

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MARCH 17, 2021
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, March 17, 2021, via Zoom Virtual Meeting, Reno, Nevada. Chair Hartung called the meeting to order at 10:02 a.m.

1. ROLL CALL

Members Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, *Naomi Duerr, **Neoma Jardon, Vaughn Hartung, and Alexis Hill.

A quorum was present by telephonic appearance.

**Member Duerr left at 12:29 p.m.*

***Member Jardon left at 12:34 p.m.*

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Vice Chair Dahir.

3. PUBLIC COMMENT

Beverly Harry, Native Community Organizer for the Progressive Leadership Alliance of Nevada (PLAN), submitted a short video showing their work of cleaning up along the Truckee River, downstream of Sparks, led by indigenous community volunteers. She thanked the Board and for them to consider the projects proposed by the Truckee River Fund that would directly benefit the Truckee River.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS*

Member Duerr stated that the video was very impressive with the use of a drone to capture the before/after images of the area, and the encampments, was very notable. She added this is why the Portland Loo was installed along the river, and working to stand-up the Nevada Cares Campus.

5. APPROVAL OF THE AGENDA

Upon motion by Member Dahir second by Member Anderson, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

6. APPROVAL OF THE MINUTES OF THE FEBRUARY 17, 2021 MEETING

Upon motion by Member Hill, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the February 17, 2021 minutes.

7. DISCUSSION AND POSSIBLE ACTION AND DIRECTION TO STAFF REGARDING 2021 LEGISLATIVE ACTIVITIES, CURRENT BILLS, AND TMWA RECOMMENDED POSITIONS ON LEGISLATIVE PROPOSALS

John Zimmerman, TMWA Water Resources Manager, Leo Drozdoff, TMWA Lobbyist, and Michael Pagni, TMWA General Counsel, updated the Board on the status of significant bills approved for recommendation by the legislative subcommittee. Mr. Zimmerman stated there are only 287 bills to date, and over 1,000 bill draft requests (BDRs) have yet to be introduced.

Staff reported on: AB3 (allows parcel maps and documents be sent electronically) was heard in committee once but no action taken, support; AB5 (attempts to clarify what actions State Engineer can be judicially reviewed) was heard but has not moved forward, monitor; AB6 (codifies existing State Engineer practice that hearings are not required for temporary change applications), support; AB87 (proposes to streamline the process by which certain easements of cities and counties can be vacated and abandoned without a hearing), staff worked with the bill sponsor and they provided an amendment stating local governments could choose to have a simplified procedure for vacating easements, still opposed but if the amendment is introduced the position will change to monitor; AB97 (revises provisions governing toxic chemicals), staff is working with Assemblyman Watts on other ways to address both his and TMWA's concerns, and an amendment is being drafted, monitor; AB146 (to address various requirements to control water pollution) sponsored by Assemblywoman Sarah Peters, staff have spoken with her to understand her intent, they received a conceptual amendment (appears to improve on the clarity and intent, and addresses the fiscal note), and are in the process of reviewing it; SB67 (increases the threshold by which an agency can self-perform capital projects from \$100k to \$250k), TMWA submitted an amendment so that the \$250k exemption would only apply to agencies that have a State approved apprenticeship program like TMWA. Mr. Zimmerman added the legislative subcommittee recommended support only if TMWA's amendment was approved, otherwise remain neutral; and SB149 (two counties can create a groundwater board in a basin that has not been designated by the State Engineer), it is important to note all of TMWA's basins have been designated, and this proposed bill would allow two counties to create a joint groundwater board if they share a groundwater basin. An amendment is circulating by some rural counties and stakeholders who would want to change the bill to bypass State Engineer approval and Governor appointment of board members, monitor.

Member Brekhus referenced AB87 and proposed having a standard review process, changing the term from "shall" to "may" abandon easements so that government bodies can withhold at their discretion, and she supports the position of oppose.

