

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE FEBRUARY 19, 2020
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, February 19, 2020, at Sparks Council Chambers, 745 4th Street, Sparks Nevada. Chair Hartung called the meeting to order at 10:00 a.m.

1. ROLL CALL

Members Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, Neoma Jardon, Vaughn Hartung, Jeanne Herman, and Alternate Devon Reese.

Member Absent: Naomi Duerr

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Brent Eisert.

3. PUBLIC COMMENT

Ken Krater, Reno resident and developer, requested the Board to consider eliminating the sustainability fee TMWA charges developers (in addition to the cost of purchasing water rights), stating that it is a region-wide fee, not just applicable to developers, and the cost is passed on to the homebuyers.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE MINUTES OF THE JANUARY 15, 2020 MEETING

Upon motion by Alternate Reese, second by Vice Chair Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the January 15, 2020 minutes.

6. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE FEASIBILITY STUDY OF A POTENTIAL ORR DITCH HYDROELECTRIC PLANT

Brent Eisert, TMWA Hydroelectric Generation Supervisor, presented the feasibility study and potential costs of using the existing pipeline connecting Chalk Bluff Water Treatment Plant (WTP) and Orr Ditch for a hydroelectric project in order to support the power needs of Chalk Bluff WTP during winter months. He introduced Mike Parker, Senior Engineer from Kleinschmidt, who consulted with staff on the study. The project would not require any new in-river structures, would align with the Governor's Executive Order and Senate Bill 254 to reduce greenhouse gas emissions and Senate Bill 358 that requires renewable energy to be 50% of electricity sold by 2030, increase TMWA's hydroelectric profile to 7.7 megawatts, offset approximately 42% of Chalk Bluff WTP annual power costs, provide self-reliant clean energy power supply during winter months and potential emergency power outages, and TMWA customers would benefit from the investment. The conservative estimated cost is approximately \$5.6m, which would be funded from the Farad insurance settlement and not customer rates (current or future). Currently, TMWA owns and operates three existing hydropower plants all over 100 years old, which customers and the region will benefit from for a long time into the future. The net present value of the new hydroelectric plant at 30 years is \$1.4m.

Board Members expressed their gratitude to staff for their extensive mindful approach to the feasibility study and appreciated the opportunity to make a decision that will positively affect future generations. Board members noted the benefits of using funds from the Farad settlement so that current and future customers are not financially impacted, and noted the investment of future returns is considerable.

At this time the Board inquired about the impact of drought on the ability to meet energy production. The study considered historic and projected river flows under TROA. The Board also inquired if the dam structure in the river would be worked on to address concerns from the kayak community, but staff responded that no improvements to the dam structure are scheduled at this time or were needed for this project. Board members inquired if TMWA could consider integrating this new plant into a park space, and staff responded that there is a path along the river which is used for portage around the existing diversion dam for kayakers. Staff noted the only possible disadvantage of the project is water is being taken out of a new stretch in the river in the winter, but the use is considered non-consumptive and the water will be returned and transferred down the river.

Pat Nielson, Director of Distribution, Maintenance & Generation, wanted the Board to acknowledge Mr. Eisert's efforts from the beginning to bring this project to fruition.

Chair Hartung requested staff to provide updates to the Board when appropriate and would like to schedule a field trip at such time is beneficial.

Member Brekhus stated she supports the project, but would like to ensure stakeholder interest input is considered. Mr. Foree replied they will work with river users for them to provide comments, in addition to the permitting agencies.

Upon motion by Vice Chair Dahir, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved staff proceed with permitting, design, bidding and construction of the Orr Ditch hydroelectric power plant.

7. PUBLIC HEARING ON RULE AMENDMENT

A. RULE AMENDMENT, SECOND HEARING AND ADOPTION: DISCUSSION AND ACTION ON RESOLUTION NO. 281: A RESOLUTION TO ADOPT AMENDMENTS TO RULE 7 WATER DEMAND ESTIMATES FOR NEW OR MODIFIED SERVICE APPLICATIONS

John Zimmerman, TMWA Water Resources Manager, presented the agenda item. Mr. Zimmerman stated staff has not received any public comments on the changes to Rule 7 since it was last presented to the Board in December and, if approved, it would go into effect today.

B. PUBLIC COMMENT

There was no public comment.

Upon motion by Member Brekhus, second by Alternate Reese, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 281: A resolution to adopt amendments to Rule 7 water demand estimates for new or modified service applications.

8. DISCUSSION AND ACTION, AND POSSIBLE APPROVAL OF A SECOND AMENDMENT TO CONTRACT FOR DELIVERY OF WATER BETWEEN TMWA AND THE SUN VALLEY GENERAL IMPROVEMENT DISTRICT (SVGID)

Mr. Zimmerman noted that SVGID approached TMWA about expanding its wholesale service territory to accommodate a proposed new development that is currently outside of TMWA and SVGID's service territories. Staff recommended allowing SVGID to serve the development because it would be twice as expensive for TMWA to serve it due to topography and elevation of current SVGID facilities. This would require expanding TMWA's wholesale service territory, which is part of TMWA's Large Volume Resale Service rate schedule (LVS). Staff also reviewed SVGID's current wintertime water usage and recommends an increase to the LVS Tier 1 rate from 29 million gallons (MG) per billing period to 34MG/billing period. This will decrease revenue to TMWA by approximately \$51,000 per year. If approved, the rate would be effective May 1 to coincide with the next approved rate increase.

