



## TRUCKEE MEADOWS WATER AUTHORITY

### Board of Directors

### AGENDA

**Tuesday, December 7, 2021 at 2:00 p.m.**  
**Sparks Council Chambers, 745 4<sup>th</sup> Street, Sparks, NV**

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#### Board Members

Chair Vaughn Hartung  
Member Neoma Jardon  
Member Jenny Brekhus  
Member Paul Anderson

Vice Chair Kristopher Dahir  
Member Alexis Hill  
Member Naomi Duerr

#### NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Sparks City Hall (431 Prater Way, Sparks), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
5. Asterisks (\*) denote non-action items.
6. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken. Public comment, may be provided by submitting written comments online on TMWA's Public Comment Form ([tmwa.com/PublicComment](http://tmwa.com/PublicComment)) or by email sent to [boardclerk@tmwa.com](mailto:boardclerk@tmwa.com) prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record. Public comment is limited to three minutes and is allowed during the public comment periods. The Board may elect to receive public comment only during the two public comment periods rather than each action item.
7. In the event the Chairman and Vice-Chairman are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).
8. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.

1. Roll call\*
2. Pledge of allegiance\*

<sup>1</sup>The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

3. Public comment — limited to no more than three minutes per speaker\*
4. Possible Board comments or acknowledgements\*
5. Approval of the agenda (**For Possible Action**)
6. Approval of the minutes of the October 20, 2021 meeting of the TMWA Board of Directors (**For Possible Action**)
7. Discussion and action on adoption of Resolution No. 298: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021 — Matt Bowman (**For Possible Action**)
8. Presentation of Financial Performance for first quarter Fiscal Year 2022 — Matt Bowman\*
9. Discussion and action, and possible direction to staff regarding the approval of an Interlocal Agreement between TMWA and City of Reno on construction and operation of the American Flat Advanced Purified Water Demonstration Facility — John Enloe, Stef Morris and Matt Bowman (**For Possible Action**)
10. PUBLIC HEARING ON RATE AMENDMENTS
  - A. Introduction and first reading of amendments to TMWA Rate Schedule WSF – Water System Facility Charges revising area fee, supply and treatment, and storage unit costs — Scott Estes, Michele Sullivan and Danny Rotter (**For Possible Action**)
  - B. Introduction and first reading of amendments to TMWA Rate Schedule BSF – Business Services Fees — Scott Estes, Michele Sullivan and Danny Rotter (**For Possible Action**)
  - C. Public Comment — limited to no more than three minutes per speaker\*
- CLOSE PUBLIC HEARING
11. Presentation of Truckee River Fund Activities for Calendar Year 2021 — Sonia Folsom and John Enloe\*
12. Discussion and action, and possible direction to staff regarding the appointment of Jon Combs to the Standing Advisory Committee (SAC) to fill the wholesale customer representative alternate position for term beginning January 1, 2022 to December 31, 2023— Sonia Folsom (**For Possible Action**)
13. Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2021, such appointments to be made for new terms from January 1, 2022 to December 31, 2023 from the following list of candidates: (1) Chris Melton, primary representative, wholesale customer; (2) Jonnie Pullman, alternate representative, multi-family customer; (3) John Krmpotic, alternate representative, commercial customer; (4) Colin Hayes, primary representative, BANN; (5) Jim Smith, alternate representative, BANN; (6) Kristine Brown Caliger, primary representative, Reno-Sparks Chamber; and (7) Ann Silver, alternate representative, Reno-Sparks Chamber — Sonia Folsom (**For Possible Action**)
14. Discussion and action on scheduling regular board meeting dates and times for the Calendar Year 2022 — Sonia Folsom (**For Possible Action**)

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15. General Manager's Report\*
16. Public comment — limited to no more than three minutes per speaker\*
17. Board comments and requests for future agenda items\*
18. Adjournment (**For Possible Action**)

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

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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 \_\_\_\_\_.

Sonia Folsom, Board Clerk.



To: TMWA Board of Directors  
Thru: John Zimmerman, Assistant General Manager  
From: Matt Bowman, Financial Controller  
Date: November 23, 2021  
Subject: **Discussion and action on adoption of Resolution No. 298: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021**

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### **Recommendation**

TMWA staff will present the Annual Comprehensive Financial Report (ACFR) to the Board for the fiscal year ended June 30, 2021 for approval by resolution and request direction to the Chief Financial Officer to forward the appropriate documentation to the State of Nevada Department of Taxation within the prescribed deadline.

### **Summary**

Pursuant to NRS 354.624, TMWA is required to conclude an audit before November 30, 2021, and submit the audit report to the governing body not later than six months after the close of the fiscal year for which the audit is conducted.

The ACFR for the fiscal year ended June 30, 2021, includes the letter of transmittal, management's discussion and analysis, the audit report, the financial statements, required supplementary information, statistical schedules and the compliance section.

The financial statements include the Statement of Net Position (Balance Sheet) for June 30, 2021 and June 30, 2020, related Statements of Revenues, Expenses and Changes in Net Position (Income Statement), and the Statements of Cash Flows.

### **Audit Results**

Of particular importance to TMWA is the auditor's opinion on the financial statements that TMWA was in compliance with *Generally Accepted Accounting Principles (GAAP)*, and Nevada Revised Statutes for the year ended June 30, 2021. The auditors had no findings in the financial statement audit.

In the 2021 ACFR, TMWA implemented GASB 84 which requires disclosure of fiduciary activities. For TMWA, this includes the two Other Post-Employment Retirement (OPEB) Trusts. These statements are included following the Statements of Cash Flows in the financial section of the ACFR.

## **Financial Performance**

This staff report presents a summary of overall financial performance. Complete information is shown in the financial statements and the notes supporting the financial statements. Management's Discussion and Analysis (MD&A) in the financial section provides a detailed discussion of comparative financial performance with FY 2020.

TMWA experienced a solid financial year with a change in net position of \$44.4 million. Net cash flow reflected an increase of \$23.8 million. Cash balance at the end of the year was \$229.6 million.

TMWA ended the year with a senior lien debt service coverage ratio of 1.90x compared to 1.82x for FY 2020.

### **Fiscal Year 2021 Actual to Budget comparison**

**Operating revenue** of \$115.4 million were \$7.1 million or 6.6% above the final budget for fiscal year ended June 30, 2021. Charges for water sales were \$109.8 million or 7.4% higher than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During both of these seasons, hot and dry weather led to higher than budgeted water usage. Additionally, active water services grew by approximately 3% year over year, which was in line with expectations.

**Operating expenses** of \$98.2 million were approximately \$1.9 million under the budget of \$100.2 million. Operating expenses before depreciation were \$1.7 million under budget or approximately 2.5% lower. Salaries and wages were lower by \$1.5 million or 6.0% while employee benefits were higher by \$0.6 million or 5.8%. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were higher due to higher pension expense recognized following the Nevada Public Employees Retirement System (PERS) actuarial valuation. Service and supplies expenses were \$0.9 million under budget, a variance of 2.7%. There were several insignificant items contributing to this variance. Lower than budgeted costs included consulting/professional services, travel/training and electrical power costs. These lower costs were offset by higher water treatment chemical costs and higher pump and well rehab work performed during the year.

**Net nonoperating revenue and expenses** were \$4.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold. Also, loss on disposal of assets was \$1.8 million and related to disposals of existing infrastructure as part of normal asset replacements. This is typically not included in the operating budget.

**Capital contributions** of \$41.4 million were \$6.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

Total capital spending was approximately \$35.6 million for fiscal year 2021, which was approximately \$19.1 million less than the \$54.7 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2021, TMWA has approximately \$172.0 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2021 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$11.1 million as of June 30, 2021. As of June 30, 2021, TMWA retained a \$9.6 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.1 million is included as a reservation of unrestricted net position.

### **Fiscal Year 2021 Actual to Prior Year Comparison**

**Operating revenue** increased \$7.3 million from fiscal year 2020. Water Sales were \$109.8 million, \$7.3 million or 7.1% greater than in fiscal year 2020. Water sales were higher year over year due to growth in the service area of approximately 3%, with the main driver for the increase being higher water usage per capita. Hydroelectric Sales were \$0.5 million or 15.2% lower than fiscal year 2020, due to downtime for repairs at the hydroelectric plants. Other operating revenue was \$0.5 million or 21.7% higher than the prior year due to resuming late fee charges after the pause for the beginning of the pandemic in fiscal year 2020.

**Operating expenses** were \$98.2 million, \$4.1 million or 4.4% higher than fiscal year 2020. Spending on salaries and wages was \$1.6 million or 7.4% higher, due to wage increases and increases in headcount. Employee benefits were \$0.2 million or 1.7% lower than prior year due mainly to lower pension expense related to Nevada PERS. Higher pension expense was recognized in 2020 as a result of prior year deferred outflows being recognized. Spending on services and supplies was \$2.7 million or 9.7% more than prior year due to \$1.2 million in project expenses that were delayed in fiscal year 2020 as well as increases of \$1.1 million related to chemicals, insurance, and meter supplies.

**Net nonoperating revenue and expenses** were higher than prior year by \$7.5 million or 114%. This variance is primarily due to lower investment earnings and a decrease in the fair value of investments. In fiscal year 2020, TMWA had an unrealized investment gain. Offsetting decrease was lower interest expense (lower rates on commercial paper during the year and continued principal payoffs).

**Capital contributions** decreased by \$2.8 million in FY 2021. The main driver of the decrease is developer infrastructure contributions which were \$9.9 million lower than 2020. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. Other developer contributions or fees were \$7.7 million higher than the prior year. Other contributions were \$0.6 million lower than 2020.

**Making TMWA’s Financial Reporting Accessible to the General Public**

With approval of the *Annual Comprehensive Financial Report (ACFR)*, TMWA is also set to finalize an inaugural *Popular Annual Financial Report (PAFR)* which is a high-level ACFR overview created explicitly to make TMWA’s financial reporting more accessible and easily understood by the general public.

Many governments and agencies use a PAFR to feature relevant financial information that can sometimes be difficult to interpret when presented in formalized accounting standards and language. TMWA’s PAFR uses this approach while expanding upon key financial events of 2021 and providing perspective on TMWA’s financial accomplishments since its formation 20 years ago.

The PAFR uses an effective visual approach TMWA employed in its 2020-2040 Water Resource Plan. As demonstrated by the sample images below, information you would find in the ACFR has been simplified graphically to be more easily understood, while maintaining clear connections back into the ACFR for those who may be interested in seeing financial data in more detail.



**Plans for release:**

The Popular Report will be promoted on TMWA’s social media feeds later this month. TMWA has also secured publicity with local media outlet ThisIsReno.

It will be positioned alongside the ACFR at [twma.com/financial-information](https://twma.com/financial-information).

OUTGOING: HOW TMWA SPENDS BY THE DOLLAR



TMWA’S REDUCED INTEREST EXPENSES OVER THE PAST 10 YEARS



November 30, 2021

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

We have audited the financial statements of Truckee Meadows Water Authority (TMWA) as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated November 30, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated September 29, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TMWA's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of TMWA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## Qualitative Aspects of the TMWA's Significant Accounting Practices

### *Significant Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TMWA are described in Note 1 to the financial statements. As described in Note 1, TMWA changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Liability and related disclosures for postemployment benefits other than pensions (OPEB)
- Liability and related disclosures for pension benefits
- Receivable for delivered but unbilled water sales revenue
- Allocation of administrative costs to capital assets
- Valuation of developer dedicated infrastructure and other donated capital assets

Management's estimate of the actuarial accrued liability for OPEB is based on third party actuarial valuation. Management's estimate of the pension liability is based on actuarial valuation; which are calculated based on the employee information submitted by TMWA to the Public Employees' Retirement System of the State of Nevada (PERS). Management's estimate of the delivered but unbilled water sales revenue is based upon number of days in the cycle and water usage. Management's estimate of the allocation of administrative costs to capital assets is based upon the year-to-date construction salaries and wages relative to total construction and indirect salaries and wages. Management's estimate of the value of the developer dedicated infrastructure and other donated capital assets is based on acquisition value (as defined under GASB Statement No. 72) using engineering cost indices at the time of dedication or donation. We evaluated the key factors and assumptions used to develop these sensitive estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting TMWA's financial statements relate to:

- Long term debt obligations
- Obligations for pensions and other postemployment benefits

The financial statement disclosures are neutral, consistent, and clear.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrect or corrected misstatements identified as a result of ur audit procedures.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated November 30, 2021.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with TMWA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting TMWA, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as TMWA's auditors.

**Modification of the Auditor's Report**

We have made the following modifications to our auditor's report:

*Change in Accounting Principles*

As discussed in Note 1 to the financial statements, TMWA has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in the identification of the Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust as fiduciary component units that are now reported in the financial statements of TMWA. In accordance with GASB Statement No. 84, the 2020 financial statements are now reported to reflect this change. Our opinions are not modified with respect to this matter.

**Other Matters**

The basic financial statements include the financial statements of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust, fiduciary component units of TMWA, which we considered to be significant components of the basic financial statements. Consistent with the audit of the basic financial statements as a whole, our audits included obtaining an understanding of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust and their environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust and completion of further audit procedures.

This report is intended solely for the information and use of the Truckee Meadows Water Authority Board of Directors and management of Truckee Meadows Water Authority and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada

**TRUCKEE MEADOWS WATER AUTHORITY**  
**(TMWA)**

**RESOLUTION NO. 298**

**A RESOLUTION APPROVING THE FINANCIAL STATEMENTS OF THE TRUCKEE  
MEADOWS WATER AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2021**

**WHEREAS**, TMWA is responsible for filing financial statements with various agencies, banks, and regulatory authorities; and

**WHEREAS**, pursuant to NRS 354.624, TMWA is required to file audited financial statements with the Nevada Department of Taxation, not later than six months after the close of the fiscal year being audited; and

**WHEREAS**, the TMWA Board is required to accept and approve the financial statements prior to filing of said statements with the Nevada Department of Taxation by December 31, 2021.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Truckee Meadows Water Authority that the audited financial statements for the period ended June 30, 2021, as provided to the TMWA Board, are hereby accepted and approved and staff is directed to submit such information to the Nevada Department of Taxation.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and adopted December 7, 2021, by the following vote of the Board:

Ayes: \_\_\_\_\_  
\_\_\_\_\_

Nays: \_\_\_\_\_  
\_\_\_\_\_

Abstain: \_\_\_\_\_ Absent: \_\_\_\_\_

Approved this 7<sup>th</sup> day of December, 2021

\_\_\_\_\_  
Vaughn Hartung, Chairman



**NEVADA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Years Ended June 30, 2021 and 2020**

**PREPARED BY: Michele Sullivan, CPA  
Chief Financial Officer**



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November 30, 2021

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for the Truckee Meadows Water Authority (TMWA) for the fiscal year ended June 30, 2021. The purpose of the report is to provide the Board of Directors (Board), our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the Annual Report in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this Annual Report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board audit TMWA's financial statements on an annual basis. Eide Bailly LLP, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2021 and 2020. The independent auditor's report is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The Annual Report consists of four sections:

**Introduction Section** - This section is comprised of the letter of transmittal which contains information relative to TMWA's background, a listing of TMWA's principal officers, organizational chart and other relevant information to assist the reader in understanding TMWA's operations, financial condition, and accomplishments.

**Financial Section** - This section consists of TMWA's basic financial statements, supplementary financial information and independent auditor's report on the basic financial statements. This section also includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

**Statistical Section** - This section is comprised of selected financial, operational and demographic information generally presented annually and includes statistics for the past ten years.

**Compliance Section** - This section consists of information regarding TMWA's compliance with state statutes, in particular, conformance with the Local Government Finance Act.

**REPORTING ENTITY**

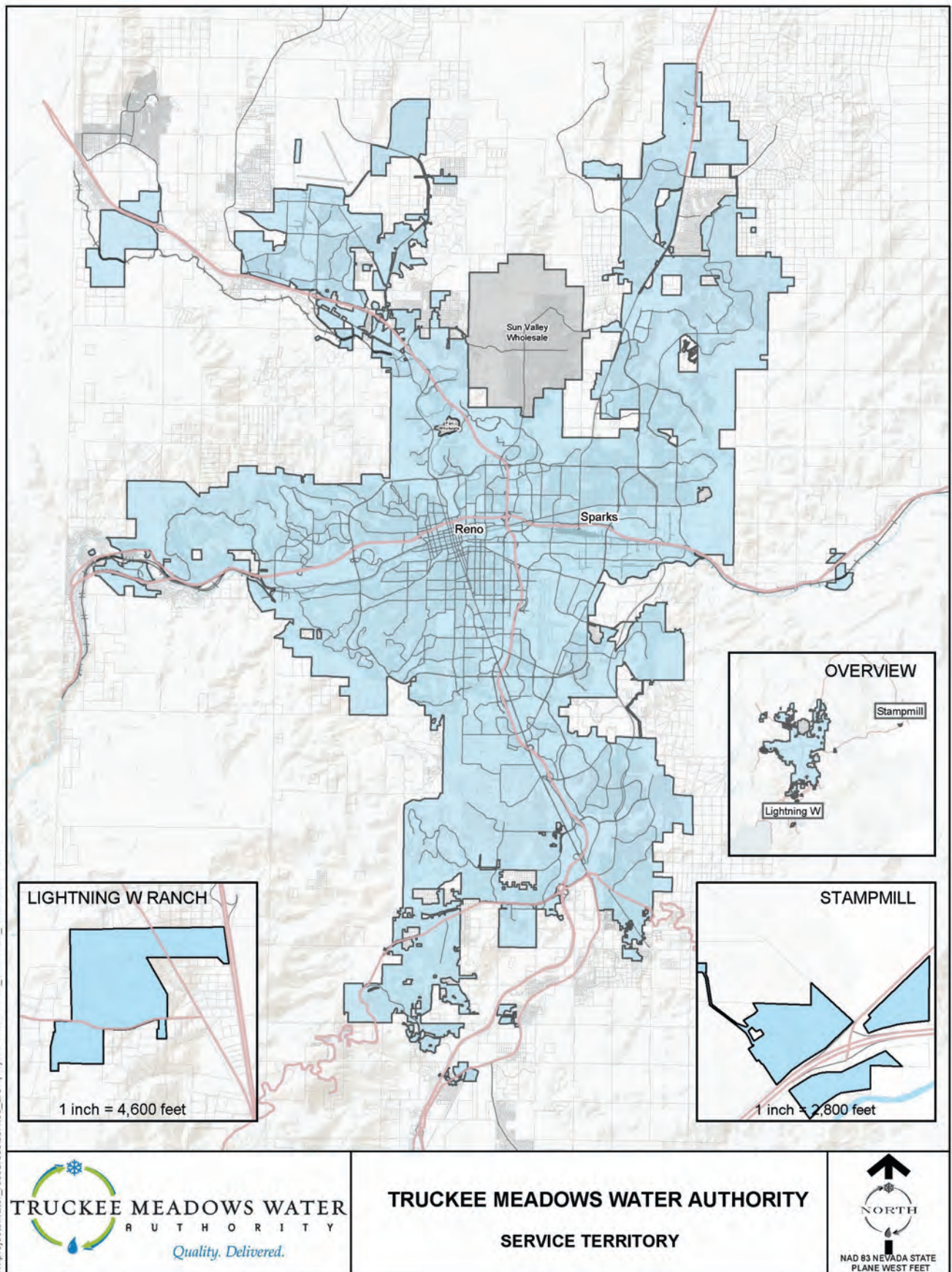
TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the assets of the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources, now known as NV Energy, with the goal of retaining local control over the water resources of the area. TMWA took over the water system assets on June 11, 2001. Amendments to the JPA were approved by the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County's water utility and another water utility named South Truckee Meadows General Improvement District (STMGID). The consolidation of the water utilities occurred on January 1, 2015 with TMWA as the continuing entity. There are no component units associated with this financial reporting entity.

TMWA has no financial interdependence with its member agencies. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution, and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to the approval of the TMWA Board, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property and sales and use taxes, as well as other state taxes. TMWA pays property taxes in Nevada and Sierra Counties of California for the privilege of storing water in private and federal reservoirs. TMWA has no taxing authority.

TMWA has over 125,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows service area. TMWA has only one wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

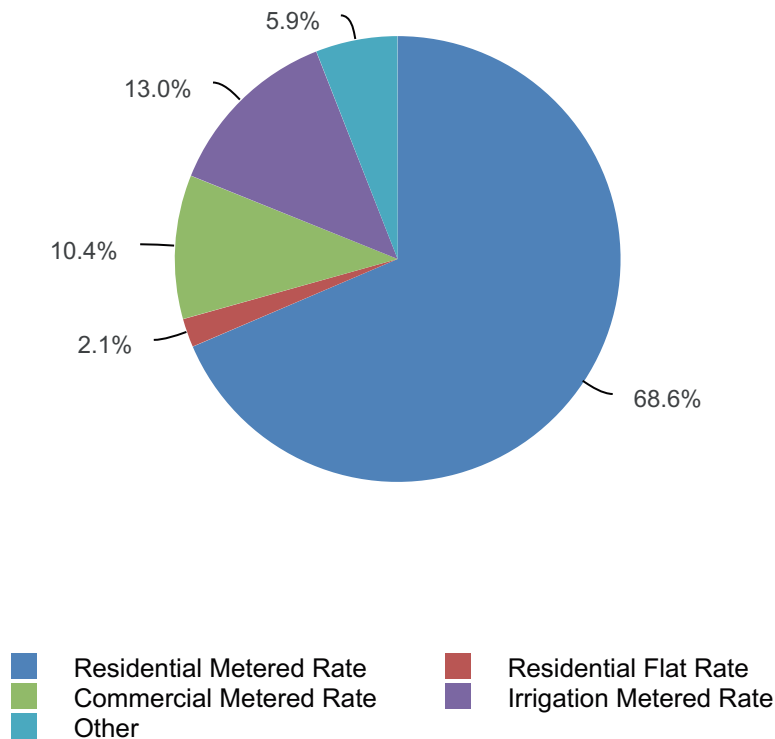
The map on the following page reflects the TMWA service territory.

W:\projects\water\_resource\service\_area\projects\mxd\TMWA\_SERVICE\_AREA\_5X11.mxd



The following graph depicts the proportion of operating revenues by class for fiscal year 2021:

**TMWA Operating Revenues \$115.4 Million**



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are less than 275 water services that do not have a meter installed and are billed on a flat rate. These represent problematic services with multiple customers on a single service line.

The Board adopted a goal in August 2003 of maintaining a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual senior lien debt service. This calculation excludes developer facility charges and other fees associated with new development. This coverage target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on primarily a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent manner and insure that TMWA's bondholders are adequately protected. There are no

other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien debt coverage was approximately 1.90x and with certain developer fees and charges was approximately 2.76x as of June 30, 2021.

### **ECONOMIC OUTLOOK AND WATER RESOURCES**

The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001, with overall population gains in Washoe County of nearly 35% percent.

Despite the economic hardships resulting from the ongoing COVID-19 pandemic, taxable sales in Washoe County continued to grow in fiscal year 2021 with an increase of 19% from the prior year. Prior to fiscal year 2021, Washoe County experienced taxable sales increases of 4% and 7% in fiscal years 2020 and 2019, respectively. Prior to the COVID-19 pandemic and related shut-downs, unemployment rates had decreased significantly since the recession, from highs in 2011 of over 13% to an unemployment rate of 3.2% in February 2020 (before the pandemic). As of June 30, 2021, Washoe County's unemployment rate was 4.9%.

TMWA's service area also continues to expand. The Board voted in October 2018 to approve annexation of a planned development north of the current service area for retail water service. If the development is completed as planned, it will add over 5,000 service connections. The developer will pay for all water line extensions and infrastructure needed to complete the project. In fiscal year 2019, TMWA completed the acquisition of West Reno Water Company's water system. This expanded TMWA's service area to the west where development is planned for over 3,500 service connections. Developer contributions and federal grants will pay for this expansion.

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed Water Resources Plan (WRP). In October 2020, the TMWA Board approved the most recent iteration of the WRP for the years 2020-2040. The WRP was previously updated in fiscal year 2016 and covered years 2016-2035. The WRP addresses current water resources, future water resources and water rights availability, defined drought standards and most recently, impacts of climate change. These analyses performed in the most recent WRP conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

To complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2015-2035 was developed and adopted by the TMWA Board in October 2019. For the first time, this WFP included detailed planning for the water systems formerly operated by Washoe County that were merged into TMWA on January 1, 2015. The original WFP was adopted by the TMWA Board in December 2004 and updated in 2010. The WFP evaluates the

infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements needed in the Capital Improvement Plan to serve growth based upon population and water demand forecasts in the WRP.

Since inception, TMWA has made and will continue to make strategic water rights acquisitions to ensure sufficient inventory of water rights are available to issue will-serve commitments for the foreseeable future. Any given year, as much as 80% or more of the water supply to TMWA's service area is supplied from surface water from the Truckee River. As such, TMWA played a critical role in negotiating and implementing the Truckee River Operating Agreement (TROA). TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and the Federal Government. TROA is intended to provide TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015, remaining related lawsuits were dismissed and TROA became effective December 1, 2015 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

TMWA owns and operates 27,000 acre-feet of reservoir storage comprised of 9,500 and 17,500 acre-feet in Donner Lake and Independence Lake, respectively (both owned and controlled by TMWA). In addition to the owned storage, as a result of TROA, TMWA can access additional storage capacity in certain federal lakes and reservoirs, including Lake Tahoe. As of June 30, 2021, TMWA had approximately 53,000 acre feet stored in these TMWA owned and federally operated reservoirs. Additionally, in August 2020, the TMWA Board approved a Memorandum of Understanding (MOU) between TMWA, Carson City and Storey County regarding TMWA having access to surplus water resources from the State of Nevada's Marlette Lake Water System. If this MOU results in a definitive agreement, it would provide further water storage and resource availability for TMWA.

The winters of 2019/2020 and 2020/2021 were both below average for precipitation in the Sierra Nevada mountains. As a result, drought conditions in the Truckee Meadows are currently classified as Extreme according to the U.S. Drought Monitor. While drought conditions are never ideal, TMWA is well positioned to continue to provide water to its customers, even during the current drought situation. This is primarily due to provisions for water management set forth by TROA. During a drought, TROA allows for changes in the way upstream water is managed to allow TMWA to store more Truckee River water in federal reservoirs as a drought persists.

Since the implementation of TROA, TMWA's Privately Owned Stored Water (POSW) has more than doubled. When combining TMWA's existing POSW surface water resources, the groundwater resources of the Honey Lake basin, the extensive drought storage benefits of TROA and the expansion of Aquifer Storage and Recovery (ASR) groundwater recharge efforts, the TMWA service area is well positioned with regards to drought resiliency.

## **Advanced Purified Water Program**

TMWA is confident in its ability to meet the community's potable water needs for decades to come. Regardless, staff and leadership are dedicated to preparing for potential needs that are currently beyond the horizon. In this spirit, TMWA is participating in a multi-organizational effort to study the feasibility of producing Category A+ Advanced Purified Water (APW). This research collaboration is known as OneWater Nevada and includes TMWA; City of Reno; City of Sparks; Washoe County; the University of Nevada, Reno; Truckee Meadows Water Reclamation Facility; the Western Regional Water Commission, and the Northern Nevada Water Planning Commission.

The OneWater Nevada Study is evaluating the feasibility of using treated effluent from regional water reclamation facilities and applying a combination of advanced water treatment steps with natural groundwater purification processes to allow for aquifer storage and recovery of the APW. The treatment approach is regulated to rigorous state and federal drinking water standards and may potentially create a future supplemental water supply for potable or other high-quality uses.

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation includes the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), hydrogeological studies at Bedell Flat and American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno staff have received direction from each governing body to move forward with an ILA that contemplates a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility.

## **WATER QUALITY**

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries to the Truckee River, travels into Nevada through the Reno-Sparks Metropolitan area with the terminus of the river at Pyramid Lake, a distance of approximately 120 miles. The river's natural water quality is excellent; however, additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 90 MGD Chalk Bluff Water Treatment Plant and the 34.5 MGD Glendale Water Treatment Plant. In order to further diversify the water supply, TMWA is nearing the completion of the Mount Rose Water Treatment Plant, a 4 MGD surface water treatment plant in the Southern service area. When water flows are adequate, this plant will treat surface water from Whites Creek, a tributary of the Truckee River. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the Presidents Award from the Partnership for Safe Water in 2015. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has since requalified for this award on an annual basis.

TMWA spends approximately \$1 million annually monitoring water quality by analyzing nearly 15,000 samples covering approximately 20,000 constituents at over 270 locations throughout the TMWA water system to insure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

## **WATER CONSERVATION**

Efficient use of water within the Truckee Meadows extends this vital resource through periods of drought in this high desert climate. Therefore, water conservation has been, and will continually be, a high-priority at TMWA. Not only does conservation promote water-efficient behavior, such efforts also reduce peak-day demand and help defer future investments in costly improvements to infrastructure. The purpose of water conservation at TMWA is to promote smart use of water through several programs. During a drought, TMWA enhances its conservation efforts to ensure drought storage is sufficient over the drought period.

### **Water-Efficiency Codes**

TMWA's Rule 2 provides water-efficiency codes to which customers must adhere. First, customers must not use water excessively (i.e., no waste). Second, TMWA requires that its customers adhere to a three-day-a-week irrigation schedule. This watering restriction helps prevent overwatering as well as reduces peak-day demand. Next, TMWA also requires no irrigation on Mondays to allow its system to recharge. Finally, TMWA generally requires no irrigation between noon and 6 p.m. from Memorial Day to Labor Day. These water-efficiency codes have been successful in managing customer demands over time.

### **The Water Meter Retrofit Program**

Under TMWA's Water Meter Retrofit Program, unmetered services were retrofitted with a meter. Customers without meters pay a flat, monthly water rate: thus, they have no simple way to know their water usage and have less monetary incentive to conserve. Through a charge of \$1,830 for every acre-foot of new surface water demand, developers and others have provided funding for this program. Due to the success of this program, TMWA estimates less than 275 water services do not have a meter installed. In fiscal year 2019, the Water Meter Retrofit Program was replaced by the Water Resource Sustainability Program. Remaining balances in this fund will be used to replace meters in the system over the next few years.

### **Water Pricing Structure**

TMWA has an inverted, tiered-rate billing structure in which customers are charged increasing rates based on the amount of water they use. This billing structure provides a "price signal" to customers who cross into a higher tier, thereby encouraging efficient use of water.

### **Water Usage Review Program**

The Water Usage Review Program assists TMWA customers with issues regarding their water meter or their water delivery system. When a water usage review is requested, TMWA staff will go onsite to check meter accuracy as well as detect for leaks in the customer's system. If a leak is detected, staff will work with the customer to attempt to identify the leak source. Staff will also review the usage history of the service to determine water usage behavior. Once completed, staff will notify the customer regarding any leaks that were detected, make recommendations on how to reduce water consumption, and teach customers how to check for leaks in the future.

### **Water Watcher Program**

During the irrigation months (April to October), TMWA ramps up its conservation efforts by hiring additional full-time seasonal conservation consultants. These consultants are trained to monitor the TMWA service territory and ensure its water-efficiency codes are being adhered to. They also respond to water waste reports by the public. They provide customers with information about TMWA's water-efficiency codes and identify any leaks or sources of water waste in outdoor irrigation. This program not only promotes efficient use of water, but also facilitates lower monthly bills.

### **Landscape Retrofit Program**

The Landscape Retrofit Program promotes water-efficiency measures on municipal landscapes. The program includes financial support of landscape augmentation projects by institutional irrigators. Projects supported under this program promote drought-tolerant landscapes and educational programs focused on smart landscaping practices.

### **Water Conservation Education Program**

TMWA has a strong educational program designed to teach customers about the benefits of conservation and techniques that can help them use water more responsibly. Educational initiatives include a free workshop series, direct communication (bill inserts, emails, in-person, etc.), public presentations and events, as well as, a multi-media campaign. TMWA also partners with other local organizations to provide grade school students in the Truckee Meadows with information regarding our water sources, water quality and watershed protection.

## **FINANCIAL INFORMATION**

### **Internal Controls**

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Internal controls are also used to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such

controls over the benefits derived from implementing such controls. TMWA's management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

### **Budgetary Controls**

TMWA is legally required to prepare, present to the TMWA Board, and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Administration of Local Government Finance Act, which stipulates that the Board be presented with a tentative budget by April 15 of each year, with formal adoption of the budget after a public hearing in May of each year. The adopted budget is then filed with the Nevada Department of Taxation.

TMWA is also required to prepare a Capital Improvement Plan for review and formal acceptance by the TMWA Board. This plan is a comprehensive compilation of all capital projects and capital outlays expected during the ensuing five fiscal years. TMWA's Board is kept informed of TMWA's financial performance throughout the fiscal year at scheduled Board meetings. The General Manager, as the chief administrative officer, is authorized to approve all expenses that are within the approved budget. This authority is conferred upon the General Manager by virtue of the TMWA Cooperative Agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA. TMWA routinely prepares five-year financial forecasts in conjunction with the Capital Improvement Plan.

### **BUDGET ANALYSIS AND VARIANCES**

Actual total operating revenues of \$115.4 million were \$7.1 million or 6.6% above the final budget for fiscal year ended June 30, 2021. Charges for water sales were \$109.8 million or 7.4% higher than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During both of these seasons, hot and dry weather led to higher than budgeted water usage. Additionally, active water services grew by approximately 3% year over year, which was in line with expectations.

Total operating expenses of \$98.2 million were approximately \$1.9 million under the budget of \$100.2 million. Operating expenses before depreciation were \$1.7 million under budget or approximately 2.5% lower. Salaries and wages were lower by \$1.5 million or 6.0% while employee benefits were higher by \$0.6 million or 5.8%. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were higher due to higher pension expense recognized following the Nevada Public Employees Retirement System (PERS) actuarial valuation. Service and supplies expenses were \$0.9 million under budget, a variance of 2.7%. There were several insignificant items contributing to this variance. Lower than budgeted costs included consulting/professional services, travel/training and electrical power costs. These lower costs were offset by higher water treatment chemical costs and higher pump and well rehab work performed during the year.

Total net nonoperating revenues and expenses were \$4.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is

not realized until the related investment matures or is sold. Also, loss on disposal of assets was \$1.8 million and related to disposals of existing infrastructure as part of normal asset replacements. This is typically not included in the operating budget.

Capital contributions of \$41.4 million were \$6.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

Total capital spending was approximately \$35.6 million for fiscal year 2021, which was approximately \$19.1 million less than the \$54.7 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2021, TMWA has approximately \$172.0 million of unrestricted cash and investments to fund future operations and capital projects.

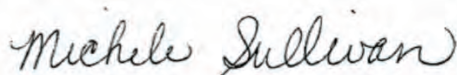
TMWA complied with bond covenants during fiscal year 2021 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$11.1 million as of June 30, 2021. As of June 30, 2021, TMWA retained a \$9.6 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.1 million is included as a reservation of unrestricted net position.

### **ACKNOWLEDGEMENTS**

The timely preparation of this report could not be done without the assistance of TMWA finance personnel, the management team and employees of TMWA. We would like to thank the Board, TMWA customers, and the development community for their commitment to the long-term operational and financial stewardship of TMWA.



