



STANDING ADVISORY COMMITTEE AGENDA

Tuesday, April 5, 2022 at 3:00 p.m.
Truckee Meadows Water Authority
Independence Room, 1355 Capital Blvd, Reno, NV

NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), 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 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available on the TMWA website at <http://www.tmwa.com/meeting/> or you can contact Sonia Folsom at (775) 834-8002. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Committee 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.
7. In the event the Chairman and Vice-Chairman are absent, the remaining SAC 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**).

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Approval of the agenda (**For Possible Action**)
4. Approval of the minutes of February 1, 2022 meeting (**For Possible Action**)
5. Water Supply Update — Bill Hauck*
6. Presentation of Fiscal Year 2022 Q2 year to date financial results — Matt Bowman*
7. Presentation on the TMWA Tentative Budget for the Fiscal Year ending June 30, 2022 and Draft Capital Improvement Plan for Fiscal Years 2022 through 2026 and possible recommendation to the Board — Matt Bowman and Danny Rotter (**For Possible Action**)

8. Update on status of the Mt. Rose Water Treatment Plant — Danny Rotter*
9. Presentation of TMWA's reclamation and water reuse projects — John Enloe and Lydia Teel*
10. Discussion and possible direction to staff regarding agenda items for future meetings (**For Possible Action**)
11. Staff Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
12. Committee Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
13. Public Comment — limited to no more than three minutes per speaker*
14. Adjournment (**For Possible Action**)



STANDING ADVISORY COMMITTEE

DRAFT MINUTES

February 1, 2022

The Standing Advisory Committee (SAC) met via ZOOM. Vice Chair Hastings called the meeting to order at 3:04 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Kristine Brown, Jordan Hastings, Colin Hayes, *Don Kowitz, Carol Litster, **Ken McNeil, Chris Melton, ****Jonnie Pullman, ***Alex Talmant and Jerry Wager.

Alternates Present: Fred Arndt, Ken Becker, Susan Hoog, Kevin Ryan, Dale Sanderson, and Jim Smith.

Primary Members and Alternates Absent: Robert Chambers, Jon Combs, Karl Katt, John Krmptic, Neil McGuire, and Ann Silver.

**Member Kowitz joined at 3:14 p.m.*

***Member McNeil joined at 3:20 p.m.*

****Member Talmant joined at 3:22 p.m.*

*****Member Pullman joined at 3:30 p.m.*

Staff Present: Matt Bowman, Sophie Cardinal, Robert Charpentier, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauck, Stef Morris, Danny Rotter, Kara Steeland, Michele Sullivan, Marci Westlake, John Zimmerman, and Legal Counsel Michael Pagni (McDonald Carano).

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE OCTOBER 5, 2021 MEETING

Upon motion duly made by Member Melton and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved the October 5, 2021 meeting minutes.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, updated the Committee on the current water supply status: Last year was the second dry year in a row which required releases of upstream reserves to supply water to customers until first of week of October; the region experienced huge precipitation atmospheric events in late October, which improved the outlook and was followed by one of the wettest December's on record; where over 200" of snowfall was measured at Donner Summit, which ended 2021 with snow levels over 200% of normal in some of the basins; as of December 30th there has not been any measurable precipitation; the Truckee Basin is about 112% of normal; most of the reservoirs in the system are expected to make a full recovery; Lake Tahoe is projected to raise about two feet when the snow melts; which probably means normal Truckee River flows for the rest of the year; upstream reservoir storage expect to have 30% more storage by June compared to last summer; and currently there is 47,000 acre feet (AF) and should have 65,000 AF or more in the summer months.

6. PRESENTATION ON THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2021

Matt Bowman, TMWA Financial Controller, presented the Annual Comprehensive Financial Report (ACFR) which is required per Nevada Statute, which resulted with no audit findings by Eide Bailly.

Member Becker thanked Mr. Bowman, and staff, for a well written document and the easy to read Popular Annual Financial Report (PAFR).

7. PRESENTATION OF TMWA'S 2021 POPULAR ANNUAL FINANCIAL REPORT (PAFR)

Mr. Bowman presented the PAFR, which is a user-friendly version of the ACFR for the general public, was submitted to the Government Finance Officers Association (GFOA) last December and was presented to the Board last month. The PAFR was also emailed via E-Newsletter and posted on social media as well as shared with other stakeholders.