Vice Chair Dahir stated this is in his ward and he was pleased with the idea proposed.

Upon motion by Member Jardon, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board

approved the second amendment to contract for delivery of water between TMWA and the Sun Valley General Improvement District.

9. PUBLIC HEARING ON RULE AND RATE AMENDMENTS

A. INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA WHOLESALE WATER RATES, LARGE VOLUME RESALE SERVICE (LVS) RATE TARIFF (CURRENTLY APPLICABLE TO THE SUN VALLEY GENERAL IMPROVEMENT DISTRICT WHOLESALE WATER AGREEMENT)

Mr. Zimmerman noted this is related to the prior SVGID agenda item. He stated that to implement the changes to the contract approved by the prior agenda item TMWA needed to change the LVS rate schedule to expand the wholesale service area and change the Tier 1 water usage level and recommend they proceed to the second reading next month.

Upon motion by Member Anderson, second by Alternate Reese, which motion duly carried by unanimous consent of the members present, the Board approved to refer to a second reading amendments to TMWA Wholesale Water Rates, Large Volume Resale Service (LVS) rate tariff (currently applicable to the Sun Valley General Improvement District wholesale water agreement).

B. INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA RULE 2 GENERAL CONDITIONS FOR DELIVERY OF WATER, RULE 3 APPLICATION FOR, AND DISCONTINUANCE, TERMINATION, AND RESTORATION OF THE DELIVERY OF WATER, AND RULE 4 PAYMENT FOR THE DELIVERY OF WATER

Michele Sullivan, TMWA Chief Financial Officer, introduced changes to Rules 2, 3, and 4 which are related to the new customer information services (CIS) system being implemented, and to align some of the processes which will improve customer service. Ms. Sullivan noted under Rule 2, Section 4(a) that they simplified the cash deposit for new customers at a flat rate of \$100 (rather than a percentage required for a similar service) and termination of service for a premise without twelve months of usage history will be set at 300% of the highest month's use to calculate a deposit to reestablish service.

Upon motion by Member Jardon, second by Alternate Reese, which motion duly carried by unanimous consent of the members present, the Board approved refer to a second reading amendments to TMWA Rule 2 general conditions for delivery of water, Rule 3 application for, and discontinuance, termination, and restoration of the delivery of water, and Rule 4 payment for the delivery of water.

C. INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA RULE 5 WATER SYSTEM FACILITIES AND RULE 6 SERVICE AND METER FACILITIES

Chair Hartung tabled this agenda item to a future meeting.

D. PUBLIC COMMENT

There was no public comment.

10. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE APPOINTMENT OF CHRIS MELTON TO THE STANDING ADVISORY COMMITTEE (SAC) TO FILL THE WHOLESALE CUSTOMER REPRESENTATIVE ALTERNATE FOR TERM BEGINNING FEBRUARY 1, 2020 TO DECEMBER 31, 2021

Sonia Folsom, TMWA Standing Advisory Committee Liaison, presented the agenda item.

Upon motion by Vice Chair Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the appointment Chris Melton to the Standing Advisory Committee (SAC) to fill the wholesale customer representative alternate for term beginning February 1, 2020 to December 31, 2021.

Chair Hartung called for a closed-door attorney-client session at 10:54am.

Chair Hartung reconvened the public meeting at 11:04am.

11. DISCUSSION AND POSSIBLE ACTION ON REQUEST FOR BOARD APPROVAL TO SETTLE A LAWSUIT WITH FARR CONSTRUCTION CORPORATION DBA RESOURCE DEVELOPMENT COMPANY (SECOND JUDICIAL DISTRICT COURT CASE NO. CV17-00968) REGARDING CONSTRUCTION OF IMPROVEMENTS TO FLEISH HYDRO FACILITY

Mr. Zimmerman and legal counsel Dane Anderson stated it is staff recommendation for the Board to approve the settlement agreement and authorize the general manager to sign the agreement.

Upon motion by Member Anderson, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved and authorized the general manager to sign the agreement to settle a lawsuit with Farr Construction Corporation dba Resource Development Company (Second Judicial District Court Case No. CV17-00968) regarding construction of improvements to Fleish hydro facility.

12. GENERAL MANAGER'S REPORT

Mr. Foree had nothing to report, but noted it is nearing March and we are only at 73% snowpack levels; although we are still in great shape in terms of upstream reservoir storage, we would like to see more snow.

13. PUBLIC COMMENT

There was no public comment.

14. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

15. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 11:07 a.m.

Approved by the TMWA Board of Directors in session on April 10, 2020.

Sonia Folsom, Board Clerk.