Mark Foree, P.E.  
General Manager



Michele Sullivan, CPA  
Chief Financial Officer

**Truckee Meadows Water Authority  
List of Principal Officials  
June 30, 2021**

**TMWA Board of Directors**

Vaughn Hartung, Washoe County Commissioner, Chairman of the Board

Kristopher Dahir, City of Sparks Council Member, Vice Chairman

Paul Anderson, City of Sparks Council Member

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Alexis Hill, Washoe County Commissioner

Neoma Jardon, City of Reno Council Member

**Management**

Mark Foree, PE, General Manager

John Zimmerman, Esq., Assistant General Manager

Michele Sullivan, CPA, Chief Financial Officer

John Enloe, Director of Natural Resources Planning and Management

Scott Estes, PE, Director of Engineering

Andy Gebhardt, Director of Operations and Water Quality

Pat Nielson, Director of Distribution, Maintenance, and Generation

Mike Pagni, General Counsel



Government Finance Officers Association

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Presented to

**Truckee Meadows Water Authority  
Nevada**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

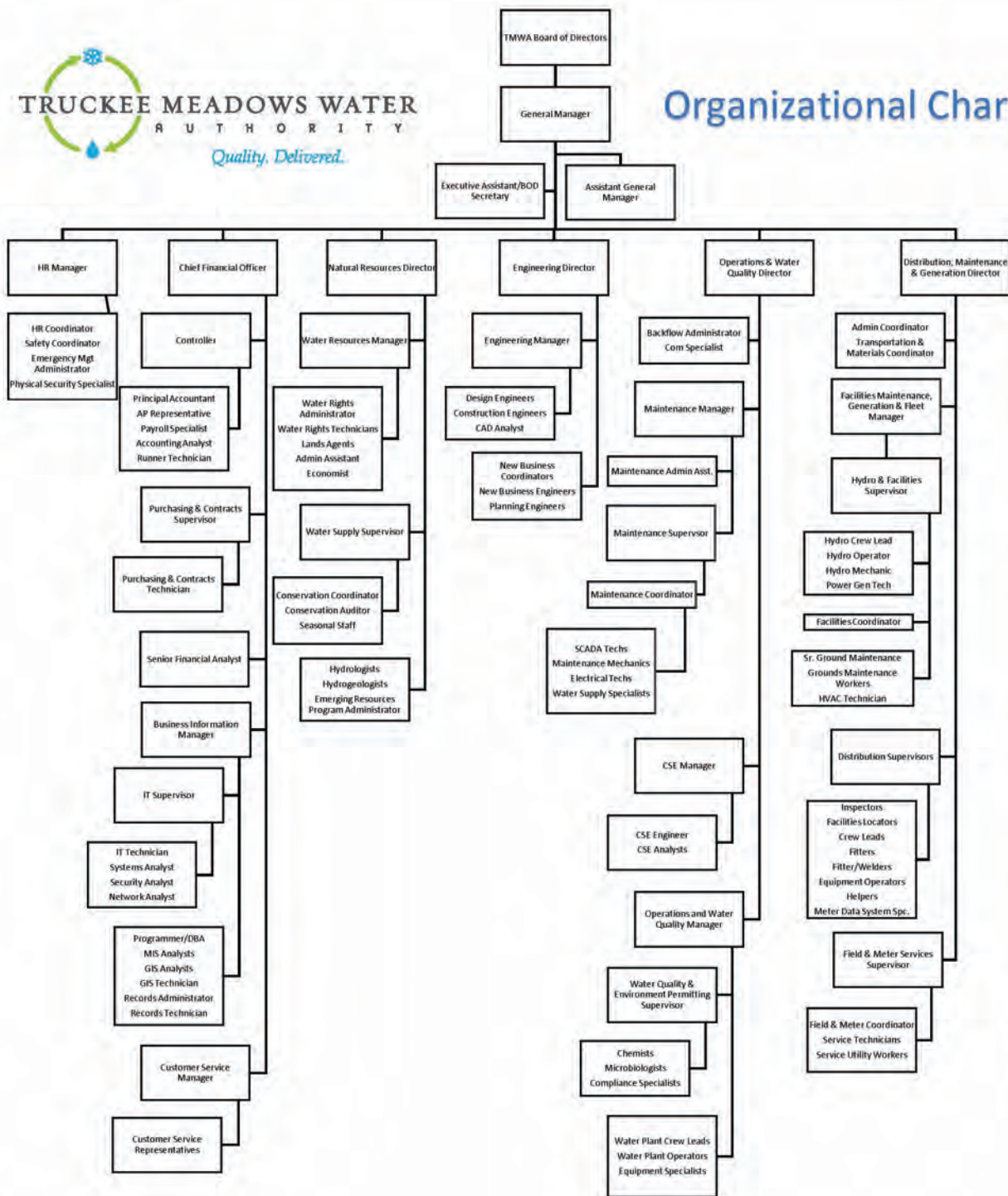
June 30, 2020

*Christopher P. Morrell*

Executive Director/CEO



## Organizational Chart



## Independent Auditor's Report

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of the Truckee Meadows Water Authority (TMWA), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of TMWA, as of June 30, 2021 and 2020, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principles**

As discussed in Note 1 to the financial statements, TMWA has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in the identification of the Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust as fiduciary component units that are now reported in the financial statements of TMWA. In accordance with GASB Statement No. 84, the 2020 financial statements are now reported to reflect this change. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 28, the schedules of changes in net OPEB liability and related ratios on pages 68 through 69, the schedules of contributions - OPEB on pages 70 through 71, the schedules of TMWA's share of net pension liability on page 72, and the schedules of TMWA contributions – Pension on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TMWA's basic financial statements. The introductory section, the schedules of revenues, expenses and changes in net position – budget and actual, and statistical section are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenues, expenses and changes in net position - budget and actual are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenses and changes in net position - budget and actual are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of TMWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TMWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
November 30, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of TMWA's Annual Comprehensive Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2021, June 30, 2020, and June 30, 2019. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

### **FINANCIAL HIGHLIGHTS**

#### **TMWA's Net Position**

*(in millions)*

	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2019</u></b>
Unrestricted Current Assets	\$ 192.8	\$ 168.7	\$ 171.1
Restricted Current Assets	31.1	27.7	15.7
Long-Term Restricted and Other Assets	27.3	29.8	29.5
Net Other Postemployment Benefits Asset	3.4	2.3	—
Capital Assets, net	1,021.8	1,007.7	980.7
Total Assets	<u>1,276.4</u>	<u>1,236.2</u>	<u>1,197.0</u>
Deferred Outflow of Resources	12.8	14.9	14.1
Total Assets & Deferred Outflow of Resources	<u>1,289.2</u>	<u>1,251.1</u>	<u>1,211.1</u>
Total Current Liabilities	47.2	47.9	47.1
Long Term Debt Outstanding	376.3	383.3	401.7
Net Pension Liability	42.2	40.6	37.7
Net Other Postemployment Benefits Liability	0.5	0.7	1.9
Long Term Compensated Absences	2.9	2.2	2.0
Total Liabilities	<u>469.1</u>	<u>474.7</u>	<u>490.4</u>
Deferred Inflow of Resources	6.0	6.7	2.5
Net Investment in Capital Assets	649.1	617.5	573.2
Restricted	50.7	50.0	37.6
Unrestricted	<u>114.4</u>	<u>102.2</u>	<u>107.3</u>
Total Net Position	<u><u>\$ 814.2</u></u>	<u><u>\$ 769.7</u></u>	<u><u>\$ 718.1</u></u>

### ***Financial Position***

#### **Fiscal Year 2021 Summary**

In the fiscal year ended June 30, 2021, total net position increased by approximately \$44.5 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets increased by \$24.1 million from June 30, 2020. Unrestricted cash increased \$23.3 million with cash from operating activities of \$52.8 million and unrestricted nonoperating contributions of \$29.4 million, offset by cash used for debt service \$33.4 million and construction of \$35.6 million. Proceeds from a resource exchange agreement with Tahoe-Reno Industrial Center (TRIC) and Tahoe Reno Industrial General Improvement District (TRIGID) also increased cash by \$9.0 million. In fiscal year 2021, TMWA entered into an agreement to assist TRIC and TRIGID in meeting their return flow requirements to the Truckee River from taking treated effluent from the Truckee Meadows Water Reclamation Facility (TMWRF). When the surface water component of treated effluent water from TMWRF is not returned to the river, there are requirements to makeup that return flow with other water rights that must be left for instream flow. In exchange for providing TRIGID a return flow will-serve to satisfy the above-describe return flow requirements, TRIGID conveyed 1,143 acre-feet of water rights to TMWA and TRIC paid TMWA \$9.0 million. See the Statement of Cash Flows for additional information on sources and uses of cash.

Restricted Current Assets increased \$3.4 million from June 30, 2020. The Water Resource Sustainability Program fund increased \$1.7 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$1.7 million due to the addition of the 2021 refunding bonds which were issued to pay off variable rate commercial paper at a low fixed rate of 1.19%.

Long-Term Restricted and Other Assets decreased \$2.5 million, mainly due to a \$2.7 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and continue to decrease annually.

Net Other Postemployment Benefits Asset increased by \$1.1 million as result of an actuarial analysis. See Note 11 to the financial statements for additional information on TMWA's other post-employment benefit plans (OPEB).

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$14.1 million in fiscal year 2021 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$10.2 million. These assets are built to TMWA's standards and specifications. TMWA continued construction of a new treatment plant during fiscal year 2021. The Mt. Rose Water Treatment Plant is expected to be operational in fiscal year 2022. Depreciation expense was \$33.3 million.

Total current liabilities decreased by \$0.7 million. The primary decrease was due to the redemption of \$3.0 million of commercial paper, as well as the refunding of the remaining balance of \$13.0 million of commercial paper. The current portion of the new 2021 refunding bonds, or \$1.8 million, remains in current liabilities. Offsetting this decrease was an increase in contracts and retention payable of \$12.3 million, of which \$9.0 million is due to a payable related to the resource exchange agreement with TRIC and TRIGID mentioned earlier. Cash received in this transaction is held as a payable until certain provisions of the contract are met by TMWA. TMWA will supply return flow water to the Truckee River on behalf of the contracting parties in

certain situations to fulfill its obligations. Payables related to construction contracts increased \$3.0 million and retention payable increased \$0.3 million due to timing differences in the accounts payable cycle year over year.

Long term debt decreased \$7.0 million, due to principal payments on debt of \$13.5 million and amortization of bond premiums of \$4.7 million. Long term debt increased \$11.2 million due to the refunding of commercial paper which was previously in short term debt.

Net pension liability increased by \$1.6 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 10 to the financial statements for additional information on pensions.

### **Fiscal Year 2020 Summary**

In the fiscal year ended June 30, 2020, total net position increased by \$51.6 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$2.4 million from June 30, 2019. Unrestricted cash decreased \$4.4 million due primarily to an increase in restricted cash for current bond debt service related to the upcoming principal payment of \$10.5 million on TMWA's 2017 refunding bonds due in fiscal year 2021. See Note 6 to the financial statements for additional information on TMWA's outstanding debt. This decrease was offset by overall net positive cash flows from all of TMWA's operations. See the Statement of Cash Flows for additional information.

In fiscal year 2020, TMWA booked a long-term asset related to its OPEB plans. This was the result of an actuarial analysis. Additional information on TMWA's OPEB plans can be found in Note 11 to the financial statements.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation increased by \$27.0 million in fiscal year 2020 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$20.1 million. These assets are built to TMWA's standards and specifications. TMWA continued construction of a new treatment plant during fiscal year 2020. TMWA spent \$12.5 million on the project in fiscal year 2020 and \$23.5 million total through June 30, 2020. Depreciation expense was \$33.3 million.

Total current liabilities increased by \$0.8 million. The primary increase was due to an increase in the current portion of long-term debt for the first principal payment on the 2017 refunding bonds of \$10.5 million due July 1, 2020. Offsetting this increase were decreases due to the pay down of commercial paper of \$7.5 million and a \$2.3 million decrease in short term contracts and retention payable due to timing differences in the accounts payable cycle year over year.

Long term debt decreased \$7.0 million, mainly due to the reclass to current portion of debt discussed above. Additionally, long term debt decreased due to amortization of bond premiums of \$4.9 million and principal payments on debt of \$2.8 million.

**TMWA's Changes in Net Position**  
(in millions)

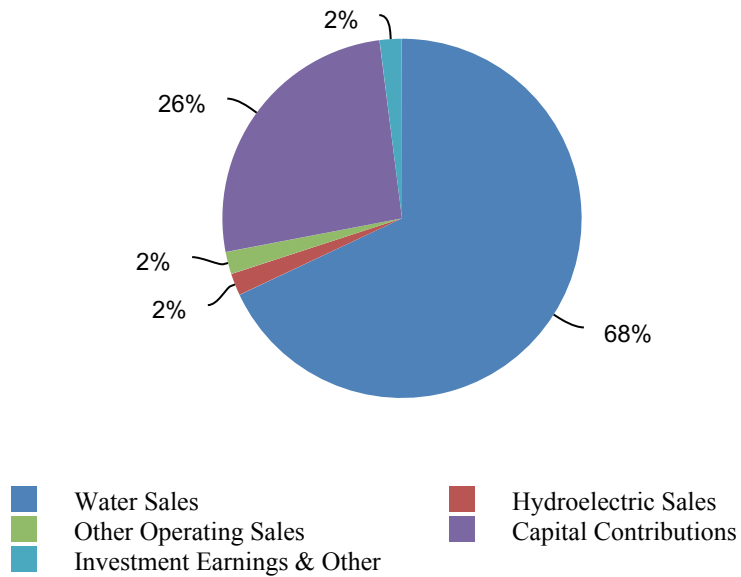
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating Revenues	\$ 115.4	\$ 108.1	\$ 107.1
Operating Expenses	98.2	94.1	92.5
Operating Income	<u>17.2</u>	<u>14.0</u>	<u>14.6</u>
Nonoperating Revenues (Expenses) Net	<u>(14.1)</u>	<u>(6.6)</u>	<u>(6.7)</u>
Income before Capital Contributions	3.1	7.4	7.9
Capital Contributions	41.4	44.2	42.2
Change in Net Position	<u>44.5</u>	<u>51.6</u>	<u>50.1</u>
Net Position - Beginning of Year	<u>769.7</u>	<u>718.1</u>	<u>668.0</u>
Net Position - End of Year	<u>\$ 814.2</u>	<u>\$ 769.7</u>	<u>\$ 718.1</u>

**TMWA's Revenues**  
(in millions)

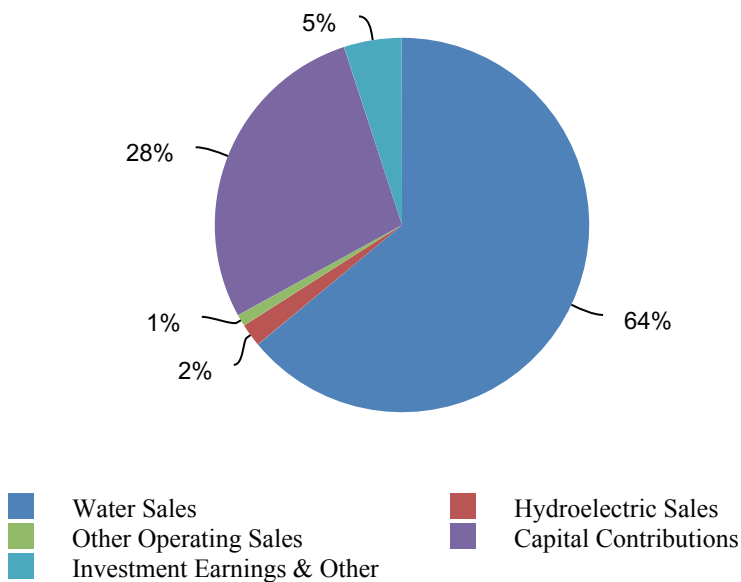
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues			
Operating Revenues			
Water Sales	\$ 109.8	\$ 102.5	\$ 101.8
Hydroelectric Sales	2.8	3.3	2.6
Other Operating Sales	2.8	2.3	2.7
	<u>115.4</u>	<u>108.1</u>	<u>107.1</u>
Nonoperating Revenues			
Investment Earnings	2.6	4.1	4.4
Other	—	3.4	2.8
	<u>2.6</u>	<u>7.5</u>	<u>7.2</u>
Capital Contributions	<u>41.4</u>	<u>44.2</u>	<u>42.2</u>
<b>Total Revenues</b>	<u>\$ 159.4</u>	<u>\$ 159.8</u>	<u>\$ 156.5</u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2021, 2020 and 2019:

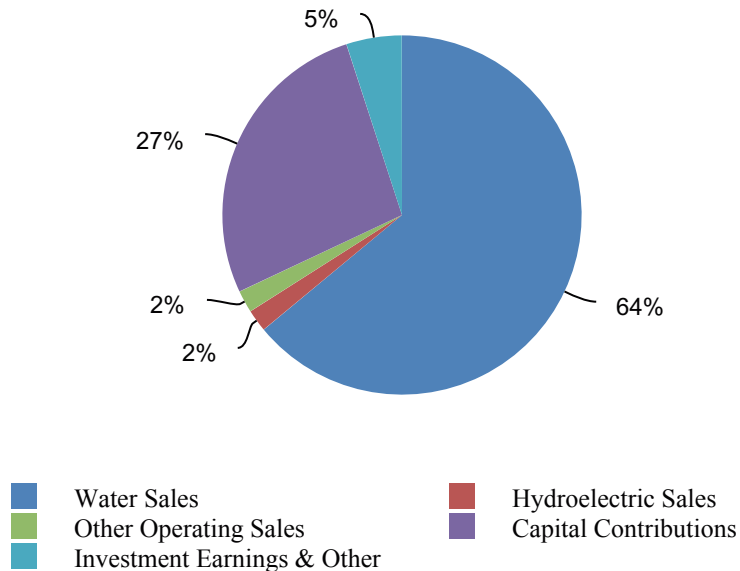
**Total Revenues for the Year Ended June 30, 2021**



**Total Revenues for the Year Ended June 30, 2020**



### **Total Revenues for the Year Ended June 30, 2019**



### ***Results of Operations-Revenues***

#### **Fiscal Year 2021 Summary**

For fiscal year 2021, total operating revenues increased \$7.3 million from fiscal year 2020. Water Sales were \$109.8 million, \$7.3 million or 7.1% greater than in fiscal year 2020. Water sales were higher year over year due to growth in the service area of approximately 3%, with the main driver for the increase being higher water usage per capita. Hydroelectric Sales were \$0.5 million or 15.2% lower than fiscal year 2020, due to downtime for repairs at the hydroelectric plants. Other operating revenue was \$0.5 million or 21.7% higher than the prior year due to resuming late fee charges after the pause for the beginning of the pandemic in fiscal year 2020.

Investment earnings were \$2.6 million in fiscal year 2021, \$1.5 million lower than fiscal year 2020 due to lower invested rates during the year. Other nonoperating revenues decreased \$3.4 million due to an unrealized investment loss in fiscal year 2021 (this line item was included as unrealized investment gain in fiscal year 2020).

For fiscal year 2021, capital contributions decreased by \$2.8 million. The main driver of the decrease is developer infrastructure contributions which were \$9.9 million lower than 2020. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. Other developer contributions or fees were \$7.7 million higher than the prior year. Other contributions were \$0.6 million lower than 2020.

## **Fiscal Year 2020 Summary**

For fiscal year 2020, total operating revenues increased \$1.0 million from fiscal year 2019. Water Sales were \$102.5 million, \$0.7 million or 0.7% greater than in fiscal year 2019. Water sales were higher year over year due to growth in the service area of approximately 2% offset by slightly lower water usage per capita. Hydroelectric Sales were \$0.7 million or 26.9% higher than fiscal year 2019, due to downtime for repairs at the hydroelectric plants in fiscal year 2019. Other operating revenue was \$0.4 million or 14.8% lower than the prior year due to inspection fees and late fee revenue. Inspection fees were lower due primarily to timing, as these fees can fluctuate with larger or smaller developer projects. Late fee revenue was lower due to TMWA stopping late fee assessments during the fourth quarter as a result of the COVID-19 pandemic. The assessment of late fees was continued in fiscal year 2021.

Investment earnings were \$4.1 million in fiscal year 2020, \$0.3 million lower than fiscal year 2019 due to lower invested rates during the year. Other nonoperating revenues increased \$0.6 million due to higher unrealized investment income.

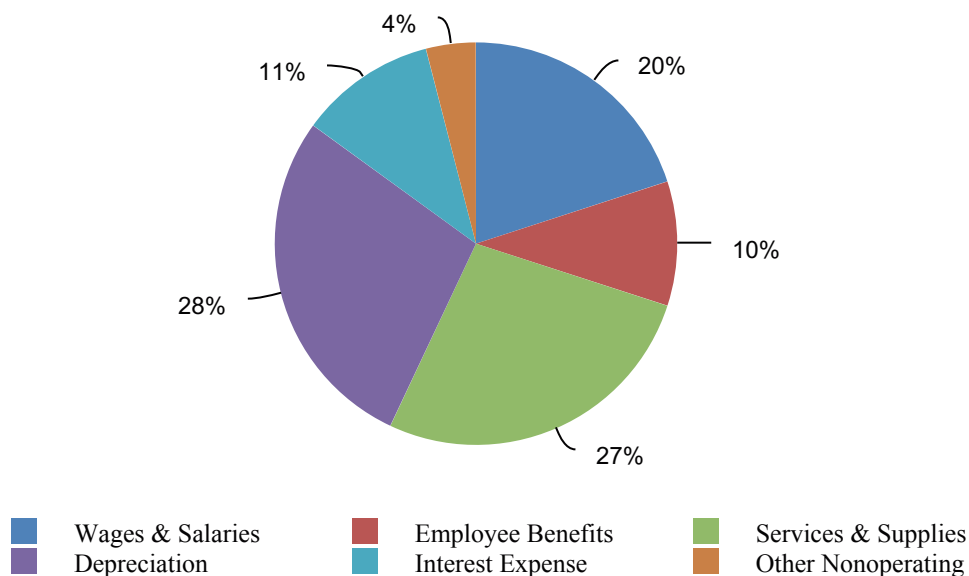
For fiscal year 2020, capital contributions increased by \$2.0 million. Increased contributions totaling \$3.4 million were recognized from developer infrastructure contributions, area fees, facilities fees, contributions from other governments and an insurance settlement. The developer fee increases were due to continued high volume of projects and increased area fees which were implemented in October 2019. Offsetting these increases were decreases of \$1.4 million from decreased grant revenue, water resource sustainability (2020/2019) / water meter retrofit (2019) proceeds, and will-serve sales. The decrease in grant revenue is due to the timing of pending FEMA awards and the decrease in resource sustainability/water meter retrofit and will-serve sales are due to a slightly lower volume of water resources sold/dedicated during fiscal year 2020 than the prior year.

**TMWA's Expenses**  
(in millions)

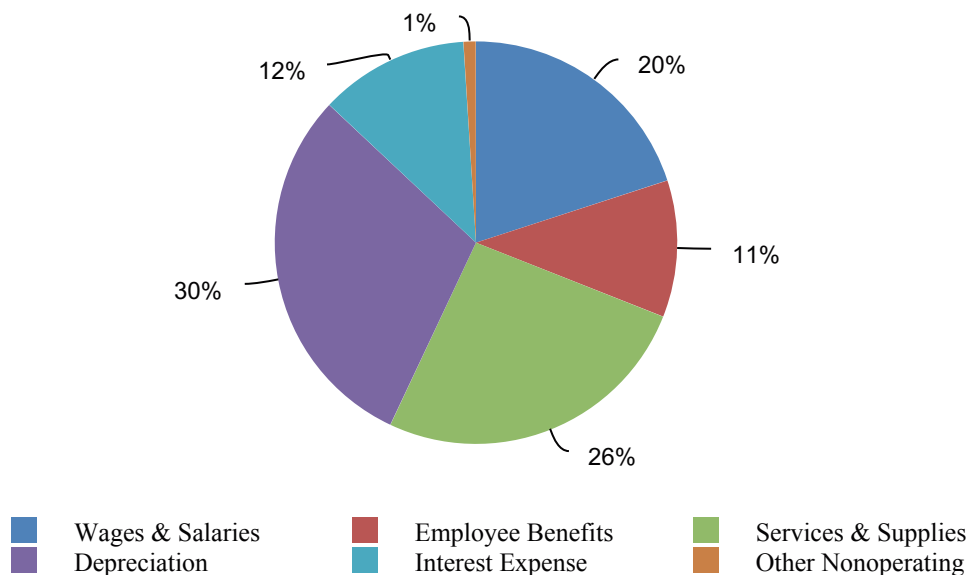
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 23.1	\$ 21.5	\$ 21.0
Employee Benefits	11.3	11.5	10.2
Services & Supplies	30.5	27.8	28.5
Depreciation	33.3	33.3	32.8
	<u>98.2</u>	<u>94.1</u>	<u>92.5</u>
Nonoperating Expenses			
Interest Expense	12.3	12.7	13.3
Other Nonoperating Expenses	4.4	1.4	0.7
	<u>16.7</u>	<u>14.1</u>	<u>14.0</u>
<b>Total Expenses</b>	<u><u>\$ 114.9</u></u>	<u><u>\$ 108.2</u></u>	<u><u>\$ 106.5</u></u>

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2021, 2020 and 2019:

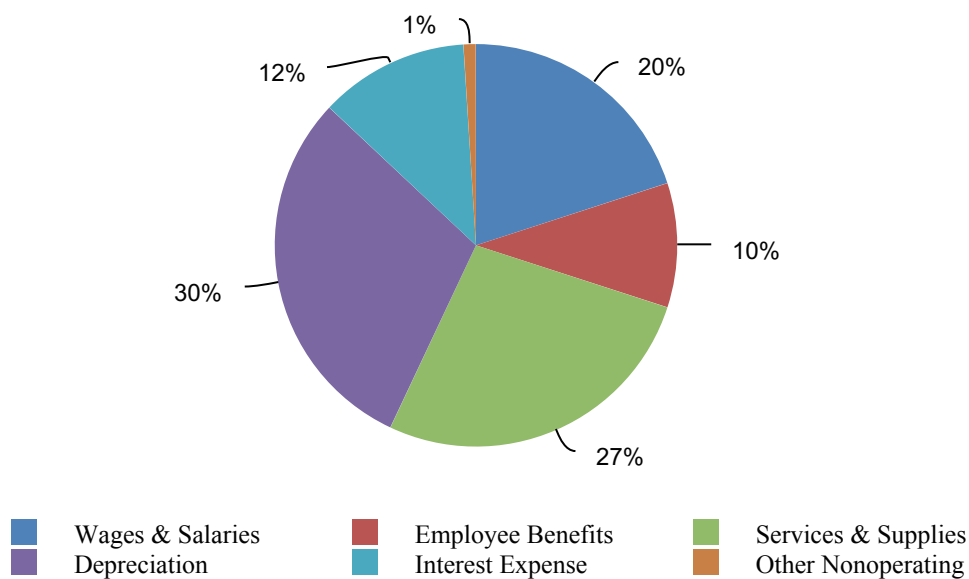
**Total Expenses for the Year Ended June 30, 2021**



**Total Expenses for the Year Ended June 30, 2020**



**Total Expenses for the Year Ended June 30, 2019**



***Results of Operations-Expenses*****Fiscal Year 2021 Summary**

Operating expenses were \$98.2 million, \$4.1 million or 4.4% higher than fiscal year 2020. Spending on salaries and wages was \$1.6 million or 7.4% higher, due to wage increases and increases in headcount. Employee benefits were \$0.2 million or 1.7% lower than prior year due mainly to lower pension expense related to Nevada PERS. Higher pension expense was recognized in 2020 as a result of prior year deferred outflows being recognized. Spending on services and supplies was \$2.7 million or 9.7% more than prior year due to \$1.2 million in project expenses that were delayed in fiscal year 2020 as well as increases of \$1.1 million related to chemicals, insurance, and meter supplies.

Nonoperating expenses were \$2.6 million higher compared to prior year. Unrealized investment loss of \$2.4 million was the main driver for this increase. In fiscal year 2020, TMWA had an unrealized investment gain included in nonoperating revenue.

**Fiscal Year 2020 Summary**

Operating expenses were \$94.1 million, \$1.6 million or 1.7% higher than fiscal year 2019. Spending on salaries and wages was \$0.5 million or 2.4% higher, due to a wage increase of approximately 3%, offset by a higher allocation to capital due to more labor intensive capital projects. Employee benefits were \$1.3 million or 12.7% higher than prior year due mainly to pension expense related to Nevada Public Employees' Retirement System (PERS). Higher pension expense was recognized as a result of prior year deferred outflows being recognized in fiscal year 2020. Spending on services and supplies was \$0.7 million or 2.5% less than prior year due primarily to one-time expenses incurred in fiscal year 2019 related to maintenance at the Donner Lake outlet channel.

Nonoperating expenses were \$0.1 higher compared to prior year. Lower interest expense was offset by higher asset disposal costs as more projects came into service during the year requiring more disposals/demolition of existing assets.

**CAPITAL ASSETS**

At June 30, 2021, TMWA's total capital assets were \$1,542.3 million before accumulated depreciation of \$520.5 million, for a net book value of \$1,021.8 million. Included in the total capital assets reported on the Statement of Net Position was \$72.9 million in construction work in progress.

At June 30, 2020, TMWA's total capital assets were \$1,495.3 million before accumulated depreciation of \$487.6 million, for a net book value of \$1007.7 million. Included in the total capital assets reported on the Statement of Net Position was \$58.3 million in construction work in progress.

Detailed information about TMWA's capital assets can be found in Note 5 to TMWA's financial statements.

### **LONG-TERM DEBT**

At June 30, 2021, TMWA had \$391.7 million in total reported debt outstanding. This amount reflects \$353.9 million in total outstanding principal indebtedness and \$37.8 million net bond premium. Of the \$353.9 million in total reported debt outstanding, \$15.4 million was due within one year and is classified as short term indebtedness. Short term indebtedness decreased by \$14.1 million from June 30, 2020 due to a refinance of commercial paper. Commercial paper was included in short term debt, but the new 2021 refunding bonds used to fix out the commercial paper are included as short term debt of \$1.8 million and long term debt of \$11.2 million.

Total outstanding principal indebtedness of \$353.9 million as of June 30, 2021 reflects a decrease of \$16.5 million or 4.4% from total outstanding principal of \$370.3 million as of June 30, 2020. Total outstanding principal indebtedness of \$370.3 million as of June 30, 2020 reflects a decrease of \$10.3 million or 2.7% from total outstanding principal of \$380.7 million as of June 30, 2019.

During fiscal years 2021, TMWA maintained credit ratings from Standard and Poor's of AA+, outlook Stable, from Moody's of Aa2, outlook Stable, and from Fitch of AA, outlook Positive.

Detailed information about TMWA's indebtedness can be found in Note 6 to TMWA's financial statements.

### **CONTACTING TMWA's FINANCIAL MANAGEMENT**

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Annual Comprehensive Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89520-3013.

12-07-21 BOARD Agenda Item 7  
Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and investments	\$ 171,977,502	\$ 148,700,798
Accounts receivable, net	16,679,024	14,929,911
Due from others	330,497	246,133
Due from other governments	480,233	1,485,566
Interest receivable	809,628	747,174
Prepaid assets and other assets	2,520,934	2,579,506
	<u>192,797,818</u>	<u>168,689,088</u>
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	5,711,052	5,711,052
Water resource sustainability program	3,881,613	2,173,503
Current bond debt service	21,507,623	19,845,275
	<u>31,100,288</u>	<u>27,729,830</u>
Total current assets	<u>223,898,106</u>	<u>196,418,918</u>
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,332,198	2,423,505
Operations and maintenance	11,107,402	11,105,627
Renewal and replacement	12,554,388	15,299,289
Water rate stabilization	500,000	500,000
	<u>26,493,988</u>	<u>29,328,421</u>
Noncurrent Assets		
Capital assets, not depreciated	204,128,838	188,470,651
Capital assets, depreciated	817,716,868	819,262,811
Other noncurrent assets	837,284	453,757
Net other postemployment benefits	3,448,866	2,325,419
	<u>1,026,131,856</u>	<u>1,010,512,638</u>
Total noncurrent assets	<u>1,052,625,844</u>	<u>1,039,841,059</u>
Total assets	<u>1,276,523,950</u>	<u>1,236,259,977</u>
Deferred Outflow of Resources		
Bond refundings	2,298,058	2,510,330
Net pension liability	10,129,907	11,881,150
Other postemployment benefits	414,834	520,656
	<u>12,842,799</u>	<u>14,912,136</u>
Total deferred outflow of resources		
Total Assets and Deferred Outflow of Resources	<u>\$ 1,289,366,749</u>	<u>\$ 1,251,172,113</u>

	2021	2020
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 2,304,958	\$ 1,709,684
Contracts and retention payable	14,921,843	2,605,122
Accrued liabilities	1,862,440	1,608,960
Current portion of compensated absences	595,774	434,707
Due to other governments	1,834,639	1,538,488
Accrued interest payable	212,526	240,787
Current portion of long-term debt	2,009,193	17,955,867
Customer deposits and amounts due to developers	1,983,091	1,975,621
	<u>25,724,464</u>	<u>28,069,236</u>
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	13,375,000	11,505,000
Interest payable	8,132,623	8,340,275
	<u>21,507,623</u>	<u>19,845,275</u>
Total current liabilities	<u>47,232,087</u>	<u>47,914,511</u>
Noncurrent Liabilities		
Net pension liability	42,191,934	40,582,611
Long-term debt, net of current portion	376,289,346	383,330,622
Net other postemployment benefits liability	547,743	660,570
Compensated absences, net of current portion	2,928,666	2,192,761
Total noncurrent liabilities	<u>421,957,689</u>	<u>426,766,564</u>
Total liabilities	<u>469,189,776</u>	<u>474,681,075</u>
Deferred Inflow of Resources		
Net pension liability	2,445,779	3,592,032
Bond refundings	78,858	88,047
Other postemployment benefits	3,485,815	3,067,462
Total deferred inflows of resources	<u>6,010,452</u>	<u>6,747,541</u>
Total liabilities and deferred inflow of resources	<u>475,200,228</u>	<u>481,428,616</u>
Net Position		
Net investment in capital assets	649,138,921	617,541,639
Restricted for water meter retrofit program	5,711,052	5,711,052
Restricted for water resource sustainability program	3,881,613	2,173,503
Restricted for debt service	21,507,623	19,845,275
Restricted for operations and maintenance reserve	6,507,402	6,505,627
Restricted for renewal and replacement reserve	12,554,388	15,299,289
Restricted for water rate stabilization	500,000	500,000
Unrestricted	114,365,522	102,167,112
Total net position	<u>814,166,521</u>	<u>769,743,497</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 1,289,366,749</u>	<u>\$ 1,251,172,113</u>

**Truckee Meadows Water Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
Operating Revenues		
Charges for water sales	\$ 109,822,836	\$ 102,487,078
Hydroelectric sales	2,768,274	3,298,850
Other operating sales	2,803,513	2,286,729
Total operating revenues	115,394,623	108,072,657
Operating Expenses		
Salaries and wages	23,101,987	21,455,982
Employee benefits	11,282,823	11,529,749
Services and supplies	30,562,803	27,808,959
Total operating expenses before depreciation	64,947,613	60,794,690
Depreciation	33,286,373	33,327,134
Total operating expenses	98,233,986	94,121,824
Operating Income	17,160,637	13,950,833
Nonoperating Revenues (Expenses)		
Investment earnings	2,550,864	4,119,737
Net increase (decrease) in fair value of investments	(2,389,723)	3,410,242
Loss on disposal of assets	(1,755,873)	(1,189,776)
Debt issuance costs	(235,494)	(216,981)
Interest expense	(12,262,581)	(12,698,972)
Total nonoperating revenues (expenses)	(14,092,807)	(6,575,750)
Income before Capital Contributions	3,067,830	7,375,083
Capital Contributions		
Grants	—	232,153
Water resource sustainability program	1,708,110	1,484,443
Developer infrastructure contributions	10,201,446	20,145,641
Developer will-serve contributions (net of refunds)	5,632,381	4,082,279
Developer capital contributions-other	11,461,850	7,847,962
Developer facility charges (net of refunds)	12,218,607	9,657,274
Contributions from others	—	343,630
Contributions from other governments	132,800	386,937
Net capital contributions	41,355,194	44,180,319
Change in Net Position	44,423,024	51,555,402
Net Position, Beginning of Year	769,743,497	718,188,095
Net Position, End of Year	\$ 814,166,521	\$ 769,743,497

## Truckee Meadows Water Authority

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Cash received from customers	\$ 113,568,616	\$ 107,820,614
Cash paid to employees	(31,733,248)	(30,345,059)
Cash paid to suppliers	(29,068,888)	(29,151,610)
Net Cash from Operating Activities	52,766,480	48,323,945
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(35,639,318)	(43,923,104)
Interest paid on financing	(16,945,779)	(17,411,353)
Principal paid on financing	(13,460,867)	(2,829,058)
Proceeds from refunding bonds	13,000,000	—
Redemption of commercial paper notes	(16,000,000)	(7,500,000)
Proceeds from capital asset disposal	24,795	228,993
Proceeds from resource exchange agreement	8,978,200	—
Grants	480,533	27,273
Contributions for water resource sustainability program	1,708,110	1,484,443
Contributions from developers-will-serve letters	5,632,381	4,082,279
Contributions from developers-other	11,461,850	7,847,962
Contributions from developers-facility charges	12,218,607	9,657,274
Contributions from others	—	343,630
Contributions from other governments	132,800	286,937
Bond/note issuance costs	(235,494)	(216,981)
Net Cash used for Capital and Related Financing Activities	(28,644,182)	(47,921,705)
Investing Activities		
Amounts received on water service loans	45,117	26,213
Payments made for water service loans	(446,658)	—
Investment interest/earnings	91,972	7,512,026
Net Cash from (used for) Investing Activities	(309,569)	7,538,239
Net Change in Cash and Cash Equivalents	23,812,729	7,940,479
Cash and Cash Equivalents, Beginning of Year	205,759,049	197,818,570
Cash and Cash Equivalents, End of Year	\$ 229,571,778	\$ 205,759,049

## Truckee Meadows Water Authority

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Income	\$ 17,160,637	\$ 13,950,833
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	33,286,373	33,327,134
Other nonoperating expenses	—	—
OPEB expense	(645,359)	37,239
OPEB contributions	(66,740)	(246,201)
Pension expense	5,491,411	5,912,813
Pension contributions	(3,277,098)	(3,156,332)
Changes in assets and liabilities		
Accounts receivable, net	(1,749,113)	(292,669)
Due from others	(84,364)	86,323
Due from other governments	524,800	(748,100)
Prepaid assets and other assets	76,586	(768,702)
Accounts payable	595,274	144,249
Accrued liabilities	253,480	(3,975)
Compensated absences	896,972	114,130
Due to other governments	296,151	12,900
Due to customers and developers	7,470	(45,697)
Total adjustments	35,605,843	34,373,112
Net Cash from Operating Activities	\$ 52,766,480	\$ 48,323,945
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,657,082)	\$ (4,873,553)
Amortization of refunding allowances to interest expense	203,083	205,067
Acquisition and construction of capital assets financed by cash	\$ 35,639,318	\$ 43,923,104
Developer infrastructure contributions	10,201,446	20,145,641
Change in contracts and retention payable	3,338,521	(2,269,445)
Total Acquisition and Construction of Capital Assets	\$ 49,179,285	\$ 61,799,300

**Truckee Meadows Water Authority**  
 Fiduciary Funds - Statements of Net Position  
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Other Post-Employment Benefit Plan - §501(c)(9) Plan</b>		
Assets		
Cash	\$ 26,777	\$ 18,589
Receivables from plan members	18,217	8,132
Investments, at fair value	<u>14,068,245</u>	<u>12,495,245</u>
Total assets	<u>14,113,239</u>	<u>12,521,966</u>
Liabilities		
Accounts payable	<u>71,630</u>	<u>77,883</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>
 <b>Other Post-Employment Benefit Plan - §115 Plan</b>		
Assets		
Cash	\$ 20,365	\$ 9,452
Receivables from plan members	3,824	1,882
Investments, at fair value	<u>1,475,068</u>	<u>1,281,857</u>
Total assets	<u>1,499,257</u>	<u>1,293,191</u>
Liabilities		
Accounts payable	<u>3,001</u>	<u>3,528</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</u>

**Truckee Meadows Water Authority**  
Fiduciary Funds - Statements of Changes in Net Position  
Years Ended December 31, 2020 and 2019

	2020	2019
<b>Other Post-Employment Benefit Plan - §501(c)(9) Plan</b>		
Additions		
Investment Income		
Net increase in fair value of investments	\$ 1,595,995	\$ 2,021,925
Interest and dividends	249,958	279,282
Investment expense	(2,953)	(3,206)
Net investment income	1,843,000	2,298,001
Employer contributions	131,267	258,430
Total additions	1,974,267	2,556,431
Deductions		
Benefit payments	358,251	442,363
Administrative expenses	18,490	14,350
Total deductions	376,741	456,713
Change in Net Position	1,597,526	2,099,718
Net Position Restricted For Post-employment Benefits Other Than Pensions		
Beginning of year	12,444,083	10,344,365
End of year	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>
<b>Other Post-Employment Benefit Plan - §115 Plan</b>		
Additions		
Investment Income		
Net increase in fair value of investments	\$ 167,651	\$ 193,468
Interest and dividends	25,866	27,355
Investment expense	(306)	(315)
Net investment income	193,211	220,508
Employer contributions	85,743	121,798
Total additions	278,954	342,306
Deductions		
Benefit payments	58,361	54,605
Administrative expenses	14,000	16,388
Total deductions	72,361	70,993
Change in Net Position	206,593	271,313
Net Position Restricted For Post-employment Benefits Other Than Pensions		
Beginning of year	1,289,663	1,018,350
End of year	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</u>

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Truckee Meadows Water Authority (TMWA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

**Reporting Entity and Purpose**

TMWA is a Joint Powers Authority (JPA) formed in November 2000 under the Joint Powers Legislation of the State of Nevada, pursuant to a Cooperative Agreement among the City of Reno, Nevada, the City of Sparks, Nevada, and Washoe County, Nevada. TMWA was formed to purchase water assets (the Water System), undertake the water utility operations, and to develop, manage, and maintain supplies of water for the benefit of the Truckee Meadows communities. TMWA purchased the existing water system originally operated by Sierra Pacific Power Company (SPPCo), now known as NV Energy, Inc.