Mr. Pagni clarified the bill is enabling legislation where it would allow a local government to adopt this simplified procedure if it wished, which would only apply to vacating an easement owned by the local government. If TMWA holds an easement it would not be subject to this simplified procedure and TMWA's rights would be in addition to rights of government would have so a street. He also added that there is another statute that addresses when an entity vacates a street or alleyway, there are notification procedures in place so the utility is made aware and those public utility easements would be preserved. AB87 would not affect those particular easements, rather simplify the processes where there is an old easement held by the local government for some other purpose that nobody uses anymore.

Mark Foree, TMWA General Manager, added there are times when TMWA would want to use those easements and if we don't have any say in abandonments it poses an issue. He asked about easements that are not in the public right of way. Mr. Pagni replied that is the reason why TMWA took an initial position of oppose and staff have been working with the sponsor to make changes in their proposed amendment to address that concern and carve those types of easements out; that only certain types of easements would be subject to the simplified procedure.

Member Brekhuis inquired about the BDR related to water banking and the bill related to general jurisdiction courts to set up a water court. Mr. Zimmerman replied staff was able to see a conceptual bill (recommend neutral) but have yet to see the official bill language. The proposed bill related to water courts was withdrawn. Chief Justice Hardesty spoke with the State Engineer (bill sponsor) about the process and a letter was sent out to all water stakeholders to comment on whether a commission to study water adjudication should be set up. TMWA submitted a letter of support of any process that improves the way water law cases are adjudicated and are now waiting for the Supreme Court to establish the commission and appoint members. Both TMWA and Southern Nevada Water Authority (SNWA) will most likely be appointed to the commission as urban municipal water purveyors.

Upon motion by Member Dahir, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved staff recommendation to change position on AB87 from Oppose to Monitor if the amendments are accepted.

Upon motion by Member Jardon, second by Member Hill, which motion duly carried by unanimous consent of the members present, the Board approved staff recommendation to change position on SB67 from Monitor to Support if the amendments are accepted.

8. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, reported that snowpack conditions improved since January and the February storms, although not significantly and have kept the snowpack levels stable. Consequently, the Truckee River and Lake Tahoe basins are at about 69% of average, which is below normal, but not as severe as in 2015; according to the US Drought Monitor, the region is being classified as a severe drought; it is the second dry year in a row and runoff projections are significantly below

average; April 1 forecast is 65% of average and Lake Tahoe (largest reservoir in the system) will be relied upon to provide Truckee River flows, but will continue to drop through the summer and fall. Despite this fact, normal river flows are projected for the rest of the year, and assuming normal weather over the next two weeks, a drought situation as defined under the Truckee River Operating Agreement (TROA) will likely not be declared. TMWA's response to a drought situation is directly related to Truckee River flow projections and not the elevation of Lake Tahoe. TMWA's reserves are in a good position, about 42k acre feet (AF), between privately owned stored water (POSW) in Donner and Independence Lakes, and credit water stored under terms of TROA in Lake Tahoe, and Stampede, Boca and Prosser Reservoirs, which is equivalent to about half of TMWA's annual demand. TMWA requested a one month variance, which TMWA has been doing for over 20 years when necessary, for early filling at Donner Lake to ensure the lake remains full, and total system storage is about 40% of maximum capacity.

Member Duerr asked for clarification regarding the amount of TMWA owned water in upstream reservoirs. Mr. Hauck replied the amount changes every year depending on Floriston rates, but currently TMWA has over 28k AF of credit storage in upstream federally owned/operated reservoirs and over 14k AF of privately owned stored water between Independence and Donner Lakes. Chair Hartung requested Mr. Hauck to send the link to the TMWA upstream reserves tracker to the Board.

Vice Chair Dahir thanked Mr. Hauck for the explanation of when a drought situation is declared under TROA and asked if what is being reported throughout the state regarding drought applies in our region. Mr. Hauck replied no, the US Drought Monitor shows over 90% of the State is in some form of extreme drought, but that is not case in the Truckee River system and network of upstream reservoirs.

9. DISCUSSION AND POSSIBLE ACTION ON RESOLUTION NO. 291: A RESOLUTION TO APPROVE FUNDING FOR ONE OR MORE OF THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS (RESOLUTION MAY REFLECT ACTION TAKEN IN ONE OR MORE VOTES ON RECOMMENDED PROJECTS)

Sonia Folsom TMWA Executive Assistant, presented the project proposals recommended by the Truckee River Fund (TRF) Advisory Committee for Board approval.

