

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE OCTOBER 20, 2021
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday October 20, 2021, virtually via Zoom. Chair Hartung called the meeting to order at 10:01 a.m.

1. ROLL CALL

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

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Member Jardon.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

There were no Board comments.

5. APPROVAL OF THE AGENDA

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

6. APPROVAL OF THE MINUTES OF THE SEPTEMBER 15, 2021 MEETING

Upon motion by Member Jardon, second by Member Hill, which motion duly carried by unanimous consent of the members present, the Board approved the September 15, 2021 minutes.

7. PRESENTATION OF TMWA'S FISCAL YEAR 2021 CUSTOMER SATISFACTION STUDY RESULTS

Andy Gebhardt, TMWA Director of Operations & Water Quality, presented the FY2021 customer satisfaction study results, which was another stellar year with above 90% on average. Mr. Gebhardt also informed the Board that in the next fiscal year, they will be transitioning from phone to email surveys as well as updating the survey questions.

At this time Members of the Board inquired about: communication relating to TMWA's drought planning, water supply and reservoir storage program (there is always concern about drought and supply and staff is always on top of communicating these issues); providing additional demographic information (the complete study can be provided to the Board); and improving the questions and method of reaching out to customers (all survey questions are being considered to ensure timely topics are addressed and current modes of communicating are being utilized to reach as many customers as possible).

8. REQUIRED COMMUNICATION FROM EIDE BAILLY IN REGARD TO TMWA'S ANNUAL FINANCIAL AUDIT

Sophie Cardinal, TMWA Principal Accountant, presented the required communication to the Board regarding the FY2021 Comprehensive Annual Financial Report (CAFR) and informed the Board the final CAFR will be presented at the December Board meeting.

9. DISCUSSION AND ACTION, AND REQUEST TO AUTHORIZE THE GENERAL MANAGER TO EXECUTE A REVISED INTERLOCAL COOPERATIVE AGREEMENT BY AND BETWEEN THE NEVADA DEPARTMENT OF ENVIRONMENTAL PROTECTION (NDEP), THE WASHOE COUNTY DISTRICT BOARD OF HEALTH (WCDH) AND TRUCKEE MEADOWS WATER AUTHORITY FOR ENGINEERING DESIGN REVIEW OF CERTAIN PUBLIC WATER SYSTEM INFRASTRUCTURE

Danny Rotter, TMWA Engineering Manager, thanked Andrea Seifert, NDEP, Erin Dixon, WCDH, and their staff support and cooperation throughout the process. Mr. Rotter stated it's been three years since this was presented during which time, in working with NDEP and WCDH, they have established a process of TMWA being delegated certain authorities combined with an audit process. The revisions presented in the agreement now include TMWA's standalone systems, contractual requirements and relationships between NDEP, primary regulatory entity for TMWA's main surface water system, and WCDH, who will oversee the satellite and groundwater systems, as well as extending the agreement for five years to 2026 to provide stability in the design review process. TMWA staff has been meeting with Southern Nevada Water Authority, WCDH, and NDEP twice a year during the process.

Chair Hartung confirmed which entity was going to oversee which water supply and asked if the agreement also covers delivery infrastructure. Mr. Rotter replied under the agreement, NDEP is the

regulatory entity over TMWA's main system (both surface water and groundwater) and WCDH will regulate the standalone systems.

Vice Chair Dahir thanked staff and NDEP for working with TMWA to make it congruent with how the processes are implemented in the south.

Member Brekhus asked about the performance audit and whether the satellite systems belonged to TMWA or Washoe County, and if they can expand. Mr. Rotter replied there is an audit every quarter where staff provides a list of projects to WCDH which is then passed on to NDEP to review previously approved plans. They will switch to an annual audit, but would continue communicating as needed. Mr. Rotter added the satellite systems were brought over to TMWA during the merger and are now TMWA customers and yes, as long as there is capacity and quality.

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board authorized the General Manager to execute a revised Interlocal Cooperative Agreement by and between the Nevada Department of Environmental Protection, the Washoe County District Board of Health and Truckee Meadows Water Authority for engineering design review of certain public water system infrastructure.

