



## STANDING ADVISORY COMMITTEE

### MINUTES

March 2, 2021

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The Standing Advisory Committee (SAC) met via Zoom. Vice Chair Schulewitch 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, \*\*\*Jonnie Pullman, and Jerry Wager.

**Alternates Present:** Fred Arndt, Ken Becker, Susan Hoog, \*\*Karl Katt, John Krmptic, Dale Sanderson, and \*Jim Smith.

**Primary Members and Alternates Absent:** Chris Melton, and 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).

\*Member Jim Smith arrived at 3:07 p.m.

\*\*Member Karl Katt left at 3:33 p.m.

\*\*\*Member Jonnie Pullman left at 4:33 p.m.

#### 2. PUBLIC COMMENT

There was no public comment.

#### 3. APPROVAL OF THE AGENDA

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

#### 4. APPROVAL OF THE MINUTES OF THE DECEMBER 1, 2020 MEETING

**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 December 1, 2020 meeting minutes with amendment.**

**5. RECOGNITION OF MIKE SCHULEWITCH, SAC VICE CHAIR**

Chair McGuire recognized former Vice Chair Mike Schulewitch for his service sitting on the Standing Advisory Committee and his part representing the former South Truckee Meadows General Improvement District (STMGID) during the merger and his dedication to the Committee.

Mr. Schulewitch thanked everyone and for being given the opportunity to represent former STMGID during the merger, which was a better deal for all involved and made for a better water company.

Mark Foree, TMWA General Manager, expressed staff's appreciation for everything Mr. Schulewitch did in working on the merger with STMGID; finalizing the efforts was mainly a credit to him in communicating with all the residents in his area.

**6. DISCUSSION AND POSSIBLE RECOMMENDATION REGARDING BILLS IN THE 2021 LEGISLATIVE SESSION THAT MAY IMPACT TMWA**

John Zimmerman, TMWA Water Resources Manager, introduced Leo Drozdoff, TMWA Lobbyist, who is the former director of the Department of Conservation and Natural Resources. They highlighted a few bills that are significant to TMWA: AB3 (allows parcel maps and documents be sent electronically), support; AB5 (attempts to clarify what actions State Engineer can be judicially reviewed), has received numerous negative comments as drafted and may need to address those concerns, monitor; AB6 (does not require a hearing on a temporary application), support; AB87 (proposes to streamline the process by which certain easements of cities and counties can be vacated and abandoned without a hearing), since the law includes public utility and staff wants to ensure TMWA is involved in the process, oppose; AB97 (revises provisions governing toxic chemicals), specifically related to chemicals found in fire suppression foam and fire retardant clothing used which is not found in Nevada and when TMWA staff has sampled in the past the results were "non detect", but staff is working with the bill sponsor on addressing issues that may impact TMWA, monitor; AJR2 (recognizes that forest health is directly related to water quality), support; SB67 (increases the threshold that an agency can self-perform a public work from 100k to 250k), since TMWA has a state certified apprenticeship program and it would allow more opportunity for on-the-job training, where appropriate, if it is increased. Staff has been working with Clark County on the amendment that would address their concerns, support; AB146 (related to regulating water from diffuse/non-point sources of water), Mr. Drozdoff plans to meet with the bill sponsor, Assemblywoman Sarah Peters, to better understand the purpose of the bill, monitor; and SB149 (allows for rural counties to create groundwater boards within their jurisdictions), monitor.

Mr. Zimmerman informed the Committee on a bill draft request (BDR), that has yet to become a bill, sponsored by Governor Sisolak. Michael Pagni, TMWA General Counsel, stated the BDR is a proposal by Blockchains that would essentially create autonomous districts that would function as a county within a county taking over responsibilities such as tax collection, k-12 education and other services that would otherwise be provided by government; the innovation zones could only be created by a private developer

who owns more than 50k acres of land and promises to invest over \$1B of his own and would agree to levy a tax on innovative technology based in their zone.

Member Brown asked about AB93 and what implications for TMWA as well as the fiscal impacts of SB67. Mr. Zimmerman replied that it would impact how TMWA responds if an emergency was declared and there's been no mention yet of a fiscal impact on SB67.

Chair McGuire asked about AB97 and if the fire retardant used in the area contain the chemicals that negatively impact water quality. Mr. Drozdoff replied yes, and the firefighting foam is very effective for its purpose, but comes with some potential health concerns and there is a desire to not ban this product, but to allow for firefighters not to train with this, but use a proxy.