Chair Hartung inquired why project #250, Truckee Meadows Parks Foundation: Doggie Ambassador Awareness Campaign, was not approved for recommendation. Ms. Folsom replied that a similar project was presented to the Board a couple of years which was rejected and the TRF Advisory Committee did not want to recommend another project that would otherwise be rejected again.

Member Brekhus commented on the video presented by Ms. Harry, which is similar to concerns raised by her constituents, and would like to see funding allocated to new projects such as this one, as well as to consider instituting a four year cap of consecutive RFPs approved, followed by a two year hiatus.

John Enloe, TMWA Director of Natural Resources, said he spoke with Ms. Harry, who was aware of the TRF Advisory Committee, and is considering if their efforts could be incorporated into the Keep Truckee

Meadows Beautiful (KTMB) river cleanups because KTMB is one of the groups that get funding on a consistent basis from the TRF. Also, the TRF Advisory Committee typically looks at projects that are upstream of the Glendale Water Treatment Plant and very rarely are projects funded downstream.

Chair Hartung agreed that TMWA has a specific section of the river that is addressed, but we do have an obligation, to look at the Truckee River watershed as a whole, as a regional effort.

Lauren Renda, Community Foundation Program Manager, said she was able to speak with Ms. Harry after her conversation with Mr. Enloe. They discussed the lack of support and considered partnering with other organizations. Ms. Renda invited Ms. Harry to present at the next TRF meeting.

Member Jardon asked if there is a contingency in place to provide funding outside the normal application period and stated with the Nevada Cares Campus, along with regional efforts, for the houseless using the campus, there will be a coordinated effort to clean up some of the camps along the river. Mr. Enloe replied that in the last budget cycle, TMWA Board directed that staff withhold \$200k from the TRF which was recently granted to the Nevada Cares Campus through Washoe County, and is on their agenda later this month.

Public Comment

Autumn Harry, Reno resident, clarified their group, although they collaborate with PLAN, are independent of PLAN and are a group of local people who live in Reno and Sparks, and on the Pyramid Lake Paiute Tribe (PLPT) reservation. They could work with PLAN or KTMB if it increased the potential for funding.

Upon motion by Member Hill, second by Member Anderson, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 291: A Resolution to approve funding for one or more of the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation to fund such projects from Fund proceeds.

10. DISCUSSION AND POSSIBLE ACTION ON THE TMWA TENTATIVE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2022 AND DRAFT CAPITAL IMPROVEMENT PLAN (CIP) FOR FISCAL YEARS 2022 THROUGH 2026

Matt Bowman, TMWA Financial Controller, introduced Sandra Tozi, TMWA Financial Analyst, who has been at TMWA for a few years, but has been in this position since Joe Petrelli retired last year. He explained the timeline for TMWA's budget preparation and financial planning throughout the year.

Mr. Bowman presented the tentative budget for FY2022, which establishes a conservative approach in setting the spending threshold: Compared to the FY 2021 budget, change in net position increased by \$5.9M (17.8%) and net change in cash decreased by \$7.2M (32.3%); operating revenue (includes water, hydroelectric sales, and other operating sales) is \$114M, change of \$5.7M (5.3%) which is based on a forecast model (water rates, service connections and water usage) maintained by Shawn Stoddard, TMWA's Senior Resource Economist Ph.D.; operating expenses are \$104.7M, increased by \$4.5M

(4.5%); \$800k (2.5%) increase in services and supplies includes the commodity prices in chemical costs, a full year of operations of Mt. Rose Water Treatment Plant and increase in sponsorship costs, which is offset by the new customer service system (expect savings between \$750k-\$1M each year.)

Mr. Enloe reminded the Board of the several presentations from Frank McDonald, Desert Research Institute (DRI), on their extensive cloud seeding program in the Tahoe and Truckee River watershed which requires \$250k for a full year of funding, but would only require a \$100k in sponsorship to ensure the program continues, particularly with the potential drought situation.