10. DISCUSSION, POSSIBLE ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPROVAL OF FUNDING FOR PORTLAND LOOS #2 AND #3

Kara Steeland, TMWA Hydrologist, Matt Bowman, TMWA Financial Controller, and Iris Jehle-Peppard, One Truckee River Executive Director, presented the staff report. Ms. Steeland stated they will report on the success of phase one of the pilot project, which included the installation of the Portland Loo at Brodhead Park in August 2020 and will also discuss the proposed installation locations and funding for the next two Portland Loos.

Ms. Jehle-Peppard presented an update on the Truckee River Restroom project and the success of the first Portland Loo due in large part to community engagement and partnership by a local nonprofit organization's efforts focused on encouraging and supporting unsheltered individuals and all river users to conduct litter cleanups. Since the opening of the Portland Loo thru September 2021, there have been seven minor (graffiti, minor damages, etc.) incidents, no major incidents in the restrooms and significant reduction in feces and trash along the river banks.

Ms. Steeland presented on the proposed locations for phase two of two additional restrooms that have already been purchased. Staff has worked with City of Reno (Reno) staff and the two locations proposed are: approximately 0.7 miles west of Brodhead at First Street near West Street Plaza and the second one approximately 0.8 miles east of Brodhead Park at John Campion Park. The close proximity to downtown will allow outreach staff and Washoe County River Stewards to walk between the locations for litter cleanups, education, and restroom cleaning. Mr. Bowman added TMWA has received contributions reducing the amount, of up to \$213,000, staff is asking for approval today.

Member Jardon expressed appreciation for staff's work and efforts, but stated Reno staff and management do not agree with the location decided on at First and West Street. Ms. Jehle-Peppard replied there may be a misunderstanding as they have been working with Reno staff for almost two years

and since they were told the City Plaza was not an option, they decided, at the beginning of the year, the next best location was at First and West Street. Since that time, feedback has been very positive, including Member Duerr's contribution to that restroom.

Member Duerr also expressed her confusion since her Reno City Council contribution was vetted by management and approved, which also reduced the total cost for approval today. She added she is pleased with the report and the metrics are critical

At this time discussion followed regarding the location of the restroom at First and West Street and the validity, and importance, of having a public restroom downtown (in a dense urban setting) where all other restrooms in that area are reserved for paying customers. Board Members from Reno determined it was necessary for the location to be cleared up with Reno staff regarding First and West Street, but the John Champion location was a good choice. Also, Member Jardon asked if the incident reports were collaborated with the police and if they could be provided. Ms. Jehle-Peppard replied they have not heard from the police department on any incidents at this time as they try to limit requests from them, but they could reach out and get the data.

Member Anderson asked what determined a minor versus a major incident and are the major incidents reported if the police department responds, and how were the locations determined. Ms. Jehle-Peppard replied a major incident would include a death, overdose or rape, but a minor incident is graffiti or vandalism, yes, the incidents are reported, and the two proposed locations were determined after multiple discussions with the jurisdictions.

Chair Hartung confirmed staff is requesting board approval of up to \$213k and could it be approved contingent upon the location. Michael Pagni, TMWA General Counsel, replied the Board can approve the funding on condition that the jurisdiction approves the location.

Vice Chair Dahir appreciated the discussion brought forth by Member Jardon, but it is probably wise to approve funding upon condition of the location decided at the Reno City Council meeting so as not to interrupt the process and staff can move forward with the grant application. Ms. Jehle-Peppard replied they have put extensive effort into applying and preparing the grant (which will be submitted by November 1) with the understanding the First and West Street location was approved since they applied for it last year. Ms. Steeland added they are positioning the public restrooms along the Tahoe-Pyramid Trail in the hopes people will want to recreate further downstream of downtown.

Member Duerr recommended they approve staff's recommendation today which will give staff time to confirm the Reno location by the November 1 deadline for grant submission; as well as being similar to the agreement at Brodhead Park, which allowed for the removal of the loo if it became a nuisance.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the funding of \$231,049 for Portland Loos #2 and #3 in the City of Reno pending approval of the one location, First and West Street, by Reno City Council.

