



STANDING ADVISORY COMMITTEE

MINUTES

August 4, 2020

The Standing Advisory Committee (SAC) met via Zoom. Chair McGuire called the meeting to order at 3:04 p.m.

1. ROLL CALL

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

Alternates Present: Fred Arndt, Ken Becker, Susan Hoog, Jonnie Pullman, Dale Sanderson, and Jim Smith.

Primary Members and Alternates Absent: Karl Katt, John Krmptotic, Scot Munns, and Ann Silver.

Staff Present: Robert Charpentier, Laine Christman, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Bill Hauck, Laura Rader, Will Raymond, Danny Rotter, Michele Sullivan, 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 Hayes, and seconded by Member Chamber, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE FEBRUARY 4, 2020 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 February 4, 2020 meeting minutes.

5. ELECTION OF VICE CHAIR FOR THE REMAINDER OF CALENDAR YEAR 2020

Michael Pagni, TMWA SAC Legal Counsel, stated vice chair can be elected from the members.

Chair McGuire nominated Mike Schulewitch to be vice chair for the remainder of 2020;

Upon motion duly made by Member Hayes and seconded by Member Chambers, and carried by unanimous consent of the members present, the Committee approved the nomination of Mike Schulewitch to be vice chair for the remainder of calendar year 2020.

6. PRESENTATION ON WATER QUALITY

Will Raymond, Water Operations Manager, provided an overview of TMWA's water quality report and operations. Since 2015, TMWA has received AWWA's Partnership for Safe Drinking Water Award and continues to deliver safe and reliable water service during the coronavirus (COVID-19) pandemic.

The Committee discussed the effects of chlorine on the coronavirus, which is proven effective in killing the virus and the safety of TMWA employees (TMWA has been operating at a Pandemic Response Level 3, which provides for minimal and critical staffing only and no one has tested positive).

7. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, reported the snowpack for the year reached a level of about 70% of normal, Lake Tahoe is about 3/4 full and at 72% capacity, and normal river flows are projected for the rest of the year and the next couple of years regardless of what happens this winter.

8. DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD ON TMWA'S DRAFT 2020-2040 WATER RESOURCE PLAN

Kara Steeland, TMWA Hydrologist, presented the draft 2020-2040 Water Resource Plan (2040WRP), as well as the public outreach schedule, and staff plans to bring it back for final Board approval in the fall. Bill Hauck, TMWA Water Supply Administrator, presented the climate change model scenarios, which indicate that even in extreme scenarios, the first year of shortage is 50 years out; therefore, TMWA's water supply remains extremely resilient under current operations. Mr. Hauck further explained the Bureau of Reclamation (BOR) grant TMWA received in September 2019 is a multi-agency approach to reevaluate the flood control management of upstream storage (last updated in 1985) based on changing climate conditions, potentially providing a more flexible and adaptive storage plan.

Member Chambers asked about forest fires and effects on streams and who is responsible for the aftermath. Kara replied that it is addressed in Chapter 6 and TMWA works collaboratively with The Nature Conservancy Nevada Chapter and they are doing extensive modelling in the areas about risk of forest fires within the headwaters of the Truckee River system. Also funding is provided through the Truckee River Fund for restoration projects to maintain forest health and decrease the magnitude of the fires.

Vice Chair Schulewitch asked about where the agricultural water rights are. John Zimmerman, TMWA Water Resource Manager, replied the majority of the water rights are in the Truckee Meadows basin area, and are small ranchettes that have split up into smaller parcels and/or properties that once had an agricultural use that have since been developed into housing.

Upon motion duly made by Vice Chair Schulewitch and seconded by Member Chambers, and carried by unanimous consent of the members present, the Committee accepted the report and recommended to the TMWA Board of Directors to approve the Draft 2020-2040 Water Resource Plan as presented by staff.

9. PRESENTATION ON TMWA'S NEW RATE SCHEDULE INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE (ILVNPS)

Mr. Zimmerman presented the new rate the Board adopted in June, which creates a mechanism to allow for temporary use of TMWA water rights to be used to make up for any return flow deficits when reclaimed water from other local agencies is used for purposes such as dust control for construction projects and development. This rate will provide for return flow back to the river to meet Orr Ditch Decree and Truckee River Operating Agreement (TROA) requirements and no TMWA facilities will be used for this service. The ILVNPS rate would be limited to projects requiring a minimum of at least 15 acre-feet (AF) and would be at the sole discretion of TMWA.