Member Arndt inquired if Mr. Bowman compared other communities of TMWA's service area of similar size and thanked staff for a very well written report and showing an interesting way to capture the data and information. Mr. Bowman replied no, not for this one.

Member Ryan stated it is a good document to show sound fiscal management, in light of the next phase of rate increase. Vice Chair Hastings agreed it is a publicly accessible report.

Andy Gebhardt, TMWA Director of Operations, added that they have received positive feedback from the public and Robert Charpentier, TMWA Communications Specialist, reported that the E-Newsletter had an open rate of 47%, which is the highest they've seen.

8. PRESENTATION OF FISCAL YEAR 2022 Q1 YEAR TO DATE FINANCIAL RESULTS

Mr. Bowman presented the financial performance for first quarter fiscal year 2022: change in net position was \$4.0m (18%) higher than budget; operating revenue was \$0.8m (2%) higher than budget which was driven primarily by higher water sales and other operating sales, but offset by lower hydroelectric sales; water sales were higher by \$0.5m (1%); total operating expenses were \$1.0m (4%) lower than budget; non-operating expenses were \$0.4m higher than budgeted; capital contributions were \$2.5m higher than budget, driven primarily by higher developer infrastructure contributions and higher developer facility charges; and total cash on hand was \$230.4m or \$0.8m higher than at the beginning of the fiscal year.

Member Arndt inquired about inflation and if employee costs would remain stable since the majority of employees are under the collective bargaining agreement (CBA). Mr. Bowman replied about half of TMWA's employees are not under a CBA and TMWA conducts an annual labor market analysis in regard to market wage movement.

Vice Chair Hastings asked if TMWA has experienced any supply chain issues for some products or chemicals used. Mr. Bowman replied the most important issue at TMWA right now is meters and with the chip shortage, it has delayed the meter replacement project; currently there are about 25,000 remote read meters servicing customers, but we need approximately 100,000, and with regards to treatment chemicals, we have only seen a small increase in cost.

9. INFORMATIONAL REPORT ON WATERSHED PROTECTION PLANNING ACTIVITIES AND PROJECTS

Stef Morris, TMWA Water Resources Manager, provided an overview of the projects, in collaboration with community and regional stakeholders, that address fire prevention in the Sierras and the importance to protect water quality as roughly 80% of TMWA's water resources originate in California, which is heavily forested and TMWA doesn't own the land and therefore doesn't have jurisdiction over what happens with the land in terms of fuel reduction. This makes necessary to work with state and federal agencies to collaborate on watershed management and fuels reduction.

Member Wager inquired why capital improvement funds are not used for fuels reduction and suggested a way to address this issue is to involve Congressional delegates from both Nevada and California. Ms. Morris replied technically the river is not a piece of infrastructure, but staff is focused on obtaining other funding sources to fill the gaps and to address the planning that exists between agency projects and programs, and agreed with his recommendation, but they need to finish the gap analysis first before involving individuals at that level.

Vice Chair Hastings asked when the gap analysis would be completed and if this could be put in the PAFR as an infographic next year. Ms. Morris replied that the analysis is just beginning, and it will take some time to identify the priority projects and that staff would look at whether it is appropriate to address it in the next PAFR.

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

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

Next meeting:

1. Water Supply Update
2. Presentation of second quarter FY2022 financial performance
3. Presentation of the tentative budget for FY2023 and five year CIP for FY2023-27
4. Update on Mt. Rose Water Treatment Plant status
5. Presentation of TMWA's reclamation and water reuse projects

11. STAFF ITEMS

There were no staff items.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment

14. ADJOURNMENT

With no further items for discussion, Vice Chair Hastings adjourned the meeting at 4:07 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Clerk

