



STANDING ADVISORY COMMITTEE
MINUTES
June 1, 2021

The Standing Advisory Committee (SAC) met via ZOOM and at Truckee Meadows Water Authority, 1355 Capital Blvd. Reno, NV. Chair McGuire called the meeting to order at 3:08 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, Karl Katt, John Krmptotic, Kevin Ryan, Dale Sanderson, and Alex Talmant.

Primary Members and Alternates Absent: Susan Hoog, Jim Smith, and Ann Silver.

Staff Present: John Enloe, Scott Estes, Sonia Folsom, Bill Hauck, 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 Melton, and seconded by Member Litster, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE APRIL 6, 2021 MEETING

Member McNeil said he did not agree with the minutes as it related to the special assessment districts and TMWA.

Upon motion duly made by Member Litster and seconded by Member Kowitz, and carried seven to one with Member McNeil abstaining, the Committee approved the April 6, 2021 meeting minutes with amendment.

5. WELCOME NEW STANDING ADVISORY COMMITTEE MEMBERS

Chair McGuire welcomed new Committee Members: Kevin Ryan and Alex Talmant.

6. PRESENTATION ON BILLS IN THE 2021 LEGISLATIVE SESSION

John Zimmerman, TMWA Water Resources Manager, updated the Committee that the 2021 Legislative Session ended May 31st. Mr. Zimmerman and Michael Pagni, TMWA General Counsel, presented on the status of key legislation: SCR11 which proposes to create a special committee (made up of members of the Assembly and Senate) to evaluate innovation zones. The intent is that it would meet at least once a month to study the potential economic benefits of innovation zones. The committee is charged with soliciting input from interested stakeholders, including water authorities as well as tribal governments, environmental groups, labor organizations and local governments; recommendations must be submitted to the Governor before December 31, 2021; AB97 (revises provisions governing toxic chemicals), the bill passed and included TMWA's proposed amendment language; and AB356 (State Engineer's water conservation bill) was significantly amended and now states Colorado River water cannot be used to irrigate non-functional turf in the Las Vegas Valley after 2026, passed.

Member McNeil inquired if there was any interest on behalf of TMWA and local agencies to implement a similar program. Mr. Zimmerman replied TMWA's water system is very different, do not have the same allocation to the Colorado River, and cannot resell the conserved water under the Truckee River Operating Agreement (TROA).

8. PRESENTATION OF FISCAL YEAR 2021 Q3 YEAR TO DATE FINANCIAL RESULTS

Michele Sullivan, TMWA Chief Financial Officer, presented the financial results through three quarters of fiscal year 2021: the change in net position was \$10.9m (42%) higher than budget (due to higher than budgeted water sales, lower operating expenses and higher capital contributions offset by lower investment income); operating revenue was \$2.7m (3%) higher than budget due to increased water sales offset slightly by lower hydroelectric and other operating sales; water sales were up \$3.2m (4%) due to higher water usage in residential and irrigation categories; operating expenses were \$6.1m lower (8%) than budget (due to position vacancies and increased labor charged to capital projects, and slower rates of spend on expensed projects expected to be completed in Q4), but staff still expects to be well under budget by the end of the fiscal year; non-operating expenses were \$3.1m (50%) higher than budgeted (due to lower investment income and a net decrease in value of investments due to lower interest rates on invested cash balances); and capital contributions were \$5.2m (20%) higher than budget (driven by developer facility charges).

Chair McGuire inquired when does new infrastructure fall under TMWA. Ms. Sullivan replied TMWA obtains everything when it is finished being built and it meets TMWA's standards.

Member Wager inquired if the chemical treatment costs were expected to increase, the federal infrastructure bill impact TMWA's budget and to identify any capital improvement projects that had any

impact public access to forest land or trails. Ms. Sullivan replied no, they do not expect chemical treatment costs to increase and they will be applying to fund capital improvement projects from any available federal funding. Regarding impact to public access, Danny Rotter, TMWA Engineering Manager, added no, but could look into it.

9. PRESENTATION ON THE TMWA FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2022 AND DRAFT CAPITAL IMPROVEMENT PLAN (CIP) FOR FISCAL YEARS 2022 THROUGH 2026 AND POSSIBLE DIRECTION TO STAFF

Ms. Sullivan presented the staff report and reported they updated hydro revenue projections, based on the current drought situation, and decreased it by \$1.4M and added that the sponsorship costs remained at \$950k: \$700k (Truckee River Fund); \$200k (Truckee River Water Quality projects); and \$50k (Desert Research Institute (DRI) for their cloud seeding program).

Sandra Tozi, TMWA Senior Financial Analyst, stated the overall total of the CIP, including customer rate funded projects, did not change, but moved up a project due to the decreased Truckee River flows for the Washoe Hydro plant to replace the tailraces and turbine rebuilds 1 and 2, and the AMI project had to push it out to FY2025 due to the chip shortage.

Chair McGuire asked if DRI's program is still benefiting the region. John Enloe, TMWA Director of Natural Resources, replied yes when the program is fully funded the watershed sees benefits, average yield of 14-15k acre feet, in a full year.

Member Wager stated that it has shown to be able to increase approximately 9% of the outfall from various storms, which could still help with soil moisture and groundwater levels. Mr. Enloe agreed.

10. PRESENTATION ON THE 2021 REFUNDING BOND RESOLUTION

Ms. Sullivan provided background information related to the commercial paper program. At the end of fiscal years 2017 and 2018 TMWA had about \$90M in commercial paper at which time they took a large portion out and fixed it as a senior lien debt, leaving about \$30M in commercial paper that was backed by a five-year letter of credit, and was projected to be paid off during FY2018-2023. Staff, along with TMWA's financial advisors, considered the low interest rates, uncertainties surrounding drought and increasing construction costs, and recommended fixing out the commercial paper for a seven year period. The cash would then be available for longer than if TMWA continued with the plan to pay commercial paper off in the next two years. Ms. Sullivan noted they have an offer letter from Wells Fargo bank to fix this out over seven years for about 1.2% and would no longer worry about fluctuations going forward with the commercial paper which is on a variable rate.

7. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, stated the region is in its second dry year; two months ago it was thought there would be normal river flows, but now it is expected they will drop off in mid-August; no additional conservation measures will be required due to the significant amount, about 53k acre feet, of upstream storage that will be used to supplement demands for the remainder of the irrigation season; and TMWA is keeping its assigned day water scheduling, but the no watering times have been extended from noon-6pm to 11am-7pm.

Member Ryan inquired what is the water loss in the system. Mr. Hauck replied over the last 10 years it has been about 5-6% which is much lower than the industry standards. A question was raised about how much water is required to keep the hydro plants online. Mr. Hauck replied that about 250 cubic feet per second (cfs) are needed.

11. DISCUSSION AND POSSIBLE REQUESTS FOR AGENDA ITEMS FOR FUTURE MEETINGS

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

Next meeting:

1. Review of SAC Governing Rules
2. Water Supply Update
3. Preliminary FY2021 Year-End Financials
4. Five-Year Funding Plan
5. SAC Membership 2021 Term Limits

12. STAFF ITEMS

Sonia Folsom, TMWA Executive Assistant, informed the Committee that TMWA's 20th Anniversary party is being held on Saturday, August 28th at Verdi Hydro Park.

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 4:19 p.m.

Approved by the Standing Advisory Committee in session on October 5, 2021.

Sonia Folsom, Recording Clerk