.7m; interest expense was lower due to principal payments during the last year (approximately \$9.3m); capital contributions were \$3.0m higher than budget, which was driven by a higher volume of developer contributions leading up to the fee increase which took place on October 1st; capital spending was approximately \$8.2m; and cash on hand was \$212.4m or \$14.6m higher than the beginning of the year (\$155.5m unrestricted cash to meet operating & maintenance expenses, principal & interest payments and construction projects, and \$56.9m restricted cash to pay for scheduled bond principal and interest payments).

8. PRESENTATION ON INTERIM LEGISLATIVE SESSION ACTIVITIES

John Zimmerman, TMWA Water Resources Manager, updated the Committee on Interim Legislative Session activities and that TMWA's Legislative Subcommittee has met once on November 1 to review bills of interest to TMWA: AB30 (3M, monitoring, mitigation and management of large water projects), AB62 (Proof of completion and proof of beneficial use), and SB207 (all public works projects require apprentices for 10% and 3% of total hours for vertical and horizontal construction, respectively).

The Committee discussed the impact of SB207 to TMWA and how it would be implemented. Staff explained they are working closely with the Labor Commissioner to minimize delays prior to January 1, 2020 implementation date.

9. PRESENTATION OF ANALYSIS OF TMWA RULE 7 WATER DEMAND ESTIMATES AND DISCUSSION AND POSSIBLE ACTION AND RECOMMENDATION TO THE BOARD 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. Zimmerman added the Board approved staff's recommendation to move forward with public outreach and to bring any comments to the Board in December; staff has presented to the Board at its October meeting, conducted a public workshop and presented to the Builders Association of Northern Nevada (BANN) on November 12; and anticipate to have the First Reading in January followed with the Second Reading in February. Also, staff recommended limiting allocations using TMWA's Inventory of water rights to 100 acre-feet per application unless approved by the General Manager.

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, per the Truckee River Operating Agreement (TROA), includes an 11% drought factor, 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.

At this time Committee members inquired about whether there would be any cost savings to developers (yes, savings would be around \$500-1000 depending on lot size for single-family residences); the rule change would help off-set a portion of the increase in WSF fees; and existing customers would not be affected, only new customers.

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried by unanimous consent of the members present, the Committee approved recommending to the Board the proposed changes to Rule 7 water demand estimates.

10. UPDATE ON VERDI AND STONEGATE DEVELOPMENTS

Scott Estes, TMWA Director of Engineering, and John Enloe, Director of Natural Resources, provided an update on the Verdi and Stonegate developments.

At this time, Stonegate has submitted an application for the booster pump station, which will be designed and constructed by TMWA with a \$250,000 engineering advance; currently, TMWA is in final review of the off-site pipeline between the Stead tanks and Stonegate; Stonegate will pay for all on- and off-site improvements and will pay TMWA's Area 10 Fee for all water demand as metered services are added, but will not pay TMWA's Supply-Treatment Fee since it will dedicate Fish springs resources for the project; upon completion, TMWA will own, operate and maintain the facilities and cost of operation and maintenance is paid through customer water rates; in July 2018, TMWA, Washoe County and Stonegate entered into a memorandum of understanding (MOU) to participate in the development and implementation of a pilot demonstration project to determine the feasibility of utilizing State of Nevada Category A+ advanced purified water at Stonegate (if successful, it may be a future alternative reclaimed water system serving Stonegate with water sourced from the Cold Springs Water Reclamation Facility); and Stonegate and TMWA worked together to submit a Special Use Permit (SUP) application to the City of Reno and to the United States Forest Service to allow construction of equalization tanks (the Reno tank SUP was appealed to the Reno City Council due to growth related concerns with stormwater, flooding and wastewater. The appeal will be reconsidered at Reno on December 4th).

At this time, TMWA has completed construction of the 18" Verdi Main Extension project and is currently serving the Riverbelle Mobile Home Park; the expansion of water service in Verdi is dependent on the completion of the remaining Verdi Backbone Facilities (approximately \$15m of improvements); TMWA is finalizing the design of the Boomtown Intertie project (which includes crossing the railroad tracks and a new booster pump station), and will go to bid in Feb/Mar 2020 and be in-service early 2021; the Washoe County School District (WCSD) has awarded a contract to extend the Verdi Water Main to the Verdi Elementary School; TMWA is working with the State Engineer on a local groundwater model to estimate the sustainable yield of the groundwater resource supplied by the Boomtown wells; once completed, the Boomtown Intertie project (2021) will allow for conjunctive use of surface water and local groundwater, further increasing water supply reliability.

11. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, TMWA Standing Advisory Committee Liaison, referred to the Committee Membership List, which identified the Committee Members whose terms were expiring on December 31, 2019. Ms. Folsom stated of the 21 current members, six have terms that are expiring and reported all members, pending the reappointments made by the Builders Association of Northern Nevada (BANN) and a new appointment by the Reno-Sparks Chamber of Commerce, would continue.

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

- Fred Schmidt, Wholesale Customer primary representative
- Jonnie Pullman, Multi-family Customer alternate representative
- Colin Hayes, BANN primary representative
- Jim Smith, BANN alternate representative
- Taylor Russo, Reno-Sparks Chamber primary representative
- Ann Silver, Reno-Sparks Chamber alternate representative

12. 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 John Krmptic to fill the Commercial Customer Class Alternate vacancy.

Upon motion duly made by Member Hayes and seconded by Member Chambers, and carried by unanimous consent of the members present, the Committee approved recommending to the TMWA Board of Directors John Krmptic to fill the Commercial Customer Class Alternate vacancy.

13. PRESENTATION AND POSSIBLE APPROVAL OF 2020 MEETING SCHEDULE

Ms. Folsom presented the SAC meeting schedule for 2020.

Upon motion duly made by Member Chambers and seconded by Member Kowitz, and carried by unanimous consent of the members present, the Committee approved the Standing Advisory Committee 2020 Meeting schedule.

14. ELECTION OF CHAIR AND VICE CHAIR FOR 2020

Michael Pagni, TMWA Legal Counsel, noted both Chair McGuire and Vice Chair Schmidt were up for re-election.

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

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

Chair McGuire reopened agenda item #13.

13. PRESENTATION AND POSSIBLE APPROVAL OF 2020 MEETING SCHEDULE

Upon motion duly made by Member Schulewitch and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved to cancel the January 7, 2020 meeting.

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

Next meeting:

1. Water Supply Update
2. Presentation on the decline in tree canopy
3. Presentation on second quarter FY 2020 financial performance
4. Presentation of different watering advancements and technology

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

16. STAFF ITEMS

There were no staff items

17. COMMITTEE ITEMS

There were no committee items.

18. PUBLIC COMMENT

There was no public comment.

19. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:58 p.m.

Approved by the Standing Advisory Committee in session on February 4, 2020.

Sonia Folsom, Recording Secretary