## 7. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, informed the Committee that the snowstorms in late January increased the snowpack levels from about 50% to about 80% and the storms in February weren't as significant, but kept the snowpack levels stable; upstream reservoir storage is at about 40% capacity (which is before the spring runoff); TMWA has almost 41k acre feet (AF) in storage including about 15k AF in Lake Tahoe, and about 12k AF in other federally operated reservoirs in addition to the water owned by TMWA in Donner and Independence lakes; Lake Tahoe has about 2.6 feet of storage and is expected to end the year about 2 feet above the rim; and, despite the limited runoff expected to occur this spring, we will have normal river flows this year and into next year.

Member Krmpotic asked if there is still an opportunity for a miracle March to add snowpack or if it could happen in April. Mr. Hauck replied there is still time and they have seen snowpack being built well into May, but statistically there is less than 20% chance of ending the year on an average note.

## 8. PRESENTATION OF FISCAL YEAR 2021 Q2 YEAR TO DATE FINANCIAL RESULTS

Matt Bowman, TMWA Financial Controller, presented the actuals vs. budget as of December 31, 2020. Mr. Bowman said staff does its best to budget for what will happen throughout the year: change in net position \$9m (34%) over budget which was driven by higher water sales in the first quarter of FY2021; operating revenue was higher due to water sales which are ahead of budget by about \$3.4m (5%) due to high temperatures and drier season; operating expenses were under budget about \$3.2m (6%) due to services and supplies which is \$1.9m under budget, but expect it to catch up by the end of the year; non-operating expenses was \$1.3m (31%) higher than budgeted, which includes investment income and is less due to falling interest rates; capital expenditures to date is \$19.3m; cash position was \$218.3m or \$12.5m higher than budgeted (\$161m unrestricted and \$58.1m restricted to pay for scheduled bond principal and interest payments).

Chair McGuire asked if water sales were higher because of the pandemic and if staff anticipates an increase in supply costs next year. Mr. Bowman replied that it could be, in addition to the warmer temperatures in the summer, they saw an increase in residential water sales, and a decrease in

commercial water sales, and staff is finalizing the services and supplies budget for next year and do not see a substantial increase, about 2%, from current budget.

#### 9. PRESENTATION ON MAJOR CAPITAL IMPROVEMENT PROJECTS

Danny Rotter, TMWA Engineering Manager, highlighted a few major TMWA capital improvement projects: Mt. Rose Water Treatment Plant, contract value \$20.2M, is anticipated to be completed by the end of March 2021, then a 60-day demonstration period; Boomtown Booster Pump Station (BPS), contract value \$2.1M, is expected to be completed by the end of May 2021; Washoe Flume Reconstruction, contract value \$4.8M (original contract was for \$3.3M) change order was submitted to add upper flume rehabilitation, hillside removal and protection, anticipated completed date is June 2021; Disc Drive BPS, contract value \$4.7M, adding a 20 inch main and a 30 inch main, one of the largest system pump stations by total flow, anticipated completion date is October/November 2021; and Orr Ditch BPS, contract value \$15M over FY22 and FY23, currently in the design phase (30% complete) and will go out to Construction Manager at Risk request for proposals soon.

Member McNeil expressed his concerns regarding the Mortenson-Garson development's proposed special assessment district (SAD) and the possibility of Reno taxpayers having to be responsible if the development does not move forward. Mr. Rotter replied they have requested an annexation for which TMWA provided a draft annexation agreement, but TMWA is not directly involved in SADs; TMWA's position is that growth pays for growth and customer rates are not impacted. Mr. Pagni provided a short explanation of how special assessment districts are established by cities and counties, not TMWA, as a conduit for financing by the property owners. Mr. Pagni also expressed concern that specific discussion on SAD's appeared outside the scope of the agenda item.

Member Krmpotic, agreed with Mr. Pagni, and added that he spent time with Member McNeil on this topic and further explained that the assessment goes to the people that benefit from the SAD and anyone outside of the district would not be financially impacted unless you buy a house of which is serviced by this benefit district. He encouraged Member McNeil to meet with somebody from the City of Reno Finance Department.

Member Pullman noted Member McNeil is correct on the principle about who is paying for it, but if a homeowner has bought the land from a developer whether it is through a SAD or price on the housing, they will pay for it. It is only a mechanism and it is a complicated issue, but it is outside of TMWA's area because it is the city that approves development.