At this time there was discussion regarding the concern about the rate increase going into effect and the ratio between services and supplies and employees (there was no increase in headcount in FY21 and expect to see savings with increase headcount versus contracted or professional services); supporting the cloud seeding program when constituents expressed the need for river cleanups and monitoring (it is difficult to measure the benefit of cloud seeding); the possibility of paying less towards the bonds (TMWA's financial strategy has always been to decrease debt); concern about the cloud seeding program disappearing due to lack of funding; and determining how best to allocate the \$950k for sponsorships between TRF, cloud seeding and other causes related to the Truckee River. Mr. Bowman suggested they approve the \$950k as a whole and when it is brought back for final approval in May, it will be itemized per the discussion.

Mr. Bowman continued: interest expense decreased by \$600k (-4.8%) this is the history of TMWA's debt, (total debt principal outstanding in FY16 was \$480M and projecting it to be at \$332.8M by end of FY22); capital contributions included grants and developer contributions; an increase of \$7M (62.5%) in developer infrastructure contributions (non-cash line item), developer will-serve contributions decreased by \$1.3M (-31%), developer capital contributions-other decreased by \$800k (-7.8%) and developer facility charges increased by \$1.3M (21.7%), which are the primary cash developer contributions that TMWA receives; cash flow statement includes operations, capital and financing, and investing; and cash outflows are up by \$7.3M, this increase is due to capital and financing activities of about \$9M (13.3%), which is primarily due to increase in capital spending.

Ms. Tozi presented on the draft FY2022-26 CIP: customer rate funded projects increased by \$33.2M (6.4%) which is attributed to rehabilitation construction projects on existing infrastructure; staff is continuously analyzing and evaluating TMWA's current infrastructure to stay ahead of maintenance and determine where the needs are within our system to mitigate any risks; new projects over the next five years is \$21.4M; increase in amounts for projects from the prior plan in the amount of \$17.0M; former South Truckee Meadows General Improvement District (STMGID) reserves have \$5.2M remaining which required two STMGID projects to be moved into customer rate funded projects; and projects that were completed from the prior CIP and will not be carried forward amounts to \$10.6M.

Upon motion by Member Jardon, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved Tentative Budget for the Fiscal Year ending June 30, 2022 and Draft Capital Improvement Plan (CIP) for Fiscal Years 2022 through 2026, with the understanding items related to sponsorship in the amount of \$950k will be addressed prior to final approval.

11. DISCUSSION, ACTION, AND POSSIBLE AUTHORIZATION TO THE GENERAL MANAGER AND APPROVAL OF WATER RESOURCE EXCHANGE AGREEMENT BETWEEN TMWA, TRI GENERAL IMPROVEMENT DISTRICT AND TAHOE-RENO INDUSTRIAL CENTER IN FURTHERANCE OF THE JULY 17, 2018 TMWA, TRIGID, RENO AND SPARKS RETURN FLOW MANAGEMENT AGREEMENT AND RECLAIMED WATER SERVICE TO THE TAHOE RENO INDUSTRIAL CENTER

Due to time constraints the Board agreed to move this item to the April meeting. Vice Chair Dahir clarified that delaying this item is not due to lack of support, rather the need to have more time for discussion.

No action taken.

This agenda item was tabled for the April Board meeting.

12. GENERAL MANAGER'S REPORT

Mr. Foree reported on a successful migration to the new customer information and billing system (CIS) though not without a few issues to resolve and a tremendous amount of work over the last 20 months from dozens of TMWA team members that worked on the project.

Michele Sullivan, TMWA CFO, reported that the much needed new CIS took about 20 months to set up for release on March 9th. The new system allows for mass upload of meters for new meter installations starting in July, a better customer user experience, an improved auto dispatch system and annual savings of about \$1M/year.

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 12:38 p.m.

Approved by the TMWA Board of Directors in session on April 21, 2021.

Sonia Folsom, Board Clerk.

**Member Duerr was present for agenda items 1 thru 11 only.*

***Member Jardon was present for agenda items 1 thru 12 only.*