11. PRESENTATION OF PILOT STUDY RESULTS, PROJECT STATUS, DISCUSSION AND POTENTIAL DIRECTION TO STAFF ON POTENTIAL DEAL POINTS FOR A FUTURE INTERLOCAL AGREEMENT (ILA) WITH THE CITY OF RENO FOR THE ONEWATER NEVADA ADVANCED PURIFIED WATER DEMONSTRATION PROJECT AT AMERICAN FLAT

John Enloe, TMWA Natural Resources Director, informed the Board the advanced purified water project at American Flat is a culmination of six years of work and more than \$10m of effort. The pilot study was extremely successful and that is why Reno and TMWA are looking to advance the project. The report presented today is an outline of the proposed deal points that both entities' staff have negotiated over the last four months to move forward with design and construction for the first Advanced Purified Water facility in the state of Nevada. This is a non-action item and staff is only looking for input as this will be presented to both Reno City Council and TMWA Board as an action item next month and December meetings, respectively.

Lydia Peri, TMWA Emerging Resources Program Administrator, presented the successful results of the pilot study, which was a collaboration of OneWater Nevada.

Chair Hartung voiced his excitement about the successful pilot study, how groundbreaking the technology is and being spearheaded in northern Nevada. He was thankful to have the Nevada Water Innovation Institute (NWII) here to do this pioneering work.

Mr. Bowman presented the proposed deal points and cost breakdown that both TMWA and Reno staff have worked through over the last few months. From TMWA's perspective, they wanted to understand the risk to TMWA's ratepayers and looked at construction and operations costs and what the will-serve revenue would be generated from the water that will be recharged into the aquifer.

Members of the Board inquired as to why direct potable reuse is not being considered, and how much can be stored in the aquifer (direct potable reuse is not permitted in Nevada and two million gallons per day (MGD) is how much the aquifer can support for up to five years before needing to be withdrawn); how much is in the Water Sustainability Program and the need for funds to be used for other sustainability and conservation projects (there is about \$4m and expect to have about \$5m total by the time funding is required for the project, and since inception the funds have not been used for any other projects); whether there was a need for this resource especially since it is in an area where there is already 8k acre feet (AF) unutilized for about 15 years (the 2020-2040 Water Resource Plan accounts for having this water available within the 20 year horizon, which will take years to design, construct and prove up before it can be utilized); what is the potential revenue once the water source is available for withdrawal (will serve commitments have an estimated value of \$40k per acre foot); and since this is a new concept, if TMWA would be involved in writing the regulations to allow its use (a few years ago staff worked with the State Engineer's office and NDEP to address any necessary regulatory changes at the outset of the feasibility study; it is memorialized in a memo with the State Engineer with how we would issue will serve commitments against this water)

Mr. Enloe added, from TMWA's perspective, this is a local and sustainable non-Truckee River resource, therefore it is prudent to develop this local resource that is important for the community; all regional agencies and state regulators want this to be successful.

Member Duerr asked staff if the Water Sustainability Fund is the only source of funding, if there are other financial resources that can be leveraged and asked for clarification on the percentage split between TMWA and City of Reno. Mr. Bowman replied the \$5m is the initial funding and there are other funding sources, beyond cash reserves, so as not to impact TMWA's five year funding plan and subsequently customer rates; this is a new water source which would be exclusively funded by developer fees. Mr. Bowman added the construction cost is split between TMWA and Reno 30/70 percent, respectively, which is related to the effluent challenges Reno is facing currently; the operations and management cost is split 50/50; and finally, 40/60 on water rights revenue. In addition, TMWA plans to increase the Supply and Treatment WSF fees by \$755 per gallon per minute (GPM).

At this time Board Member thanked and congratulated staff on the success of the feasibility study and the collaboration with regional partners since it positively impacts all jurisdictions (not only to address the effluent issue experienced by Reno), as well as suggesting staff look into obtaining infrastructure funds from the state and federal funding as this project pertains to the state of Nevada, and have staff confirm the project will not affect TMWA ratepayers.

Stefanie Morris, TMWA Water Resources Manager, stated staff has been working very hard to look for state and federal money and have had several meetings with consultants on how best to present the project because there are so many regional partners, and they are finalizing the feasibility study to submit as part of the grant application which could potentially provide up to \$20m based on the size of the project. Also, staff has been working with TMWA's federal lobbyists regarding the Senate Appropriations Committee listing the OneWater Nevada American Flat A+ Demonstration Facility as a project for up to \$3m of funding which will go to the House for approval, but is now tied up in the budget reconciliation bills; looking at multiple ways to get funding and to reduce cost to our customers.