TMWA is governed by a seven-member Board of Directors (Board) appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County Commissioners (2 seats)

The cities and county representatives are not required to be elected officials. Modifications to the JPA were approved by the governing bodies in December 2009 which changed the at-large seat into a second seat for Washoe County. The amendments to the JPA were approved by the Attorney General's Office of the State of Nevada (State) effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA and Washoe County's Community Services Department's water utility (WCWU) and the merger of another water utility named South Truckee Meadows General Improvement District (STMGID). The transfer of operations of WCWU and the merger of STMGID occurred on January 1, 2015 with TMWA as the continuing entity.

**Basis of Accounting**

TMWA's activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of the governmental entity. Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet its operating objectives. TMWA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned, and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

TMWA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary activities.

When both restricted and unrestricted resources are available for use, it is TMWA's policy to use unrestricted resources first, then restricted resources as required.

In accordance with GASB Statement No. 84, TMWA reports its two Other Post-Employment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans do not present the results of operations of TMWA or have a measurement focus and are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

### **Budgets and Budgetary Accounting**

TMWA adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and TMWA policy include the following major procedures to establish budgetary data:

- On or before April 15, TMWA's General Manager submits to the Board a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held in May.
- Prior to June 1, at the public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
- Any revisions that alter total appropriations must be approved in advance by the Board. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

### **Cash and Investments**

Cash balances are, to the extent practical, invested as permitted by law. Monies that are not required for immediate obligations are invested.

Investments authorized by State statutes and TMWA's bond resolutions include, but are not limited to, U.S. Treasury instruments, U.S. government agency securities, agency issued mortgage backed securities (FNMA, FHLMC, GNMA), corporate notes meeting certain rating standards, money market mutual funds meeting certain criteria, certificates of deposit, repurchase agreements, commercial paper meeting certain standards, bankers acceptances, long-term forward sale contracts and guaranteed investment contracts meeting certain rating standards, the State's Local Government Investment Pools (LGIP), medium-term obligations of municipal issuers in the State that meet certain rating standards, and asset backed securities that meet certain rating standards. Investments are reported at fair value, including the investment with LGIP which is the same as TMWA's proportionate share of the pool's fair value.

The §501(c)(9) and §115 Other Post-Employment Benefit (OPEB) Plans' net earnings from the State of Nevada Retirement Benefit Investment Fund (RBIF), an external investment pool, are based on the Trusts' original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Restricted cash and investments are monies that are restricted by legal or contractual requirements.

**Cash Equivalents**

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes of value. Based on the nature of the investment policies, all amounts are available on demand and are therefore, classified as cash equivalents on the Statements of Cash Flows.

**Accounts Receivable**

Accounts receivable is comprised of amounts due from TMWA's customers, net of an allowance for uncollectible accounts. Amounts due from TMWA's customers are comprised of amounts billed and an estimate of amounts earned but unbilled for water deliveries prior to fiscal year-end.

**Restricted Assets**

Certain proceeds of TMWA's water revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants as follows:

- Current bond debt service - used to segregate resources accumulated for debt service payments over the next twelve months.
- Future bond debt service - used to report resources set aside to make up potential future deficiencies in the current bond debt service.
- Operations and maintenance - used to report resources set aside to subsidize potential deficiencies from TMWA's operation that could adversely affect debt service payments.
- Renewal and replacement - used to report resources set aside to subsidize potential deficiencies in cash flow for replacement of water facilities.
- Water rate stabilization - used to report resources set aside to stabilize customer rates if significant water revenue fluctuations occur.

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit and water resource sustainability programs adopted under Title II of Public Law 101-618.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items have been classified as current.

**Capital Assets**

All purchased property, plant, and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

Depreciation is computed using the straight-line method over the assets' estimated useful lives (in years) as follows:

	Years		Years
Distribution mains	60-75	Canals	15-50
Plants	15-50	Reservoirs	20-75
Services	15-60	Vehicles	5-10
Pump stations	15-50	Furniture and fixtures	7-10
Tanks	65-75	Computer hardware and software	5-15
Wells	15-50	Equipment	5-10
Pressure reducing stations	15-60	Administration buildings	50
Hydroelectric facilities	20-80		

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. TMWA's deferred outflows of resources is its deferred charge on refunding which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, TMWA has deferred outflows of resources related to pensions and other post-employment benefits.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to bond refundings, pensions and other post-employment benefits.

### Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Other Post-Employment Benefits

For purposes of measuring TMWA's OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of TMWA's OPEB Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by TMWA's OPEB Plans. For this purpose, TMWA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences**

Employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is accrued as amounts are earned by employees to the extent it is likely TMWA will ultimately pay those benefits. The liability is included in current and noncurrent liabilities in the accompanying Statements of Net Position.

**Long-Term Debt**

Long-term debt is reported at face value, net of any premium or discounts, in the Statements of Net Position. Premiums and discounts are amortized using the effective interest method over the life of the related debt. Debt issuance costs are expensed in the period incurred.

**Classification of Revenues**

Operating revenues consist of water sales, hydroelectric sales, and miscellaneous fee income. Nonoperating revenues consist essentially of income derived from investments and reimbursement for nonoperating activities. Developer facility charges, will-serve contributions, and other contributions reflect payments primarily for water service. Developer infrastructure contributions are an estimation of the value of infrastructure built by developers and permanently dedicated to TMWA.

**Net Position**

Net Position is displayed in three classifications:

- Net investment in capital assets. This component represents TMWA's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.
- Restricted. This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets restricted only by TMWA or Board imposed limitations are not included in the calculation.
- Unrestricted. This component represents the remaining net position balance that is available to support TMWA's operations and capital asset acquisition/construction.

**Reclassifications**

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2019. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As of January 1, 2020, TMWA adopted Statement No. 84 resulting in the inclusion of comparative Statements of Net Position and Statements of Changes in Net Position for both of TMWA's OPEB Plans in the annual basic financial statements which were not previously reported as fiduciary component units.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. TMWA does not expect the adoption of Statement No. 87 to have a material affect on TMWA's financial position, results of operations or cash flow.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, which is effective for fiscal years beginning after December 15, 2019. The primary objective of this Statement is to provide users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations and requiring reporting of certain information about component units of the government. The implementation of Statement No. 90 in the fiscal year ended June 30, 2020 resulted in no impact to TMWA's financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. TMWA does not expect the adoption of Statement No. 91 to have a material affect on TMWA's financial position, results of operations or cash flow.

In March 2020, the GASB issued Statement No. 94, *Public-private and public-public partnerships and availability payment arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting concerning public-private and public-public partnerships by addressing certain accounting issues with these arrangements. TMWA does not expect the adoption of Statement No. 94 to have a material affect on TMWA's financial position, results of operations or cash flow.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting concerning subscription-based information technology arrangements. This Statement will require governments to report such arrangements as intangible assets and corresponding liabilities in their statements of net position. TMWA is evaluating the impact of Statement No. 96, and does expect the adoption to have a material affect on TMWA's financial position, results of operations or cash flow.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Certain aspects of the Statement are effective immediately and other aspects are effective for fiscal years beginning after June 15, 2021. The primary objective of this Statement is to improve reporting and comparability related to fiduciary component

units, OPEB and Section 457 deferred compensation retirement plans. TMWA does not expect the adoption of Statement No. 97 to have a material affect on TMWA's financial position, results of operations or cash flow.

## **Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code**

TMWA conformed to all significant statutory constraints on its financial administration during the year.

## **Note 3 - Accounts Receivable, Net**

Accounts receivable, net consisted of the following:

	June 30, 2021	June 30, 2020
Billed amounts	\$ 7,659,423	\$ 6,264,640
Earned, but unbilled amounts	9,445,936	9,062,242
	17,105,359	15,326,882
Allowance for uncollectible accounts	(426,335)	(396,971)
Accounts receivable, net	<u>\$ 16,679,024</u>	<u>\$ 14,929,911</u>

## **Note 4 - Cash and Investments**

In accordance with State statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. TMWA's deposits are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

The OPEB Plans' bank balances were covered by the Federal Deposit Insurance Corporation. Under the Plans' investment policies, the Plans' assets are limited to investments in the State of Nevada RBIF, and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. The Plans invest their assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to its proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. RBIF is valued based on the net asset value of the observable market prices of the underlying assets within the RBIF, which is a measure of fair value under GASB Statement No. 72.

As of June 30, 2021, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 19,791,490	\$ 8,457,468	\$ 18,842,480	\$ 47,091,438
U.S. Agencies	6,563,289	45,728,477	48,118,659	100,410,425
LGIP	2,332,198	—	—	2,332,198
Money Market Mutual Funds	36,666,797	—	—	36,666,797
Certificates of Deposit	2,021,005	7,563,113	262,907	9,847,025
Corporate Notes	647,955	16,784,723	13,105,129	30,537,807
Total Investments	68,022,734	78,533,781	80,329,175	226,885,690
Total Cash	2,686,088	—	—	2,686,088
Total Cash and Investments	<u>\$ 70,708,822</u>	<u>\$ 78,533,781</u>	<u>\$ 80,329,175</u>	<u>\$ 229,571,778</u>

As of June 30, 2020, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 9,303,045	\$ 29,746,300	\$ 4,048,565	\$ 43,097,910
U.S. Agencies	39,960,824	29,996,334	24,111,033	94,068,191
LGIP	2,423,505	—	—	2,423,505
Money Market Mutual Funds	33,037,181	—	—	33,037,181
Certificates of Deposit	1,259,348	7,555,592	2,726,870	11,541,810
Corporate Commercial Paper	2,529,545	—	—	2,529,545
Corporate Notes	—	6,888,544	11,910,845	18,799,389
Total Investments	88,513,448	74,186,770	42,797,313	205,497,531
Total Cash	261,518	—	—	261,518
Total Cash and Investments	<u>\$ 88,774,966</u>	<u>\$ 74,186,770</u>	<u>\$ 42,797,313</u>	<u>\$ 205,759,049</u>

As of December 31, 2020, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Investments - RBIF	\$ 14,068,245	\$ —	\$ —	\$ 14,068,245
Total Cash	26,777	—	—	26,777
Total Cash and Investments	<u>\$ 14,095,022</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,095,022</u>
<b>§115 Plan</b>				
Total Investments - RBIF	\$ 1,475,068	\$ —	\$ —	\$ 1,475,068
Total Cash	20,365	—	—	20,365
Total Cash and Investments	<u>\$ 1,495,433</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,495,433</u>

As of December 31, 2019, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Investments - RBIF	\$ 12,495,245	\$ —	\$ —	\$ 12,495,245
Total Cash	18,589	—	—	18,589
Total Cash and Investments	<u>\$ 12,513,834</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,513,834</u>
<b>§115 Plan</b>				
Total Investments - RBIF	\$ 1,281,857	\$ —	\$ —	\$ 1,281,857
Total Cash	9,452	—	—	9,452
Total Cash and Investments	<u>\$ 1,291,309</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,291,309</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On September 20, 2017, the TMWA Board adopted an investment policy which extended TMWA's investment period from two years to five years. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below.

### Interest Rate Risk

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. As a means of limiting TMWA's exposure to this risk, TMWA constantly monitors the bond futures market and ladders investments accordingly to maximize investment returns while balancing the investment maturities with spending requirements. TMWA follows State statute limits of investment in obligations of an agency of the United States or a corporation sponsored by the United States government to those maturing within five years from the date of purchase.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows State statute for reducing exposure to investment credit risk by investing in U.S. Agencies securities; “AAA” rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 143 days at June 30, 2021, and 130 days at June 30, 2020. Investments in U.S. Agencies are rated “AAA” and when investments are made in corporate commercial paper these investments are rated “A-1+”/“P-1”. Investments in corporate notes are rated “A” or better.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Securities held by TMWA or by TMWA’s custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

At June 30, 2021 and 2020, the following investments by issuer exceeded 5% of TMWA’s total investments:

	June 30, 2021	
U.S. Treasuries	\$ 47,091,438	22 %
Federal National Mortgage Association	44,962,472	21 %
Federal Home Loan Bank	30,014,306	14 %
Federated Hermes Treasury Obligations	20,007,878	9 %
Federal Home Loan Mortgage Corporation	15,013,246	7 %
	June 30, 2020	
U.S. Treasuries	\$ 43,097,910	22 %
Federal Home Loan Bank	31,658,081	16 %
Federal National Mortgage Association	30,960,843	16 %
Federated Hermes Treasury Obligations	20,042,429	10 %
Federal Home Loan Mortgage Corporation	17,278,214	9 %
Federal Farm Credit Bank	10,986,030	6 %

**Investments Measured at Fair Value**

TMWA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. TMWA does not have any investments that are measured using Level 3 inputs.

TMWA has the following recurring fair value measurements as of June 30, 2021:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 47,091,438	\$ 47,091,438	\$ —
U.S. Agencies	100,410,425	—	100,410,425
Money Market Mutual Funds	36,666,797	36,666,797	—
Certificates of Deposit	9,847,025	—	9,847,025
Corporate Notes	30,537,807	—	30,537,807
	<u>224,553,492</u>	<u>\$ 83,758,235</u>	<u>\$ 140,795,257</u>
LGIP*	<u>2,332,198</u>		
	<u>\$ 226,885,690</u>		

TMWA has the following recurring fair value measurements as of June 30, 2020:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 43,097,910	\$ 43,097,910	\$ —
U.S. Agencies	94,068,191	—	94,068,191
Money Market Mutual Funds	33,037,181	33,037,181	—
Certificates of Deposit	11,541,810	—	11,541,810
Corporate Commercial Paper	2,529,545	—	2,529,545
Corporate Notes	18,799,389	—	18,799,389
	<u>203,074,026</u>	<u>\$ 76,135,091</u>	<u>\$ 126,938,935</u>
LGIP*	<u>2,423,505</u>		
	<u>\$ 205,497,531</u>		

\*LGIP is reported at Net Asset Value. TMWA is able to withdraw funds on a daily basis and has no outstanding, unfunded commitments as of June 30, 2021 and 2020.

The following is a description of the valuation methodologies used by TMWA for its Level 2 assets:

U.S. Agencies – Valued using matrix pricing and market corroborated pricing models.

Corporate Commercial Paper – Valued based on cash flow models that maximize the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings.

Certificates of Deposit - Valued using interactive date pricing and reference data.

Corporate Notes - Valued using institutional bond quotes based on various market and industry inputs.

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 58,315,948	\$ 38,766,080	\$ (24,147,962)	\$ 72,934,066
Land	20,426,913	171,000	—	20,597,913
Water rights	109,727,790	869,069	—	110,596,859
Total capital assets, not being depreciated	188,470,651	39,806,149	(24,147,962)	204,128,838
Capital assets, being depreciated				
Distribution mains	569,847,730	14,706,685	—	584,554,415
Water treatment (plants)	193,880,329	4,082,372	—	197,962,701
Services	159,286,289	5,206,095	—	164,492,384
Pump stations	71,254,852	1,735,942	—	72,990,794
Treated water storage (tanks)	95,800,589	1,788,266	—	97,588,855
Wells	75,787,614	1,433,197	—	77,220,811
Pressure regulating stations	17,718,078	455,278	—	18,173,356
Canals	44,725,494	23,275	—	44,748,769
Reservoirs	19,300,670	29,204	—	19,329,874
Vehicles	8,403,378	690,516	—	9,093,894
Furniture and fixtures	808,750	—	—	808,750
Computer hardware and software	3,960,114	856,691	—	4,816,805
Equipment	252,659	—	—	252,659
Hydroelectric facilities	31,383,763	30,832	(1,478,385)	29,936,210
Administrative buildings	14,432,121	1,765,782	—	16,197,903
Total capital assets, being depreciated	1,306,842,430	32,804,135	(1,478,385)	1,338,168,180
Less accumulated depreciation:				
Distribution mains	(139,920,888)	(10,527,812)	—	(150,448,700)
Water treatment (plants)	(97,637,923)	(6,029,483)	—	(103,667,406)
Services	(114,249,723)	(6,060,244)	—	(120,309,967)
Pump stations	(25,763,116)	(2,141,526)	—	(27,904,642)
Treated water storage (tanks)	(30,680,732)	(2,112,177)	—	(32,792,909)
Wells	(35,065,941)	(1,876,306)	—	(36,942,247)
Pressure regulating stations	(7,229,281)	(588,423)	—	(7,817,704)
Canals	(12,364,625)	(1,034,823)	—	(13,399,448)
Reservoirs	(7,372,231)	(517,723)	—	(7,889,954)
Vehicles	(5,000,814)	(960,224)	—	(5,961,038)
Furniture and fixtures	(655,745)	(38,452)	—	(694,197)
Computer hardware and software	(2,664,712)	(301,847)	—	(2,966,559)
Equipment	(179,859)	(9,155)	—	(189,014)
Hydroelectric facilities	(5,291,681)	(643,181)	414,680	(5,520,182)
Administrative buildings	(3,502,348)	(444,997)	—	(3,947,345)
Total accumulated depreciation	(487,579,619)	(33,286,373)	414,680	(520,451,312)
Total capital assets, being depreciated net	819,262,811	(482,238)	(1,063,705)	817,716,868
Total Capital Assets, Net	\$ 1,007,733,462	\$ 39,323,911	\$ (25,211,667)	\$ 1,021,845,706

Capital asset activity for the year ended June 30, 2020 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 56,443,875	\$ 41,207,838	\$ (39,335,765)	\$ 58,315,948
Land	20,426,913	—	—	20,426,913
Water rights	109,705,745	22,045	—	109,727,790
Total capital assets, not being depreciated	186,576,533	41,229,883	(39,335,765)	188,470,651
Capital assets, being depreciated				
Distribution mains	543,663,195	26,184,535	—	569,847,730
Water treatment (plants)	188,054,871	5,825,458	—	193,880,329
Services	151,712,612	7,573,677	—	159,286,289
Pump stations	67,960,625	3,294,227	—	71,254,852
Treated water storage (tanks)	93,691,753	2,108,836	—	95,800,589
Wells	74,905,271	882,343	—	75,787,614
Pressure regulating stations	13,350,871	4,367,207	—	17,718,078
Canals	41,254,883	3,470,611	—	44,725,494
Reservoirs	18,804,258	496,412	—	19,300,670
Vehicles	7,697,907	787,839	(82,368)	8,403,378
Furniture and fixtures	808,750	—	—	808,750
Computer hardware and software	3,618,310	341,804	—	3,960,114
Equipment	235,066	17,593	—	252,659
Hydroelectric facilities	28,262,890	3,222,648	(101,775)	31,383,763
Administrative buildings	14,411,790	20,331	—	14,432,121
Total capital assets, being depreciated	1,248,433,052	58,593,521	(184,143)	1,306,842,430
Less accumulated depreciation:				
Distribution mains	(129,743,924)	(10,176,964)	—	(139,920,888)
Water treatment (plants)	(91,724,318)	(5,913,605)	—	(97,637,923)
Services	(107,519,323)	(6,730,400)	—	(114,249,723)
Pump stations	(23,639,884)	(2,123,232)	—	(25,763,116)
Treated water storage (tanks)	(28,639,556)	(2,041,176)	—	(30,680,732)
Wells	(33,190,578)	(1,875,363)	—	(35,065,941)
Pressure regulating stations	(6,654,558)	(574,723)	—	(7,229,281)
Canals	(11,334,202)	(1,030,423)	—	(12,364,625)
Reservoirs	(6,810,500)	(561,731)	—	(7,372,231)
Vehicles	(4,164,671)	(907,384)	71,241	(5,000,814)
Furniture and fixtures	(594,161)	(61,584)	—	(655,745)
Computer hardware and software	(2,373,825)	(290,887)	—	(2,664,712)
Equipment	(155,707)	(24,152)	—	(179,859)
Hydroelectric facilities	(4,698,887)	(598,588)	5,794	(5,291,681)
Administrative buildings	(3,085,426)	(416,922)	—	(3,502,348)
Total accumulated depreciation	(454,329,520)	(33,327,134)	77,035	(487,579,619)
Total capital assets, being depreciated net	794,103,532	25,266,387	(107,108)	819,262,811
Total Capital Assets, Net	\$ 980,680,065	\$ 66,496,270	\$ (39,442,873)	\$ 1,007,733,462

**Note 6 - Long-Term Liabilities****Long-Term Debt**

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling \$4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to \$160,000,000 in TECP notes. The first draw was on August 16, 2006 for \$30,000,000, and a second draw was on December 5, 2006 for \$13,000,000. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. A third draw was made on February 15, 2008 for \$25,000,000 to fund certain construction projects on an interim basis. A fourth draw was made on June 28, 2011 for \$11,400,000 for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014 to refund, on an advanced basis, \$26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The funds in escrow were distributed to the Washoe County bondholders as of July 1, 2015, the call date of the bonds. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016, TMWA redeemed \$4,400,000, and on September 5, 2017, TMWA redeemed \$9,200,000. On May 15, 2018 TMWA redeemed \$44,200,000 as part of the Series 2018 Water Revenue Refunding (see below). This left an outstanding balance of \$30,000,000 as of June 30, 2018. On September 4, 2018, TMWA redeemed \$6,500,000, on October 2, 2019, TMWA redeemed \$5,000,000, and on March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. Subsequent to fiscal-year end 2020, in the first half of fiscal year 2021, TMWA redeemed \$3,000,000 of the \$16,000,000 outstanding. The remaining \$13,000,000 was redeemed as part of the 2021 Subordinate Water Refunding Bonds (see below). The TECP program was facilitated by a direct pay letter of credit (Liquidity Facility) between TMWA and Wells Fargo Bank. The stated amount of the Liquidity Facility as of June 30, 2020 is \$17,420,274 reduced from \$32,663,014 on March 4, 2020. The average interest rate on the outstanding balance of TECP as of June 30, 2020 was 0.15%. As of June 30, 2020, the total TECP notes outstanding were comprised of three tranches ranging from \$2,000,000 to \$8,318,000 with maturities ranging from 62 to 63 days. TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2021, and 2020.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF, the 2009A DWSRF Loan, to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling \$2,401,120. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On February 11, 2010, TMWA entered into a loan contract with DWSRF, the 2010A DWSRF Loan, to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently, TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total amount of \$4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the, senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA. The loan balance of \$9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was \$14,162,268. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. When it was transferred this loan had a remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On April 14, 2015, TMWA issued \$28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis \$33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease the callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over approximately 21 years by \$6,563,813 and resulted in an economic gain of \$4,575,309. The funds held in the irrevocable trust were distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the DWSRF, the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. TMWA made draws on this contract as construction proceeded, totaling \$8,971,562. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds. This loan is also subordinate to the 2005 DWSRF Bonds, the 2009A DWSRF ARRA Bonds, the 2010A DWSRF Bonds, the 2014 DWSRF Bonds, and the 2015B DWSRF Bonds.

On April 12, 2016, TMWA issued \$124,790,000 in Series 2016 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$148,015,000 in maturities of the Series 2006 Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2006 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,092,808. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This current refunding was undertaken to reduce total debt service payments over 22 years by \$4,332,501, and resulted in an economic gain of \$15,025,124. The funds in the irrevocable trust were distributed to 2006 bondholders as of July 1, 2016, the call date of the 2006 Bonds.

On April 11, 2017, TMWA issued \$147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with \$32,865,308 from TMWA's cash balances were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2007 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$289,903. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over 14 years by \$15,301,534, and resulted in an economic gain of \$15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

On May 15, 2018, TMWA issued \$38,835,000 in Series 2018 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The proceeds of the bond issue of \$44,601,977 were used to refund or redeem \$44,200,000 in maturities of TECP (see above). This transaction was executed to provide a fixed rate of interest expense over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds.

On June 3, 2021, TMWA issued \$13,000,000 in Series 2021 Subordinate Water Refunding Bonds which constitute special limited obligations of TMWA. The Bonds were sold pursuant to a Continuing Covenant Agreement as a Direct Purchase to Wells Fargo Municipal Capital Strategies, LLC. The proceeds of the bond issue of \$13,000,000 were used to refund or redeem \$13,000,000 in maturities of TECP (see above). This transaction was executed to provide a fixed interest rate over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds. The provisions of the loan agreement require level, annual debt service for full repayment of the bonds through fiscal year 2028. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds and the 2018 Refunding Bonds.

The following schedules summarize the changes in long-term debt obligations as of June 30, 2021:

	Final Maturity Date	Authorized	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in 2021-2022
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,543,918	\$ —	\$ 289,436	\$ 1,254,482	\$ 298,802
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,174,853	—	123,669	1,051,184	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,861,847	—	246,480	2,615,367	254,555
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	4,670,879	—	882,781	3,788,098	907,762
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	7,792,841	—	413,501	7,379,340	424,405
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	—	13,000,000	—	13,000,000	1,785,000
		<u>42,533,298</u>	<u>18,044,338</u>	<u>13,000,000</u>	<u>1,955,867</u>	<u>29,088,471</u>	<u>3,794,193</u>
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	25,260,000	—	970,000	24,290,000	995,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	147,415,000	—	10,535,000	136,880,000	10,595,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		<u>339,790,000</u>	<u>336,300,000</u>	<u>—</u>	<u>11,505,000</u>	<u>324,795,000</u>	<u>11,590,000</u>
Subtotal		382,323,298	354,344,338	13,000,000	13,460,867	353,883,471	15,384,193
Plus unamortized net bond premium			42,447,151	—	4,657,083	37,790,068	
Total debt before TECP			396,791,489	13,000,000	18,117,950	391,673,539	
TECP		53,600,000	16,000,000	—	16,000,000	—	—
Total Debt		<u>\$435,923,298</u>	<u>\$412,791,489</u>	<u>\$ 13,000,000</u>	<u>\$ 34,117,950</u>	<u>\$391,673,539</u>	<u>\$ 15,384,193</u>

The following schedules summarize the changes in long-term debt obligations as of June 30, 2020:

	Final Maturity Date	Authorized	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due in 2020-2021
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,824,283	\$ —	\$ 280,365	\$ 1,543,918	\$ 289,437
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,298,522	—	123,669	1,174,853	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	3,100,507	—	238,660	2,861,847	246,480
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	5,529,367	—	858,488	4,670,879	882,781
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	8,195,717	—	402,876	7,792,841	413,500
		<u>29,533,298</u>	<u>19,948,396</u>	<u>—</u>	<u>1,904,058</u>	<u>18,044,338</u>	<u>1,955,867</u>
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	26,185,000	—	925,000	25,260,000	970,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	147,415,000	—	—	147,415,000	10,535,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		<u>339,790,000</u>	<u>337,225,000</u>	<u>—</u>	<u>925,000</u>	<u>336,300,000</u>	<u>11,505,000</u>
Subtotal		369,323,298	357,173,396	—	2,829,058	354,344,338	13,460,867
Plus unamortized net bond premium			47,320,705	—	4,873,554	42,447,151	
Total debt before TECP			404,494,101	—	7,702,612	396,791,489	
TECP		69,600,000	23,500,000	—	7,500,000	16,000,000	16,000,000
Total Debt		<u>\$438,923,298</u>	<u>\$427,994,101</u>	<u>\$ —</u>	<u>\$ 15,202,612</u>	<u>\$412,791,489</u>	<u>\$ 29,460,867</u>

Annual debt service requirements to maturity for TMWA's bonds and commercial paper are as follows:

Year Ending June 30,	Direct Borrowings		Bonds Payable		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2022	\$ 3,794,193	\$ 560,043	\$ 11,590,000	\$ 15,950,000	\$ 31,894,236
2023	3,879,081	484,684	12,615,000	15,344,875	32,323,640
2024	3,955,578	406,559	13,245,000	14,698,375	32,305,512
2025	4,038,730	326,481	13,920,000	14,019,250	32,304,461
2026	2,764,237	254,213	13,535,000	13,332,875	29,886,325
2027-2031	8,062,122	677,703	84,780,000	54,779,500	148,299,325
2032-2036	2,594,530	172,890	122,760,000	27,465,000	152,992,420
2037-2041	—	—	52,350,000	4,845,750	57,195,750
Total	<u>\$ 29,088,471</u>	<u>\$ 2,882,573</u>	<u>\$ 324,795,000</u>	<u>\$ 160,435,625</u>	<u>\$ 517,201,669</u>

### Compensated Absences

The following schedules summarize the changes in the compensated absences liability as of June 30, 2021 and 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
2021 Compensated absences liability	\$ 2,627,468	\$ 3,435,800	\$ 2,538,828	\$ 3,524,440
2020 Compensated absences liability	\$ 2,591,619	\$ 2,273,693	\$ 2,237,844	\$ 2,627,468

### Note 7 - Net Position

#### Restricted Net Position

TMWA records the following restrictions of net position:

Restricted in accordance with bond covenants: TMWA's bond covenants require certain restrictions of TMWA's net position for operations and maintenance, debt service, renewal and replacement, and water rate stabilization.

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program.

Restricted for water resource sustainability: Adopted by the TMWA Board in January 2019, this restriction replaced the water meter retrofit program and was created to segregate the portion of net position derived from contributions made by developers to fund certain projects that are intended to benefit TMWA's long-term water resources sustainability.

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and c) replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of \$2,554,388 and \$5,299,289 as of June 30, 2021 and 2020, respectively, is included in the amount restricted for renewal and replacement.

**Board Designation**

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$9,596,733 and \$9,171,715 as of June 30, 2021 and 2020, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.

**Note 8 - Contingent Liabilities**

Mt. Rose Fan Domestic Well Program: As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County's Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an "unreasonable adverse effect" as a result of municipal groundwater pumping. TMWA's continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA's budget includes projected costs for administering the domestic well mitigation plan.

**Note 9 - Risk Management**

TMWA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. TMWA is responsible for group health insurance premiums payable to the City of Reno for coverage in the City's self-funded health insurance program. All other significant risks are covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

**Note 10 - Defined Benefit Pension Plan and Other Employee Benefits****Defined Benefit Pension Plan***Plan Description*

TMWA contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

*Benefits Provided*

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. Members entering PERS on or after July 1, 2015 have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

### *Vesting*

Members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

### *Contributions*

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans.

Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. TMWA contributes under the employer-pay option.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

The employer-pay contribution (EPC) rate was 29.25% and 29.25% for fiscal years June 30, 2021 and 2020, respectively. As of July 1, 2021, the EPC rate increased to 29.75%.

TMWA's contributions were \$3,277,098 and \$3,156,332 for the years ended June 30, 2021 and 2020, respectively.

*PERS Investment Policy*

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2020:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

The following was the PERS Board adopted policy target asset allocation as of June 30, 2019:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

*Net Pension Liability*

At June 30, 2021, TMWA reported a liability for its proportionate share of the net pension liability of \$42,191,934. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At June 30, 2020, TMWA reported a liability for its proportionate share of the net pension liability of \$40,582,611. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

TMWA's proportion of the net pension liability was based on TMWA's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2020 and 2019, TMWA's proportion was 0.3029 and 0.2976 percent, respectively, representing an increase of 0.0053 percent and a decrease of 0.0215 percent from its proportion measured at June 30, 2019 and 2018, respectively.

### *Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of TMWA measured as of June 30, 2020 and 2019, calculated using the discount rate of 7.50% and what TMWA's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the discount rates used in each year's valuation:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Decrease in Discount Rate (8.50%)
Net Pension Liability, June 30, 2020	\$ 65,803,116	\$ 42,191,934	\$ 22,560,991
	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Decrease in Discount Rate (8.50%)
Net Pension Liability, June 30, 2019	\$ 62,837,262	\$ 40,582,611	\$ 22,083,349

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, [www.nvpers.org](http://www.nvpers.org).

### *Actuarial Assumptions*

TMWA's June 30, 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's June 30, 2020 net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2020	June 30, 2019
Inflation Rate	2.75%	2.75%
Payroll Growth	5.00% including inflation	5.00% including inflation
Investment Rate of Return	7.50%	7.50%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.25% to 9.15%, depending on service. Rates include inflation and productivity increases.	4.25% to 9.15%, depending on service. Rates include inflation and productivity increases.
Consumer Price Index	2.75%	2.75%
Other Assumptions	Same as those used in the June 30, 2020 funding actuarial valuation	Same as those used in the June 30, 2019 funding actuarial valuation

Mortality rates for non-disabled regular members were based on the RP-2014 Combined Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of the experience review issued October 16, 2017.

The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020 and June 30, 2019.

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the years ended June 30, 2021 and 2020, TMWA recognized pension expense of \$8,725,471 and \$9,031,335, respectively.

At June 30, 2021, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,310,874	\$ 544,800
Changes in assumptions or other inputs	1,185,126	—
Net difference between projected and actual earnings on pension plan investments	—	1,593,833
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	4,356,809	307,146
TMWA contributions subsequent to the measurement date	3,277,098	—
	<u>\$ 10,129,907</u>	<u>\$ 2,445,779</u>

Deferred outflows of resources of \$3,277,098 resulted from TMWA contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

At June 30, 2020, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,521,853	\$ 1,170,593
Changes in assumptions or other inputs	1,651,600	—
Net difference between projected and actual earnings on pension plan investments	—	2,018,907
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	5,551,365	402,532
TMWA contributions subsequent to the measurement date	3,156,332	—
	<u>\$ 11,881,150</u>	<u>\$ 3,592,032</u>

Deferred outflows of resources of \$3,156,332 resulted from TMWA contributions subsequent to the measurement date, and were recognized as a reduction of the net pension liability in the year ended June 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2019 (the beginning of the measurement period ended June 30, 2020) is 6.13 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 will be recognized in pension expense as follows:

Year ending June 30,	
2022	\$ 1,074,978
2023	1,473,601
2024	789,113
2025	782,990
2026	265,330
Thereafter	21,018

### *Additional Information*

The PERS Comprehensive Annual Financial Report is available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

### **Deferred Compensation Plans**

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. For the years ended June 30, 2021 and June 30, 2020, TMWA had matching contributions totaling \$1,473,019, and \$1,408,776, respectively.

### **Note 11 - Other Post-Employment Benefit (OPEB) Plans**

TMWA has two Other Post-Employment Benefit (OPEB) Plans referred to as the §501(c)(9) and §115 plans. The §501(c)(9) plan was established for the benefit of transferred employees from Sierra Pacific Power Company

and all new hires. The §115 Plan plan was formed to provide post-employment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections that the plans were formed under. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 2021 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	51	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	179	14
Total	231	22

Census data as of June 30, 2020 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	45	6
Retirees entitled to, but not yet receiving benefits	1	—
Active plan members	187	16
Total	233	22

## Plan Descriptions, Eligibility Information and Funding Policies

### §501(c)(9) Plan

**Plan Description.** The §501(c)(9) plan known as the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (Plan), is a single-employer defined benefit OPEB plan that was established to provide eligible TMWA employees with post-employment health benefits. The Plan was amended to provide post-retirement life insurance benefits in July 2011. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan is governed by not less than three, but not more than five trustees. Four trustees were appointed by the TMWA Board, two from non-represented employees and two from represented employees. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

**Eligibility.** Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel hired prior to December 13, 2018. Eligibility requirements benefit levels, employee contributions, and employer contributions are amended through TMWA's collective bargaining agreements for its represented employees and by the TMWA Board with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group, dependents are also covered. The post-December 31, 1997

group of represented employees will receive a total subsidy of \$1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period.

