



STANDING ADVISORY COMMITTEE

MINUTES

October 6, 2020

The Standing Advisory Committee (SAC) met via Zoom. Chair McGuire called the meeting to order at 3:02 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, Jonnie Pullman, and Jerry Wager.

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

Primary Members and Alternates Absent: Karl Katt, Mike Schulewitch, and Ann Silver.

Staff Present: Matt Bowman, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Danny Rotter, Michele Sullivan, Sandra Tozi, John Zimmerman, and Legal Counsel Michael Pagni (McDonald Carano).

*Member Melton arrived at 3:08 p.m.

**Member McNeil arrived at 3:21 p.m.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE AUGUST 4, 2020 MEETING

Upon motion duly made by Member Chambers and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee approved the August 4, 2020 meeting minutes.

5. PRESENTATION OF TMWA LEGISLATIVE SESSION ACTIVITIES

John Zimmerman, TMWA Water Resources Manager, introduced Leo Drozdoff, TMWA Lobbyist, who has been lobbying on behalf of TMWA and legislative affairs and is the former Director of State of Nevada Department of Conservation & Natural Resources. Mr. Zimmerman explained the TMWA Board, at the end of the 2019 Legislative Session, directed staff to be more involved in the Nevada Legislature (since there were a few bills during that session that were considered which could have negatively affected TMWA and were due to legislators not knowing about TMWA operations), and so they set up a TMWA Legislative Subcommittee for the interim session. Staff, and a member of the Subcommittee, met with Senators Julia Ratti and Ben Kieckhefer and Assemblywoman Sarah Peters to give them a broad overview of TMWA's operations and discuss the outcome of key bills from the 2019 Session; in particular AB 62 and AB 30. Currently, there are almost 500 bill draft requests (BDRs), nine of which involve water right and water resource issues. Staff is continually monitoring the BDR list.

Chair McGuire inquired about being more involved in legislative activities and what that meant in terms of time and money. Mr. Zimmerman replied the Board directed staff to be more engaged during the interim session and it was not much more with regards to cost and time than is usually spent.

6. PRESENTATION OF POTENTIAL FUTURE AGREEMENT(S) WITH CITY OF RENO FOR IMPLEMENTATION OF AMERICAN FLAT ADVANCED PURIFIED WATER DEMONSTRATION PROJECT AND STAFF AND COST SHARING FOR WATER RESOURCE DEVELOPMENT WORK

John Enloe, TMWA Natural Resources Director, updated the Committee on TMWA's involvement in OneWater Nevada, a collaborative effort with regional governmental entities, regarding the progress made in the A+ Feasibility Study Project at Reno-Stead Water Reclamation Facility. The feasibility Study pilot project allows for recharge of 10 gallons per minute of advanced purified water. A full-scale demonstration project is under consideration at American Flat, with a potential capacity of up to 2 million gallons per day (MGD). The project would treat effluent water to drinking water standards and inject it to the ground to be stored for other uses TMWA and the City of Reno, to continue this effort, will work together on technical, staffing and financial considerations. A final report will be provided to Nevada Department of Environmental Protection (NDEP) by April 2021.

Member Wager inquired what the cost of the finished water produced per gallon would be. Mr. Enloe replied he does not know the final cost at this time, but it would be more expensive than producing drinking water at TMWA. Initially, the water would be used for irrigation purposes, and eventually, it could be used for potable purposes. He anticipates a new water right would be created, revenue generated would be used to help pay for the capital improvements and treatment process; and yes, the injection process would continue as it acts as buffer and provides additional treatment in the aquifer.

7. PRESENTATION OF TMWA'S PRELIMINARY, UNAUDITED FINANCIAL PERFORMANCE FOR FISCAL YEAR ENDED JUNE 30, 2020

Matt Bowman, TMWA Financial Controller, informed the Board that total operating revenues came in at \$1.6m (within 1%) lower than budget; water sales revenue came within \$200k (1%) of budget; TMWA had a strong fourth quarter of FY 2020 due to an increase in residential and irrigation revenues, despite a decrease (about 25%) in commercial water sales, although commercial water sales make up only about 12% of overall revenue; overall operating expenses was \$7.6m (8%) lower than budget; salaries and wages were down from budget due vacant positions; services and supplies were lower by about \$3.9m; non-operating expenses were \$4.0m under budget (which is attributed to increased investment earnings); and lower interest expense of \$0.4m which is mostly due to our commercial paper program having lower rates (which is down to \$14.5m and expect to pay it off within the next three years).

Member Jordan inquired about the \$2m in grants and what it was used for. Mr. Bowman replied it was for the Glendale Diversion from the 2017 flooding.

8. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2021 THROUGH 2025, DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD

Michele Sullivan, TMWA Chief Financial Officer, stated they do a strategic plan projecting out 5 years, which is not a budget, because it is more conservative. The funding plan is used it to decide if a rate increase(s) is necessary since customer rates should cover cost of service. In 2016, the 5-year funding plan presented requested for rate increases over a five year period. The first two increase of 3% were implemented in May 2017 and 2018; the remaining three increases of 2.5% were to be presented to the SAC and Board for reconsideration prior to implementation. The final three rate increases were deferred to 2020 through 2022. In January, the Board approved May 2020 implementation of the first 2.5% rate increase. This was revisited in April due to the COVID-19 pandemic to postpone for reconsideration in August. At its August meeting, the Board approved deferring the three remaining increases until May 2021, May 2022 and May 2023; two years after it was supposed to go into effect.

Member Hasting confirmed the unrestricted cash was not in bank, but rather short-term securities, Ms. Sullivan replied yes, and the majority of cash is managed by Wells Fargo and PFM.

Upon motion duly made by Member Becker and seconded by Member Wager, and carried by unanimous consent of the members present, the Committee accepted the report and recommended to the TMWA Board of Directors of preliminary funding plan for fiscal years 2021 through 2025.

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

Next meeting:

1. Legislative Session Update
2. Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020
3. Presentation of Financial Performance for First Quarter Fiscal Year 2020
4. 2021 SAC Membership
5. Water Supply Update
6. Election of Chair and Vice Chair (or first of the year)

Upon motion duly made by Member Hayes and seconded by Member Kowitz, 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 Hayes and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved to cancel the November 3, 2020 meeting.

10. STAFF ITEMS

Sonia Folsom, TMWA Standing Advisory Committee Liaison, informed the Committee she will be reaching out to members whose terms are expiring December 31, 2020 to confirm those who wish to continue serving on the Committee.

11. COMMITTEE ITEMS

Member Chambers announced it was his 91st birthday on October 7th. The Committee and staff wished him a happy birthday.

12. PUBLIC COMMENT

There was no public comment.

13. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:20 p.m. Approved by the Standing Advisory Committee in session on December 1, 2020.

Sonia Folsom, Recording Clerk

**Member Melton was present for agenda items 5 thru 13 only.*

***Member McNeil was present for agenda items 6 thru 13 only*