Chair McGuire inquired about how the customers would be charged if they are taking water from the hydrants or creeks and irrigation ditches. Mr. Zimmerman replied any use from hydrants must be approved by TMWA and is metered, but that the use of water from creeks or irrigation ditches for dust control is a separate issue. The new ILVNPS rate is the use of untreated water left in the river to make up for return flow and the local agencies would then use their reclaimed water, via the purple pipe system, to supply water for dust control purposes and would separately meter that water.

Member Hastings inquired if the service would be for fixed periods. Mr. Zimmerman replied the service agreements would be one year at most or seasonal. For example, the pump at the Somerset golf course went down and they are asking for over 100 AF for their irrigation season; much like a ditch irrigation service customer.

10. PRESENTATION ON THE TMWA TENTATIVE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2021 AND DRAFT CAPITAL IMPROVEMENT (CIP) FOR FISCAL YEARS 2021 THROUGH 2025

Michele Sullivan, TMWA Chief Financial Officer, presented the final FY 2021 Budget and FY 2021-2025 CIP. The final budget reflects the Board's decision to defer the 2.5% rate increase until September, 2020 (a \$600k reduction), and an additional reduction of \$300k in hydroelectric revenue due to the expected downtime to repair the Washoe Flume. The 5-year CIP, \$229m, reflects small changes as well, which increased \$1m in FY 2021, related to the Spanish Springs main replacement project, but reduced additional costs in following years, so there was no additional increase to customer rates, as well as an

additional \$4m for the Mt. Rose Water Treatment Plant, and the Farad insurance settlement will be used to build the Orr Ditch Hydro facility.

At this time the Committee discussed the impact COVID-19 has had on revenues (residential sales are up which have offset the decrease in commercial sales, and residential sales closed the budget gap in the last quarter FY 2020); TMWA is not turning customers' water off for non-payment (for customers who are over 60 days, which is a few thousand, it is about \$400k in total, but typically runs about \$100-150k this time of year); the Orr Ditch Hydro project will be using the existing water ways and Chalk Bluff facilities to bring water up to the plant and since it will be behind the meter, TMWA will use the power generated directly; and TMWA is not acquiring new debt over the next five years and will continue to pay down debt.

11. DISCUSSION AND ACTION, AND POSSIBLE RECOMMENDATION TO THE BOARD FOR RECONSIDERATION AND MODIFICATION OF IMPLEMENTATION OF PHASE THREE RATE ADJUSTMENT IN AMOUNT OF 2.5% CURRENTLY SCHEDULED TO BE IMPLEMENTED ON FIRST BILLING CYCLE IN SEPTEMBER 2020

Ms. Sullivan presented the staff report which will be presented to the Board at their August meeting, stating they are recommending for the Board to approve to pushing Phase 3 rate adjustment to May 2021 for final implementation with Phases 4 and 5 to be implemented in 2022 and 2023, respectively. At its April 2020 Board meeting, staff brought forth deferring the rate increase already approved for implementation in May 2020, Given the situation with unemployment and the economic effects of the pandemic, the Board agreed it was the right thing to do, and deferred the rate increase to September, 2020. The Board could consider using the Rate Stabilization Fund, which has a little more than \$9m, but staff does not anticipate that. Staff is requesting the Committee to approve staff recommendation to push the rate increase to May 2021.

Vice Chair Schulewitch stated it is a reasonable expectation to delay and inquired about the future rate increases. Ms. Sullivan replied that it would be held at 2.5% but revisited through the funding plan before each one happened.

Chair McGuire agreed and that we need to pay down more of the debt, and even though 2.5% does not seem that much, it would be considerate to hold off due to the pandemic.

Upon motion duly made by Member Kowitz and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved recommending to the Board to implement Phase 3 rate adjustment of 2.5% to be implemented in May 2021.

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

Next meeting:

1. TMWA unaudited FY2020 financials
2. Legislative Session Update

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

Upon motion duly made by Member Chambers and seconded by Member Culbert, and carried by unanimous consent of the members present, the Committee approved to cancel the September 1, 2020 meeting.

10. STAFF ITEMS

There were no staff items.

11. COMMITTEE ITEMS

Chair McGuire stated it is important that we need to do this as a committee, to keep this involvement and get the information out to the public.

12. PUBLIC COMMENT

There was no public comment.

13. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:47 p.m.

Approved by the Standing Advisory Committee in session on October 6, 2020.

Sonia Folsom, Recording Secretary