For MPAT employees, the annual subsidy is \$235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is \$105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes age 62.

There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

Funding Policy. Beginning in fiscal year 2011, the plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the post-employment health benefits. TMWA funds the plan based on the actuarially determined contribution (ADC) each year.

### **§115 Plan**

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with post-employment health benefits. This specific plan was formed to provide post-employment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this plan.

Eligibility. There are two employee classifications eligible for benefits in this plan: Tier I and Tier II classifications.

For Tier I retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 100% of the premium for coverage of such retiree under the benefit plans.

Tier I retirees who have attained the Medicare Eligibility Age (currently age 65) during a plan year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage, and the §115 Plan will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II retirees the maximum benefits to be paid by the §115 Plan who have not attained Medicare Eligibility Age (currently age 65) is to be the same amount as the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health

Insurance Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree's behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the §115 Plan towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

Tier II retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive benefits equal to the equivalent of the State of Nevada's Medicare Exchange Retiree HRA Contribution Subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

In order to receive the benefits described, the Tier II employee must be an employee of TMWA immediately prior to drawing their retirement benefits.

**Funding Policy.** The plan funds retiree benefits through an irrevocable trust for funding of the post-employment health benefits. TMWA funds the §115 Plan based on the ADC each year.

### OPEB Expense and Net Position

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2021 and 2020 is below:

	§501(c)(9) Plan	§115 Plan	Total
2021	\$ (582,026)	\$ 19,979	\$ (562,047)
2020	\$ (82,879)	\$ 87,384	\$ 4,505

Changes in Net Position for each plan for the measurement period ended December 31, 2020 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2020	\$ 10,118,664	\$ 12,444,083	\$ (2,325,419)	\$ 1,950,233	\$ 1,289,663	\$ 660,570
<i>Measurement Date - December 31, 2019</i>						
Changes During the Period:						
Service Cost	222,602	—	222,602	34,777	—	34,777
Interest Cost	609,728	—	609,728	117,350	—	117,350
Expected Investment Income	—	739,192	(739,192)	—	77,772	(77,772)
Employer Contributions	—	131,267	(131,267)	—	85,743	(85,743)
Auditing Fees	—	(18,490)	18,490	—	(14,000)	14,000
Investment & Administrative Fees	—	(2,954)	2,954	—	(306)	306
Legal Fees	—	—	—	—	—	—
Retiree Contributions In	—	111,103	(111,103)	—	22,947	(22,947)
Retiree Contributions Out	—	(111,103)	111,103	—	(22,947)	22,947
Benefit Payments	(358,251)	(358,251)	—	(58,361)	(58,361)	—
Investment Experience	—	1,106,762	(1,106,762)	—	115,745	(115,745)
Net Changes	474,079	1,597,526	(1,123,447)	93,766	206,593	(112,827)
Balance at Fiscal Year Ending June 30, 2021	\$ 10,592,743	\$ 14,041,609	\$ (3,448,866)	\$ 2,043,999	\$ 1,496,256	\$ 547,743
<i>Measurement Date - December 31, 2020</i>						

Changes in Net Position for each plan for the measurement period ended December 31, 2019 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2019	\$ 11,283,691	\$ 10,344,365	\$ 939,326	\$ 1,961,246	\$ 1,018,350	\$ 942,896
<i>Measurement Date - December 31, 2018</i>						
Changes During the Period:						
Service Cost	307,252	—	307,252	59,239	—	59,239
Interest Cost	682,186	—	682,186	119,591	—	119,591
Expected Investment Income	—	614,617	(614,617)	—	62,616	(62,616)
Employer Contributions	—	258,430	(258,430)	—	121,798	(121,798)
Auditing Fees	—	(12,600)	12,600	—	(12,100)	12,100
Investment & Administrative Fees	—	(3,206)	3,206	—	(315)	315
Legal Fees	—	(1,750)	1,750	—	(4,288)	4,288
Retiree Contributions In	—	103,249	(103,249)	—	21,302	(21,302)
Retiree Contributions Out	—	(103,249)	103,249	—	(21,302)	21,302
Benefit Payments	(442,363)	(442,363)	—	(54,605)	(54,605)	—
Assumption Changes	301,774	—	301,774	44,279	—	44,279
Plan Experience	(2,013,876)	—	(2,013,876)	(179,517)	—	(179,517)
Investment Experience	—	1,686,590	(1,686,590)	—	158,207	(158,207)
Net Changes	(1,165,027)	2,099,718	(3,264,745)	(11,013)	271,313	(282,326)
Balance at Fiscal Year Ending June 30, 2020	<u>\$ 10,118,664</u>	<u>\$ 12,444,083</u>	<u>\$ (2,325,419)</u>	<u>\$ 1,950,233</u>	<u>\$ 1,289,663</u>	<u>\$ 660,570</u>
<i>Measurement Date - December 31, 2019</i>						

A schedule of the plans' deferred resources as of June 30, 2021 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 237,362	\$ —	\$ 30,963	\$ —
Differences Between Expected and Actual Experience	—	1,584,020	—	125,527
Net Difference Between Projected and Actual Earnings on Investments	—	1,616,872	—	159,396
Contributions Made Subsequent to the Measurement Date	59,696	—	86,813	—
Total	<u>\$ 297,058</u>	<u>\$ 3,200,892</u>	<u>\$ 117,776</u>	<u>\$ 284,923</u>

A schedule of the plans' deferred resources as of June 30, 2020 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 269,568	\$ —	\$ 37,621	\$ —
Differences Between Expected and Actual Experience	—	1,798,948	—	152,522
Net Difference Between Projected and Actual Earnings on Investments	—	1,023,996	—	91,996
Contributions Made Subsequent to the Measurement Date	127,724	—	85,743	—
Total	<u>\$ 397,292</u>	<u>\$ 2,822,944</u>	<u>\$ 123,364</u>	<u>\$ 244,518</u>

TMWA will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of other deferred resources as of June 30, 2021 is shown below.

	§501(c)(9) Plan	§115 Plan
	Deferred Inflows Recognized in OPEB Expense	Deferred Inflows Recognized in OPEB Expense
Year ended June 30,		
2022	\$ 696,607	\$ 68,683
2023	505,685	53,446
2024	741,392	75,129
2025	404,076	43,486
2026	182,722	13,216
Thereafter	433,048	—

### Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 2020 was determined using the following actuarial assumptions. Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2050-2053	5.0%
2021	7.0%	2054-2059	4.9%
2022	6.5%	2060-2066	4.8%
2023	6.0%	2067	4.7%
2024	5.9%	2068	4.6%
2025	5.8%	2069	4.5%
2026	5.6%	2070-2071	4.4%
2027	5.5%	2072	4.3%
2028	5.4%	2073-2074	4.2%
2029-2046	5.3%	2075	4.1%
2047	5.2%	2076	4.0%
2048-2049	5.1%	Thereafter	4.0%

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2019	December 31, 2019
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets	Market value of assets
Mortality	The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment expenses	6.0% net of plan investment expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this evaluation.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.
Employer Cost Sharing	<p><b>IBEW Pre - 1998 Hires:</b> Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p><b>IBEW Post-1997 Hires:</b> The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p><b>MPAT:</b> The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p><b>Tier 1:</b> Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p><b>Tier 2:</b> The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2021
Measurement Date	December 31, 2020
Measurement Period	December 31, 2019 to December 31, 2020
Valuation Date	December 31, 2019

The discount rates used for the fiscal years ended June 30, 2021 and 2020 is 6.0%. The Healthcare Cost Trend Rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

**Measurement Date - December 31, 2020**

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,809,700	\$ 10,592,743	\$ 9,556,963	\$ 9,709,226	\$ 10,592,743	\$ 11,648,321
Net OPEB Liability (Asset)	\$ (2,231,909)	\$ (3,448,866)	\$ (4,484,646)	\$ (4,332,383)	\$ (3,448,866)	\$ (2,393,288)
§115 Plan						
	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1%	- 1%	Medical Trend	+ 1%
Total OPEB Liability	\$ 2,333,010	\$ 2,043,999	\$ 1,804,821	\$ 1,783,527	\$ 2,043,999	\$ 2,365,624
Net OPEB Liability (Asset)	\$ 836,754	\$ 547,743	\$ 308,565	\$ 287,271	\$ 547,743	\$ 869,368

**Measurement Date - December 31, 2019**

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,317,631	\$ 10,118,664	\$ 9,100,177	\$ 9,274,689	\$ 10,118,664	\$ 11,127,000
Net OPEB Liability (Asset)	\$ (1,126,452)	\$ (2,325,419)	\$ (3,343,906)	\$ (3,169,394)	\$ (2,325,419)	\$ (1,317,083)
§115 Plan						
	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 2,234,476	\$ 1,950,233	\$ 1,715,811	\$ 1,701,710	\$ 1,950,233	\$ 2,257,104
Net OPEB Liability (Asset)	\$ 944,813	\$ 660,570	\$ 426,148	\$ 412,047	\$ 660,570	\$ 967,441

**OPEB Plans Fiduciary Net Position**

Detailed information about the OPEB plans fiduciary net position are available in separately issued financial statements and can be requested by contacting TMWA's Finance Department at P.O. Box 30013, Reno, NV 89509-3013.

**Note 12 - Commitments**

TMWA has committed \$700,000 as a contribution to the Truckee River Fund of the Community Foundation of Western Nevada, for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA. This payment was made in July 2021.

Required Supplementary Information  
**Truckee Meadows Water Authority**

**Truckee Meadows Water Authority**  
Schedules of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>					
<u>Total OPEB Liability</u>					
Service Cost	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	609,728	682,186	648,751	612,850	576,050
Changes of benefit terms <sup>(1)</sup>	—	—	—	—	—
Differences between expected and actual experience	—	(2,013,876)	—	—	—
Changes of assumptions <sup>(2)</sup>	—	301,774	—	—	—
Benefit payments	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
<b>Total OPEB Liability - Beginning</b>	<u>10,118,664</u>	<u>11,283,691</u>	<u>10,694,671</u>	<u>10,062,447</u>	<u>9,442,131</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 10,592,743</u>	<u>\$ 10,118,664</u>	<u>\$ 11,283,691</u>	<u>\$ 10,694,671</u>	<u>\$ 10,062,447</u>
 <u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income	1,845,954	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(18,490)	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(2,954)	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	—	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	111,103	103,249	117,015	93,172	90,145
Retiree contributions out	(111,103)	(103,249)	(117,015)	(93,172)	(90,145)
<b>Net change in plan fiduciary net position</b>	<u>1,597,526</u>	<u>2,099,718</u>	<u>(582,529)</u>	<u>1,658,015</u>	<u>535,359</u>
<b>Plan fiduciary net position - beginning</b>	<u>12,444,083</u>	<u>10,344,365</u>	<u>10,926,894</u>	<u>9,268,879</u>	<u>8,733,520</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>	<u>\$ 10,344,365</u>	<u>\$ 10,926,894</u>	<u>\$ 9,268,879</u>
<b>Net OPEB liability (asset) - ending</b>	<u>\$ (3,448,866)</u>	<u>\$ (2,325,419)</u>	<u>\$ 939,326</u>	<u>\$ (232,223)</u>	<u>\$ 793,568</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	132.6 %	123.0 %	91.7 %	102.2 %	92.1 %
 <b>Covered-employee payroll, as of 12/31 measurement date</b>	<u>\$ 19,385,303</u>	<u>\$ 21,658,320</u>	<u>\$ 20,674,304</u>	<u>\$ 18,517,678</u>	<u>\$ 17,467,908</u>
<b>Net OPEB liability (asset) as a percentage of covered-employee payroll</b>	(17.8)%	(10.7)%	4.5 %	(1.3)%	4.5 %

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

<sup>(1)</sup> Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018.

<sup>(2)</sup> In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

**Truckee Meadows Water Authority**  
Schedules of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017
<b>§115 Plan</b>					
<u>Total OPEB Liability</u>					
Service Cost	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Interest	117,350	119,591	111,978	103,644	94,941
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	—	(179,517)	—	—	—
Changes of assumptions <sup>(1)</sup>	—	44,279	—	—	—
Benefit payments	(58,361)	(54,605)	(34,065)	(9,334)	—
<b>Total OPEB Liability - Beginning</b>	<u>1,950,233</u>	<u>1,961,246</u>	<u>1,826,373</u>	<u>1,677,294</u>	<u>1,529,690</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 2,043,999</u>	<u>\$ 1,950,233</u>	<u>\$ 1,961,246</u>	<u>\$ 1,826,373</u>	<u>\$ 1,677,294</u>
 <u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income	193,517	220,823	(46,458)	126,004	35,423
Benefit payments	(58,361)	(54,605)	(34,065)	(9,334)	—
Auditing fees	(14,000)	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(306)	(315)	(770)	(780)	(675)
Legal fees	—	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	22,947	21,302	5,244	930	—
Retiree contributions out	(22,947)	(21,302)	(5,244)	(930)	—
<b>Net change in plan fiduciary net position</b>	<u>206,593</u>	<u>271,313</u>	<u>18,519</u>	<u>212,543</u>	<u>175,886</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,289,663</u>	<u>1,018,350</u>	<u>999,831</u>	<u>787,288</u>	<u>611,402</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</u>	<u>\$ 1,018,350</u>	<u>\$ 999,831</u>	<u>\$ 787,288</u>
<b>Net OPEB liability - ending</b>	<u>\$ 547,743</u>	<u>\$ 660,570</u>	<u>\$ 942,896</u>	<u>\$ 826,542</u>	<u>\$ 890,006</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<u>73.2 %</u>	<u>66.1 %</u>	<u>51.9 %</u>	<u>54.7 %</u>	<u>46.9 %</u>
 <b>Covered-employee payroll, as of 12/31 measurement date</b>	<u>\$ 1,558,683</u>	<u>\$ 1,688,340</u>	<u>\$ 1,954,488</u>	<u>\$ 1,951,733</u>	<u>\$ 1,992,447</u>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<u>35.1 %</u>	<u>39.1 %</u>	<u>48.2 %</u>	<u>42.3 %</u>	<u>44.7 %</u>

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

<sup>(1)</sup> In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

12-07-21 BOARD Agenda Item 7  
Truckee Meadows Water Authority  
Schedules of Contributions  
Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>					
Actuarially Determined Contribution	\$ 56,323	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	60,499	127,724	258,430	324,529	445,063
<b>Contribution deficiency (excess)</b>	(4,176)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	21,850,032	21,402,817	21,538,008	19,282,157	17,924,948
<b>Contributions as a percentage of covered employee payroll</b>	0.3 %	0.6 %	1.2 %	1.7 %	2.5 %
<b>§115 Plan</b>					
Actuarially Determined Contribution	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	101,635	70,921	121,798	119,366	103,441
<b>Contribution deficiency (excess)</b>	(14,822)	14,822	—	—	—
Covered-employee payroll	1,679,850	1,714,076	1,841,575	1,955,987	1,965,933
<b>Contributions as a percentage of covered employee payroll</b>	6.1 %	4.1 %	6.6 %	6.1 %	5.3 %

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2050-2053	5.0%
2021	7.0%	2054-2059	4.9%
2022	6.5%	2060-2066	4.8%
2023	6.0%	2067	4.7%
2024	5.9%	2068	4.6%
2025	5.8%	2069	4.5%
2026	5.6%	2070-2071	4.4%
2027	5.5%	2072	4.3%
2028	5.4%	2073-2074	4.2%
2029-2046	5.3%	2075	4.1%
2047	5.2%	2076	4.0%
2048-2049	5.1%	Thereafter	4.0%

Additional significant assumptions are listed below for each plan:

<b>Assumption</b>	<b>§501(c)(9) Plan</b>	<b>§115 Plan</b>
Valuation Date	December 31, 2019	December 31, 2019
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets	Market value of assets
Mortality	The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment expenses	6.0% net of plan investment expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this evaluation.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.
Employer Cost Sharing	<p>IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p>MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p>Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$42,191,934	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406	\$22,293,306
TMWA's covered payroll	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995	\$12,573,558
TMWA's proportionate share of the net pension liability as a percentage of its covered payroll	195.08 %	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %	177.30 %
Plan fiduciary net position as a percentage of the total pension liability	77.04 %	76.46 %	75.24 %	74.42 %	72.23 %	75.13 %	76.30 %

### Notes to Schedule

\*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

12-07-21 BOARD Agenda Item 7  
Truckee Meadows Water Authority  
Schedules of TMWA Contributions  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$3,277,098	\$3,156,332	\$2,865,963	\$2,562,356	\$5,037,877	\$4,534,811	\$3,629,441
Contributions in relation to the statutorily required contribution	\$3,277,098	\$3,156,332	\$2,865,963	\$2,562,356	\$5,037,877	\$4,534,811	\$3,629,441
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TMWA's covered payroll	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995
Contributions as a percentage of covered payroll	14.64 %	14.59 %	14.02 %	14.03 %	28.07 %	27.80 %	25.78 %

### Notes to Schedule

\*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Beginning in 2018, contributions reflect employer-paid contributions only due to GASB Statement No. 82, which classifies contributions as member contributions for the purposes of GASB Statement No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

Supplementary Information  
June 30, 2021 and 2020

**Truckee Meadows Water Authority**

**Truckee Meadows Water Authority**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Year Ended June 30, 2021**

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 102,260,229	\$ 109,822,836	\$ 7,562,607
Hydroelectric sales	3,193,880	2,768,274	(425,606)
Other operating sales	2,800,120	2,803,513	3,393
Total operating revenues	108,254,229	115,394,623	7,140,394
Operating Expenses			
Salaries and wages	24,563,727	23,101,987	1,461,740
Employee benefits	10,661,572	11,282,823	(621,251)
Services and supplies	31,419,113	30,562,803	856,310
Total operating expenses before depreciation	66,644,412	64,947,613	1,696,799
Depreciation	33,518,852	33,286,373	232,479
Total operating expenses	100,163,264	98,233,986	1,929,278
Operating Income	8,090,965	17,160,637	9,069,672
Nonoperating Revenues (Expenses)			
Investment earnings	2,854,243	2,550,864	(303,379)
Net change in fair value of investments	—	(2,389,723)	(2,389,723)
Loss on disposal of assets	—	(1,755,873)	(1,755,873)
Bond/note issue costs and amortization of bond insurance	(87,400)	(235,494)	(148,094)
Interest expense	(12,514,133)	(12,262,581)	251,552
Total nonoperating revenues (expenses)	(9,747,290)	(14,092,807)	(4,345,517)
Income (Loss) before Capital Contributions	(1,656,325)	3,067,830	4,724,155
Capital Contributions			
Grants	1,900,000	—	(1,900,000)
Water resource sustainability program	869,696	1,708,110	838,414
Developer infrastructure contributions	11,226,546	10,201,446	(1,025,100)
Developer will-serve contributions (net of refunds)	4,185,412	5,632,381	1,446,969
Developer capital contributions-other	10,242,156	11,461,850	1,219,694
Developer facility charges (net of refunds)	5,998,608	12,218,607	6,219,999
Contributions from others	275,000	—	(275,000)
Contributions from other governments	—	132,800	132,800
Net capital contributions	34,697,418	41,355,194	6,657,776
Change in Net Position	\$ 33,041,093	\$ 44,423,024	\$ 11,381,931

Truckee Meadows Water Authority  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended June 30, 2020

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 102,706,086	\$ 102,487,078	\$ (219,008)
Hydroelectric sales	3,664,180	3,298,850	(365,330)
Other operating sales	3,320,950	2,286,729	(1,034,221)
Total operating revenues	109,691,216	108,072,657	(1,618,559)
Operating Expenses			
Salaries and wages	23,183,489	21,455,982	1,727,507
Employee benefits	12,324,771	11,529,749	795,022
Services and supplies	31,125,499	27,808,959	3,316,540
Total operating expenses before depreciation	66,633,759	60,794,690	5,839,069
Depreciation	33,136,228	33,327,134	(190,906)
Total operating expenses	99,769,987	94,121,824	5,648,163
Operating Income	9,921,229	13,950,833	4,029,604
Nonoperating Revenues (Expenses)			
Investment earnings	3,409,815	4,119,737	709,922
Net change in fair value of investments	—	3,410,242	3,410,242
Loss on disposal of assets	—	(1,189,776)	(1,189,776)
Bond/note issue costs and amortization of bond insurance	(190,800)	(216,981)	(26,181)
Interest expense	(13,052,442)	(12,698,972)	353,470
Total nonoperating revenues (expenses)	(9,833,427)	(6,575,750)	3,257,677
Income (Loss) before Capital Contributions	87,802	7,375,083	7,287,281
Capital Contributions			
Grants	1,937,500	232,153	(1,705,347)
Water resource sustainability program	926,425	1,484,443	558,018
Developer infrastructure contributions	15,768,318	20,145,641	4,377,323
Developer will-serve contributions (net of refunds)	5,067,536	4,082,279	(985,257)
Developer capital contributions-other	6,697,000	7,847,962	1,150,962
Developer facility charges (net of refunds)	8,517,248	9,657,274	1,140,026
Contributions from others	—	343,630	343,630
Contributions from other governments	—	386,937	386,937
Net capital contributions	38,914,027	44,180,319	5,266,292
Change in Net Position	\$ 39,001,829	\$ 51,555,402	\$ 12,553,573

Statistical Section

## Truckee Meadows Water Authority

This part of the Truckee Meadows Water Authority Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the TMWA's overall financial health.

**Section Contents****Schedule No.****Financial Trends****1-6**

These schedules contain trend information to help the reader understand how TMWA's financial performance and well-being have changed over time.

**Revenue Capacity****7-8**

These schedules contain information to help the reader assess the factors affecting the TMWA's ability to generate its water sales and other revenues.

**Debt Capacity****9**

These schedules present information to help the reader assess the affordability of the TMWA's current levels of outstanding debt, and its ability to issue additional future debt.

**Demographic and Economic Information****10-12**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the TMWA's financial activities take place and to help make comparisons over time and with other utilities.

**Operating Information****13-17**

These schedules contain information about the TMWA's operations and resources to help the reader understand how the TMWA's financial information relates to the services it provides and the activities it performs.

**Debt Ratios****18-19**

These schedules contain information about changes in the TMWA's debt and its debt in relation to service connections.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Truckee Meadows Water Authority  
Schedule No. 1 - Net Position by Component  
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	Restated 2018	2017	2016	2015*	2014	2013	2012
Net Position										
Net investment in capital assets	\$ 649,138,921	\$ 617,541,639	\$ 573,147,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785	\$ 227,319,870	\$ 222,418,497
Restricted	50,662,078	50,034,746	29,351,818	30,123,412	28,589,861	40,505,804	42,158,803	25,198,683	22,644,404	13,678,852
Unrestricted	114,365,522	102,167,112	115,662,201	104,893,903	95,037,226	65,933,399	77,312,759	54,036,550	51,471,349	57,107,888
Total Net Position	<u>\$ 814,166,521</u>	<u>\$ 769,743,497</u>	<u>\$ 718,161,095</u>	<u>\$ 668,076,189</u>	<u>\$ 630,327,559</u>	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>	<u>\$ 311,563,018</u>	<u>\$ 301,435,623</u>	<u>\$ 293,205,237</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority  
Schedule No. 2 - Changes in Net Position  
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Special Item	Change in Net Position
2021	\$115,394,623	\$ 98,233,986	\$ 17,160,637	\$ (14,092,807)	\$ 3,067,830	\$ 41,355,194	\$ —	\$ 44,423,024
2020	108,072,657	94,121,824	13,950,833	(6,575,750)	7,375,083	44,180,319	—	51,555,402
2019	107,089,518	92,466,904	14,622,614	(6,692,826)	7,929,788	42,182,118	—	50,111,906
2018	101,812,092	90,311,622	11,500,470	(11,162,667)	337,803	37,410,827	—	37,748,630
2017	97,268,183	82,339,194	14,928,989	(11,684,303)	3,244,686	43,351,171	—	46,595,857
2016	91,928,943	80,615,507	11,313,436	(9,491,450)	1,821,986	19,286,194	—	21,108,180
2015*	90,029,316	70,114,860	19,914,456	(23,526,380)	(3,611,924)	19,638,821	231,516,024	247,542,921
2014	84,315,390	59,317,860	24,997,530	(20,386,339)	4,611,191	5,516,204	—	10,127,395
2013	85,577,107	59,619,074	25,958,033	(20,675,251)	5,282,782	2,947,604	—	8,230,386
2012	81,790,499	56,622,273	25,168,226	(19,023,050)	6,145,176	1,109,062	—	7,254,238

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

12-07-21 BOARD Agenda Item 7  
**Truckee Meadows Water Authority**  
 Schedule No. 3 - Operating Revenues by Customer Class  
 Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Revenues from water sales										
Residential unmetered water sales	\$ 2,423,033	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811	\$ 10,288,324	\$ 10,899,330
Residential metered water sales	79,124,628	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267	51,796,871	44,137,033	43,957,551	41,476,536
Commercial metered water sales	12,041,548	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132	11,339,953	10,755,824	10,885,539	10,473,659
Irrigation metered & fire protection	14,950,021	13,457,574.1	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156	11,031,924	10,129,233
Wholesale sales	1,283,606	1,273,982.44	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593	3,748,276	3,473,100
Total water sales	109,822,836	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332	86,186,698	79,190,417	79,911,614	76,451,858
Hydroelectric revenue	2,768,274	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195	1,366,786	3,045,147	3,557,965	3,519,897
Other operating revenues	2,803,513	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416	2,475,832	2,079,826	2,107,528	1,818,744
Total operating revenues	<u>\$ 115,394,623</u>	<u>\$ 108,072,657</u>	<u>\$107,089,518</u>	<u>\$101,812,092</u>	<u>\$ 97,268,183</u>	<u>\$ 91,928,943</u>	<u>\$ 90,029,316</u>	<u>\$ 84,315,390</u>	<u>\$ 85,577,107</u>	<u>\$ 81,790,499</u>

\* Fiscal Year 2015 reflect changes as a result of the water utility consolidation discussed in Note 1 of the financial statements.

**Truckee Meadows Water Authority**  
 Schedule No. 4 - Operating Expenses  
 Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Salaries and wages	\$ 23,101,987	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022	\$ 11,128,162	\$ 11,049,337
Employee benefits	11,282,823	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279	5,271,735	5,045,922	4,819,187	4,537,531
Contract services	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066	4,868,532	5,090,741
Utilities/power	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312	4,571,453	4,432,932
Information Technology	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622	749,917	597,101	556,536	388,546
Prof services (general/legal/media/leg)	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097	1,610,614	1,254,751
Supplies	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763	1,522,106	1,155,351
Chemicals	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824	1,333,002	1,361,144
Insurance and claims	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300	534,577	608,352
Leases and rentals	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196	74,596	84,844
Other expenses	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701	2,637,356	3,205,586	3,254,285	3,256,532
Total operating expenses before depreciation	64,947,613	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317	42,215,411	37,101,189	34,273,049	33,220,059
Depreciation	33,286,373	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190	27,899,449	22,517,885	22,349,225	22,322,217
Total Operating Expenses	<u>\$ 98,233,986</u>	<u>\$ 94,121,824</u>	<u>\$ 92,466,904</u>	<u>\$ 90,311,622</u>	<u>\$ 82,339,194</u>	<u>\$ 80,615,507</u>	<u>\$ 70,114,860</u>	<u>\$ 59,619,074</u>	<u>\$ 56,622,274</u>	<u>\$ 55,542,276</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority  
Schedule No. 5 - Nonoperating Revenues and Expenses  
Last Ten Fiscal Years

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Fiscal Year	Investment Earnings	Interest Expense	Gain/(Loss) on Disposal of Assets	Other Revenue or Expenses	Total Nonoperating Expenses
2021	\$ 2,550,864	\$ (12,262,581)	\$ (1,755,873)	\$ (2,625,217)	\$ (14,092,807)
2020	4,119,737	(12,698,972)	(1,189,776)	3,193,261	(6,575,750)
2019	4,409,486	(13,268,153)	(225,687)	2,391,528	(6,692,826)
2018	2,313,513	(11,720,356)	133,972	(1,889,796)	(11,162,667)
2017	7,209,113	(16,968,911)	(155,722)	(1,768,783)	(11,684,303)
2016	6,737,745	(21,549,864)	6,460,373	(1,139,704)	(9,491,450)
2015*	2,127,009	(21,281,117)	(653,698)	(3,718,574)	(23,526,380)
2014	2,051,156	(21,282,412)	(136,300)	(1,018,783)	(20,386,339)
2013	2,007,375	(21,791,975)	(21,463)	(869,188)	(20,675,251)
2012	2,277,298	(21,786,675)	(611,086)	305,640	(19,814,823)

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

12-07-21 BOARD Agenda Item 7  
**Truckee Meadows Water Authority**  
 Schedule No. 6 - Capital Contributions by Source  
 Last Ten Fiscal Years

Fiscal Year	Developer Water Rights/ Will Serves	Developer Infrastructure	Developer Other	Water Meter Retrofit Program	Developer Facility Charges	Grants	Water Resource Sustainability Program	From Others	Total
2021	\$ 5,632,381	\$ 10,201,446	\$ 11,461,850	\$ —	\$ 12,218,607	\$ —	\$ 1,708,110	\$ 132,800	\$ 41,355,194
2020	4,082,279	20,145,641	7,847,962	—	9,657,274	232,153	1,484,443	730,567	44,180,319
2019	4,663,826	19,112,590	6,636,417	994,706	9,154,403	831,116	689,060	100,000	42,182,118
2018	6,652,819	15,017,446	6,448,549	2,379,206	6,464,559	348,248	—	100,000	37,410,827
2017	7,950,666	10,797,854	6,062,247	341,074	5,116,956	1,226,863	—	11,855,511	43,351,171
2016	4,363,692	8,454,980	2,473,163	482,081	2,931,940	224,138	—	356,200	19,286,194
2015*	1,864,446	2,703,092	1,588,158	1,013,896	2,494,434	276,260	—	9,698,535	19,638,821
2014	1,529,129	1,723,023	410,447	479,488	963,660	343,628	—	66,829	5,516,204
2013	201,871	702,699	469,732	174,698	1,047,715	208,227	—	142,662	2,947,604
2012	173,599	263,249	153,475	173,094	263,089	791,773	—	82,556	1,900,835

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

**Truckee Meadows Water Authority**  
**Schedule No. 7 - Gallons of Water Sold and Revenues by Category**  
**Last Ten Fiscal Years**

Category	2021		2020	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,423,033	—	\$ 2,571,216
Residential Metered	18,481,075	79,124,628	17,111,305	73,295,343
Commercial	3,891,086	12,041,548	3,952,196	11,888,963
Other (2)	3,204,611	14,950,021	2,896,243	13,457,574
Wholesale	623,909	1,283,606	606,627	1,273,982
Total	26,200,681	\$ 109,822,836	24,566,371	\$ 102,487,078

Category	2019		2018	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,558,779	—	\$ 2,505,172
Residential Metered	16,970,042	71,651,437	16,335,308	67,393,672
Commercial	4,315,407	12,807,427	4,232,836	12,238,940
Other (2)	2,974,110	13,509,567	2,698,977	12,169,406
Wholesale	619,928	1,249,439	591,624	1,165,607
Total	24,879,487	\$ 101,776,649	23,858,745	\$ 95,472,797

Category	2017		2016	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,446,145	—	\$ 3,725,916
Residential Metered	16,487,693	65,829,634	14,633,319	60,198,267
Commercial	4,277,917	11,887,395	4,086,057	11,026,132
Other (2)	2,749,795	11,369,179	2,579,408	11,554,063
Wholesale	613,051	1,154,907	542,875	1,029,954
Total	24,128,456	\$ 92,687,260	21,841,659	\$ 87,534,332

Category	2015*		2014	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 9,366,307	—	\$ 9,731,811
Residential Metered	15,151,881	51,796,871	11,581,326	44,137,033
Commercial	4,350,417	11,339,953	3,913,088	10,755,824
Other (2)	2,913,757	11,123,168	2,688,389	10,720,156
Wholesale	1,598,995	2,560,399	2,070,593	3,845,593
Total	24,015,050	\$ 86,186,698	20,253,396	\$ 79,190,417

Category	2013		2012	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 10,288,324	—	\$ 10,899,330
Residential Metered	11,916,455	43,957,551	11,077,177	41,476,536
Commercial	4,083,972	10,885,539	3,902,183	10,473,659
Other (2)	2,816,474	11,031,924	2,543,132	10,129,233
Wholesale	1,982,557	3,748,276	1,831,821	3,473,100
Total	20,799,458	\$ 79,911,614	19,354,313	\$ 76,451,858

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

(1) Complete consumption information is not available for unmetered customers.

(2) These accounts include irrigation and non metered fire protection/sprinkler systems located on the premises of residential and commercial customers.

Truckee Meadows Water Authority  
Schedule No. 8 - Ten Largest Customers  
June 30, 2021

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	618,599	\$ 1,312,651	1.2 %
2. Washoe County School District	357,197	1,260,241	1.1 %
3. City of Reno*	340,075	1,277,948	1.2 %
4. City of Sparks	136,308	524,019	0.5 %
5. Somersett HOA	137,161	510,341	0.5 %
6. Washoe County	139,840	435,325	0.4 %
7. University of Nevada, Reno	131,023	395,099	0.4 %
8. Nevada Properties, Peppermill	106,139	342,034	0.3 %
9. Renown System	90,623	304,538	0.3 %
10. Sparks LLC, Nugget	78,012	238,685	0.2 %
Totals	2,134,977	\$ 6,600,881	6.1 %

\*City of Reno includes the Reno Housing Authority.

**Truckee Meadows Water Authority**  
**Schedule No. 9 - Debt Service Coverage Ratios**  
**Last Ten Fiscal Years**

	Fiscal Year (in millions)									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Operating revenues <sup>(1)</sup>	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190	\$ 79,912	\$ 76,452
Nonoperating revenues <sup>(2)</sup>	8,123	9,705	9,722	8,653	11,790	11,132	5,970	7,176	7,672	7,643
Gross revenues	117,946	112,192	111,499	104,126	104,477	98,666	92,157	86,366	87,584	84,095
Operation and maintenance expenses <sup>(3)</sup>	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850	36,672	33,851
Taxes other than income taxes <sup>(4)</sup>	715	719	678	470	462	451	443	440	429	422
Total expenses	64,948	60,795	59,633	57,491	51,420	48,481	42,215	36,290	37,101	34,273
Net Revenues	<u>\$ 52,998</u>	<u>\$ 51,398</u>	<u>\$ 51,866</u>	<u>\$ 46,635</u>	<u>\$ 53,057</u>	<u>\$ 50,185</u>	<u>\$ 49,942</u>	<u>\$ 50,076</u>	<u>\$ 50,483</u>	<u>\$ 49,822</u>
Senior Lien Annual Debt Service <sup>(5)</sup>	<u>\$ 27,830</u>	<u>\$ 28,186</u>	<u>\$ 17,891</u>	<u>\$ 15,696</u>	<u>\$ 18,916</u>	<u>\$ 31,780</u>	<u>\$ 29,955</u>	<u>\$ 31,285</u>	<u>\$ 29,672</u>	<u>\$ 21,295</u>
Senior Lien Debt Coverage excluding SDCs	<u>1.90</u>	<u>1.82</u>	<u>2.90</u>	<u>2.97</u>	<u>2.80</u>	<u>1.58</u>	<u>1.67</u>	<u>1.60</u>	<u>1.70</u>	<u>2.34</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964	\$ 1,048	\$ 263
Developer capital contributions - other	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410	470	153
Senior Lien Debt Coverage including SDCs <sup>(6)</sup>	<u>2.76</u>	<u>2.44</u>	<u>3.78</u>	<u>3.79</u>	<u>3.40</u>	<u>1.75</u>	<u>1.80</u>	<u>1.64</u>	<u>1.75</u>	<u>2.36</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

<sup>(1)</sup> Includes retail residential, commercial, irrigation water sales, and wholesale water sales net of bad debt expense.

<sup>(2)</sup> Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income.

<sup>(3)</sup> Includes water supply, treatment, distribution, hydroelectric power plant maintenance, customer service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits, and services and supplies comprise these expenses.

<sup>(4)</sup> The Authority is required to pay property taxes on water rights and storage facilities located in California. During the reported fiscal years TMWA paid various counties in California for hydroelectric facilities, and water storage rights in California.

<sup>(5)</sup> This schedule does not include the payments on the DWSRF loan or the tax-exempt commercial paper, which are subordinate to the 2015-A, 2016, 2017 and 2018 Refunding Bonds.

<sup>(6)</sup> TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal year 2012, TMWA defeased the remaining 2001-A bonds. This resulted in a one-time increase in the senior lien debt coverage ratio. Without this defeasance, the senior lien debt coverage ratio would be 1.52x. In fiscal years 2017, 2018 and 2019, TMWA deferred principal payments on debt which increased the debt coverage ratio.