**Members Kowitz and McNeil were present for agenda items 6 thru 14 only.*

***Members Pullman and Talmant were present for agenda items 7 thru 14 only.*



Water Supply Update

Standing Advisory Committee Meeting

April 05, 2022

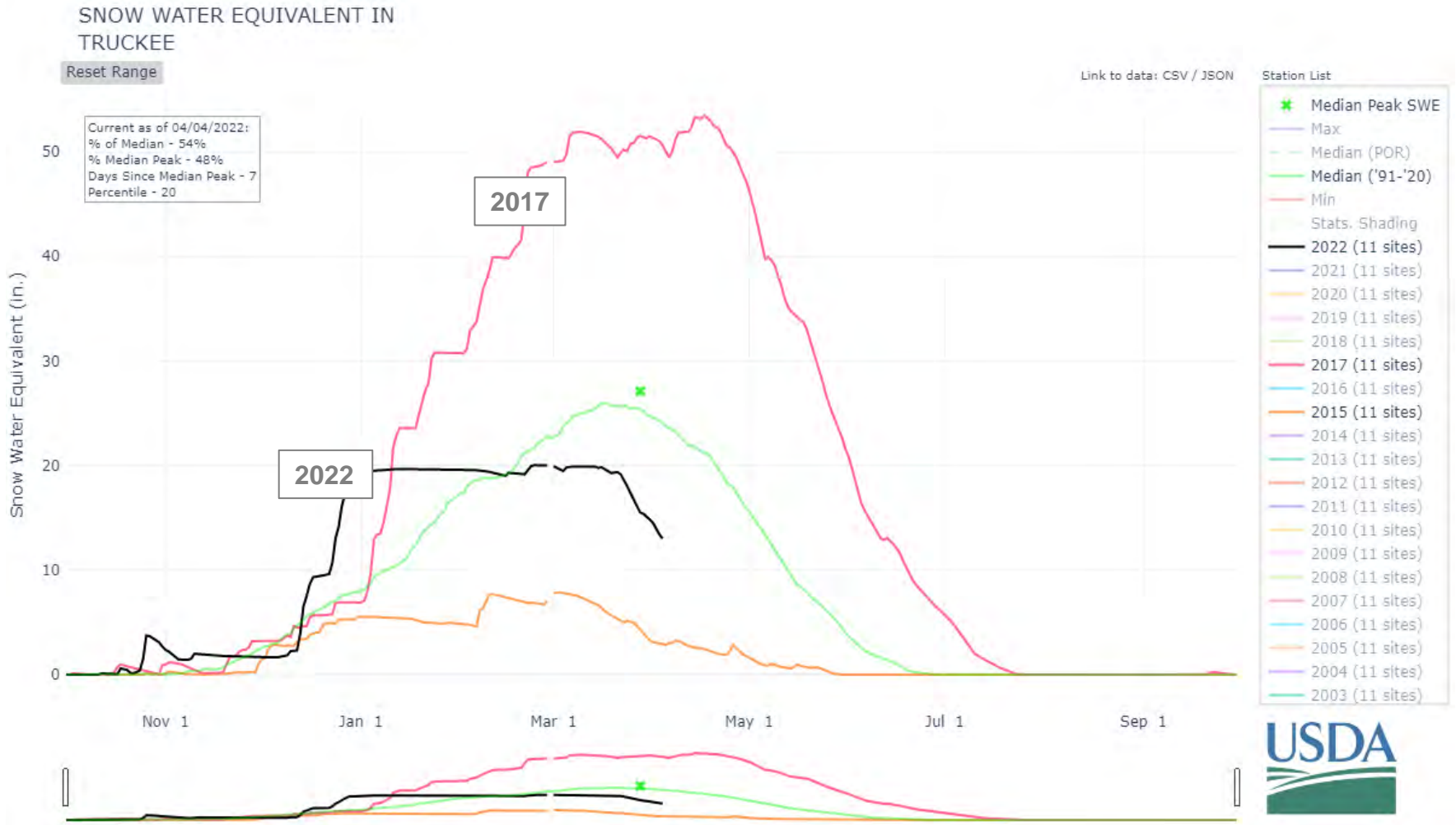
Key Takeaways

- Lake Tahoe elevation is currently 1.03' above the rim
- March was the third significantly dry month in a row
- The Sierras have experienced record low levels of ppt since the end of December when snowpack was in excess of 200% of normal
- Snowpack in the Truckee Basin is currently ~52% of Normal
- Despite the decline in the runoff forecast, the most recent model runs are projecting normal Truckee River flows through mid-September (beyond TMWA's peak demand season)

2022 NRCS Streamflow Runoff Forecast Summary

	Jan-01	Feb-01	Mar-01	Apr-01
1. Lake Tahoe (A-H) GCR	160% (1.90')	99% (1.30')	76% (0.90')	46% (0.55')
2. Truckee River @ Farad (A-J)	164% 370 KAF	116% 260 KAF	80% 180 KAF	56% 125 KAF
3. Projected Day of River Shortages	NA	NA	NA	9/17

Truckee Basin Snowpack (04/04/2022)



