



STANDING ADVISORY COMMITTEE

MINUTES

October 5, 2021

The Standing Advisory Committee (SAC) met via ZOOM. Chair McGuire called the meeting to order at 3:03 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Kristine Brown, 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, Kevin Ryan, Dale Sanderson, and Jim Smith.

Primary Members and Alternates Absent: Robert Chambers, Harry Culbert, Karl Katt, Ann Silver, and Alex Talmant.

Staff Present: John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauck, Stef Morris, Michele Sullivan, John Zimmerman, and Legal Counsel Michael Pagni (McDonald Carano).

**Member Litster arrived at 3:29 p.m.*

***Member Pullman left at 4:18 p.m.*

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE JUNE 1, 2021 MEETING

Upon motion duly made by Member Hayes and seconded by Member Hastings, and carried by unanimous consent of the members present, the Committee approved the June 1, 2021 meeting minutes.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, updated the Committee on the current water supply status: Aug 18 was the last day of full or normal Truckee River flows; there is about two inches of water stored behind the dam at Lake Tahoe; as of Aug 19 we have used 5,500 acre feet (AF) of storage and there is still about 45,000 AF stored upstream; Lake Tahoe is projected to go below the rim by the end of the month; the expectation is going into this winter with no carryover storage in any of the reservoirs except in TMWA's privately owned reservoirs; and Truckee River flows for 2022 will be entirely dependent on rainfall and snowpack, which is unknown at this time.

Member McNeil asked if staff had any long range forecast about the winter storms and if staff knows whether this will be a good winter. Mr. Hauck replied they are able to track storms seven days out, but it is too early to predict long-term and will probably know by February if the reservoirs are full.

Member Krmptic asked about the projections. Mr. Hauck replied they are the required rates of flow at California-Nevada state line.

6. DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD REGARDING PROPOSED AMENDMENTS TO TMWA WATER SYSTEM FACILITY CHARGES (WSF) AND BUSINESS SERVICE FEES (BSF) RATE SCHEDULES

Scott Estes, TWMA Director of Engineering, presented the proposed amendments to TMWA's Water System Facility (WSF) charges and Business Service Fees (BSF) rate schedules with the proposed effective date of January 31, 2022. Michele Sullivan, TMWA Chief Financial Officer, added the BSF mainly covers all TMWA employee costs related to new business, and we would like to raise them annually by the same amount as TMWA salaries increase.

At this time Members of the Committee inquired when fees are collected (when the plans are approved and the Water Service Agreement is executed, but single family residential projects can defer WSF fees until the first Certificate of Occupancy is issued); if the development has a Special Assessment District, how are the fees collected (from TMWA's standpoint, collection does not change; from the developer's standpoint it's complex, but part of the construction costs are collected through property taxes); and if these fees do not include water rights (correct, these fees do not include water rights).

Member Hayes confirmed the Builders Association of Northern Nevada (BANN) has not responded to TMWA staff regarding their request to schedule a presentation and if so, he will try to do so. Mr. Estes replied yes and thanked Member Hayes for his assistance.

Member McNeil asked for clarification on the increased BSF charges. Ms. Sullivan replied there are three different departments involved (Engineering, Inspection and Water Rights).

Vice Chair Hastings asked how the fees are paid to TMWA. Ms. Sullivan replied they are paid when they submit their plans or make a request for annexation or research on a property. Mr. Estes added some fees are also paid when developers submit an application for new service.

Chair McGuire appreciated staff's efforts to maintain costs at a reasonable level to ensure customer rates don't get inflated.

Upon motion duly made by Member Krmptic and seconded by Member Melton and carried by unanimous consent of the members present, the Committee recommended to the Board to adopt the proposed amendments to TMWA Water System Facility Charges (WSF) and Business Service Fees (BSF) rate schedules.

7. PRESENTATION OF TMWA'S PRELIMINARY, UNAUDITED FINANCIAL PERFORMANCE FOR FISCAL YEAR ENDED JUNE 30, 2021

Ms. Sullivan presented the financial results for fiscal year ended June 30, 2021.

Chair McGuire inquired about the salaries and wages. Ms. Sullivan replied it is an increase in head count and not overtime hours.

Member McNeil asked about grant funding and if TMWA received the funds from extending the Verdi pipeline. Ms. Sullivan replied the grant funding was related to the Glendale Diversion project related to the 2017 flooding event and yes, \$500k was received in FY2020 for the Verdi project.

8. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2022 THROUGH 2026, DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD

Ms. Sullivan presented the five-year funding plan for fiscal years 2022-2026 and reminded the Committee that in April 2017 the Board and SAC approved a 5-year rate increase plan, the first two, of 3% were implemented in May 2018 and 2019 and the first 2.5% went into effect May 2021. The final two rate increases of 2.5% (much lower than the current Consumer Price Index) each are scheduled to be implemented in May 2022 and 2023. If there remains a funding gap, they will need additional public input and workshops for further increases. TMWA's financial goals are to keep credit ratings at their current levels, keep customer rates low and maintain our senior lien debt service coverage.

Members of the Committee inquired about the flattening of water sales in the projected years (it took into account 2% growth as well as the 2.5% rate increases in the first two years); if the previous two years population growth and projections matched (yes, they have been consistent over the last 2-3 years); any concern with supply chain and other mitigating issues (those mitigating factors are not included in the funding plan, rather in the capital improvement plan); and if the deficiency shown is a reduction in funds to TMWA (yes, in this plan, projecting growth will continue and cash remains stable,

and another reason to continue with the rate increases); and are growth projections modelled (Shawn Stoddard, TMWA Senior Resource Economist, conducts modelling and the state demographer data is used).

Michael Pagni, TMWA General Counsel, stated the Board has already approved the remaining two rate increases at a previous meeting, but they will review to ensure the rate remains the same and adequate.

Upon motion duly made by Member Kowitz and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee accepted the report and recommended acceptance to the TMWA Board of Directors for the preliminary funding plan for fiscal years 2022 through 2026.

9. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, SAC Liaison, informed the Committee she reached out to all members whose terms are expiring December 31, 2021 and she has heard back from all except Members Smith and Silver. All of those members who replied, have agreed to continue for another term except Member Hoog who will resign at the end of the year.

10. PRESENTATION AND POSSIBLE APPROVAL OF 2022 MEETING SCHEDULE

Ms. Folsom presented the 2022 meeting schedule.

Upon motion duly made by Member Hayes and seconded by Member Hastings, and carried by unanimous consent of the members present, the Committee approved the 2022 meeting schedule.

11. ELECTION OF CHAIR AND VICE CHAIR FOR 2022

Michael Pagni, TMWA General Counsel, presented the staff report.

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried eight to one with Member McNeil dissenting, the Committee approved Neil McGuire to be Chair for calendar year 2022.

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried eight to one with Member McNeil dissenting, the Committee approved Jordan Hastings to be Vice Chair for calendar year 2022.

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

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.

Next meeting:

1. Water Supply Update
2. Presentation of the FY2021 Comprehensive Annual Financial Report (CAFR)
3. Presentation of first quarter FY2022 financial performance
4. Informational report on watershed protection projects and federal grants available

13. STAFF ITEMS

There were no staff items.

14. COMMITTEE ITEMS

There were no committee items.

15. PUBLIC COMMENT

There was no public comment

16. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:39 p.m.

Approved by the Standing Advisory Committee in session on Tuesday, February 1, 2022.

Sonia Folsom, Recording Clerk

**Member Litster was present for agenda items 6 thru 16 only.*

***Member Pullman was present for agenda items 1 thru 8 only.*