Truckee Meadows Water Authority  
Schedule No. 10 - Schedule of Total Building Permits Issued by Jurisdiction/Member Entity  
Last Ten Fiscal Years

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Fiscal Year	Washoe County	City of Reno	City of Sparks
2021	4,694	10,453	4,616
2020	4,194	9,625	4,103
2019	4,307	10,323	3,890
2018	4,241	10,101	3,935
2017	2,615	9,058	3,636
2016	2,121	9,080	3,712
2015	1,807	7,345	3,581
2014	1,669	6,846	2,579
2013	1,516	6,211	2,393
2012	1,578	5,348	2,463

Source: As reported by each local governmental entity.

**Truckee Meadows Water Authority**  
**Schedule No. 11 - Selected Demographic and Economic Statistics for Washoe County**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Total Personal Income (1)	Unemployment rate (Percent) (5)	Total Labor Force (5)	Construction Activity Total Value (6)	Number of New Family Units (6)	Taxable Sales (7)	Gross Income Gaming Revenue (8)	Total Passenger Air Traffic (9)
2021	478,355	\$ 63	38.6	65,121	\$ 29,875,442	4.9 %	265,182	\$ 719,607,000	692	\$11,049,067,000	\$ 837,334,000	2,472,843
2020	472,069	60	38.1	66,913	27,776,003	3.2 %	255,915	450,868,000	617	9,250,416,000	630,862,000	3,378,405
2019	464,630	55	38.0	66,960	22,556,498	3.6 %	250,005	458,823,000	572	8,829,864,000	785,532,000	4,298,555
2018	460,237	49	37.9	66,989	22,549,907	4.2 %	239,119	345,710,000	481	8,531,253,000	779,347,000	4,128,476
2017	459,142	48	37.5	63,919	21,265,000	4.0 %	232,719	240,534,583	394	7,989,009,111	805,557,000	3,819,896
2016	451,248	51	37.5	63,670	20,165,000	5.9 %	231,570	231,741,537	320	7,550,466,734	789,359,000	3,563,818
2015	441,165	48	37.4	63,108	19,077,000	6.4 %	228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
2014	436,647	48	37.6	62,986	18,833,000	7.2 %	222,607	225,096,997	198	6,370,684,534	744,962,250	3,312,839
2013	434,120	47	37.6	62,424	18,284,145	9.8 %	219,607	126,468,377	159	5,824,726,136	741,038,030	3,514,421
2012	427,704	45	37.4	62,323	17,849,009	12.3 %	221,764	95,875,949	83	5,522,605,351	738,151,877	3,561,557

Sources:

- (1) US Census-Nevada, 2011 - 2012. Washoe County Community Development, 2013 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (2) U.S. Department of Commerce, 2008. Washoe County Community Demographic Information 2009 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (3) Center for Regional Studies, University of Nevada, Reno 2011 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (4) Washoe County School District. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (5) State Department of Employment, Training and Rehabilitation (DETR). Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (6) Washoe County Building and Safety. Department. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (7) Nevada State Department of Taxation. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (8) Nevada State Gaming Control Board. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (9) Reno/Tahoe International Airport. (RTIA) Washoe County Schedule 4.1, 2018, 2019, 2020, 2021

**Truckee Meadows Water Authority**  
 Schedule No. 12 - Principal Employers  
 Current and Nine Years Ago

Employer	December, 2020			December, 2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.47 %	8,250	1	4.49 %
Renown Medical Center	4,750	2	1.88 %	4,250	2	2.31 %
University of Nevada - Reno	4,750	3	1.88 %	2,750	4	1.50 %
Peppermill Hotel Casino - Reno	3,000	4	1.19 %	2,250	5	1.22 %
Grand Sierra Resort	3,000	5	1.19 %	1,750	9	0.95 %
Silver Legacy Resort Casino	3,000	6	1.19 %	1,750	8	0.95 %
Harrahs	3,000	7	1.19 %	—	—	—
Eldorado Hotel & Casino	3,000	8	1.19 %	—	—	—
St. Mary's	3,000	9	1.19 %	1,750	10	0.95 %
Washoe County	2,800	10	1.11 %	2,750	3	1.50 %
Atlantis Casino Resort	—	—	—	1,750	9	0.95 %
International Game Technology PLC	—	—	—	2,250	7	1.22 %
 Total Washoe Covered Employment	 <u>252,295</u>			 <u>183,770</u>		

Note: Each of the years reflect respective 4th quarter calendar year information. Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation outsources the publication of this information to Infogroup. Infogroup publishes employee counts in ranges of 5000. The number of employees are estimated using the midpoint.

Source: Nevadaworkforce.com

Nevada Employment and Unemployment Data (DES and Laus)

Washoe County Schedule 4.2

**Truckee Meadows Water Authority**  
**Schedule No. 13 - Customer and Water Sales by Category**  
**Last Ten Fiscal Years**

2021				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	673	0.51 %	\$ 2,423,033	2.21 %
Residential metered	120,074	91.46 %	79,124,628	72.05 %
Commercial metered	10,545	8.03 %	12,041,548	10.96 %
Other <sup>(2)</sup>	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
Total	131,296	100.00 %	\$ 109,822,836	100.00 %
2020				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	652	0.51 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.41 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other <sup>(2)</sup>	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
Total	127,022	100.00 %	\$ 102,487,078	100.00 %
2019				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	663	0.53 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.33 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other <sup>(2)</sup>	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
Total	124,762	100.00 %	\$ 101,776,649	100.00 %
2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.58 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other <sup>(2)</sup>	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
Total	122,677	100.00 %	\$ 95,472,797	99.99 %
2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other <sup>(2)</sup>	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	120,569	100.00 %	\$ 92,687,260	100.00 %

**Truckee Meadows Water Authority**  
**Schedule No. 13 - Customer and Water Sales by Category**  
**Last Ten Fiscal Years**

2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential metered	106,730	89.94 %	60,198,267	68.76 %
Commercial metered	9,873	8.32 %	11,026,132	12.60 %
Other <sup>(2)</sup>	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	118,669	100.00 %	\$ 87,534,332	100.00 %
2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	6,224	5.15 %	\$ 9,366,307	10.87 %
Residential metered	100,446	83.12 %	51,796,871	60.09 %
Commercial metered	9,648	7.98 %	11,339,953	13.16 %
Other <sup>(2)</sup>	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
Total	120,848	100.00 %	\$ 86,186,698	100.00 %
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential Metered	76,422	79.98 %	44,137,033	55.73 %
Commercial and Irrigation	8,743	9.15 %	10,755,824	13.58 %
Other <sup>(2)</sup>	4,008	4.19 %	10,720,156	13.54 %
Wholesale	2	— %	3,845,593	4.86 %
Total	95,554	100.00 %	\$ 79,190,417	100.00 %
2013				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	6,927	7.31 %	\$ 10,288,324	12.87 %
Residential metered	75,113	79.31 %	43,957,551	55.01 %
Commercial metered	8,702	9.19 %	10,885,539	13.62 %
Other <sup>(2)</sup>	3,965	4.19 %	11,031,924	13.81 %
Wholesale	2	— %	3,748,276	4.69 %
Total	94,709	100.00 %	\$ 79,911,614	100.00 %
2012				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	7,699	8.16 %	\$ 10,899,330	14.26 %
Residential metered	73,836	78.29 %	41,476,536	54.25 %
Commercial metered	8,695	9.22 %	10,473,659	13.70 %
Other <sup>(2)</sup>	4,088	4.33 %	10,129,233	13.25 %
Wholesale	2	— %	3,473,100	4.54 %
Total	94,320	100.00 %	\$ 76,451,858	100.00 %

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

<sup>(1)</sup> Water Revenues are revenues that are billed and estimated for the fiscal year periods. Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

<sup>(2)</sup> Includes non metered private fire protection services located on the premises of commercial and some residential customers.

**Truckee Meadows Water Authority**  
**Schedule No. 14 - Schedule of Insurance Coverage**  
**June 30, 2021**

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2020 to 6/11/2021	Blanket limit of \$250,000,000 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$25,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2020 to 6/11/2021	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000 Inland Marine Physical Damage \$1,014,750. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2020 to 6/11/2021	First Layer Excess Liability limit of \$10,000,000.
	Travelers Insurance Company	6/11/2020 to 6/11/2021	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2020 to 6/11/2021	Fully insured for statutory limits under Workers' Compensation with no deductible. Policy also provides \$1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/2020 to 6/11/2021	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2020 to 6/11/2021	Employee Theft/Forgery or Alteration Computer Fraud/ Funds Transfer Fraud \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance \$1,000,000.
	Zurich		Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Ace American Insurance Company	6/11/2020 to 6/11/2021	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption \$4,000,000. Crisis Management Expenses \$1,000,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2022	Ransom, In-Transit Delivery, Expenses, Judgements, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000

Truckee Meadows Water Authority  
Schedule No. 15 - Authorized Full-Time Equivalent Employees by Department <sup>(1)</sup>  
Last Ten Fiscal Years <sup>(2)</sup>

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	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Administration/IT	32	33	30	28	25	28	22	20	18	20
Supply/Treatment Operations	48	48	44	40	40	32	30	31	26	27
Distribution Maintenance	72	71	71	65	65	63	62	48	45	44
Hydroelectric	7	8	7	7	7	6	6	6	7	8
Customer Service/Conservation	23	26	23	23	25	25	24	20	26	33
Water Planning/Resources	19	15	15	15	17	19	19	13	15	12
Engineering/Construction	30	30	31	28	25	24	23	14	15	11
Total Authorized Employees	<u>231</u>	<u>231</u>	<u>221</u>	<u>206</u>	<u>204</u>	<u>197</u>	<u>186</u>	<u>152</u>	<u>152</u>	<u>155</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

<sup>(1)</sup> Source - Truckee Meadows Water Authority Budget

<sup>(2)</sup> The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions at year end.

12-07-21 BOARD Agenda Item 7  
**Truckee Meadows Water Authority**  
 Schedule No. 16 - Current and Historical Water Rates  
 Last Ten Fiscal Years

Fiscal Year																								
2021			2020			2019			2018			2017			2016			2015*			2014	2013	2012	
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID				
Customer Charges by Meter Size																								
3/4"	20.16	18.95	10.32	19.67	18.49	10.07	19.67	18.49	10.07	19.67	18.49	10.07	19.10	17.95	9.77	18.54	17.43	9.49	18.54	17.43	9.49	18.54	17.12	17.12
1"	22.18	24.38	12.63	21.64	23.79	12.32	21.64	23.79	12.32	21.64	23.79	12.32	21.01	23.09	11.96	20.40	22.42	11.61	20.40	22.42	11.61	20.40	18.80	18.80
1 1/2"	25.23	34.87	17.91	24.61	34.02	17.47	24.61	34.02	17.47	24.61	34.02	17.47	23.90	33.03	16.96	23.20	32.07	16.47	23.20	32.07	16.47	23.20	21.40	21.40
2"	29.25	46.49	n/a	28.54	45.36	n/a	28.54	45.36	n/a	28.54	45.36	n/a	27.71	44.04	n/a	26.90	42.76	n/a	26.90	42.76	n/a	26.90	24.80	24.80
3"	33.27	74.87	n/a	32.46	73.04	n/a	32.46	73.04	n/a	32.46	73.04	n/a	31.52	70.92	n/a	30.60	68.85	n/a	30.60	68.85	n/a	30.60	28.20	28.20
4"	38.27	109.65	n/a	37.34	106.98	n/a	37.34	106.98	n/a	37.34	106.98	n/a	36.26	103.87	n/a	35.20	100.84	n/a	35.20	100.84	n/a	35.20	32.50	32.50
6"	44.36	199.93	n/a	43.28	195.05	n/a	43.28	195.05	n/a	43.28	195.05	n/a	42.02	189.37	n/a	40.80	183.85	n/a	40.80	183.85	n/a	40.80	37.70	37.70
Commodity Charge (all meter sizes)																								
TMWA Tier 1	1.87			1.82			1.82			1.82			1.77			1.72			1.72			1.72	1.72	1.72
TMWA Tier 2	3.02			2.95			2.95			2.95			2.86			2.78			2.78			2.78	2.78	2.78
TMWA Tier 3	3.54			3.45			3.45			3.45			3.35			3.25			3.25			3.25	3.25	3.25
WC Tier 1		2.85			2.78			2.78			2.78			2.70			2.62			2.62				
WC Tier 2		3.56			3.47			3.47			3.47			3.37			3.27			3.27				
WC Tier 3		4.27			4.17			4.17			4.17			4.05			3.93			3.93				
WC Tier 4		5.71			5.57			5.57			5.57			5.41			5.25			5.25				
STMGID Tier 1			1.48			1.44			1.44			1.44			1.40			1.36			1.36			
STMGID Tier 2			1.96			1.91			1.91			1.91			1.85			1.80			1.80			
STMGID Tier 3			2.40			2.34			2.34			2.34			2.28			2.21			2.21			
STMGID Tier 4			2.81			2.74			2.74			2.74			2.66			2.58			2.58			
STMGID Tier 5			2.97			2.90			2.90			2.90			2.81			2.73			2.73			
Above rates are for metered single family residential service.																								
Monthly Base Rates Unmetered by Size																								
3/4"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	100.63	89.82	44.91	100.63	94.10	94.10
1"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	144.90	90.18	44.91	144.90	135.50	135.50
1 1/2"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	262.60	92.12	44.91	262.60	245.60	245.60
2"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	374.30	93.55	44.91	374.30	350.10	350.10
3"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	469.90	94.96	44.91	469.90	439.40	439.40
4"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	595.70	99.18	44.91	595.70	557.10	557.10
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Above rates are for unmetered single family residential service.																								
TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, February 2014, June 2016, May 2017, May 2018 and June 2021																								

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

**Truckee Meadows Water Authority**  
Schedule No. 17 - Selected Operating and Capital Indicators  
Last Ten Fiscal Years

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	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Miles of water mains	2,064	2,048	2,019	1,986	1,961	1,940	1,915	1,341	1,337	1,352
Number of storage tanks	96	95	95	93	93	93	93	42	42	42
Number of Finished Water Storage	2	2	2	2	2	2	2	2	2	2
Number of pump stations	115	115	114	113	113	121	112	93	94	95
Number of wells	99	99	100	82	81	79	86	32	32	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	34.5	37.5	37.5	37.5	37.5
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	90.0	95.0	95.0	95.0	95.0
Longley Lane	3.6	3.6	3.6	3.6	—	—	—	—	—	—

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

12-07-21 BOARD Agenda Item 7  
**Truckee Meadows Water Authority**  
**Schedule No. 18 - Schedule of Changes in Debt**  
**Last Ten Fiscal Years**

	Final Maturity		Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
	Date	Authorized	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,254,482	\$ 1,543,918	\$ 1,824,283	\$ 2,095,861	\$ 2,358,926	\$ 2,613,744	\$ 2,860,578	\$ 3,099,675	\$ 3,331,277	\$ 3,555,620
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	—	—	—	—	—	—	890,000	34,795,000	35,620,000	36,415,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	—	—	—	—	—	400,000	148,415,000	148,785,000	149,140,000	149,485,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	—	—	—	—	—	214,290,000	214,800,000	215,285,000	215,745,000	216,185,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,051,184	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527	1,793,196	1,916,866	2,040,534	2,164,202
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	—	9,435,000	19,855,000	28,240,000	28,240,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	2,615,367	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013	3,981,798	4,184,928	4,381,614	4,381,614
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	3,788,098	4,670,879	5,529,367	6,364,231	7,176,120	7,965,667	8,733,487	—	—	—
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	24,290,000	25,260,000	26,185,000	27,070,000	27,920,000	28,750,000	28,750,000	—	—	—
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	1/1/2035	15,000,000	7,379,340	7,792,841	8,195,717	8,589,045	8,971,562	8,239,034	—	—	—	—
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2025	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	—	—	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	1/1/2025	147,415,000	136,880,000	147,415,000	147,415,000	147,415,000	147,415,000	—	—	—	—	—
2018 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	—	—	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	13,000,000	—	—	—	—	—	—	—	—	—
Subtotal			353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,469	438,498,425	440,426,436
Less unamortized net bond discount (premium)			(37,790,068)	(42,447,151)	(47,320,705)	(52,014,598)	(51,182,862)	(28,441,399)	(3,673,290)	(35,590)	(661,198)	(1,286,806)
Total debt before tax exempt commercial paper			391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,059	439,159,623	441,713,242
Tax-Exempt Commercial Paper		\$ 53,600,000	—	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000	95,000,000	68,000,000	68,000,000	79,400,000
Total Debt			<u>\$ 391,673,539</u>	<u>\$ 412,791,489</u>	<u>\$ 427,994,101</u>	<u>\$ 441,927,520</u>	<u>\$ 458,315,682</u>	<u>\$ 508,731,384</u>	<u>\$ 518,332,349</u>	<u>\$ 495,957,059</u>	<u>\$ 507,159,623</u>	<u>\$ 521,113,242</u>

**Truckee Meadows Water Authority**  
 Schedule No. 19 - Debt by Service Connection  
 Last Ten Fiscal Years

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	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Total Debt	\$ 353,883,471	\$ 354,344,338	\$ 357,173,396	\$ 359,912,922	\$ 323,732,820	\$ 392,489,985	\$ 419,659,060	\$ 427,921,468	\$ 438,498,425	\$ 440,426,436
Total Service Connections	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070	88,268	87,464
Debt per Service Connection	<u>\$ 2,744</u>	<u>\$ 2,769</u>	<u>\$ 2,837</u>	<u>\$ 2,906</u>	<u>\$ 2,663</u>	<u>\$ 3,277</u>	<u>\$ 3,664</u>	<u>\$ 4,804</u>	<u>\$ 4,968</u>	<u>\$ 5,036</u>

Note: Service Connections include residential and commercial connections only. Irrigation, fire protection, and wholesale connections have been excluded.

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Compliance Section

## Truckee Meadows Water Authority

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate remaining fund information of Truckee Meadows Water Authority (TMWA), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 30, 2021. The financial statements of the Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, we do not express an opinion on the effectiveness of TMWA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TMWA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
November 30, 2021

### **Auditor's Comments**

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2021, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding TMWA's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

#### **Statute Compliance**

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

#### **Progress on Prior Year Statute Compliance**

There were no potential statute violations reported in the June 30, 2020 audit report.

#### **Prior Year Recommendations**

There were no findings for the year ended June 30, 2020.

#### **Current Year Recommendations**

We noted no material weaknesses and reported no significant deficiencies in internal control for the current year.



Reno, Nevada  
November 30, 2021



**TO:** Board of Directors  
**THRU:** John Zimmerman, Assistant General Manager  
**FROM:** Michele Sullivan, Chief Financial Officer  
 Matt Bowman, Financial Controller  
**DATE:** November 29, 2021  
**SUBJECT:** **Presentation of Financial Performance for first quarter Fiscal Year 2022**

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### Summary

Please refer to Attachments A-1 and A-2 for full Statements of Revenues, Expenses and Changes in Net Position for both actual to budget and year-over-year comparisons as discussed in the report below.

### Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
<b>CHANGE IN NET POSITION</b>	<b>\$ 26,697,184</b>	<b>\$ 22,670,145</b>	<b>\$ 4,027,039</b>	<b>18 %</b>

Change in net position was \$4.0m or 18% higher than budget for Q1 2022. This was driven primarily by higher capital contributions, but also impacting the increase to a lesser extent was higher operating income, offset by higher nonoperating expenses.

### Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
<b>CHANGE IN NET POSITION</b>	<b>\$ 26,697,184</b>	<b>\$ 22,792,938</b>	<b>\$ 3,904,246</b>	<b>17 %</b>

Change in net position was \$3.9m or 17% higher than the prior year. This was due to higher capital contributions offset by lower operating income and higher nonoperating expenses.

RevenueBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	42,251,686	41,744,347	507,339	1 %
Hydroelectric Sales	535,609	733,888	(198,279)	(27)%
Other Operating Sales	1,088,343	552,549	535,794	97 %
Total Operating Revenues	43,875,638	43,030,784	844,854	2 %

Operating revenue was \$0.8m or 2% higher than budget for Q1 2022. This was driven primarily by higher water sales and other operating sales, offset by lower hydroelectric sales. Water sales were higher by \$0.5m, but only 1%, so generally consistent with budget. Other operating sales is higher due to higher late fees, new business inspection fees, and customer call-outs among other smaller increases. Many of these were lower in the prior fiscal year due to the pandemic, and the budget was set for FY 2022 in consideration of that. This category will be monitored through the balance of the year but in total, this makes up about 2% of total operating revenue. Hydroelectric revenue is lower due to the plants coming offline during the quarter due to low river flows. Following the significant precipitation at the end of October 2021, the hydroelectric plants are were back online, but were taken offline again due to low river flows in late November.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	42,251,686	41,276,508	975,178	2 %
Hydroelectric Sales	535,609	769,978	(234,369)	(30)%
Other Operating Sales	1,088,343	524,260	564,083	108 %
Total Operating Revenues	43,875,638	42,570,746	1,304,892	3 %

Total operating revenues were \$1.3m higher than Q1 of the prior year due to higher water sales and other operating sales, offset by lower hydroelectric sales. Water sales are up due to several factors including the implementation of a 2.5% rate increase in June 2021, increase in services year over year offset by slightly lower consumption. As stated above, hydroelectric sales were lower due to the plants going offline in Q1 2022 because of low river flows. Other operating sales were higher due to changes resulting from the pandemic, including late fees (late fees were not charged for a portion of Q1 2021) and customer service call-outs.

Operating ExpensesBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	6,357,935	6,833,826	(475,891)	(7)%
Employee Benefits	2,684,483	3,065,858	(381,375)	(12)%
Services and Supplies	9,422,436	9,327,576	94,860	1 %
Total Operating Expenses Before Depreciation	18,464,854	19,227,260	(762,406)	(4)%
Depreciation	8,315,885	8,558,530	(242,645)	(3)%
Total Operating Expenses	26,780,739	27,785,790	(1,005,051)	(4)%

Total operating expenses were \$1.0m lower (4%) than budget for Q1 2022. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies are 1% over budget, but when adjusted for timing related expenses, this category is actually closer to 4% under budget.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	6,357,935	5,764,424	593,511	10 %
Employee Benefits	2,684,483	2,553,203	131,280	5 %
Services and Supplies	9,422,436	8,826,465	595,971	7 %
Total Operating Expenses Before Depreciation	18,464,854	17,144,092	1,320,762	8 %
Depreciation	8,315,885	8,280,262	35,623	— %
Total Operating Expenses	26,780,739	25,424,354	1,356,385	5 %

Year over year operating expenses were \$1.4m higher than Q1 of the prior year. Cost of living increases, step increases, and additions to staff during FY 2021 and in the first quarter of FY 2022 led to the increase in salaries and wages and employee benefits. The increase to services and supplies was due primarily to the ongoing feasibility study in Palomino Valley, where drilling took place in Q1 2022 to assess the hydrogeologic characteristics for a long-term aquifer storage and recovery site.

Non-Operating ExpensesBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	512,119	645,972	(133,853)	(21)%
Net Increase (Decrease) in FV of Investments	(443,792)	—	(443,792)	— %
Gain (Loss) on Disposal of Assets	—	(187,500)	187,500	(100)%
Amortization of Bond/note Issuance Costs	801	(33,250)	34,051	(102)%
Interest Expense	(2,980,502)	(2,970,153)	(10,349)	— %
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,544,931)	(366,443)	14 %

Nonoperating expenses were \$0.4m higher than budgeted for Q1 2022. The primary driver was a loss on fair value of investments, which is caused when the value of investments held (based on the coupon rate) is lower than current market value of the same investment. Five and ten year treasury yields have increased slightly in calendar year 2021 which lowers the fair value of investments held at lower rates. Investment earnings are also lower than budget due the amortization of investment premiums which have not been historically considered in the investment income budget. Investment return approximated budget for Q1.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	512,119	738,928	(226,809)	(31)%
Net Increase (Decrease) in FV of Investments	(443,792)	(386,631)	(57,161)	15 %
Gain (Loss) on Disposal of Assets	—	—	—	— %
Amortization of Bond/note Issuance Costs	801	(52,484)	53,285	(102)%
Interest Expense	(2,980,502)	(3,066,607)	86,105	(3)%
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,766,794)	(144,580)	5 %

Nonoperating expenses were higher than prior year during Q1 by \$0.1m or 5%, due primarily to the reasons stated above.

## Capital Contributions

### Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	337,500	(337,500)	(100)%
Water Resource Sustainability Program	325,628	151,792	173,836	115 %
Developer Infrastructure Contributions	6,060,770	4,544,370	1,516,400	33 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	721,012	280,392	39 %
Developer Capital Contributions - Other	2,057,232	2,340,075	(282,843)	(12)%
Developer Facility Charges (Net of Refunds)	3,068,625	1,825,333	1,243,292	68 %
Contributions from Others	—	—	—	— %
Net Capital Contributions	12,513,659	9,970,082	2,543,577	26 %

Capital contributions were \$2.5m higher than budget for Q1 2022. This was driven primarily by higher developer infrastructure contributions and higher developer facility charges. Infrastructure contributions reflect assets constructed by developers and inspected and mapped by TMWA. The timing of the recognition of these assets can vary from quarter to quarter and it's likely the amount recognized in Q1 2022 will be higher than in subsequent quarters. We expect this line item to approximate budget for the full fiscal year. Developer facility charges include supply and treatment and storage fees paid by developers. During the quarter the volume of projects with supply and treatment was consistent with expectations, but there were larger individual projects which drove this increase.

### Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	—	—	— %
Water Resource Sustainability Program	325,628	137,148	188,480	137 %
Developer Infrastructure Contributions	6,060,770	3,520,843	2,539,927	72 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	362,645	638,759	176 %
Developer Capital Contributions - Other	2,057,232	1,899,175	158,057	8 %
Developer Facility Charges (Net of Refunds)	3,068,625	2,318,928	749,697	32 %
Contributions from Others	—	174,601	(174,601)	(100)%
Net Capital Contributions	12,513,659	8,413,340	4,100,319	49 %

Year over year, capital contributions are \$4.1m or 49% higher in Q1 than the prior year. Driving most of this increase is developer infrastructure contributions which were \$2.5m more than prior year in Q1. As stated above, these can fluctuate quarter to quarter as projects reach completion and are inspected and mapped by TMWA. Developer will-serves also contributed to the increase. In Q1 of the prior year there was less than usual will-serve contributions. FY 2021 finished with \$4.2m and the full year budget for FY 2022

was \$2.9m. Developer facility charges (primarily supply and treatment) also contributed to the variance from the prior year. The volume of projects with contributions was within 1% in Q1 2022 vs. Q1 2021, however, the average amount per project went up by 26%, simply indicating larger dedications of water. At the current fee, there was approximately 353 GPM and 283 GPM allocated in Q1 2022 and 2021, respectively.

### Capital Spending

Cash spent on capital outlays and construction projects during the first quarter was approximately \$6.3m. Total budgeted capital spend for fiscal year 2022 is \$60.1m. Spending on the top three projects for the quarter is below -

Disk Drive BPS	\$2.1m
Caughlin 5 Pressure Zone Looping	\$0.8m
Verdi Hydroelectric Main Extension	\$0.5m

### Cash Position

At September 30, 2021 total cash on hand was \$230.4m or \$0.8m higher than at the beginning of the fiscal year. Of the total cash on hand, \$171.3m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$59.1m was restricted to pay for scheduled bond principal and interest payments as well as maintaining required reserves as stipulated in our bond covenants.

# Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position  
For the first quarter ended September 30, 2021

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	\$ 42,251,686	\$ 41,744,347	\$ 507,339	1 %
Hydroelectric Sales	535,609	733,888	(198,279)	(27)%
Other Operating Sales	1,088,343	552,549	535,794	97 %
Total Operating Revenues	43,875,638	43,030,784	844,854	2 %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	6,357,935	6,833,826	(475,891)	(7)%
Employee Benefits	2,684,483	3,065,858	(381,375)	(12)%
Services and Supplies	9,422,436	9,327,576	94,860	1 %
Total Operating Expenses Before Depreciation	18,464,854	19,227,260	(762,406)	(4)%
Depreciation	8,315,885	8,558,530	(242,645)	(3)%
Total Operating Expenses	26,780,739	27,785,790	(1,005,051)	(4)%
<b>OPERATING INCOME</b>	<b>17,094,899</b>	<b>15,244,994</b>	<b>1,849,905</b>	<b>12 %</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	512,119	645,972	(133,853)	(21)%
Net Increase (Decrease) in FV of Investments	(443,792)	—	(443,792)	— %
Gain (Loss) on Disposal of Assets	—	(187,500)	187,500	(100)%
Amortization of Bond/note Issuance Costs	801	(33,250)	34,051	(102)%
Interest Expense	(2,980,502)	(2,970,153)	(10,349)	— %
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,544,931)	(366,443)	14 %
Gain (Loss) Before Capital Contributions	14,183,525	12,700,063	1,483,462	12 %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	337,500	(337,500)	(100)%
Water Resource Sustainability Program	325,628	151,792	173,836	115 %
Developer Infrastructure Contributions	6,060,770	4,544,370	1,516,400	33 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	721,012	280,392	39 %
Developer Capital Contributions - Other	2,057,232	2,340,075	(282,843)	(12)%
Developer Facility Charges (Net of Refunds)	3,068,625	1,825,333	1,243,292	68 %
Contributions from Others	—	50,000	(50,000)	(100)%
Net Capital Contributions	12,513,659	9,970,082	2,543,577	26 %
<b>CHANGE IN NET POSITION</b>	<b>\$ 26,697,184</b>	<b>\$ 22,670,145</b>	<b>\$ 4,027,039</b>	<b>18 %</b>

# Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position  
For the first quarter ended September 30, 2021

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	\$ 42,251,686	\$ 41,276,508	\$ 975,178	2 %
Hydroelectric Sales	535,609	769,978	(234,369)	(30)%
Other Operating Sales	1,088,343	524,260	564,083	108 %
Total Operating Revenues	43,875,638	42,570,746	1,304,892	3 %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	6,357,935	5,764,424	593,511	10 %
Employee Benefits	2,684,483	2,553,203	131,280	5 %
Services and Supplies	9,422,436	8,826,465	595,971	7 %
Total Operating Expenses Before Depreciation	18,464,854	17,144,092	1,320,762	8 %
Depreciation	8,315,885	8,280,262	35,623	— %
Total Operating Expenses	26,780,739	25,424,354	1,356,385	5 %
<b>OPERATING INCOME</b>	<b>17,094,899</b>	<b>17,146,392</b>	<b>(51,493)</b>	<b>— %</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	512,119	738,928	(226,809)	(31)%
Net Increase (Decrease) in FV of Investments	(443,792)	(386,631)	(57,161)	15 %
Gain (Loss) on Disposal of Assets	—	—	—	— %
Amortization of Bond/note Issuance Costs	801	(52,484)	53,285	(102)%
Interest Expense	(2,980,502)	(3,066,607)	86,105	(3)%
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,766,794)	(144,580)	5 %
Gain (Loss) Before Capital Contributions	14,183,525	14,379,598	(196,073)	(1)%
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	—	—	— %
Water Resource Sustainability Program	325,628	137,148	188,480	137 %
Developer Infrastructure Contributions	6,060,770	3,520,843	2,539,927	72 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	362,645	638,759	176 %
Developer Capital Contributions - Other	2,057,232	1,899,175	158,057	8 %
Developer Facility Charges (Net of Refunds)	3,068,625	2,318,928	749,697	32 %
Contributions from Others	—	174,601	(174,601)	(100)%
Net Capital Contributions	12,513,659	8,413,340	4,100,319	49 %
<b>CHANGE IN NET POSITION</b>	<b>\$ 26,697,184</b>	<b>\$ 22,792,938</b>	<b>\$ 3,904,246</b>	<b>17 %</b>



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** Mark Foree, General Manager  
**FROM:** John Enloe, Director, Natural Resources  
Stef Morris, Water Resources Manager  
Matt Bowman, Financial Controller  
Lydia Teel, Emerging Resources Program Administrator  
**DATE:** November 30, 2021  
**SUBJECT:** **Discussion and action, and possible direction to staff regarding the approval of an Interlocal Agreement between TMWA and City of Reno on construction and operation of the American Flat Advanced Purified Water Demonstration Facility**

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### Recommendation

To authorize staff to enter an Interlocal Agreement (ILA) between TMWA and City of Reno for design and construction of the OneWater Nevada Advanced Purified Water Demonstration Project (Project) at American Flat. TMWA and City of Reno staff support the Project as a responsible and reliable tool to provide regional resource reliability and drought resiliency in conjunction with effective effluent management.

### Summary

Under previous direction from TWMA's Board of Directors and Reno's City Council, TMWA and City of Reno staff have collaborated and agreed to ILA deal points for the Project's design, construction, operation, and ongoing maintenance and replacement costs. The City of Reno approved the ILA at its November 10, 2021 meeting.

Approving this ILA does not authorize Reno and TMWA to move forward with full Project implementation, rather it approves the allocation of costs associated with the planning, design and construction and allows for the planning and design work to be completed. However, if approved, Reno City Council is considering the AECOM scope of work and agreement for preparation of a Preliminary Design Report (PDR) and 30% design at its meeting of Dec 8, 2021. The fee for this work is \$2,010,586, plus each entity's respective staff time. Pursuant to the ILA terms, these costs would be shared 30% TMWA, 70% Reno.

The Project

OneWater Nevada is a unique effort initiated by TMWA, City of Reno, University of Nevada - Reno, City of Sparks, Washoe County, Northern Nevada Water Planning Commission, Western Regional Water Commission, and the Truckee Meadows Water Reclamation Facility to evaluate and determine if the State of Nevada's recently adopted Category A+ reclaimed water quality, or advanced purified water (APW), offers regional long-range water resiliency and water supply benefits.

The potential benefits from this Project within the TMWA service area, include:

- Provide a local, reliable, drought-proof water supply;
- Reduce reliance on the Truckee River water supplies;
- Reduces groundwater demand;
- Enhance the region's water supply resiliency to help address future uncertainties of climate change, such as longer growing season, snowpack changes and runoff timing;
- Underground storage of APW to increase storage capacity and reduce water loss from evaporation;
- Allow for utilization of the expanded Reno-Stead Water Reclamation Facility (RSWRF) treatment capacity incrementally as the effluent management component is addressed.

Deal Points

1. **Total Construction Cost of Initial Facility and Pipeline: 30% TMWA / 70% Reno-**The recommended project of 1 to 2 million gallons per day, currently estimated at \$100m.
2. **Construction Cost of Future Effluent Reuse Transmission Main (Red Rock Reservoir Option): 100% Reno-** Additional pipeline for future Category A reclaimed water reuse transmission main, estimated at \$15m.
3. **Ongoing O&M costs: 50% TMWA / 50% Reno**
  - a. This includes the following components: Coagulation, Flocculation, Clarification Process, Transfer Pump Station, APW Facility unit processes, Export Pump Station, APW Polishing Facility, Injection Wells, Extraction Wells and associated appurtenances, American Flat Farm, American Flat Farm irrigation holding pond and irrigation facilities, Demonstration Center (O&M only), Permit Fees, Public Outreach, and Administration. Annually estimated at \$1.7m.
4. **Revenue from future sale of water rights: 40% TMWA / 60% Reno**
  - a. Water rights generated by the Project have an estimated value of \$40,000+/acre foot and the planned treated water volume will create approximately 2,000 acre feet for potential revenue in excess of \$80m.
5. **Replacement Cost for facilities (estimated average useful life is 30+ years):**
  - a. TMWA responsibility

- i. All APW Facility unit processes downstream of the Transfer Pump Station
  - ii. Export Pump Station
  - iii. APW Polishing Facility
  - iv. Injection Wells
  - v. Extraction Wells and associated appurtenances
- b. Reno responsibility:
  - i. Coagulation, Flocculation, Clarification process
  - ii. Transfer Pump Station
  - iii. Portions of the American Flat Farm utilized for City purposes, and not related to the APW Facilities, treatment, injection, extraction and management of A+ water
- c. Shared 50/50 responsibility between Reno and TMWA:
  - i. American Flat Farm (during prove-up period)
  - ii. American Flat Farm irrigation holding pond and irrigation facilities (during prove-up period)
  - iii. Any portions of the American Flat Farm, including irrigation holding pond and irrigation facilities still required for disposal of extracted water or disposal of other flush water, backwash water or other similar, after the prove-up period has ended

**6. Other Considerations:**

- a. TMWA to administer design and construction of project from 30% design forward, including Construction Manager at Risk (CMAR), at 70/30 cost share, City of Reno and TMWA respectively.
- b. Proceeds of grants to be apportioned according to initial construction cost share of 70/30, City of Reno and TMWA respectively.
- c. Administration costs for design, project management, grants, design review, CMAR Administration to be included in overall project costs and internal cost tracking to be described within the ILA.
- d. It is the intent of this agreement that RSWRF will continue to discharge to Swan Lake as needed for operational purposes as per the existing discharge permit with Nevada Department of Environmental Protection (NDEP).

The cost and revenue allocations were developed to result in a commensurate financial burden to each entity based on the Project's benefits to each entity. Based on the City of Reno's more urgent need for an effluent management solution, and TMWA's longer range need for water resiliency and diversifying its water portfolio, construction costs, ongoing operations and maintenance costs and associated water rights revenues were considered in the ILA's financial analysis.

