



STANDING ADVISORY COMMITTEE

MINUTES

December 1, 2020

The Standing Advisory Committee (SAC) met via Zoom. Vice Chair Schulewitch 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, Karl Katt, John Krmpotic, Jonnie Pullman, Dale Sanderson, and Jim Smith.

Primary Members and Alternates Absent: Ann Silver.

Staff Present: Matt Bowman, Robert Charpentier, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauck, Pat Nielson, Laura Rader, Danny Rotter, Michele Sullivan, Chuck Swegles, Sandra Tozi, John Zimmerman, and Legal Counsel Michael Pagni (McDonald Carano).

*Chair McGuire arrived at 3:14 p.m.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE OCTOBER 6, 2020 MEETING

Member Kowitz noted a spelling error.

Upon motion duly made by Member Kowitz and seconded by Member Hastings, and carried by unanimous consent of the members

present, the Committee approved the October 6, 2020 meeting minutes with amendment.

5. WATER SUPPLY UPDATE

Bill Hauck, Water Supply Administrator, informed the Committee that it has been a dry season thus far and most of the region is in a moderate or severe drought, but from a water supply perspective, the outlook is different; not at the level he would like, but in decent shape at about 44% of maximum storage capacity in reservoirs; Lake Tahoe, Donner and Independence Lake are about 45%, 60% and 62% full, respectively; snowpack level is below normal; and 2021 Lake Tahoe projections remain above the natural rim at 6223 feet.

Member Wager asked about the hydrograph trending down over the last few years compared to the years leading up to the major drought of 2011. Mr. Hauck replied the graph is not a true representation of river flows only. It shows a combination of natural flows and what is released from the reservoirs; climate change studies show that natural flows are expected to increase over time.

6. PRESENTATION ON THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDED JUNE 30, 2020

Matt Bowman, Finance Controller, presented the CAFR which is a regulatory document TMWA is required to prepare annually, and summarizes how TMWA performed financially during the prior fiscal year. TMWA is audited by an external audit firm who includes an audit report that attests to the accuracy of the CAFR. This in turn is used by investors, rate payers, etc. to see how TMWA is doing. We have a clean audit; the auditors did not have any findings or adjustments. Mr. Bowman noted the "Financial Section" which is used if one wanted to compare TMWA to other public water agencies. He thanked accounting staff, Sophie Cardinal, Principal Accountant, and Sandra Tozi, Financial Analyst, for all their hard work.

Chair McGuire thanked Mr. Bowman and staff for a clean audit and making the document easier to read. Vice Chair Schulewitch asked how many former STMGID customers who do not have meters since the last time it was discussed. Mr. Bowman replied he does not know at this time, but can check.

7. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST QUARTER FISCAL YEAR 2021

Mr. Bowman presented the first quarter financials, which was a good quarter with water sales revenue higher than budgeted due to a hot and dry summer and operating expenses low. Overall, net income was \$3.8m, or 20%, higher than budget; operating revenue was up 5% over budget due to increased water usage operating expenses were \$1.6m lower than budget (salaries and wages are down due to vacancies); non-operating expenses were \$0.6m higher than budget (due to lower investment income);

Capital contributions were \$700k, or 9%, higher than budget due to timing of big projects in the last quarter (lower volume of projects coming in); Capital spending was approximately \$5.7m and staff expects it to be about \$40-45m for the year; Cash position at the end of the quarter was \$3.2m higher than beginning of fiscal year; and July 2020 saw our first payment on 2017 revenue bonds of \$10.5m, which will be a recurring, annual debt service payment.

Chair McGuire asked if TMWA is looking for new people to fill the positions. Mr. Bowman replied there are less than five positions open. Michele Sullivan, TMWA CFO, stated they have hired a few more water treatment plant operators and the overtime is now less than half what it was a couple of years ago.

Mr. Bowman updated the Committee on customers still on STMGID rates: 2,696 residential and 121 commercial, and about 1,000 customers have converted to TMWA rates since the merger.

8. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, SAC Liaison, informed the Committee all members whose terms are expiring December 31, 2020 have agreed to continue for another term except Vice Chair Schulewitch who will resign at the end of the year.

9. PRESENTATION AND POSSIBLE APPROVAL OF 2021 MEETING SCHEDULE

Ms. Folsom presented the proposed 2021 meeting schedule.

The Committee discussed the possibility of reducing the meetings to quarterly to coordinate with pertinent financial deadlines, and suggested it be an agenda item at the next meeting.

10. ELECTION OF CHAIR AND VICE CHAIR FOR 2021

Michael Pagni, TMWA General Counsel, presented this item.

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried by unanimous consent of the members present, the Committee approved Neil McGuire to be Chair for calendar year 2021.

Upon motion duly made by Member McGuire and seconded by Member Schulewitch, and carried by unanimous consent of the members present, the Committee approved Jordan Hastings to be Vice Chair for calendar year 2021.

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

Next meeting:

1. Legislative Session Update
2. Presentation of Financial Performance for Second Quarter Fiscal Year 2020
3. Water Supply Update
4. Discussion on meeting schedule
5. Status on major CIP projects (Verdi and Cold Springs, Mt. Rose WTP, TRI Center) expenditures

Upon motion duly made by Member Culbert and seconded by Member Chambers, 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 Hastings, and carried by unanimous consent of the members present, the Committee approved to cancel the January 5, 2021 meeting.

12. STAFF ITEMS

Ms. Folsom asked Committee Members to provide updated contact information if there were any changes and members to coordinate with their partner if they will be absent to ensure there is a member representing their customer class.

13. COMMITTEE ITEMS

There were no committee items.

14. PUBLIC COMMENT

There was no public comment.

15. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:07 p.m.
Approved by the Standing Advisory Committee in session on March 2, 2021.

Sonia Folsom, Recording Clerk

****Chair McGuire was present for agenda items 5 thru 15 only.***