Member Duerr asked what the next steps and timing for it were to return to the Board for consideration. John Flansberg, City of Reno Public Works Director, replied staff plan on presenting this item to Reno City Council next week, but it may need to be pushed out to November 10, then it will return to the TMWA Board for approval; pending any major concerns that need to be addressed.

Mr. Foree clarified that when staff is discussing raising the Water System Facility (WSF) charges, it is the supply and treatment fee that affects all jurisdictions.

Member Brekhus expressed concerns regarding TMWA's risk factor presented by Mr. Bowman on the financial component of the project in that Reno has not raised its connection fees since 2014 and City of Sparks connection fees are on an escalator; with all the growth occurring in Reno this issue has not been addressed, but needs to be before TMWA goes forward with this partnership.

No action taken.

Chair Hartung called the meeting for a recess at 12:17pm

Chair Hartung resumed the meeting at 12:30pm

12. PRESENTATION AND DISCUSSION, POSSIBLE ACTION AND POSSIBLE DIRECTION TO STAFF REGARDING PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2022 THROUGH 2026

Michele Sullivan, TMWA Chief Financial Officer, presented the five year funding plan and explained what they consider when modeling the projections: current revenues should be sufficient to serve the customers (there are shortfalls in outlying years, but it's not surprising); TMWA's Senior Lien coverage are required by our bond covenant to keep at 1.25% and we have a Board designated goal of 1.5%; need to maintain sufficient cash balances to facilitate the payment of our rehabilitation capital projects ; have quite a bit of debt which needs to be funded out of cash reserve so as not accrue any more debt; maintain our high investment grade credit ratings. Ms. Sullivan noted that there is still a funding gap in the outer years and therefore the remaining 2.5% rate increases which is well below the Consumer Price Index (CPI), and already approved by the Board, are scheduled for implementation in May 2022 and 2023.

Member Brekhus confirmed her support, but inquired if the stabilization fund would be used to stabilize rates for customers as well as the status of the Mt. Rose Water Treatment Plant. Ms. Sullivan replied the stabilization fund would be utilized if there was still a shortfall after the 2.5% increases. Mr. Rotter added the water treatment plant is not online yet, but there was substantial completion in July 2021 and expect it to be operational by end of November 2021.

Ms. Sullivan added the American Flat project is not in this funding plan because it is going to be paid for through developer funds. She thanked staff and everyone working to stay within budget.

Vice Chair Dahir agreed with staff's recommendation and all their hard work in being cautious with funds; appreciates the financial position TMWA is in and thanked staff for their expertise and direction.

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the funding plan for fiscal years 2022 through 2026.

13. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2021

Mr. Foree informed the Board Sonia Folsom, TMWA Executive Assistant, is responsible for gathering the goal results from leadership and we did quite well this year.

Ms. Folsom presented the FY2021 goals and objectives results, majority of which were met or exceeded their targets. The results that did not meet, but were close to meeting, their respective targets were in part due to the launch of the new Customer Service Information (CIS) system, restrictions due to the pandemic and unforeseen circumstances.

Chair Hartung inquired why the goal of converting 90 field sites and stations was not met and when completed will it provide additional protections against ransomware attacks. Mr. Gebhardt replied the goal fell short of the target due to COVID-19 restrictions and TMWA does have in place protections already and these upgrades are additional protections.

14. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2022

Ms. Folsom presented the proposed goals and objectives for FY 2022.

Member Anderson asked if TMWA has a defensive driver training program for employees. Jessica Atkinson, TMWA Human Resources Manager, replied yes, all new hires receive defensive driving training and then receive training on a regular basis.

Upon motion by Member Anderson, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved the proposed TMWA Goals and Objectives for Fiscal Year 2022.

15. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING CANCELING THE NOVEMBER BOARD MEETING AND RE-SCHEDULING THE DECEMBER BOARD MEETING TO DECEMBER 7, 2021 OR SUCH OTHER DATE APPROVED BY THE BOARD

Upon motion by Member Brekhus, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved canceling the November Board meeting and re-scheduling the December Board meeting to December 7, 2021.

16. GENERAL MANAGER'S REPORT

Mr. Foree reported that there is a weather system coming over the next couple of weeks and hoping that it will positively impact our water supply and snowpack.

17. PUBLIC COMMENT

There was no public comment.

18. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

19. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 1:11 p.m.

Approved by the TMWA Board of Directors in session on December 7, 2021.

Sonia Folsom, Board Clerk.