Financial Impact

TMWA's share of estimated construction costs, operating costs and water rights revenue, result in a net cash outlay which will be paid for by the following items –

- Water Resource Sustainability Program
  - Initial funding - \$5m
  - Annual funding through FY 2026 (100% of proceeds; \$1.6m/year)
  - Annual funding through FY 2050 (50% of proceeds; \$0.4m/year)
- Water Service Facility fees (Supply & Treatment)
  - \$755/gallons per minute (gpm)

While there will be benefits shared across the service territory, including for existing customers, the Project is expected to have little to no financial impact on existing rate payers. TMWA has adequate cash balances to fund the project up front with reimbursement throughout construction and operation from City of Reno for their cost share portion as stated above. TMWA does not intend to issue new debt to finance the Project.

It should be noted that TMWA and City of Reno staff are aggressively pursuing funding opportunities for the Project to offset planning, design, and construction costs. The financial information provided above is conservative because it does not consider the opportunity to receive grants or other funding mechanisms. There are currently several state and federal options. Staff believes this Project meets many qualifications for federal award programs given the unique nature of the Project, multiple stakeholders, and broad regional benefits. Specifically, drought resiliency, climate change, potable reuse, and new water supply are commonly considered when awarding federal and state financial assistance.

Attachments

ILA

**INTERLOCAL AGREEMENT FOR THE  
ADVANCED PURIFIED WATER FACILITY PROJECT AT AMERICAN FLAT**

This Interlocal Agreement dated as of the last date executed by the Parties below (Effective Date) is between the Truckee Meadows Water Authority, a joint powers authority under the laws of the State of Nevada (TMWA) and the City of Reno, a municipal corporation (Reno). TMWA and Reno may be referred to under this Agreement individually as a Party or collectively as the Parties.

**RECITALS**

**A.** NRS 277.180 provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which any public agency, entering into the contract, is authorized to perform.

**B.** TMWA is a public purveyor of water service within Reno, Sparks, and portions of Washoe County, Nevada and is interested in using advanced purified water and constructing the facility.

**C.** Reno is in need of a mechanism for effluent management for the Reno Stead Water Reclamation Facility (“RSWRF”) and in constructing the facility for this purpose. The Parties desire to provide additional flexibility for effluent management while developing a local, reliable, droughtproof water source and recharging the groundwater aquifer at the America Flat site for long-term banking.

**D.** The Parties desire to enter this Agreement for purposes of outlining each of their respective obligations and responsibilities regarding the design, construction, and operation of the OneWater Nevada Advanced Purified Water Facility at American Flat as it is described in the May 2021 Basis of Design Report (hereinafter referred to as “Project”) and their desire to work together and cooperatively on the Project.

**E.** The Project involves improvements at the Reno Stead Water Reclamation Facility, a new Advanced Purified Water Facility (“APWF”), the Advanced Purified Water (“APW”) export pump station, a conveyance pipeline, polishing facility and injection, monitoring, and extraction wells. The Project components are described in the May 2021 Basis of Design Report (“BODR”) prepared by AECOM and further described in the October 8, 2021, Proposal for the Project’s preliminary design report, 30 percent design, and environmental studies.

**AGREEMENT**

NOW THEREFORE, in consideration of the forgoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. PURPOSE AND INTENT.**

The purpose of this Agreement is to document the Parties respective obligations as it relates to the Project's planning and design, construction, future operation and maintenance costs and cost share for receipt of revenue from future sale of water rights.

**2. RESPONSIBILITIES AND COST SHARE.**

a. Costs

- i. The total estimated planning, design Project costs for a 2 million gallons per day Project are \$103 million. Exhibit 1 summarizes the estimated planning, design, and construction costs.
- ii. The Project does not include the Effluent Reuse Transmission Main at Red Rock Reservoir estimated at \$15 million.
- iii. The operation and maintenance costs are estimated to be \$1.74 million annually.

b. Cost Share

- i. Reno will pay for 70% of the planning and design and construction costs and TMWA will pay for 30% of the planning and design and construction costs.
- ii. Reno will solely be responsible for the planning, design, construction, operation and maintenance, and replacement costs for the Effluent Reuse Transmission Main at Red Rock Reservoir.
- iii. The Parties will equally share ongoing Project operation and maintenance costs. The operation and maintenance activities and estimated costs are described in the BODR. In the event that future operational modifications or regulatory requirements increase the operation and maintenance by more than 10 percent from the \$1.74 million annually or require upgrades or expansion of the facilities, the Parties agree to meet and discuss whether any changes in the cost allocation should be made.
- iv. Replacement Cost for the Project facilities will be as follows:
  - i. TMWA will have responsibility for all APWF unit processes downstream of the transfer pump station excluding the transmission main to the APWF. These facilities include the APWF building, export pump station and transmission main, APW polishing facility, injection wells, and extraction wells and associated appurtenance related to injection of A+ water.
  - ii. Reno will have responsibility for all RSWRF unit processes including the Transfer Pump Station. These facilities include coagulation, flocculation, clarification process, transfer pump station, transmission main to the

APWF, and portions of the American Flat Farm utilized for direct irrigation purposes of category A treated effluent.

iii. The Parties will equally share costs related to:

1. American Flat Farm during the time that the Project begins injecting A+ water, extracting it, and irrigating the American Flat Farm until necessary permits are obtained allowing for indirect potable reuse (“Prove Up Period”);
2. American Flat Farm irrigation holding pond and irrigation facilities during Prove Up Period; and
3. Any portions of the American Flat Farm, including irrigation holding pond and irrigation facilities required for disposal of extracted water or disposal of other flush water, backwash water or other similar water, after the Prove Up Period has ended.

iv. The following previously incurred or to be incurred costs are considered Project costs subject to the reimbursement provisions in this Agreement. These costs will not exceed \$800,000, unless the parties meet and agree to increase these costs.

1. Invoices from NSHE Board of Regents for work related to analysis of biological growth and clogging mechanisms, and geochemical characterization of arsenic mobilization;
2. Invoices from AECOM related to technical assistance;
3. Invoices from Gutierrez Consultants related to technical assistance for the feasibility study and funding strategies;
4. Invoices from Jacobs Engineering related to technical assistance;
5. Invoices for pilot testing of filtration and DAF system; and
6. Other purchases or contracts necessary during the planning and design period.

v. Upgrade Costs

- i. If upgrade costs are required, the Parties agree to meet and agree to an equitable cost division.

c. Invoicing

- i. The Parties agree to invoice quarterly and timely pay Project costs consistent with this Agreement. All invoices will include appropriate back up, including but not limited to any consultant invoices, and labor reports, including direct labor and overhead. Reno will provide TMWA a report of any costs incurred directly by Reno to the Project consistent with the form and schedule shown in Exhibit 2. TMWA will invoice Reno consistent with the schedule and formula shown in Exhibit 2. The Parties agree that direct labor and overhead costs are estimated to be 7 percent of the Project costs. If direct labor and overhead exceed 7 percent of the Project costs, the Parties will meet to discuss whether an adjustment to the cost allocation of this Agreement should be made.

d. Coordination

- i. Reno will be responsible for directing the design work up to a draft 30 percent submittal. During that period, Reno will confer with TMWA to include TMWA's facility requirements, design comments and schedule comments into the design.
  - ii. TMWA will be responsible for directing the remaining design work for the Project. During that period, TMWA will confer with Reno to include Reno's facility requirements, design comments and schedule comments into the design.
  - iii. TMWA will be responsible for directing and contracting for Project construction.
  - iv. The Parties agree that coordination and communication are imperative during the design process. The Parties agree to separately document the timeline and deliverables, as well as reasonable review time, for the design and planning process. This document will also define what can be invoiced as overhead as described in section c i.
  - v. In the event the total Project costs are estimated to exceed \$103 million by plus or minus 3 percent or time delays of more than 3 months from the timeline developed in subsection d iv, the Parties agree to meet and discuss how to proceed and whether any changes in the cost allocation should be made.
- e. Any federal, state, or other grant funds or loan forgiveness obtained for the Project costs outlined in this Agreement will be apportioned 70% to Reno and 30% to TMWA, consistent with the initial construction cost share. If federal, state, or other grant funds are made available for the Project, the Parties agree to ensure that any requirements of the funding are met.

**3. REVENUE FROM FUTURE SALE OF WATER RIGHTS.**

Revenue from water rights generated by the Project will be distributed to the Parties as follows: 60% to Reno and 40% to TMWA. Details regarding the accounting and distribution of funds generated from water rights will be negotiated in the Operating Agreement described in Section 4.

**4. ADMINISTRATION AND OPERATION AGREEMENT.**

The Parties agree to negotiate in the year 2022 an administration and operating agreement for the operation of the Project. The administration and operating agreement will cover the Parties responsibilities and obligations for the collaborative operation of the facilities, including but not limited to permit compliance, reporting, public communications and budgeting, as well as collection system source water quality considerations, RSWRF effluent flow quality supplied to the Project, timing and capacity of flow from the transfer pump station to the APWF, and related matters.

## **5. INDEMNIFICATION.**

Subject to the limitations of Chapter 41 of the Nevada Revised Statutes, each party agrees to indemnify, defend and hold harmless the other party from and against any liability including, but not limited to, property damage and personal injury or death, proximately caused by the negligent acts or omissions of its officers, agents and employers arising out of the performance of this Agreement. Contract liability of the Parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in this Agreement or any incorporated attachments.

## **6. MISCELLANEOUS PROVISIONS**

6.1 This Agreement is binding upon and inures to the benefit of the Parties and their respective heirs, estates, personal representatives, successors and assigns.

6.2 This Agreement is made in, and shall be governed, enforced and construed under the laws of the State of Nevada

6.3 This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof, and supersedes and replaces all prior understandings and agreements, whether verbal or in writing, with respect to the subject matter hereof. This Agreement shall not be construed to provide any person or entity not a party to this Agreement with any benefits or cause of action arising from the performance of this Agreement.

6.4 This Agreement may not be modified or amended in any respect, except pursuant to an instrument in writing duly executed by the Parties.

6.5 Each Party commits to funding through the planning and design stage of the Project. Once the planning and design is completed the Parties shall endeavor to include funding for this Project in its budget. In the event any Party initially fails to appropriate or budget funds for the purposes as specified in this Agreement, each Party hereby consents to the termination of this Agreement as to such Party. In such event, the terminating Party shall notify the other Parties in writing and the Agreement will terminate as to such Party on the date specified in the notice. The Parties understand that this funding out provision is required under NRS 354.626.

6.6 No delay or omission by any Party in exercising any right or power under this Agreement shall impair any such right or power or be construed to be a waiver thereof, unless this Agreement specifies a time limit for the exercise of such right or power or unless such waiver is set forth in a written instrument duly executed by the person granting such waiver. A waiver of any person of any of the covenants, conditions, or agreements hereof to be performed by any other Party shall not be construed as a waiver of any succeeding breach of the same or any other covenants, agreement, restrictions or conditions hereof.

6.7 This Agreement may be executed in separate and multiple counterparts, each of which is deemed an original, but all of which taken together constitute one and the same instrument.

6.8 All notices, demands or other communications required or permitted to be given in connection with this Agreement shall be in writing, and shall be deemed delivered when personally delivered to a Party; when sent to a Party by electronic mail and same day U.S. regular mail with U.S. Postal Service Certificate of Mailing; or, if only mailed, three (3) business days after deposit in the United States mail, postage prepaid, certified or registered mail, addressed to the Parties as follows:

To TMWA: Truckee Meadows Water Authority  
Attn: John Enloe  
Director of Natural Resources Planning & Management  
1355 Corporate Blvd.  
Reno, Nevada 89502  
[jenloe@tmwa.com](mailto:jenloe@tmwa.com)

To Reno: John Flansberg  
Director of Public Works  
City of Reno  
P.O. Box 1900  
Reno, Nevada 89501  
[flansbergj@reno.gov](mailto:flansbergj@reno.gov)

6.9 This Agreement is effective on the latest date executed by the last Party to sign this Agreement below (Effective Date).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized officers the day and year written below.

TRUCKEE MEADOWS WATER AUTHORITY

APPROVED AS TO FORM:

\_\_\_\_\_  
Mark Foree, General Manager

\_\_\_\_\_  
Michael Pagni, General Counsel

Date: \_\_\_\_\_, 2021

*[Additional Signature Pages Follow]*



CITY OF RENO

ATTEST:

By: \_\_\_\_\_  
Hillary L. Schieve, Mayor

\_\_\_\_\_  
Mikki Huntsman, Reno City Clerk

Date: \_\_\_\_\_, 2021

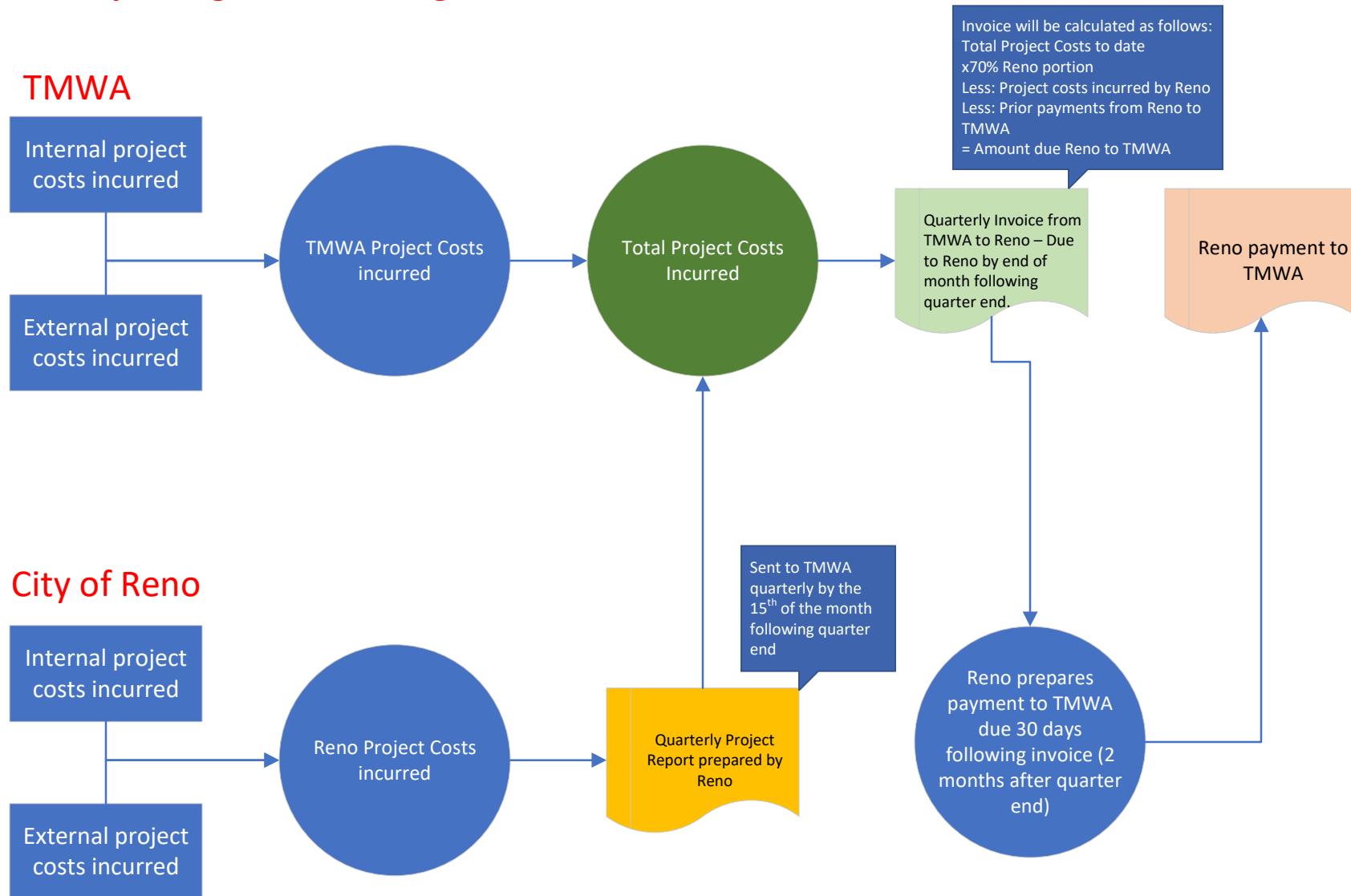
APPROVED AS TO FORM:

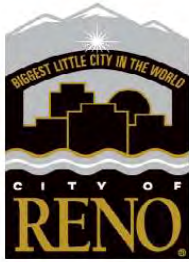
\_\_\_\_\_  
Susan Ball Rothe, Deputy City Attorney

<b>EXHIBIT 1</b>			
<b>OneWater Nevada Advanced Purified Water Facility at American Flat Project Costs</b>			
<b>2 MGD Project Components</b>	<b>Construction Cost Estimate</b>	<b>Planning, Engineering, Permitting, Project Management, CM/Testing, Controls, Project Contingency etc (% of Construction)</b>	<b>Total Component Cost</b>
CFS Pretreatment	\$ 3,000,000	32%	\$ 3,960,000
RSWRF Improvements	\$ 5,350,000	32%	\$ 7,062,000
APWF Building	\$ 27,320,000	32%	\$ 36,062,400
APW Export Pump Station and Pipeline	\$ 19,400,000	32%	\$ 25,608,000
American Flat APW Polishing Facility & ASR	\$ 22,350,000	32%	\$ 29,502,000
Other Consultant Costs			\$ 800,000
<b>Total Project Costs:</b>	<b>\$ 77,420,000</b>		<b>\$ 102,994,400</b>

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## Exhibit 2 - Reporting and Invoicing Process Flowchart





Quarterly Report	
Report Date	3/31/20xx
Period	1/1/xx-3/31/xx

Truckee Meadows Water Authority  
Attention: TMWA Finance Department  
1355 Capital Blvd.  
Reno, NV 89502  
[ar@tmwa.com](mailto:ar@tmwa.com)

### Report Summary

**Scope of Report:** This report contains all costs incurred by City of Reno at American Flat Advanced Purified Water Project in accordance with TMWA and City of Reno Interlocal Agreement covering costs incurred during the period referenced above.

#### City of Reno Third Party Costs

<Vendor name 1>	\$	1,000.00
<Vendor name 2>	\$	1,000.00

#### City of Reno Internal Costs

Wages and Benefits	\$	500.00
Overhead	\$	500.00

Total Project Costs Incurred During Period	\$	3,000.00
Project costs incurred in prior periods	\$	25,000.00
Project costs incurred in current period	\$	3,000.00
Total Project Costs incurred by City of Reno	\$	28,000.00

#### Instructions

Reno will furnish TMWA this cost report on a quarterly basis no later than the 15th of the month following a quarter end

Reno will provide all invoice copies supporting the costs contained in the report

**\*\*Excel workbook with detailed invoice listing supporting vendor summary total provided to TMWA electronically**

Reno will provide reports to support wages, benefits and overhead costs contained in the report

**Special Considerations for Grant Requirements** - There may be additional requirements for reimburseable federal grants. Examples may include check copies, more detailed payroll reports, purchasing records, etc.

Future determination of Project numbering scheme may alter template layout

#### For invoice questions please contact:

City of Reno <name> or <email>



	INVOICE
Invoice Date	3/31/20xx
Invoice Number	AMFlat - xxxx
Payment Terms	30 Days
Period	1/1/xx-3/31/xx

City of Reno  
Attention:

Invoice Summary	
<b>Scope of invoice:</b> Quarterly invoice for Project Costs at American Flat Advanced Purified Water Project in accordance with TMWA and City of Reno Interlocal Agreement covering costs incurred during the period referenced above.	
<b>TMWA Third Party Costs</b>	
<Vendor name 1>	\$ 1,000.00
<Vendor name 2>	\$ 1,000.00
<b>TMWA Internal Costs</b>	
Wages and Benefits	\$ 500.00
Overhead	\$ 500.00
<b>Project Costs incurred from City of Reno</b>	\$ 3,000.00
<b>Total Project Costs Incurred During Period</b>	<b>\$ 6,000.00</b>
<b>TMWA and City of Reno Combined Project Costs</b>	
Project costs incurred in prior periods	\$ 100,000.00
Project costs incurred in current period	\$ 6,000.00
<b>Total Project Costs</b>	<b>\$ 106,000.00</b>
Project costs allocated to TMWA (30%)	\$ 31,800.00
Project costs allocated to City of Reno (70%)	\$ 74,200.00
Less: Previous project costs paid directly by City of Reno	\$ (28,000.00)
Less: Previous payments from City of Reno to TMWA	\$ (40,000.00)
<b>Amount owed this invoice - City of Reno to TMWA</b>	<b>\$ 6,200.00</b>

**Instructions**

- TMWA will furnish City of Reno quarterly invoices by the last day of the month following each calendar quarter end
- TMWA will provide copies of invoices received and paid or payable from third parties
- TMWA will provide reports to support wages, benefits and overhead costs contained in the invoice
- Future determination of Project numbering scheme may alter template layout

**Please Remit Payment to:**  
TMWA Finance Department  
1355 Capital Blvd  
Reno, NV 89502  
[ar@tmwa.com](mailto:ar@tmwa.com)

**For invoice questions please contact:**  
Matt Bowman  
Financial Controller, TMWA  
775-834-8076  
[mbowman@tmwa.com](mailto:mbowman@tmwa.com)



## **STAFF REPORT**

**TO:** Board of Directors  
**THRU:** Mark Foree, General Manager  
**FROM:** Michele Sullivan, CFO  
Scott Estes, Director of Engineering  
Danny Rotter, Engineering Manager  
**DATE:** 7 December 2021  
**SUBJECT:** **Introduction and First Reading of amendments to TMWA Rate Schedule WSF- Water System Facility Charges and Rate Schedule BSF – Business Services Fees, revising area fee, supply and treatment, and storage unit costs**

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### **Summary:**

Facility Charges (connection fees) and New Business Fees were last updated in 2018. Staff has completed an analysis of New Business Fees and Facility Charges and is recommending revisions to Rate Schedule WSF (Water System Facility Charges) and Rate Schedule BSF (Business Services Fees) as discussed herein. In the previous update cycle, several developers complained that they were not given sufficient time to obtain approval of their projects prior to the implementation of revised Fees and Facility Charges. In consideration of these concerns, Staff provided public notice at the June TMWA Board Meeting of the proposed schedule to complete the analysis and implement potential revisions to become effective January 31, 2022.

### **Recommendation:**

Staff submits for the Board's consideration for First Reading the attached redline of TMWA's Rate Schedule WSF-Water System Facility Charges to revise and update Area Fee, Supply and Treatment, and Storage Unit Costs based on current collection of revenues and cost information. In addition, staff submits for the Board's consideration for First Reading the attached redline of TMWA's Rate Schedule BSF-Business Services Fees to revise and update application fees, engineering review fees and inspection fees based on current collection of revenues and cost information. Assuming a Second Reading and adoption of these rate adjustments at the Board's January 19, 2022 meeting, an effective date of Monday, January 31, 2022 is recommended.

### **Background:**

Rate Schedule WSF contains Area Fee and Facility Charge Unit Costs which are used to calculate fees that TMWA collects from new development to reimburse the utility for regional facility improvements installed by TMWA to meet the demands of new growth. Area Fee Unit Costs, Supply and Treatment Facility Unit Costs, and Storage Facility Unit Costs apply only to developers applying for new or expanded water service, and do not affect the costs or rates to

serve existing customers. In other words, pursuant to Board direction on customer rates: growth pays for growth.

Area Fee Unit Costs are applied on a maximum day demand and geographic basis based on the cost to expand the capacity of the water system in specific areas where growth is occurring.

The process to update the Developer Fees are as follows:

1. Utilizing the current Water Facility Plan determine if recommended improvements are still applicable and/or if new/additional improvements are required.
2. Review historical construction costs and recent bid results. Modify and/or add facility cost estimates as needed.
3. Update estimated facility costs with actual costs where applicable.
4. Update Facility Charges and Area Fees collected.
5. Update the GPM added/sold in each Area.
6. Calculate New Unit Costs:

Actual Costs Allocated to Growth	
+ Applicable Finance Charges	
+ Estimated Cost of Future Facilities	Expected Growth (GPM)
<u>- Fees Collected</u>	<u>- GPM Added/Sold</u>
= Remaining Cost of Growth	= Remaining GPM

Remaining Cost of Growth ÷ Remaining GPM = Unit Cost (\$/GPM)

Actual Fee Paid \$\$ = Unit Cost (\$/GPM) x Max Day Demand (GPM)

### **Results – WSF Fees:**

The primary factor influencing the proposed revisions are apparent construction cost increases. A list of historical facility costs is attached to this report. The construction cost increases highlighted in the table are significant and are on a level very similar to what we experienced in 2006-2007. However, to be conservative and to acknowledge COVID-19 impacts to supply chains and material prices, staff has used the construction unit costs highlighted at the bottom of the historical facility costs list to update facility construction cost estimates. Facility cost estimates include Engineering and Construction Management costs, overheads and construction contingencies to arrive at a total project cost estimate. Another component of an Area Fee is a finance charge or carrying charge to ensure that growth does pay for growth. Finance charges for the current update cycle (2018-2021) were \$2.5 million.

A summary of existing fees compared to the proposed fees is attached. The results are mixed with a few increases on the order of 88%-105%; a few decreases on the order of -3% to -22%; and the majority are increases ranging from 7%-44%. The largest increases were a result of revisions to area water facility plans resulting in additional facilities and associated costs. Other revisions such as the 36% to 44% increases in the South Truckee Meadows and Verdi simply reflect the large volume of future capacity projects with increased cost estimates. There were various reasons for the decreases in some of the Areas. For example, decreases in Areas 4 and

12 (Sparks/Spanish Springs) were a result of reallocating Sparks Feeder Main costs amongst Areas 2, 4, 5 and 12 (previously Area 12 paid the full Area 4 Fee). Similarly, the Area 3 (NW Reno) decrease was a result of a revised facility plan that benefited an additional two Areas resulting in a reduced cost allocation.

The final attachments pertaining to WSF Fees shows the impact of the proposed fee revisions on typical Single Family Residential (SFR) and Multi-Family Residential (MFR) units for several areas where the majority of growth is occurring. The average cost of a SFR unit, based on the six Areas presented, increases by \$416 and the average cost of a MFR unit increases by \$117.

One suggestion received from the NAIOP Commercial Real Estate Developers Association Governing Board was to consolidate some of our Areas. In response, staff is recommending consolidating Areas 11 (South Truckee Meadows) and 14 (STMGID West) since Area 11 already includes the old STMGID East area and both former STMGID areas benefit from the same Area 11 improvements.

In addition to Facility Charges, staff also analyzed our New Business Fees. Finance has developed new specialized reports that pull new business labor costs directly from timesheet data and new business fees collected from our finance systems. The new process provides a significant increase in accuracy for analyzing and determining new business costs.

#### **Results – BSF Fees:**

Business Services Fees are paid by new development for engineering planning and review time, water rights review time, easement and right-of-way review time, project management time and inspection time in the field during construction. In addition, there are also charges for vehicle time for inspectors and labor and equipment time to perform hot taps. The attached redline Schedule BSF provides a comparison of existing fees to the proposed fees. In summary, Engineering category fees are proposed to increase 76%; Lands/Water Rights fees are increasing 34%; and Inspection/Crew Time fees are increasing 100%. Because BSF fees are approximately 95% labor and benefit related, staff is recommending that the Board approve implementing automatic annual increases equivalent to the Labor Market Index (LMI) that is used to annually adjust wages and benefits at TMWA.

#### **Public Outreach:**

Since the initial presentation to the TMWA Board in June, staff has made a presentation to the NAIOP Governing Board; has conducted one public workshop on the evening of September 29 at TMWA corporate offices; and has presented this analysis to the TMWA Standing Advisory Committee, who recommended acceptance of the proposed changes and thanked staff for continuing to demonstrate good business practices and implementing improved new business accounting. TMWA has contacted the Builders Association of Northern Nevada (BANN) twice but has not been requested or invited to present to that group yet. Review and action by the TMWA Board is scheduled as follows:

First Reading – TMWA Board Meeting:	December 7, 2021
Second Reading – TMWA Board Meeting:	January 19, 2022
Suggested Implementation of Revised Rates:	January 31, 2022

## Truckee Meadows Water Authority

## RATE SCHEDULES

**WSF – WATER SYSTEM FACILITY CHARGES****APPLICABILITY**

Pursuant to procedures set forth in Rule 5, Applicants for new Service or Modified Service to a Service Property(ies) are subject to Water System Facility (WSF) Charges. WSF Charges are based on the Maximum Day Demand estimated in gallons per minute (GPM) by the Authority to serve the Service Property(ies) multiplied by the following Unit Costs. WSF Charges will be assessed where applicable and as identified in the Water Service Agreement.

## A. Area Facility Unit Cost by Charge Area

	<u>Charge Area</u>	<u>Old Amount</u>	<u>New Amount</u>	
0	Central Reno	\$0.00	\$ 0.00	per GPM
1	South Truckee Meadows	\$1,677.00	3,440.00	per GPM
2	Sparks-East Reno	2,627.00	2,811.00	per GPM
2A	Sparks-Inside McCarran Blvd	1,313.00	1,406.00	per GPM
3	Northwest Reno – Northgate/Mogul	3,679.00	3,258.00	per GPM
4	Sparks – Pyramid/Spanish Springs	4,483.00	4,167.00	per GPM
5	Sparks – The Vistas	7,167.00	8,179.00	per GPM
6	Sun Valley-Sullivan Pump Zones	2,311.00	4,354.00	per GPM
7	Verdi	7,916.00	11,428.00	per GPM
8	Sierra-North Virginia Pump System	9,260.00	11,199.00	per GPM
9	Lakeridge-Plumas Pump System	3,290.00	2,878.00	per GPM
10	Stead-Silver Lake-Lemmon Valley	6,279.00	6,695.00	per GPM
11	<del>South</del> east Truckee Meadows	4,232.00	5,751.00	per GPM
12	Spanish Springs	9,384.00	9,097.00	per GPM
13A	Heppner*	2,085.00	2,115.00	per GPM
14	<del>STMGID West/Thomas Creek</del>	815.00		
15	Arrowcreek/Mt. Rose**	12,942.00	14,624.00	per GPM
	Truckee Canyon	8,036.00	7,551.00	per GPM

Where a Service Property is not located within an established Charge Area described above or where the Area Facility Unit Cost for that Charge Area has not been established, applicable Area Facility Unit Costs shall be determined by Authority on a case by case basis and may include charges for on-site and off-site improvements, including Oversizing Costs, to integrate new Water System Facilities or to connect to, expand, relocate or alter existing water Facilities, determined by the Authority as necessary to facilitate annexation of the Service Property into the Authority's Retail Service Area and/or development of the Charge Area or Charge Area Unit Cost to be established, as set forth in the Annexation Agreement or Water Service Agreement between Applicant and Authority.

\* Charge Area 13A is subject to an additional charge of \$5,490.00 per lot for on-site distribution improvements.

\*\* Component of fee includes estimated costs of acquiring supplemental resource supply. Fee may be reduced to ~~\$8,641.00~~10,286.00 upon Applicant dedication of an acceptable combination of groundwater and creek water rights to satisfy supplemental conjunctive use supply as determined by the Authority pursuant to its Rule 7.

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10; 06/19/13; 10/15/14; 01/01/15; 05/21/15; 06/16/16, 10/01/19

## Truckee Meadows Water Authority

## RATE SCHEDULES

**WSF – WATER SYSTEM FACILITY CHARGES**

## B. Supply and Treatment Facility Unit Cost By Charge Area

“Supply and Treatment Facility Unit Cost” is the unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance supply/treatment improvements identified in the Authority’s facility plan.

	<u>Charge Area</u>	<u>Old Amount</u>	<u>New Amount</u>	
0	Central Reno	\$6,328.00	\$6,957.00	per GPM
1	South Truckee Meadows	6,328.00	6,957.00	per GPM
2	Sparks-East Reno	6,328.00	6,957.00	per GPM
2A	Sparks-Inside McCarran Blvd	6,328.00	6,957.00	per GPM
3	Northwest Reno – Northgate/Mogul	6,328.00	6,957.00	per GPM
4	Sparks – Pyramid/Spanish Springs	6,328.00	6,957.00	per GPM
5	Sparks – The Vistas	6,328.00	6,957.00	per GPM
6	Sun Valley-Sullivan Pump Zones	6,328.00	6,957.00	per GPM
7	Verdi	6,328.00	6,957.00	per GPM
8	Sierra-North Virginia Pump System	6,328.00	6,957.00	per GPM
9	Lakeridge-Plumas Pump System	6,328.00	6,957.00	per GPM
10	Stead–Silver Lake-Lemmon Valley*	6,328.00	6,957.00	per GPM
11	<del>South</del> east Truckee Meadows	6,328.00	6,957.00	per GPM
12	Spanish Springs	6,328.00	6,957.00	per GPM
13A	Heppner	0.00	0.00	per GPM
14	<del>STMGID-West/Thomas-Creek</del>	<del>815.00</del>		
15	Arrowcreek/Mt. Rose	0.00	0.00	per GPM
	Satellite Systems**	6,328.00	6,957.00	per GPM

\* For Area 10 growth dedicating Fish Springs groundwater resources, the Supply-Treatment Facility Unit Cost is 0 (zero).

\*\* Satellite Systems include Truckee Canyon, Stampmill, Sunrise Estates, Old Washoe Estates and Lightning W.

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10; 06/19/13; 10/15/14; 01/01/15; 05/21/15; 06/16/16, 10/01/19

# Truckee Meadows Water Authority

## RATE SCHEDULES

### WSF – WATER SYSTEM FACILITY CHARGES

#### C. Storage Facility Unit Cost By Charge Area

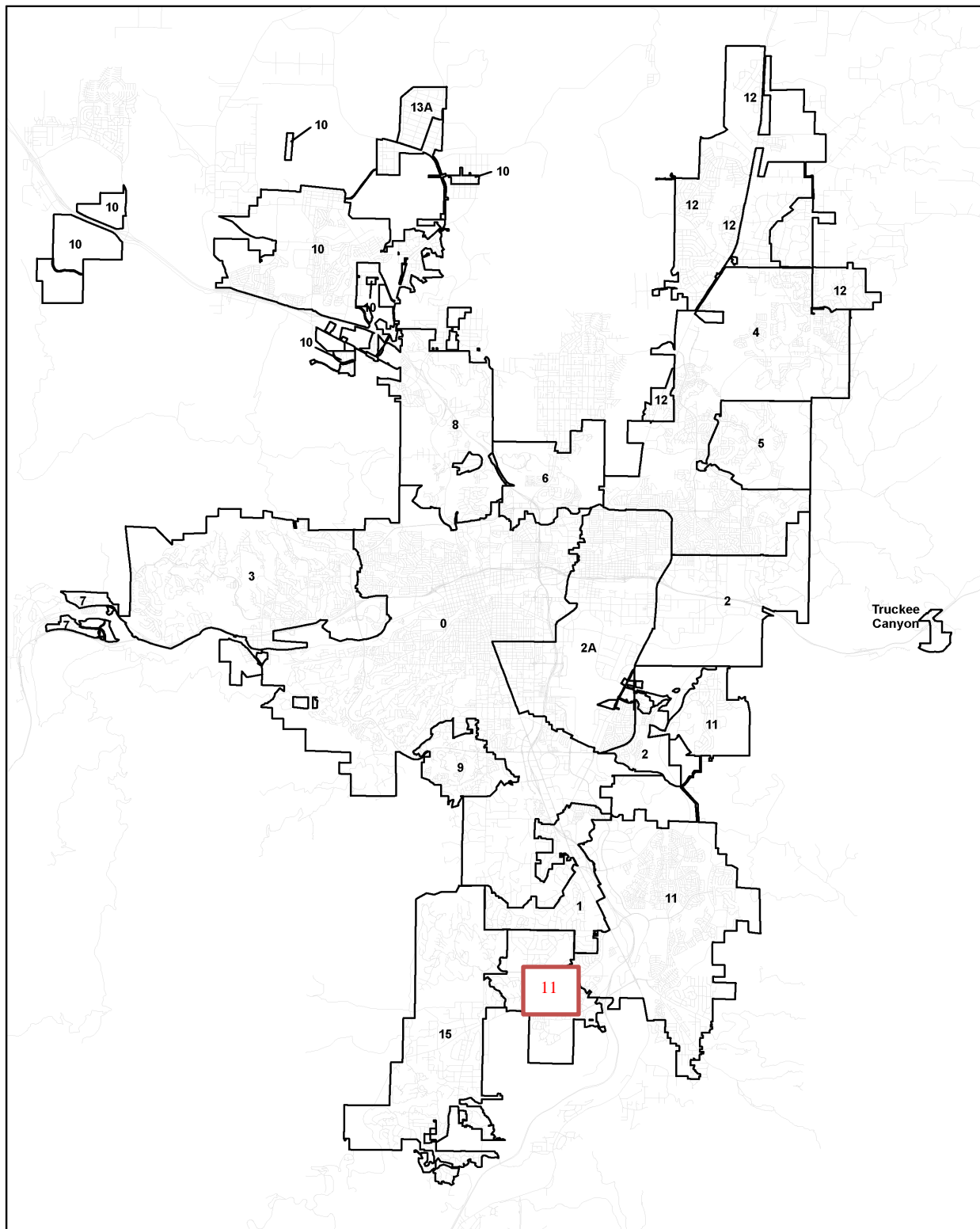
“Storage Facility Unit Cost” is the unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance storage improvements identified in the Authority’s facility plan.