#### 10. INFORMATIONAL REPORT REGARDING TMWA INVOLVEMENT WITH THE STEAMBOAT CANAL PROJECT AND STEAMBOAT CANAL & IRRIGATION COMPANY

Mr. Zimmerman noted the Board, at their last meeting, had questions about the project and TMWA's involvement in the Steamboat Canal & Irrigation Company (Steamboat) where TMWA's shares represent 13% of active shares, which were inherited from Sierra Pacific Power Co. He added that the

Natural Resources Conservation Service (NRCS) decided to halt the project based on public comment. The NRCS asked TMWA to be a cooperating agency, which phrase is used under the Nevada Environmental Protection Agency (NEPA) regulations and gives an agency a greater participation in a project as opposed to a member of the public providing comments; the cooperating agency has an interest in the project or some expertise to offer the lead agency. NRCS asked TMWA if we wanted to be a cooperating agency and staff intended to bring that to the Board. However, the project is now on hold, but if NRCS takes it up again, and approaches TMWA again, staff will bring it to the Board for consideration and direction.

Member Wager asked when NRCS approached TMWA regarding this project, as it would appear that TMWA would have known about it from the beginning since so many staff are involved, how would TMWA benefit from the project; if the pipeline was constructed it would eliminate seepage and would it potentially create more water; the Western Regional Water Commission (WRWC) approved funding of \$270k for the study to identify issues in the urban corridor section of the Steamboat Ditch in relation to flooding, seepage, and other issues; and how does TMWA monitor flooding, and if TMWA has identified specific wells that might be impacted if the ditch was piped. Mr. Zimmerman replied that NRCS first approached TMWA in January 2021, not from the start, and as a cooperating agency, TMWA could be either a proponent or opponent of the project, but are neutral and TMWA has no interest in using Steamboat Ditch for delivery of municipal water, but will continue, as is required, to use some of the ditch water to fill the ponds at Hunter Creek, and the letter submitted to NRCS referenced a potential environmental impact, but it was in the early stages and no environmental or studies have been conducted at this time, WRWC looks at flooding region wide as a result of the 2017 flooding issues that arose at that time, and TMWA has not identified wells that may be impacted because the project was halted before any recommended improvements were determined.

Member Kowitz asked where the Hunter Creek reservoirs are located. Mr. Zimmerman replied it is TMWA's old Hunter Creek Treatment Plant located west of McCarran, which is now a covered reservoir with a water tank as well. TMWA inherited the special use permit from the mid-1990s, approved by the Washoe County Commission that required Sierra Pacific at the time to maintain a green area with some ponds to provide a buffer between the water facilities and the neighborhood.

Member Hoog said she heard during the 2017 flooding, the ditch gates were open to help take water out of the Truckee River and is that something they would do. Mr. Zimmerman replied he had heard that as well, but was not sure if ditch companies open their gates in non-irrigation season to take flood water.

Member Hoog also clarified, for those unfamiliar with Steamboat Ditch, is it has become a walking trail in the residential area, which is why so many became upset with the possibility of piping the ditch.

#### 11. DISCUSSION AND POSSIBLE ACTION REGARDING AMENDMENTS TO THE 2021 MEETING SCHEDULE

Sonia Folsom TMWA SAC Liaison, presented the 2021 meeting scheduled for discussion.

**No action was taken.**

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

**Next meeting:**

1. Legislative Session Update
2. Water Supply Update
3. Presentation of TMWA's tentative FY2022 budget and draft 2022-2026 CIP
4. Presentation on how special assessment districts work in relation to TMWA
5. Presentation of application to fill SAC vacancies
6. *Future Meeting*: Presentation of the impact of an extensive fire and impact on water supply; how would we approach restoration if it happened

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

13. STAFF ITEMS

There were no staff items.

14. COMMITTEE ITEMS

There were no committee items.

15. PUBLIC COMMENT

Chair McGuire reiterated TMWA is a great water company and sees that when he is out in the public; he is approached numerous times with questions and concerns, and thanked Scott Estes, TMWA Engineering Director, for being available to answer his questions or direct him to a TMWA employee.

16. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:49 p.m.  
Approved by the Standing Advisory Committee in session on April 6, 2021.

Sonia Folsom, Recording Clerk

*\*Member Jim Smith was present for agenda items 5 thru 16 only.*

*\*\*Member Karl Katt was present for agenda items 1 thru 6 only.*

*\*\*\*Member Jonnie Pullman was present for agenda items 1 thru 11 only.*