	<u>Charge Area</u>	<u>Old Amount</u>	<u>New Amount</u>	
0	Central Reno	<del>\$1,658.00</del>	\$1,287.00	per GPM
1	South Truckee Meadows	<del>1,658.00</del>	1,287.00	per GPM
2	Sparks-East Reno	<del>1,658.00</del>	1,287.00	per GPM
2A	Sparks-Inside McCarran Blvd	<del>1,658.00</del>	1,287.00	per GPM
3	Northwest Reno – Northgate/Mogul	<del>1,658.00</del>	1,287.00	per GPM
4	Sparks – Pyramid/Spanish Springs	<del>1,658.00</del>	1,287.00	per GPM
5	Sparks – The Vistas	<del>1,658.00</del>	1,287.00	per GPM
6	Sun Valley-Sullivan Pump Zones	<del>1,658.00</del>	1,287.00	per GPM
7	Verdi	0.00	0.00	per GPM
8	Sierra-North Virginia Pump System	<del>1,658.00</del>	1,287.00	per GPM
9	Lakeridge-Plumas Pump System	<del>1,658.00</del>	1,287.00	per GPM
10	Stead–Silver Lake-Lemmon Valley	0.00	0.00	per GPM
11	<del>South</del> east Truckee Meadows	0.00	0.00	per GPM
12	Spanish Springs	0.00	0.00	per GPM
13A	Heppner	0.00	0.00	per GPM
14	<del>STMGID West/Thomas Creek</del>	<del>815.00</del>		
15	Arrowcreek/Mt. Rose	0.00	0.00	per GPM
	Satellite Systems	0.00	0.00	per GPM

NOTE: The following map depicts only approximate boundaries of the Charge Areas because the Authority’s distribution system undergoes frequent modification, Charge Area boundaries are subject to frequent adjustment and the exact boundaries of the Charge Areas shall be maintained by and may be adjusted from time to time by the General Manager of the Authority. The Authority attempts to keep a current map posted on its website, at [www.tmwa.com](http://www.tmwa.com); however, this map may not show sufficient detail to depict Charge Areas precisely. Pursuant to Rule 5 the Authority will determine the Charge Area and associated Area Facility charges to serve the Applicant’s Service Property(ies) at the time of application based on the most current Charge Area boundary information maintained by the General Manager of the Authority.

## Truckee Meadows Water Authority

## RATE SCHEDULES

**WSF – WATER SYSTEM FACILITY CHARGES**

Added: 01/01/15; 05/21/15; 06/16/16, 10/01/19 **REVISE MAP – CONSOLIDATE AREAS 11 & 14**

## **Truckee Meadows Water Authority**

### **RATE SCHEDULES**

#### **BSF - BUSINESS SERVICES FEES**

##### **APPLICABILITY**

In order to provide delivery of water to a particular Service Property(ies) due to the addition of new Service or Modified Service to existing water system Facilities, an Applicant is subject to the following business services fees. Business services shall mean services provided by the Authority for the benefit of Applicants for new Service or Modified Service and may include, but are not limited to, modification of an existing Service(s), system planning; design review; permitting; right-of-way or easement acquisition; water rights review; inspection; and document preparation.

##### **SPECIAL DEFINITIONS**

“Annexation” is the development of the minimum water system facility plan along with required improvements and required agreements in order to annex single family residence parcels or commercial and multi-family parcels.

“Design Report for NAC Compliance” shall mean the engineering analysis of existing and proposed water system Facilities for new subdivisions, water system planning, and/or expansion. Findings and conclusions from said studies shall be presented in report form to the Washoe County Health District (WCHD) for their approval in compliance with NAC 445A.6666 and 445A.66695. In November 2018, the Authority, NDEP and WCHD entered into an Interlocal Agreement giving Authority the responsibility for design reviews for NAC Compliance. Authority continues to perform hydraulic modeling, supply and storage capacity calculations, etc. but those results are no longer presented to WCHD unless the project is selected for audit.

“Discovery Level 1” is the development of preliminary, major off-site water system Facility requirements along with key assumptions and costs where engineering staff time will be limited to less than twelve (12) hours. Discovery 1 scope of work will be limited to projects and site locations in the Authority’s retail service area, and where extensive engineering planning and design is not required. The Applicant will receive a written description of preliminary off-site requirements and costs. In the event a project application exceeds the minimal planning/design scope of work requirements for Discovery 1, or the site is outside the Authority’s retail service area, the Authority may reclassify and treat the project as a Discovery 2.

## **Truckee Meadows Water Authority**

### **RATE SCHEDULES**

#### **BSF - BUSINESS SERVICES FEES**

"Discovery Level 2" is the same as Discovery 1, but planning and design may require over twelve (12) hours of Authority's engineering staff time.

"Hardship Letters" shall be provided upon request by an Applicant for submittal to the State Engineer responding to the Authority's ability to serve the Service Property. The letter only provides an estimate of the costs for the Authority to serve the Service Property. For Service Properties less than 500-feet from the Authority's water system Facilities, the approximate main size, length and cost will be provided. For Service Properties greater than 500-feet from Authority's water system Facilities, the letter will state that the Service Property is over 500-feet from the Authority's water system without an estimate of the costs for the Authority to serve the Service Property.

"Point of Inspection" is water system facilities and associated fittings that attach to a feeder or project main for main connections, Service Taps, Service Pipes, Meter Facilities, valves, vertical offsets, horizontal offsets and trench and backfill requirements.

Applicant shall pay the Authority the applicable Business Service Fees for processing the Application and the installation of water system Facilities necessary to serve the Applicant, shown in the following table.

#### **SPECIAL CONDITIONS**

1. Applicant's designs of water system Facilities shall be prepared by or under the direction of and wet-stamped by a Professional Engineer registered in the State of Nevada. After two submittals by Applicant to correct the designs of water system Facilities to Authority's satisfaction, Authority can charge additional, applicable Engineering and Planning Review Fees contained in this Rate Schedule.

# Truckee Meadows Water Authority

## RATE SCHEDULES

### BSF - BUSINESS SERVICES FEES

<u>Application Type &amp;/Or New Business Service</u>	<u>Engineering Analysis/Review</u>	<u>Lands or Water Resources</u>	<u>Inspection &amp;/or Crew</u>
A. Residential – Single Service including separation of shared service into single metered services (each additional separate service is a POI)	<del>\$300</del> 400 + <del>\$30-60</del> per POI	<del>\$150</del> 200	<del>\$200</del> 350 + <del>\$50-90</del> per POI
B. Commercial Service with up to 3 service taps/service lines/meter facilities (Domestic, Fire & Irrigation) - applies to applications for Industrial, Irrigation, Construction Water	<del>\$700</del> 1,400 + <del>\$30-60</del> per POI	<del>\$450</del> 600	<del>\$300</del> 550 + <del>\$150</del> 265 per POI
C. Residential – Subdivision or Multi-Family - Design Review – per final map or phase	<del>\$2,400</del> 4,700 + <del>\$30-60</del> per POI	<del>\$450</del> 600	<del>\$300</del> 550 + <del>\$150</del> 265 per POI
D. Tenant Improvement with New or Deficit Demand with no new water facilities required	<del>\$150</del> 300	\$300	
E. Main Extensions – Alone or with any service	<del>\$1,800</del> 3,500 + <del>\$30-60</del> per POI		<del>\$300</del> 550, +\$25/LF + <del>\$150</del> 265 per POI
F. Fire Hydrant or Fire Service (alone, existing main)	<del>\$300</del> 600 + <del>\$60</del> per POI	<del>\$150</del> 200	\$200
G. Additional Engineering Review	<del>\$150</del> 300		
H. Retirements and Domestic Well Conversions	<del>\$300</del> 400	<del>\$150</del> 200	<del>\$200</del> 350
I. Hot taps up to 2" – by Authority - Hot taps >2" up to 12" – by Authority - Hot taps >12" – by Licensed Specialty Contractor hired directly by Applicant			<del>\$300</del> 400 <del>\$550</del> 960 <del>\$200</del> 350
J. Pressure Regulating Stations	<del>\$1,500</del> 3,000	<del>\$150</del> 200	<del>\$7,200</del> 12,700 (insp. + setup)
K. Annexation (includes <u>Level 1</u> Discovery) <u>Annexation (includes Level 2 Discovery)</u>	<del>\$2,400</del> 4,500 <del>\$7,000</del>	<del>\$300</del> 600	
- Discovery – Level 1	<del>\$2,400</del> 4,500		
- Discovery – Level 2	<del>\$3,600</del> 7,000		
- Water Service Acknowledgement Letter	<del>\$200</del> 400		
- Hardship Letter – Parcel <500' from water system	<del>\$200</del> 500		
- Hardship Letter – Parcel >500' from water system	<del>\$150</del> 200		
L. Property & Water Rights Research & Documents - Research/verify title of non-permitted water rights, per parcel - Research/verify title of permitted water rights, per parcel - Research and establish easements, rights-of-way or fee property dedications, per parcel - Document Preparation including Will-Serve Letter, No Water Rights Required Letter, Banking Agreements, Deeds, etc.		\$350 \$200 <del>\$300</del> 400  <del>\$150</del> 200 per document	
M. Deferred WSF Fees (subdivisions only) Setup & Document - Meter Set Request, per request, groups or single	<del>\$300</del> 500 <del>\$200</del> 400		
N. ILA Audit Fee, per Residential, Commercial or Main Project (Applies to Items A, B, C, E and F)	<del>\$400</del> 200		

Added: 06/18/03 Amended: 10/01/03; 07/19/06; 01/19/12, 10/01/2019

**2021 AREA FEES & FACILITY CHARGES w/FINANCE CHARGE**

AREA FEES		6/30/2018	6/30/2021	\$\$	%
<u>Area</u>	<u>Description</u>	<u>Existing</u> <u>Fee</u>	<u>Proposed</u> <u>Fee</u>	<u>Increase or</u> <u>Decrease</u>	<u>Increase or</u> <u>Decrease</u>
1	South Virginia	\$ 1,677	\$ 3,440	\$ 1,763	105%
2	Sparks-East Reno	\$ 2,627	\$ 2,811	\$ 184	7%
2A	Sparks-East Reno - A	\$ 1,313	\$ 1,406	\$ 93	7%
3	NW Reno-Northgate	\$ 3,679	\$ 3,258	\$ (421)	-11%
4	Sparks-Spanish Springs	\$ 4,483	\$ 4,167	\$ (316)	-7%
5	Sparks-The Vistas	\$ 7,167	\$ 8,179	\$ 1,012	14%
6	Sun Valley-Sullivan	\$ 2,311	\$ 4,354	\$ 2,043	88%
7	NW Reno-Verdi	\$ 7,916	\$ 11,435	\$ 3,519	44%
8	Sierra-North Virginia	\$ 9,260	\$ 11,199	\$ 1,939	21%
9	Southwest Reno	\$ 3,290	\$ 2,878	\$ (412)	-13%
10	Stead-Silver Lk-Lemmon Vly	\$ 6,279	\$ 6,695	\$ 416	7%
11	South Truckee Meadows <sup>(1)</sup>	\$ 4,232	\$ 5,751	\$ 1,519	36%
12	Spanish Springs	\$ 9,384	\$ 9,097	\$ (287)	-3%
13A	Heppner <sup>(2)</sup>	\$ 2,085	\$ 2,115	\$ 30	1%
15	Arrowcreek/Mt Rose	\$ 12,942	\$ 14,624	\$ 1,682	13%
TC	Truckee Canyon	\$ 8,036	\$ 7,551	\$ (485)	-6%

**FACILITY CHARGES**

Supply/Treatment Unit Cost	\$ 6,328	\$ 6,957	\$ 629	10%
Storage Unit Cost	\$ 1,658	\$ 1,287	\$ (371)	-22%

**Notes:**

1. Area 11 represents a consolidation of old Area 11 + old Area 14.
2. Area 13A also pays a \$5490 fee per lot for on-site water system facilities.

## RECENT HISTORICAL FACILITY COSTS - 2021 UPDATE CYCLE

### Water Mains:

<u>Project Name</u>	<u>Year</u>	<u>Diameter</u>	<u>Length</u>	<u>Cost</u>	<u>\$/in-LF</u>	
Caughlin-Mayberry Tie	2013	20	3460	\$1,317,402	\$19.04	
Lemmon Drive	2016	24	27630	\$9,635,646	\$14.53	
North Valleys Integ.	2016	18	2550	\$798,328	\$17.39	
Stead Ph. 2	2017	20	11880	\$3,311,905	\$13.94	
Arrowcreek Prkwy	2019	16	8100	\$2,508,370	\$19.35	
Verdi Main Extn.	2019	18	2700	\$1,444,052	\$29.71	no river xing
California-Marsh	2020	24	3500	\$2,332,324	\$27.77	
Boomtown Intertie	2021	16	1660	\$795,751	\$29.96	no J&B, no BPS
<b>AVG =</b>				<b>\$21.46</b>	<b>per in-LF</b>	

### Pump Stations:

<u>Project Name</u>	<u>Year</u>	<u>(gpm)</u>	<u>Hp</u>	<u>Cost</u>	
Sutro #2	2016	2450	125	\$992,901	
Satellite Hills	2017	1500	90	\$1,748,788	
D'Andrea #3	2018	1750	240	\$1,184,438	
Gulling (K-Row#1 Repl.	2020			\$2,144,289	no pipeline costs
Disc Drive	2021			\$2,719,450	low bid + 20%, no pipeline costs
Kinglet	2021			\$1,726,000	low bid + 20%, no pipeline costs
Common (Stonegate)	2022				
<b>AVG =</b>				<b>\$1,752,644</b>	

### Wells:

<u>Project Name</u>	<u>Year</u>	<u>Hp</u>	<u>(gpm)</u>	<u>Cost</u>	<u>\$/gpm</u>	
Huffaker PI Well	2016	60	600	\$1,303,284	\$2,172	equipping only - no drilling/casing
Innovation Well	2016	100	600	\$1,941,701	\$3,236	equipping only - no drilling/casing
Double Diamond 3 Wel	2016	250	1800	\$1,733,427	\$963	equipping only - no drilling/casing
Callamont North	2023		400			
<b>AVG =</b>				<b>\$1,659,471</b>		(drilling varies from \$500K-\$1M)

### Storage Tanks:

<u>Project Name</u>	<u>Year</u>	<u>(MG)</u>	<u>Type</u>	<u>Cost</u>	<u>\$/gallon</u>	
Somersett #1	2005	2	PSC	\$2,499,281	\$1.25	
Pyramid	2007	4	STL	\$4,844,749	\$1.21	
Raleigh #3	2007	4	STL	\$3,722,356	\$0.93	
Hunter Creek Res	2008	4	STL	\$4,260,803	\$1.07	
Peavine	2018	2	STL	\$2,038,961	\$1.02	no excavation, minor sitework
STMGID East	2022	3.7	STL			not under construction yet
Caughlin #2	2023	1	STL			2 @ 500K gallons each
<b>AVG =</b>				<b>\$1.10</b>	<b>per Gallon</b>	

Ridgeview	2006	1.5	PSC	\$5,531,292	\$3.69	not included in average cost
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### **Summary - Construction Costs:**

<b>Pipeline</b>	<b>\$25</b>	<b>/dia in-LF</b>	(assume current spike is extreme)
<b>BPS</b>	<b>\$1,940,000</b>	<b>ea.</b>	(avg of Gulling & Kinglet)
<b>Wells</b>	<b>\$1,750,000</b>	<b>ea.</b>	(may be light?, Callamont coming)
<b>Tanks</b>	<b>\$1.1</b>	<b>gallon</b>	(may be light?)

## **SFR EXAMPLES**

Average Lot Size = 6000 SQ.FT.  
Max Day Demand = **0.5** GPM

	<u>Existing Fees</u>	<u>Proposed Fees</u>
Area 3 Fee =	\$ 3,679 per GPM	\$ 3,258 per GPM
Area 4 Fee =	\$ 4,483 per GPM	\$ 4,167 per GPM
Area 7 Fee =	\$ 7,916 per GPM	\$ 11,435 per GPM
Area 10 Fee =	\$ 6,279 per GPM	\$ 6,695 per GPM
Area 11 Fee =	\$ 4,232 per GPM	\$ 5,751 per GPM
Area 12 Fee =	\$ 9,384 per GPM	\$ 9,097 per GPM
Area 15 Fee =	\$ 12,942 per GPM	\$ 14,624 per GPM
Supply-Treatment =	\$ 6,328 per GPM	\$ 6,957 per GPM
Storage =	\$ 1,658 per GPM	\$ 1,287 per GPM

### **Old/Existing Fees:**

<u>Location</u>	<u>Area Fees</u>	<u>Storage Facility Charge</u>	<u>Supply - Treatment Charge</u>	<u>Total Facility Charges</u>
NW/Somersett - Area 3	\$ 1,840	\$ 829	\$ 3,164	\$ 5,833
Kiley Ranch - Area 4	\$ 2,242	\$ 829	\$ 3,164	\$ 6,235
Verdi - Area 7	\$ 3,958	\$ -	\$ 3,164	\$ 7,122
North Valleys - Area 10	\$ 3,140	\$ -	\$ 3,164	\$ 6,304
Double Diamond - Area 11	\$ 2,116	\$ -	\$ 3,164	\$ 5,280
Spanish Springs - Area 12	\$ 4,692	\$ -	\$ 3,164	\$ 7,856
Mt Rose - Area 15	\$ 6,471	\$ -	\$ -	\$ 6,471

### **New/Proposed Fees:**

<u>Location</u>	<u>Area Fees</u>	<u>Storage Facility Charge</u>	<u>Supply - Treatment Charge</u>	<u>Total Facility Charges</u>
NW/Somersett - Area 3	\$ 1,629	\$ 644	\$ 3,479	\$ 5,751
Kiley Ranch - Area 4	\$ 2,084	\$ 644	\$ 3,479	\$ 6,206
Verdi - Area 7	\$ 5,718	\$ -	\$ 3,479	\$ 9,196
North Valleys - Area 10	\$ 3,348	\$ -	\$ 3,479	\$ 6,826
Double Diamond - Area 11	\$ 2,876	\$ -	\$ 3,479	\$ 6,354
Spanish Springs - Area 12	\$ 4,549	\$ -	\$ 3,479	\$ 8,027
Mt Rose - Area 15	\$ 7,312	\$ -	\$ -	\$ 7,312

### **Proposed Fees vs. Existing Fees**

NW/Somersett - Area 3 Impact =	\$ (82)	per SFR unit decrease
Kiley Ranch - Area 4 Impact =	\$ (29)	per SFR unit decrease
No. Valleys - Area 10 Impact =	\$ 523	per SFR unit increase
Dbl Diamond - Area 11 Impact =	\$ 1,074	per SFR unit increase
Sp. Sprngs - Area 12 Impact =	\$ 171	per SFR unit increase
Mt Rose - Area 15 Impact =	\$ 841	per SFR unit increase

**Average = \$ 416**

## **MFR EXAMPLES**

Max Day Demand = **0.14** GPM

	<u>Existing Fees</u>	<u>Proposed Fees</u>
Area 3 Fee =	\$ 3,679 per GPM	\$ 3,258 per GPM
Area 4 Fee =	\$ 4,483 per GPM	\$ 4,167 per GPM
Area 7 Fee =	\$ 7,916 per GPM	\$ 11,435 per GPM
Area 10 Fee =	\$ 6,279 per GPM	\$ 6,695 per GPM
Area 11 Fee =	\$ 4,232 per GPM	\$ 5,751 per GPM
Area 12 Fee =	\$ 9,384 per GPM	\$ 9,097 per GPM
Area 15 Fee =	\$ 12,942 per GPM	\$ 14,624 per GPM
Supply-Treatment =	\$ 6,328 per GPM	\$ 6,957 per GPM
Storage =	\$ 1,658 per GPM	\$ 1,287 per GPM

### **Old/Existing Fees:**

<u>Location</u>	<u>Area Fees</u>	<u>Storage Facility Charge</u>	<u>Supply - Treatment Charge</u>	<u>Total Facility Charges</u>
NW/Somersett - Area 3	\$ 515	\$ 232	\$ 886	\$ 1,633
Kiley Ranch - Area 4	\$ 628	\$ 232	\$ 886	\$ 1,746
Verdi - Area 7	\$ 1,108	\$ -	\$ 886	\$ 1,994
North Valleys - Area 10	\$ 879	\$ -	\$ 886	\$ 1,765
Double Diamond - Area 11	\$ 592	\$ -	\$ 886	\$ 1,478
Spanish Springs - Area 12	\$ 1,314	\$ -	\$ 886	\$ 2,200
Mt Rose - Area 15	\$ 1,812	\$ -	\$ -	\$ 1,812

### **New/Proposed Fees:**

<u>Location</u>	<u>Area Fees</u>	<u>Storage Facility Charge</u>	<u>Supply - Treatment Charge</u>	<u>Total Facility Charges</u>
NW/Somersett - Area 3	\$ 456	\$ 180	\$ 974	\$ 1,610
Kiley Ranch - Area 4	\$ 583	\$ 180	\$ 974	\$ 1,738
Verdi - Area 7	\$ 1,601	\$ -	\$ 974	\$ 2,575
North Valleys - Area 10	\$ 937	\$ -	\$ 974	\$ 1,911
Double Diamond - Area 11	\$ 805	\$ -	\$ 974	\$ 1,779
Spanish Springs - Area 12	\$ 1,274	\$ -	\$ 974	\$ 2,248
Mt Rose - Area 15	\$ 2,047	\$ -	\$ -	\$ 2,047

### **Proposed Fees vs. Existing Fees**

NW/Somersett - Area 3 Impact =	\$ (23)	per MFR unit decrease
Kiley Ranch - Area 4 Impact =	\$ (8)	per MFR unit decrease
No. Valleys - Area 10 Impact =	\$ 146	per MFR unit increase
Dbl Diamond - Area 11 Impact =	\$ 301	per MFR unit increase
Sp. Sprngs - Area 12 Impact =	\$ 48	per MFR unit increase
Mt Rose - Area 15 Impact =	\$ 235	per MFR unit increase

**Average = \$ 117**



## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** Mark Foree, General Manager  
**FROM:** John Enloe, Director of Natural Resources  
Sonia Folsom, Executive Assistant  
**DATE:** November 29, 2021  
**SUBJECT:** **Presentation of Truckee River Fund Activities for Calendar Year 2021**

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### Summary

- Since the 2004 Fund inception, 193 Projects Approved by TMWA Board for Funding (By Resolution) -- Total Resolution Amount to Date: \$15.0 million
- Total Match from Grantees: \$25.2 million
- Funding available for the Spring 2022 request for proposals is approximately \$163,500
- Project Status and Tracking: *See attached TRF Project Spreadsheet – Attachment 1*

### Purpose

The purpose of this report is to provide the TMWA Board of Directors a summary of Truckee River Fund program (the Fund) activities from its 2004 inception, including a detailed summary of 2021 activities. This report will also be helpful to new Board members in getting familiar with the purpose and workings of the Truckee River Fund.

TMWA and the Board should be proud of this program and the outstanding contributions the Fund has made for the community, region, and the Truckee River watershed. Over the years, the Truckee River Fund Advisory Committee has developed a prudent and rigorous approach to the evaluation of proposals, to ensure that those recommended for approval by the TMWA Board have tangible and measurable outcomes and meet the objectives of the Fund. Through the able assistance of the Community Foundation of Western Nevada, all project proponents are required to account for funds dispersed and to provide reports on project status, success metrics and completion.

The Fund Advisory Board Committee represents the Cities of Reno and Sparks and Washoe County, where each entity appoints three representatives. The current members are:

Entity	Member	Appointed
City of Reno	Janet Phillips (Chair)	2005
	Bill Bradley	2005
	Michael Cameron	2005
City of Sparks	Candice Elder	2013
	Mike Brisbin	2006
	Jim Smitherman	2021
Washoe County	Brian Bonnenfant (Vice Chair)	2017
	Don Mahin	2016
	Terri Svetich	2020

### Program Background

As the Board may recall, the Fund was conceived and established in 2004 with the intent of supporting water quality and watershed protection projects that TMWA could not pursue on its own. Since inception, the program has evolved into an important component of TMWA's overall water quality protection program, funding projects which have directly and indirectly improved water quality within the watershed of the Truckee River.

Financially, the Fund provides significant financial leverage for watershed and source water protection projects that TMWA could not ordinarily implement or afford. To date, the Fund has collaborated with other non-profit groups and governmental agencies to support 193 projects, with a \$15.0 million contribution from the Fund (via TMWA) being matched by \$25.2 million from its partners.

On a macro basis, the Fund has supported important water quality and watershed improvement projects in the following areas:

- Invasive Species:** The introduction and proliferation of invasive species, both land-based (terrestrial) and aquatic, is a major concern for TMWA. As such, TMWA has supported projects to mitigate terrestrial and aquatic invasive plants and has funded the development and implementation of watercraft inspection programs at Lake Tahoe and nearby reservoirs to prevent the introduction of aquatic invasive species, including the quagga and zebra mussel into the waters of Lake Tahoe and nearby reservoirs, and control efforts to remove Eurasian watermilfoil from the Truckee River.
- Urbanization of the Local Watershed:** Development in the foothill areas has led to water quality concerns regarding local tributaries to the Truckee River via irrigation run-off and storm water discharges. Local tributaries upstream of TMWA's primary water treatment plants have been adversely impacted causing increased sediment, total dissolved solids (TDS) and turbidity loading. Because of this concern, the Fund has supported projects and programs that have helped to mitigate these problems.

- **Wildfires and Forest Thinning:** Wildfires are a concern for the Truckee River watershed and increase the likelihood of additional sediment and turbidity loading to the River. In response to the fires and watershed impacts, TMWA has provided grants towards recovery and rehabilitation efforts. TMWA, through the Fund, has supported forest thinning efforts designed to reduce the potential for forest fires that cause sediment run-off and impact the Truckee River, tributary creeks and water storage reservoirs.
- **Erosion due to Past Logging Operations:** Some areas of the bi-state Truckee River watershed have been impacted by past logging practices that neglected reforestation and erosion control. As a result, some of these areas have experienced erosion of old logging roads and incising of tributary creeks, which have impacted the River with increased sediment. TMWA, through the Fund, has supported projects designed and constructed to restore the watershed forest.
- **Impaired Sections of the Truckee River and its Tributaries:** In conformance with the requirements of the Clean Water Act, both the state of Nevada and state of California have developed water quality standards for the River taking into account an analysis of beneficial uses. As an outgrowth of these standards, both states have identified impaired sections of the River through establishment of 303d lists. TMWA, again through the Fund, has supported improvement projects targeting impaired sections of the River.

### 2021 Grants

In 2021 the Fund, with Board approval, provided grants to 12 projects or programs:

Project	Grantee	Description	Grant Amount	Monetary Match	In-Kind Match
245	Sierra Nevada Journeys	To continue implementing the Watershed Education Initiative (WEI) in Washoe County schools based on local issues associated with the Truckee River, such as water quality and invasive species, while empowering youth to protect and enhance the quality of the Truckee River. Significantly increase parent engagement, citizen science, and volunteer components to increase the long-term sustainability of our WEI, thereby fostering protection of the primary water source for our community.	\$31,035	\$7,765	\$ -
246	Truckee River Watershed Council	The Bear Creek Lower Meadow Restoration Project goals are to restore channel and meadow functions, enhance meadow hydrology and habitat, reduce sources of instream sediment from bank erosion, and promote aggradation within the incised channel. A primary result of the project is reduced sedimentation to the main stem of the Truckee River.	\$51,250	\$12,812.50	\$1,357,606
247	Truckee River Foundation – One Truckee River	<p><b>Project Goal 1:</b> Lead, coordinate and fundraise for the OTR partnership:</p> <ul style="list-style-type: none"> <li>Track number of OTR Partnership Council Meetings, OTR Partnership Working Groups, and small meetings with partners, other relevant agencies, and the public.</li> <li>OTR will apply for funding to further the OTR Management Plan implementation.</li> </ul> <p><b>Project Goal 3:</b> Utilize social media platforms, OTR website, and cross-promotions with OTR partners to increase the public's understanding of the Truckee River, OTR and partners' river efforts.</p> <ul style="list-style-type: none"> <li>Monthly social media content planned and executed</li> <li>3 posts boosted per month to increase OTR social media followers</li> <li>Maintain blog posts on OTR website</li> </ul>	\$196,590	\$91,425	\$ -

Project	Grantee	Description	Grant Amount	Monetary Match	In-Kind Match
248	Friends of Nevada Wilderness	The goal of the 2021 Mt. Rose Wilderness Noxious Weed Monitoring, Treatment, and Re-Seeding project is to protect the water quality of the Truckee River and its watershed by removing noxious weeds from the heavily used Hunter Creek watershed and reseeding treated areas with native seeds. With the help of volunteers, they will mitigate the spread of musk thistle ( <i>Carduus nutans</i> ), monitor known weeds sites for changes and growth, and identify any new infestations. In 2020, they expanded our weed treatment program to include re-seeding efforts as directed by the U.S. Forest Service (USFS). They look forward to continuing this effort in 2021 in addition to monitoring and removing invasive weeds.	\$16,445	\$5,000	\$5,040
249	Great Basin Outdoor School	Took on the responsibility of hosting the Lower Truckee River Snapshot Day. Their first-year goals are to achieve continuity in keeping this citizen science data collection project alive and to educate members of our community on the importance of conserving our watershed via a hands-on sampling experience while also keeping participants safe. Their Watershed Education Initiative goal during both our Spring Break Adventure Day Camp and our Summer Break Day Camp is to educate our students on the importance of protecting our watershed through hands-on lessons and activities while meeting state standards. During these programs we will also be reaching underserved students of Washoe County, providing them with the often-overlooked opportunity to attend camp while engaging in hands-on science in the outdoors.	\$15,925	\$15,003.20	\$ -
251	Sierra Nevada Journeys	Deliver high-quality, experiential watershed education programs based on water quality issues and invasive species along the urban Truckee River corridor to empower youth to take action for the protection and enhancement of the water quality of the Truckee River. During the past 12 years, Sierra Nevada Journeys' (SNJ) WEI has impacted approximately 13,366 students and 625 educators. This has been made possible thanks to the generous support of the Truckee River Fund. WEI educates students about the local watershed, including human impacts on the watershed, water quality, and watershed protection. While in-class and field-based lessons reach students and educators, WEI's additional outreach components serve to engage families and community volunteers.	\$30,055	\$7,513	\$ -

<b>Project</b>	<b>Grantee</b>	<b>Description</b>	<b>Grant Amount</b>	<b>Monetary Match</b>	<b>In-Kind Match</b>
<b>252</b>	Truckee Meadows Parks Foundation	To develop and execute a professional level Dog Waste Awareness Campaign that educates and informs Truckee Meadows community members on stewardship actions that keep dog waste out of the Truckee River watershed. The Campaign will be promoted with Facebook, Instagram, YouTube, local broadcasting, and through the Parks Foundation's already established newsletters and website.	\$60,775	\$14,950	\$26,500
<b>253</b>	One Truckee River (OTR)	OTR launched the Program's pilot in 2020/21 with funding from the Western Regional Water Commission (WRWC). The Program's pilot goal was to engage Truckee homeowners to teach about landscape design and maintenance practices that protect water quality in the Truckee River Watershed. This Program was initiated because residential parcels are increasing across the Truckee Meadows, and they have great stormwater runoff reduction potential when assessed cumulatively. They are proposing to expand the Program in three parts: <ol style="list-style-type: none"> <li>1. Marketing and branding research,</li> <li>2. Expansion of the homeowner education Program, and</li> <li>3. Development of a new branch of the Program focused on new construction</li> </ol>	\$48,000	\$10,000	\$5,055
<b>254</b>	One Truckee River (OTR)	One Truckee River's (OTR's) proposed Brodhead Park Restoration Project: Phase 1 (the Project) will plan a restoration Project at Brodhead Park (park) that will address critical issues facing the Truckee River, including impaired water quality (total dissolved solids [TDS] and temperature), erosion, wildlife habitat needs, and hydrological resiliency.	\$69,724	\$17,431	\$7,710
<b>255</b>	Keep Truckee Meadows Beautiful (KTMB)	KTMB supports a clean, invasive-weed-free community by education residents and visitors about the importance of maintaining a healthy watershed and the efficacy of removing litter and invasive weeds to do so. Local park staff report to KTMB that weed removal is often the most challenging aspect of their job. With current staff shortages, the incorporation of weed removal projects prior to weed seeding in the spring is vital and aligns perfectly with the timing of KTMB's Great Community Cleanup. KTMB's Truckee River Cleanup and Adopt-A-River Cleanups educate and engage the community about the presence of weeds, litter, and nonpoint pollution runoff in our watershed and the underlying causes of these challenges.	\$82,880	\$136,353	\$144,766

<b>Project</b>	<b>Grantee</b>	<b>Description</b>	<b>Grant Amount</b>	<b>Monetary Match</b>	<b>In-Kind Match</b>
<b>256</b>	Washoe County	The goal of the project is to improve water quality by reducing the amount of pollution in the urban Truckee River corridor through outreach, education, data collection, river clean-ups, appropriately placed sharps disposal containers and maintenance/cleaning of Portland Loo(s). This project fills the unique niche of bridging the gap between environmental concerns and homelessness.	\$219,164	\$ -	\$77,874.26
<b>257</b>	Truckee River Watershed Council	This is a planning project that seeks to reduce excess sedimentation in the Prosser Basin by addressing degradation caused by modern and historic road, trails, and associated sites. We are requesting funding to help complete the plan. The three major landowners have committed to cost sharing in the development of the plan and equally important, to implement the plan as part of their scheduled capital improvements through 2024.	\$44,000	\$ -	\$11,400

Project #	Category	Proposal Date	Grantee	Grant Description	Funded	Resolution Amount	Match - Monetary	Match - In Kind	Match total
<b>*Projects in Progress</b>			<b>* Projects not funded</b>						
<b>CATEGORY</b>									
A. Projects that improve bank/channel stabilization & decrease erosion									
B. Structural controls or Low Impact Development (LID) projects on tributaries and drainages to the TruckeeRiver where data supports evidence of pollution and/or sediments entering the Truckee River.									
C. Project that remove pollution from the Truckee River.									
D. Projects that remove or control invasive aquatic species or terrestrial invasive plant species that are adverse to water supply.									
E. Other projects that meet the evaluation criteria.									
<b>195</b>	E	Feb-18	Sierra Nevada Journeys	<b>Watershed Education Initiative</b>	148	\$46,376.00	\$12,707.00	\$15,385.00	\$28,092.00
<b>196</b>	D	Feb-18	Friends of Nevada Wilderness	<b>Mount Rose Noxious Weed Monitoring &amp; Treatment #6</b>	149	\$23,500.00	\$6,761.00	\$8,400.00	\$15,161.00
<b>197</b>	C,E	Feb-18	Truckee Meadows Park Foundation	<b>Doggie Ambassador Program</b>	no				
<b>198</b>	D	Feb-18	Desert Research Institute	<b>Determining the role of signal crayfish in the Truckee River foodweb</b>	no				
<b>199</b>	A,B,C	Feb-18	Truckee Donner Land Trust	<b>Cold Stream Meadow Road Decommissioning &amp; Restoration Project</b>	150	\$65,000.00	\$17,800.00	\$2,200.00	\$20,000.00
<b>200</b>	A,B,C	Feb-18	Truckee River Watershed Council	<b>Truckee Meadows Restoration Project- Phase 2 Construction</b>	151	\$30,000.00	\$47,750.00	-	\$47,750.00
<b>201</b>	A,B,C	Feb-18	National Forest Foundation	<b>Perazzo Meadows Watershed Restoration &amp; Erosion Control Project</b>	152	\$148,000.00	-	\$51,526.55	\$51,526.55
<b>202</b>	E	Feb-18	Mountain Area Preservation Foundation	<b>Trout Creek Pocket Park Stewardship &amp; Service Learning Program</b>	no				
<b>203</b>	A,C,E	Feb-18	Nevada Land Trust	<b>One Truckee River: Watershed Management &amp; Source Protection Plan &amp; OTR Partnership Support</b>	153	\$173,580.00	\$99,780.00	\$144,000.00	\$243,780.00
<b>204</b>	C,D	Aug-18	Keep Truckee Meadows Beautiful	<b>2019 Spring Invasive Weed Pull &amp; Fall Truckee River Cleanup</b>	154	\$31,640.00	\$14,500.00	\$83,272.00	\$97,772.00
<b>205</b>	E	Aug-18	Sierra Nevada Journeys	<b>Watershed Education Initiative</b>	155	\$36,207.00	\$2,917.00	\$12,238.00	\$15,155.00
<b>206</b>	D,E	Aug-18	Truckee Meadows Parks Foundation	<b>Truckee Meadows Nature Study Area Project: Planning Phase</b>	156	\$38,400.00	\$74,968.00	-	\$74,968.00
<b>207</b>	C	Aug-18	City of Reno	<b>2nd Truckee River Cleanup Crew</b>	no				
<b>208</b>	E	Aug-18	The Nature Conservancy of Nevada	<b>Truckee River Watershed Forest Restoration</b>	157	\$57,826.00	\$57,152.28	-	\$57,152.28
<b>209</b>	A,B,C	Aug-18	Truckee River Watershed Council	<b>Restoration Projects: Donner Creek &amp; Dry Creek Meadow</b>	158	\$92,000.00	\$192,000.00	-	\$192,000.00
<b>210</b>	C,E	Aug-18	Truckee River Watershed Council	<b>Truckee River Water Quality Monitoring Program</b>	159	\$25,000.00	-	\$32,675.00	\$32,675.00
<b>211</b>	C,D	Sep-18	Tahoe Resource Conservation District	<b>Truckee River Watershed AIS Survey and Control, and Trash Removal</b>	no				
<b>212</b>	B,C	Sep-18	Nevada Tahoe Conservation District	<b>Burnt Cedar Beach Water Quality Improvement Project</b>	no				
<b>213</b>	A,B,C	Sep-18	City of Reno	<b>Chalk Creek Restoration Project, Sapphire Ridge and Royal Vista Way</b>	no				

Project #	Category	Proposal Date	Grantee	Grant Description	Funded	Resolution Amount	Match - Monetary	Match - In Kind	Match total
<b>*Projects in Progress</b>			<b>* Projects not funded</b>						
<b>CATEGORY</b>									
A. Projects that improve bank/channel stabilization & decrease erosion									
B. Structural controls or Low Impact Development (LID) projects on tributaries and drainages to the TruckeeRiver where data supports evidence of pollution and/or sediments entering the Truckee River.									
C. Project that remove pollution from the Truckee River.									
D. Projects that remove or control invasive aquatic species or terrestrial invasive plant species that are adverse to water supply.									
E. Other projects that meet the evaluation criteria.									
<b>214</b>	E	Feb-19	Sierra Nevada Journeys	<b>Watershed Education Initiative</b>	160	\$36,207.00	\$2,917.00	\$12,238.00	\$15,155.00
<b>215</b>	D, E	Feb-19	Truckee Meadows Parks Foundation	<b>Truckee Meadows Nature Study Area: First Year Operational Phase</b>	161	\$61,400.00	\$18,744.00	-	\$18,744.00
<b>216</b>	A, B, C	Feb-19	Truckee River Watershed Council	<b>Mclver Dairy Meadow Restoration Project</b>	162	\$161,000.00	\$119,300.00	-	\$119,300.00
<b>217</b>	C, D	Feb-19	Keep Truckee Meadows Beautiful	<b>2019 Fall Truckee River Cleanup, Adopt-A-River, and Adult Outreach &amp; Education</b>	163	\$53,000.00	\$103,800.00	\$57,407.00	\$161,207.00
<b>218</b>	E	Feb-19	Nation Judicial College	<b>Dividing the Waters Conference: "Sustainable Water Rights Management in Times of Shortage" at Stanford Law School</b>	no				
<b>219</b>	D	Feb-19	Friends of Nevada Wilderness	<b>Mount Rose Noxious Weed Monitoring and Treatment #7</b>	164	\$24,094.00	\$2,446.00	\$10,080.00	\$12,526.00
<b>220</b>	A, D	Feb-19	Washoe County Parks and Open Space	<b>Weed Treatment and Revegetation Project Along Truckee River</b>	165	\$45,000.00	\$16,200.00	\$1,600.00	\$17,800.00
<b>221</b>	C, E	Feb-19	Nevada Land Trust for One Truckee River	<b>River Restroom Project lead by One Truckee River</b>	166	\$124,976.00	\$31,224.00	-	\$31,224.00
<b>222</b>	A, C	Feb-19	Great Basin Institute	<b>Galena Creek Ecological Restoration &amp; Demonstration Project</b>	167	\$35,054.00	\$141,196.94	-	\$141,196.94
<b>223</b>	E	Aug-19	Sierra Nevada Journeys	<b>Watershed Education Initiative</b>	168	\$37,200.00	\$2,667.00	\$12,058.00	\$14,725.00
<b>224</b>	C, D	Aug-19	Keep Truckee Meadows Beautiful	<b>2020 Spring Great Community Cleanup, 2020 Fall Truckee River Cleanup, Adopt-A-River &amp; Adult Outreach and Educatio</b>	169	\$79,245.00	\$152,805.00	\$154,514.00	\$307,319.00
<b>225</b>	A, D	Aug-19	Truckee River Watershed Council	<b>Truckee River Invasive Species Control Project</b>	170	\$19,250.00	\$16,000.00	-	\$16,000.00
<b>226</b>	D, E	Aug-19	Truckee Meadows Parks Foundation	<b>Truckee Meadows Nature Study Area: First Year Operational</b>	171	\$101,526.00	\$35,000.00	-	\$35,000.00
<b>227</b>	E	Aug-19	The Nature Conservancy of Nevada	<b>Truckee River Watershed Forest Restoration and Community Outreach-Phase 2</b>	172	\$265,600.00	\$264,600.49	-	\$264,600.49
<b>228</b>	A, C	Aug-19	Great Basin Institute	<b>Galena Creek Ecological Restoration &amp; Demonstration Project, Phase II</b>	173	\$34,778.00	\$46,240.05	\$2,097.00	\$48,337.05
<b>229</b>	A	Feb-20	Tahoe Rim Trail Association	<b>Enhancing Water QualityAlong the Tahoe Rim Trail in Tahoe City</b>	no				
<b>230</b>	E	Feb-20	Sierra Nevada Journeys	<b>Watershed Education Initiative for the Urban Truckee River Corridor</b>	174	\$30,912.00	\$ 6,251.00	\$ 1,917.00	\$8,168.00
<b>231</b>	A,B,C	Feb-20	Truckee River Watershed Council	<b>Coldstream Canyon Sediment Reduction Project</b>	no				
<b>232</b>	E	Feb-20	Truckee Donner Land Trust	<b>Truckee Springs Open Space Trail Planning</b>	no				
<b>233</b>	E	Feb-20	Sierra Watershed Education Partnerships (SWEP)	<b>Water Quality and Watershed Education Projects</b>	no				
<b>234</b>	D	Feb-20	Friends of Nevada Wilderness	<b>Mount Rose Noxious Weed Monitoring, Treatment, and Re-Seeding #8</b>	175	\$ 28,549.00	\$ 4,000.00	\$ 10,080.00	\$14,080.00
<b>235</b>	A,C,E	Feb-20	Nevada Land Trust for One Truckee River	<b>One Truckee River Overall Support</b>	176	\$ 74,293.00	\$ 18,575.00	-	\$18,575.00

Project #	Category	Proposal Date	Grantee	Grant Description	Funded	Resolution Amount	Match - Monetary	Match - In Kind	Match total
<b>*Projects in Progress</b>			<b>* Projects not funded</b>						
<b>CATEGORY</b>									
A. Projects that improve bank/channel stabilization & decrease erosion									
B. Structural controls or Low Impact Development (LID) projects on tributaries and drainages to the TruckeeRiver where data supports evidence of pollution and/or sediments entering the Truckee River.									
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D. Projects that remove or control invasive aquatic species or terrestrial invasive plant species that are adverse to water supply.									
E. Other projects that meet the evaluation criteria.									
<b>236</b>	E	Aug-20	Sierra Nevada Journeys	<b>Watershed Education Initiative for the Urban Truckee River Corridor</b>	177	\$ 32,041.00	\$ 7,959.00	-	\$7,959.00
<b>237</b>	A,E	Aug-20	The Nature Conservancy	<b>Developing Forest Resilience to Fire – Independence Lake</b>	no				
<b>238</b>	C,E	Aug-20	Truckee Meadows Parks Foundation	<b>Doggie Ambassador Program</b>	no				
<b>239</b>	C,D	Aug-20	Keep Truckee Meadows Beautiful	<b>2021 Spring Great Community Cleanup, 2021 Fall Truckee River Cleanup, Adopt-A-River &amp; Adult Outreach and Education</b>	178	\$74,245.00	\$144,805.00	\$154,514.00	\$299,319.00
<b>240</b>	A,D	Aug-20	Washoe County Regional Parks and Open Space	<b>Truckee River Parks and Open Space Weed Management and Revegetation</b>	179	\$45,000.00	\$8,000.00	\$7,000.00	\$15,000.00
<b>241</b>	A,B,C	Aug-20	Truckee River Watershed Council	<b>Restoration: Coldstream Canyon and Bear Creek</b>	180	\$86,500.00	\$34,125.00	-	\$34,125.00
<b>242</b>	E	Aug-20	Truckee Donner Land Trust	<b>Truckee Springs</b>	no				
<b>243</b>	C	Aug-20	Desert Research Institute	<b>Occurrence, Fate and Risk of PFAS in the Truckee River</b>	no				
<b>244</b>	C	Aug-20	Washoe County	<b>Encampment Clean-up and Unsheltered Individual Data Collection</b>	181	\$179,932.00	\$ 77,650.00	-	\$77,650.00
<b>245</b>	E	Feb-21	Sierra Nevada Journeys	<b>Watershed Education Initiative (WEI) for the Urban Truckee River Corridor</b>	182	\$31,035.00	\$ 7,765.00	-	\$7,765.00
<b>246</b>	A, B, C	Feb-21	Truckee River Watershed Council	<b>Bear Creek Lower Meadow Restoration Project – Phase 2 Construction</b>	183	\$51,250.00	\$ 12,812.50	\$ 1,357,606.00	\$1,370,418.50
<b>247</b>	A, B	Feb-21	Truckee River Foundation for One Truckee River	<b>One Truckee River (OTR) Partnership, River-Friendly Landscape pilot, &amp; engagement with the public</b>	184	\$259,090.00	\$ 91,425.00	-	\$91,425.00
<b>248</b>	D	Feb-21	Friends of Nevada Wilderness	<b>Mt. Rose Noxious Weed Monitoring, Treatment, &amp; Re-Seeding #9</b>	185	\$16,445.00	\$5,000.00	\$5,040.00	\$10,040.00
<b>249</b>	E	Feb-21	Great Basin Outdoor School	<b>Lower Truckee Snapshot Day, Spring &amp; Summer Day Camp WEI</b>	186	\$15,925.00	\$ 15,003.20	-	\$15,003.20
<b>250</b>	C, E	Feb-21	Truckee Meadows Parks Foundation	<b>Doggie Ambassador Project Awareness Campaign</b>	no				
<b>251</b>	E	Aug-21	Sierra Nevada Journeys	<b>Watershed Education Initiative (WEI) for the Urban Truckee River Corridor</b>	187	\$30,055.00	\$ 7,513.00	-	\$7,513.00
<b>252</b>	C, E	Aug-21	Truckee Meadows Parks Foundation	<b>Doggie Waste Awareness Campaign</b>	188	\$60,775.00	\$ 14,950.00	\$ 26,500.00	\$41,450.00
<b>253</b>	B, C, E	Aug-21	One Truckee River (OTR)	<b>OTR River-Friendly Landscaping Program Expansion</b>	189	\$48,000.00	\$ 10,000.00	\$ 5,055.00	\$15,005.00
<b>254</b>	A, E	Aug-21	One Truckee River (OTR)	<b>OTR Brodhead Park Restoration Project: Phase 1</b>	190	\$69,724.00	\$17,431.00	\$7,710.00	\$25,141.00
<b>255</b>	C, D	Aug-21	Keep Truckee Meadows Beautiful (KTMB)	<b>2022 Great Community Cleanup, Truckee River Cleanup, Adopt-A-River Program, &amp; Adult &amp; Community Education Program</b>	191	\$82,880.00	\$ 136,353.00	\$ 144,766.00	\$281,119.00
<b>256</b>	C	Aug-21	Washoe County	<b>River Stewards Project</b>	192	\$219,164.00	-	\$77,874.26	\$77,874.26
<b>257</b>	A, B, C	Aug-21	Truckee River Watershed Council	<b>Prosser Basin Sediment Reduction Plan</b>	193	\$44,000.00	-	\$11,400.00	\$11,400.00
				<b>TOTAL FUNDING AMOUNT:</b>		<b>\$15,000,000.00</b>			<b>\$25,200,000.00</b>



## STAFF REPORT

**TO:** Chairman and Board Members  
**FROM:** Mark Foree, General Manager  
**FROM:** Sonia Folsom, SAC Liaison  
**DATE:** November 29, 2021  
**SUBJECT:** Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2021, such appointments to be made for new terms from January 1, 2022 to December 31, 2023 from the following list of candidates: (1) Chris Melton, primary representative, wholesale customer; (2) Johnnie Pullman, alternate representative, multi-family customer; (3) John Krmpotic, alternate representative, commercial customer; (4) Colin Hayes, primary representative, BANN; (5) Jim Smith, alternate representative, BANN; (6) Kristine Brown Caliger, primary representative, Reno-Sparks Chamber; and (7) Ann Silver, alternate representative, Reno-Sparks Chamber

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### Recommendation

Staff recommends that current Standing Advisory Committee (SAC) members whose terms are set to expire on December 31, 2021, three primary and four alternates, be reappointed for an additional two year term beginning January 1, 2022. *(Please refer to the attached membership chart.)*

### Background

In August 2005, a Subcommittee of the TMWA Board appointed the original, eight SAC members along with six alternate members. Subsequently, additional members and alternates were appointed by the Builders' Association of Northern Nevada, the Reno-Sparks Chamber of Commerce. In September 2016, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocate and replace those with two at-large positions. *(Please see the attached SAC History and Governing Rules)*

### Discussion

The attached chart reflects the proposed SAC members and their alternates (if any). SAC primary members and their alternates confirmed their willingness to be reappointed.

## TMWA Standing Advisory Committee

Term Appointments  
2022-23 Membership List

Customer Class	Primary Representative	Member Since	Term Ends	Alternate Representative	Member Since	Term Ends
Wholesale (Sun Valley)	Chris Melton	2020	12/31/2021	Jon Combs	2022	12/31/2023
Irrigation	Neil McGuire	2005	12/31/2022	Karl Katt	2013	12/31/2022
Multi-family Residential	Vacant			Jonnie Pullman	2012	12/31/2021
Commercial	Donald Kowitz	2017	12/31/2022	John Krmpotic	2020	12/31/2021
Senior Citizen	Robert Chambers	2005	12/31/2022	Alex Talmant	2021	12/31/2023
At-Large 1	Ken McNeil	2013	12/31/2022	Ken Becker	2017	12/31/2022
At-Large 2	Jordan Hastings	2017	12/31/2022	Susan Hoog	2019	12/31/2021
Residential:						
Representative 1	Carol Litster	2014	12/31/2022	Dale Sanderson	2017	12/31/2022
Representative 2	Harry Culbert	2006	12/31/2022	Fred Arndt	2017	12/31/2022
Representative 3	Jerry Wager	2014	12/31/2022	Kevin Ryan	2021	12/31/2023
Appointments:						
BANN	Colin Hayes	2010	12/31/2021	Jim Smith	2010	12/31/2021
Reno-Sparks Chamber	Kristine Brown Caliger	2020	12/31/2021	Ann Silver	2019	12/31/2021

Member not continuing

Members continuing

New Member

Awaiting confirmation



## **TMWA Standing Advisory Committee History**

### **Bullet Points for SAC history**

- 2004: The Board formed a Rate Making Review Committee (RMRC) for the purpose of reviewing and providing customer input on the proposed second and third phases of the current rate case that was going before the Board in 2005. At the time this Committee was formed, the Board did not foresee a permanent role for it.
- The initial RMRC recommended that the Board form a committee that serves in an advisory capacity on a permanent basis. Staff supported the recommendation for a standing committee.
- January 2005: Staff first approached the Board to recommend formation of the Standing Advisory Committee (SAC).
- March 2005: the Board established a SAC consisting of eleven (11) members: one (1) each of the following customer types – commercial; irrigation; multi-family; senior citizen; wholesale; and three (3) residential users all appointed by the TMWA (Truckee Meadows Water Authority) Board. The Builders Association of Northern Nevada, Reno-Sparks Chamber of Commerce and the Regional Water Planning Commission to appoint one (1) member each. Duties of the SAC include budget and rate increase review and recommendations and other matters the Board may assign.
- July 2005: The Board appointed a subcommittee to select applicants.
- September 2005: The Board appointed the first SAC members.
- August 2007: The State of Nevada Consumer Advocates Office appointed a member to the SAC.
- The SAC reviewed rate proposals in 2009, 2010 and 2012.
- December 31, 2014: Successful consummation of the mergers of South Truckee Meadows General Improvement District and Washoe County Water Utility into TMWA.
- September 2016: The Board eliminated the Northern Nevada Water Planning Commission and the State of Nevada Consumer Advocates Office appointments and created two At-Large positions.
- The SAC reviewed rate proposals in 2016, 2017 and 2019.

**TRUCKEE MEADOWS WATER AUTHORITY  
STANDING ADVISORY COMMITTEE  
GOVERNING RULES**

1. **Members:** Membership in the Standing Advisory Committee (“Committee”) is governed by the Truckee Meadows Water Authority’s Board of Directors (“Board”). Each Member is appointed for a two-year term. Members serve and may be reappointed at the Board’s pleasure. As requested by the Board, the Committee shall take action to make recommendations to the Board regarding membership in the Committee.
2. **Alternates:** In its discretion, the Board may appoint a Member to serve in either a primary (“Primary”) or alternate (“Alternate”) position. When making a recommendation to the Board to fill a Primary position vacancy, the Committee shall give preference to the existing Alternate(s).
3. **Participation:** Each Member is expected to attend all Committee meetings and review the agenda and all supporting materials prior to arrival. Failure by a Member to attend more than two meetings in a year may result in the Committee making a recommendation to the Board that the Member be replaced.
4. **Compliance with NRS Chapter 241:** Meetings shall be conducted in compliance with NRS Chapter 241, the Nevada “Open Meeting Law.”
5. **Quorum:** A quorum shall consist of a simple majority of the Primary Members. Members may participate telephonically in meetings, but telephonic participation shall not be considered in establishing a quorum. In the absence of a Primary Member, the Alternate Member for that customer class who is physically present at the meeting may be considered in establishing a quorum.
6. **Action:** For items other than those that constitute recommendations to the Board, an action may be taken by affirmative vote of the majority of Members physically present. For items that constitute recommendations to the Board, an action shall be taken only by an affirmative vote of the majority of the Membership. Each member shall have one vote. Members participating telephonically may not vote on action items. An Alternate sitting in for an absent Member has all of the voting rights of the absent Member. Otherwise, an Alternate has no voting rights.
7. **Agenda Items:** The Committee may, by action at a prior meeting, make suggestions to staff as to items to be placed on a future agenda. Except as otherwise directed by the Board, Staff shall have discretion as to the items that will be placed on the Committee’s agendas.
8. **Officers:** There shall be a Chair and a Vice Chair, elected by the Members. The Chair will conduct the meetings. The Vice Chair or such other Member as the Chair or Vice Chair may designate will conduct the meeting in the absence of the Chair. Or, in the absence of the Chair and Vice Chair, a majority of the Members present may designate an Alternate to conduct the meeting. The Chair and Vice Chair each shall serve for a one-year term, with their terms expiring at the first meeting scheduled following the beginning of the calendar year following their election. The Vice Chair shall automatically succeed to the position of Chair for the subsequent term, unless an alternate action is made by the Members. Officers

- may be reelected. The Chair or the Chair's designee is the only Member who may speak on behalf of the Committee to the Board, to any member of the Board, or to the public.
- 9. Conflicts of Interest:** Members shall disclose conflicts of interest regarding any decisions of the Committee and shall disclose any financial interest in Committee decisions and in organizations affected by Committee action, other than the financial interest that derives from being a TMWA customer. Members who will receive a direct financial benefit from any action taken by the Committee, other than a financial interest that derives from being a TMWA customer, shall abstain from voting on such action. In the event that a Member presents an idea to the Committee for consideration on behalf of another individual or entity, said Member shall disclose to the Committee the identity of said individual or entity.
  - 10. Uses of staff:** Staff will provide reasonable assistance to facilitate meetings and provide readily available information to the Committee to carry out its functions. The Committee shall reasonably limit its demands on staff time, and any demands made in excess of what staff deems reasonable shall require Board approval. No Member may request the use of staff time without approval of the Committee.
  - 11. Amendment of Rules:** Any amendments to these Rules shall require an affirmative vote of the majority of the members.

As amended, February 7, 2017



## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** Mark Foree, General Manager  
**FROM:** Sonia Folsom, Executive Assistant  
**DATE:** November 29, 2021  
**SUBJECT:** Discussion and action on scheduling regular board meeting dates and times for the Calendar Year 2022

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### Recommendation

Staff requests Board input on the schedule proposed for the TMWA Board of Directors meetings as well as confirmation of meeting times, including approval of the date for the Fall Strategic Planning Workshop.

### Discussion

The regular schedule for TMWA Board meetings has traditionally been for the third Wednesday of the month at the Sparks Council Chambers beginning at 10 a.m. In checking the current Cities and County calendars, the third Wednesday of the month continues to present the best option in terms of avoiding conflicts with the other agency meetings; except for the two months, noted in blue below, that indicate a conflict with scheduled Reno City Council meetings. Also, staff proposes the May Budget Hearing be held on the third Thursday to avoid any conflicts with Reno City Council meetings. Finally, staff proposes to move up the December Board meeting to avoid the holidays, noted in green.

From time to time the public has voiced concerns over the meeting times and mid-day schedule for public comment to be taken. In the past the Board has successfully addressed this concern on a one-off basis by moving meetings such as rate hearings to the evening. In addition, Board meetings have been cancelled in instances where there was not sufficient or timely business to be conducted. Staff has concluded that cancelling a scheduled meeting is preferable to scheduling meetings monthly around busy schedules; this approach has also worked well.

However, staff would still like to confirm the following dates and times with the Board and assess if there is interest in changing either prior to moving forward and finalizing a schedule of meetings for 2022. Based on your input, Staff will then issue the agreed-upon schedule.

**2022 Board Meeting Dates – Proposed**

Wednesday January 19	10 a.m.
Wednesday February 16	10 a.m.
Wednesday March 16	10 a.m.
Wednesday April 20	10 a.m.
<b>Thursday, May 19</b>	<b>10 a.m. NOTE: NRS-MANDATED BUDGET HEARING DATE</b>
Wednesday June 15	10 a.m.
<b>Thursday July 21</b>	<b>10 a.m.</b>
Wednesday August 17	10 a.m.
Wednesday September 21	10 a.m.
*Wednesday October 19	10 a.m. – STRATEGIC PLANNING WORKSHOP
<b>Thursday November 17</b>	<b>10 a.m.</b>
<b>Thursday, December 8</b>	<b>10 a.m.</b>

\*Due to the nature of the October 19 Strategic Planning Workshop, please allow for extra time, **approximately 4-hours**, to complete a thorough review of relevant agenda items.



## STAFF REPORT

**TO:** Board of Directors  
**FROM:** Mark Foree, General Manager  
**DATE:** November 29, 2021  
**SUBJECT:** General Manager's Report

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Attached please find the written reports from the Management team including the Operations Report (*Attachment A*), the Water Resource and the Annexation Activity Report (*Attachment B*), and the Customer Services Report (*Attachment C*).

Included in your agenda packet are press clippings from October 14, 2021 through December 1, 2021.

TMWA is a member of the Western Urban Water Coalition (“WUWC”) a group of the largest urban water utilities in the West, which together serve more than 40 million urban water consumers in eighteen major metropolitan areas across several states. WUWC filed an amicus (“friend of the court”) brief requesting that the 9<sup>th</sup> Circuit rehear en banc the panel’s decision in the California River Watch v. City of Vacaville (Case No. 20-16605). The case went up on appeal from the California 6<sup>th</sup> appellate district. The 9<sup>th</sup> Circuit panel’s decision is problematic for water supplies because it could create liability under the Resource Conservation and Recovery Act (“RCRA”) for moving water that meets all drinking water standards. RCRA is a federal statute and 9<sup>th</sup> Circuit decisions would be binding in Nevada. WUWC and other groups representing municipal water supplies argued that the 9<sup>th</sup> Circuit panel decision should be overturned because it subjects water utilities to liabilities of “transporters” of hazardous waste when they innocently encounter waste disposed of by third parties with whom they have no relationship and over whom they have no control. A summary of the case is attached (*Attachment D*).



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** Mark Foree, General Manager  
**FROM:** Scott Estes, Director of Engineering  
**BY:** Bill Hauck, Water Supply Supervisor  
**DATE:** November 29, 2021  
**SUBJECT:** November 2021 Operations Report

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### Summary

- Truckee River flows picked up significantly over the last week of October as a result of a very strong, early winter precipitation event that also added more than a half a foot of storage to Lake Tahoe
- Lake Tahoe storage is now at 8% of capacity
- Combined total upstream reservoir storage is about 18% of maximum capacity
- Customer demand is close to wintertime lows, averaging 38 million gallons per day (MGD) over the last full week of November
- Hydroelectric revenue for November 2021 will be approximately \$126,855

### **(A) Water Supply**

- **River Flows** - Truckee River flow at the CA/NV state line was approximately 200 cubic feet per second (CFS) this morning. This is below normal as the 112-year average flow for this day at Farad is 431 CFS.
- **Reservoir Storage** - Overall Truckee River reservoir storage is ~18% of capacity. The elevation of Lake Tahoe is 6223.46 feet. Storage values for each reservoir as of November 29<sup>th</sup> are as follows:

<b>Reservoir</b>	<b>Current Storage (Acre-Feet)</b>	<b>% of Capacity (Percent)</b>
Tahoe	55,860	8%
Boca	23,694	58%
Stampede	85,879	38%
Prosser	9,457	32%
Donner	3,189	34%
Independence	14,473	83%

In addition to approximately 17,662 acre-feet of storage in Donner and Independence reservoirs, TMWA has about 27,152 acre-feet of water stored between Lake Tahoe, and Boca and Stampede reservoirs under the terms of TROA. TMWA's total combined upstream reservoir storage is approximately 44,814 acre-feet (as of November 29th).

- **Outlook** - A very strong, wet winter storm over the last week of October helped to boost Truckee River flows and push the elevation of Lake Tahoe above the natural rim once again. The elevation of Lake Tahoe rose about 6/10' and water is now being released from the dam as a result. Although this event was a welcome shot in the arm for the regional water supply (as Tahoe is now above the rim), we are still in a drought and there has been no meaningful precipitation since. November was dryer and warmer than normal. And if the month of December continues that trend, Truckee River flows in 2022 will be entirely dependent upon what happens in terms of snowpack and precipitation this coming winter.

#### (B) Water Production

- **Demand** - TMWA's customer demand averaged 38 MGD over the last week of November. Overall, surface water comprised ~80% of our supply and groundwater the other 20%.

#### (C) Hydro Production

**Generation** - Truckee River flows at Farad (CA/NV state line) for the month of November will end up averaging approximately 360 CFS. After river flows picked up because of the late October precipitation event, the hydro plants were able to come back on-line for a couple of weeks or so until they dropped off again to a point where generation was not possible. The Fleish plant was put back into service on November 9<sup>th</sup> and ran through November 24<sup>th</sup>. The Verdi plant was put back into service on October 29<sup>th</sup> and was taken off-line on November 15<sup>th</sup>. And the Washoe plant was put back into service on November 12<sup>th</sup> and was taken off-line on November 24<sup>th</sup>. Statistics for the month are as follows:

Hydro Plant	Days On-Line	Generation (Megawatt hours)	Revenue (Dollars)	Revenue (Dollars/Day)
Fleish	16	707	\$ 52,792	\$ 1,760
Verdi	15	731	\$ 54,094	\$ 1,803
Washoe	13	267	\$ 19,969	\$ 666
<b>Totals</b>	<b>44</b>	<b>1,705</b>	<b>\$ 126,855</b>	<b>\$ 4,229</b>



## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** Mark Foree, General Manager  
**FROM:** Stefanie Morris, Manager, Water Resources  
**DATE:** November 29, 2021  
**SUBJECT:** Report Water Resources and Annexation Activity

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### RULE 7

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance		3,384.13 AF
Purchases of water rights	2.13 AF	
Refunds	0.00 AF	
Sales	– 97.20 AF	
Adjustments	0.00 AF	
Ending Balance		3,289.06 AF

Price per acre foot at report date: \$7,700

### FISH SPRINGS RANCH, LLC GROUNDWATER RESOURCES

Through the merger of Washoe County's water utility, TMWA assumed a Water Banking and Trust Agreement with Fish Springs Ranch, LLC, a subsidiary of Vidler. Under the Agreement, TMWA holds record title to the groundwater rights for the benefit of Fish Springs. Fish Springs may sell and assign its interest in these groundwater rights to third parties for dedication to TMWA for a will-serve commitment in Areas where TMWA can deliver groundwater from the Fish Springs groundwater basin. Currently, TMWA can deliver Fish Springs groundwater to Area 10 only (Stead-Silver Lake-Lemmon Valley). The following is a summary of Fish Springs' resources.

Beginning Balance		7,653.42 AF
Committed water rights	– 24.35 AF	
Ending Balance		7,629.07 AF

Price per acre foot at report date: \$43,575 (for SFR and MFR); \$37,800 (for all other services)<sup>1</sup>

### **WATER SERVICE AREA ANNEXATIONS**

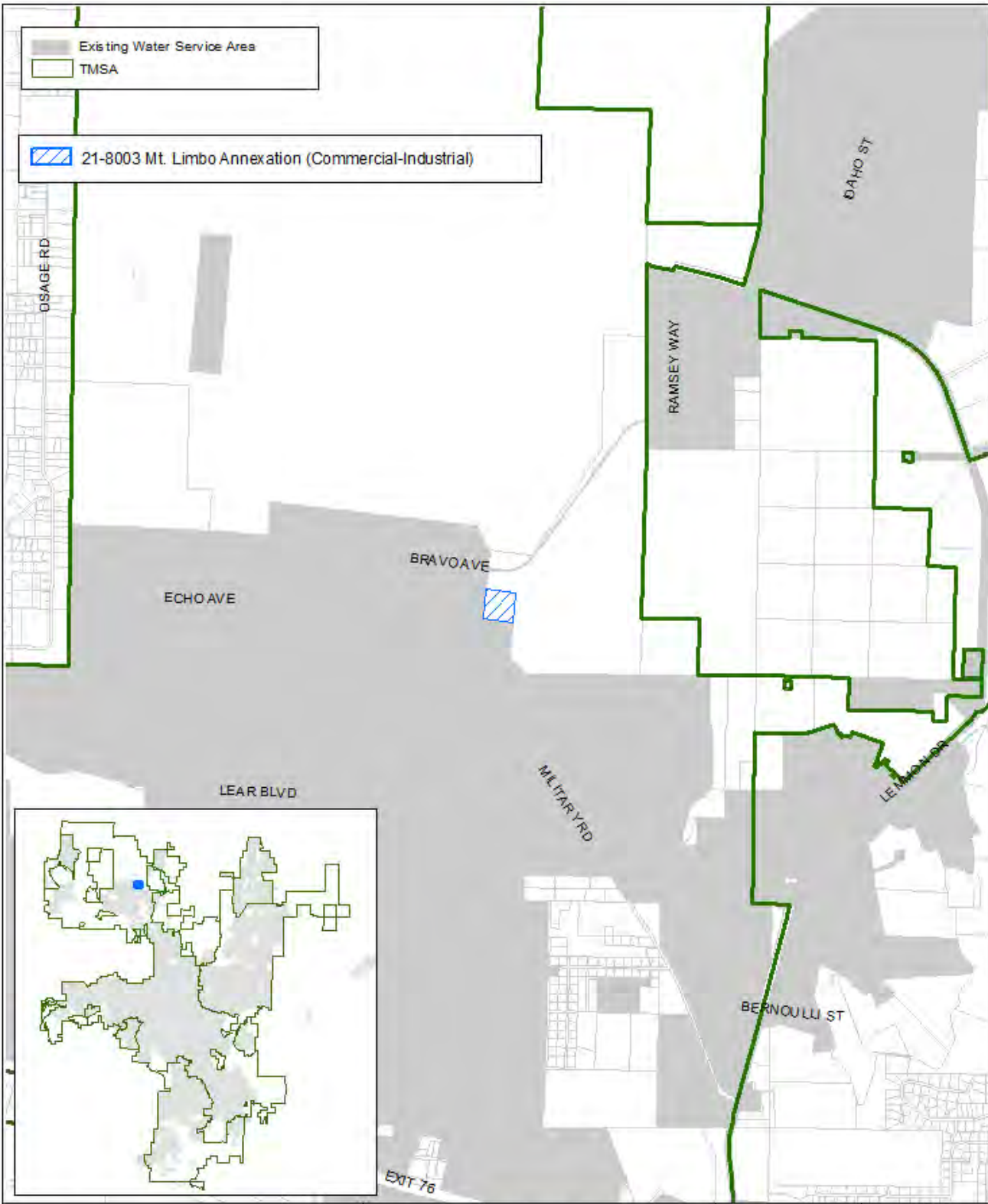
Since the date of the last report, 11.2 acres have been annexed into TMWA's service area. (See attachment.)

### **INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE**

No new ILVNPS customers have been added during this reporting period.

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<sup>1</sup> Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.



**TMWA Service Area Annexation**  
**APN: 086-130-02 (11.2 acres)**

DATE	11/22/2021
MAP BY:	AD
REQUESTED BY:	SM
SCALE:	1 inch = 3,000 feet





## STAFF REPORT

**TO:** Board of Directors  
**THRU:** Mark Foree, General Manager  
**FROM:** Marci Westlake, Manager Customer Service  
**DATE:** December 7, 2021  
**SUBJECT:** **October-November Customer Service Report**

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The following is a summary of Customer Service activity for October/November 2021.

### Ombudsman

- No calls for October/November

### Communications

- October 5, 2021 – Chuck Swegles, Bill Hauck & Sonia Folsom had an Irrigation Winterization Webinar and 14 people attended.
- October 12, 2021 – Chuck Swegles, Robert Charpentier & Sonia Folsom had an Irrigation Winterization Webinar and 26 people attended.
- October 19, 2021 – Chuck Swegles, Robert Charpentier & Sonia Folsom had an Irrigation Winterization Webinar and 29 people attended.
- October 26, 2021 – Chuck Swegles, Robert Charpentier & Sonia Folsom had an Irrigation Winterization Webinar and 33 people attended.
- October 26, 2021 – Bill Hauck had a Conservation/Supply presentation for NV Green Business and 15 people attended.
- October 27, 2021 – Sonia Folsom had a virtual presentation for TMWA's Water Supply & Resources and 10 people attended.
- November 5, 2021 – Sonia Folsom had a virtual presentation for Nevada Virtual Academy's College & Career Fair and 46 people attended.
- November 5, 2021 – John Enloe and Lydia Teel held a public workshop regarding American Flat and 8 people attended.
- November 10, 2021 – John Enloe, Lydia Teel and Robert Charpentier presented on the Palomino Valley project to the Warm Springs Citizen Advisory Board (CAB) and 45 people attended.

**Conservation (2021 Calendar year)**

- 7,152 Water Watcher Contacts
- 1,494 Water Usage Reviews

**Customer Calls –October/November**

- 15,307 phone calls handled
- Average handling time -5 minutes, 05 seconds per call
- Average speed of answer –2 minutes 00 seconds per call

**Billing – October/November**

- 266,803 bills issued.
- N/A (0.00%) corrected bills.
- 12,227 customers (9%) have signed up for paperless billing to date.

**Remittance – October/November**

- 39,758 Mailed-in payments
- 51,648 Electronic payments
- 95,145 Payments via AutoPay (EFT)
- 30,847 One-time bank account payments
- 282 Store payments
- 443 Pay by Text
- 10,190 IVR Payments
- 2,219 Reno office Payments

**Collections – October/November**

- 32,643 accounts received a late charge
- 7,930 Mailed delinquent notices, 0.03% of accounts
- 1,735 accounts eligible for disconnect
- 335 accounts were disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- .27 % write-off to revenue

**Meter Statistics – Fiscal Year to Date**

- 0 Meter retrofits completed
- 3,631 Meter exchanges completed
- 897 New business meter sets completed
- 125,821 Meters currently installed

## **Summary of WUWC Amicus Brief California River Watch v. City of Vacaville 9<sup>th</sup> Circuit Case No. 20-16605**

### **Background:**

The U.S. Court of Appeals for the Ninth Circuit recently vacated a summary judgment previously granted to the City of Vacaville, California, in a citizen suit brought under the Resource Conservation and Recovery Act ("RCRA"). *California River Watch v. City of Vacaville* questioned whether a drinking water provider could have RCRA liability as a transporter of waste due to the presence of a contaminant in the drinking water which was not introduced by the provider and which did not cause the drinking water to fail applicable federal and state drinking water standards.

River Watch claims that the presence of hexavalent chromium in Vacaville's drinking water amounts to the transportation or disposal of a solid waste creating an "imminent and substantial danger." The district court granted summary judgment to the City of Vacaville on the grounds that the presence of the hexavalent chromium in the drinking water was not covered by RCRA, because River Watch had not demonstrated it was "discarded" under RCRA. By vacating that judgement, the Ninth Circuit determined that it was a triable issue.

In its appeal of the district court decision, River Watch claimed that the source of the hexavalent chromium was excess wood preservative used by a wood treatment company (located somewhere between 1 and 3 miles from the wells) that may have contaminated the city's drinking water source. The Ninth Circuit's 2-1 opinion reveals a dispute between the majority and the dissent about whether the identity of the source was properly raised in the district court. The majority of the panel determined that River Watch had presented two triable facts sufficient to survive summary judgment: whether the hexavalent chromium was a "discarded material," and whether the city was a "transporter" of that material. Importantly, the city did not contribute to the hexavalent chromium's presence in the water. The city simply pumped the groundwater, treated it to drinking water standards, and delivered the water to its customers.

### **TMWA's Interest:**

This decision could have significant implications by opening water providers, like TMWA, to RCRA lawsuits for the transportation of hazardous materials. The 9<sup>th</sup> Circuit panel's approach allows RCRA citizen suits against water providers to survive summary judgment simply by alleging that the contamination resulted from waste disposal, even if the provider itself took no part in the disposal – and even if the water meets all applicable standards.