Truckee Basin Snowpack (04/04/2022)

SNOW WATER EQUIVALENT IN TRUCKEE

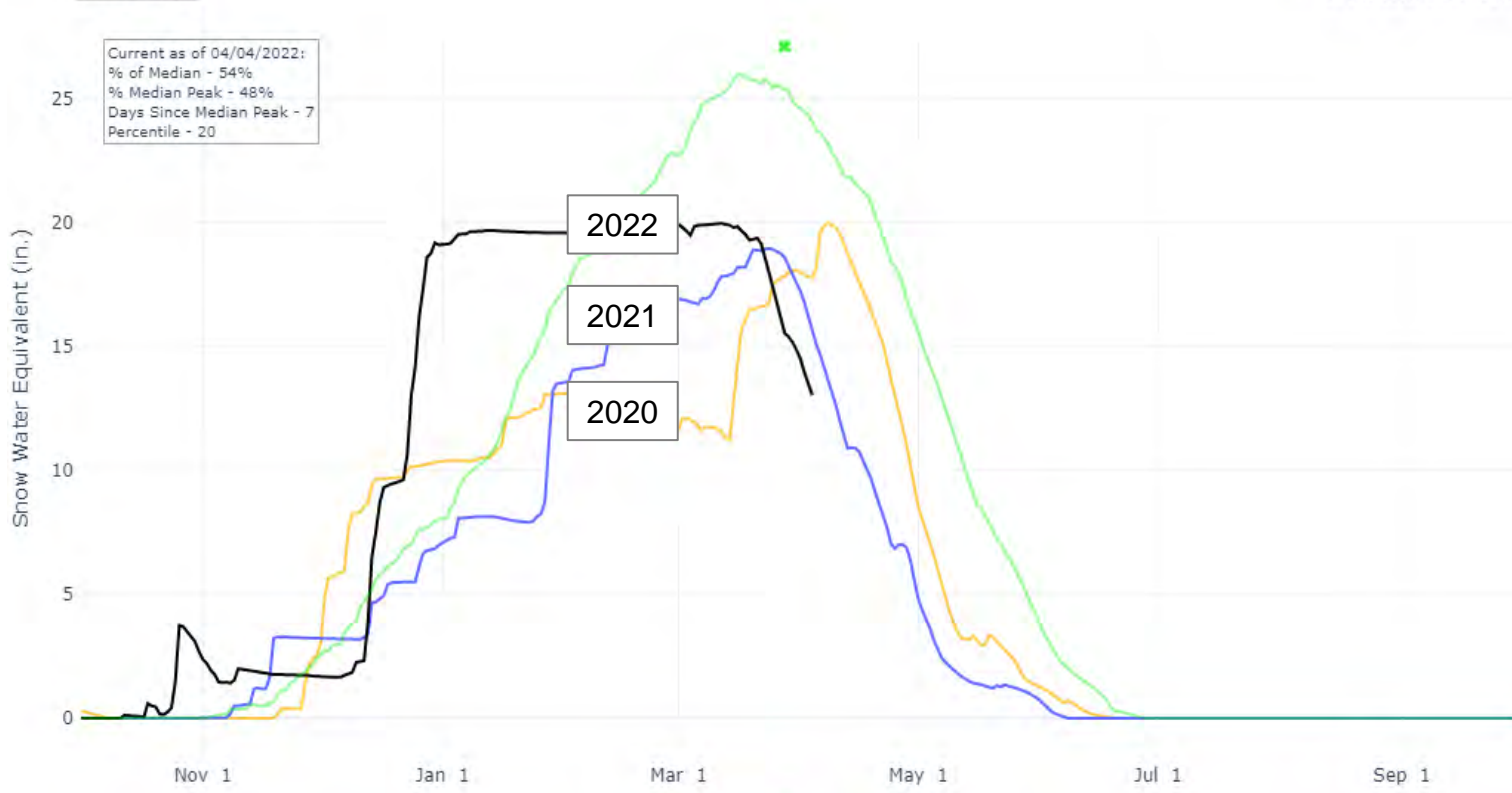
Reset Range

Link to data: CSV / JSON

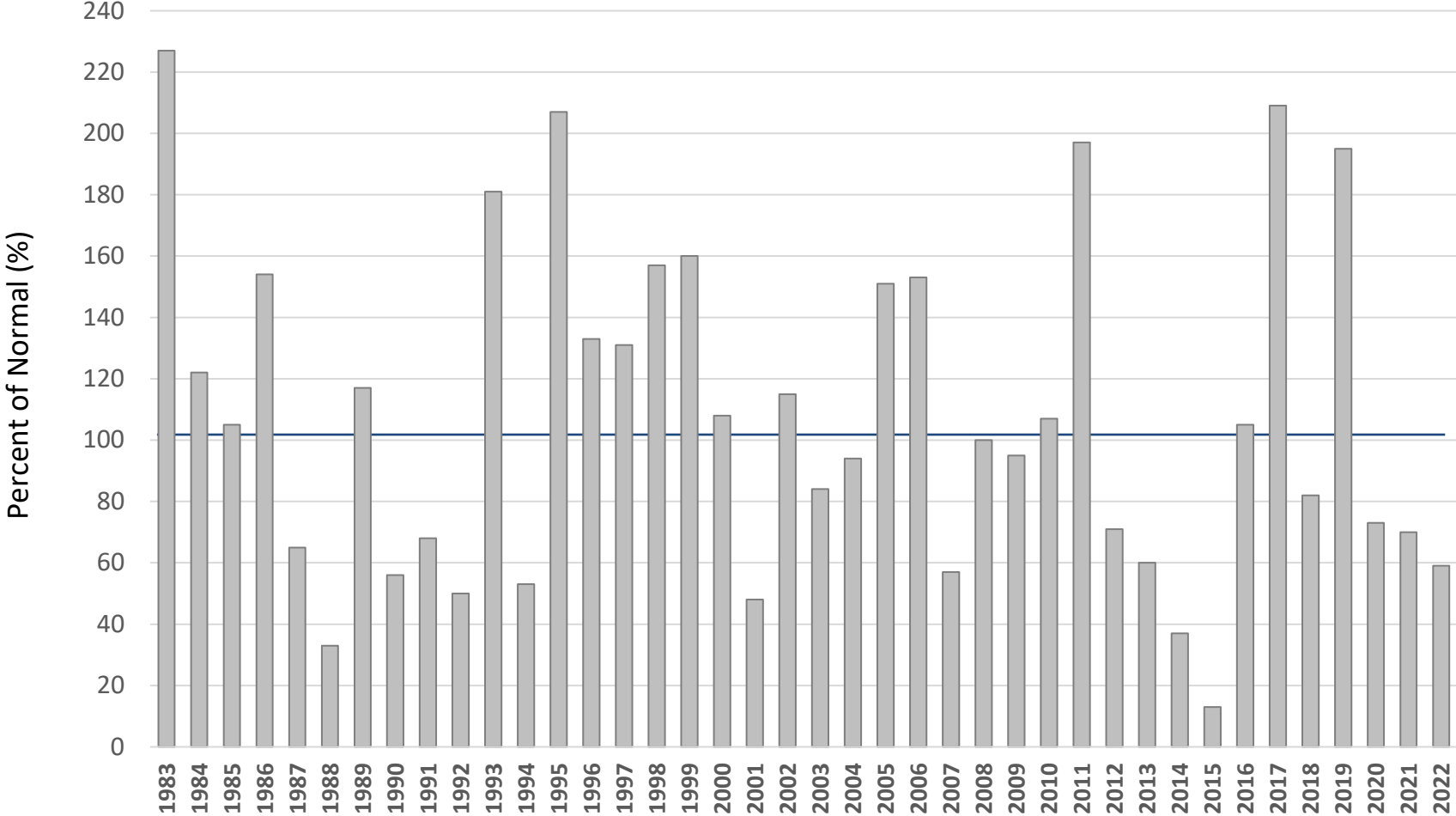
Station List

- ✱ Median Peak SWE
- Max
- Median (POR)
- Median ('91-'20)
- Min
- Stats. Shading
- 2022 (11 sites)
- 2021 (11 sites)
- 2020 (11 sites)
- 2019 (11 sites)
- 2018 (11 sites)
- 2017 (11 sites)
- 2016 (11 sites)
- 2015 (11 sites)
- 2014 (11 sites)
- 2013 (11 sites)
- 2012 (11 sites)
- 2011 (11 sites)
- 2010 (11 sites)
- 2009 (11 sites)
- 2008 (11 sites)
- 2007 (11 sites)
- 2006 (11 sites)
- 2005 (11 sites)
- 2004 (11 sites)
- 2003 (11 sites)

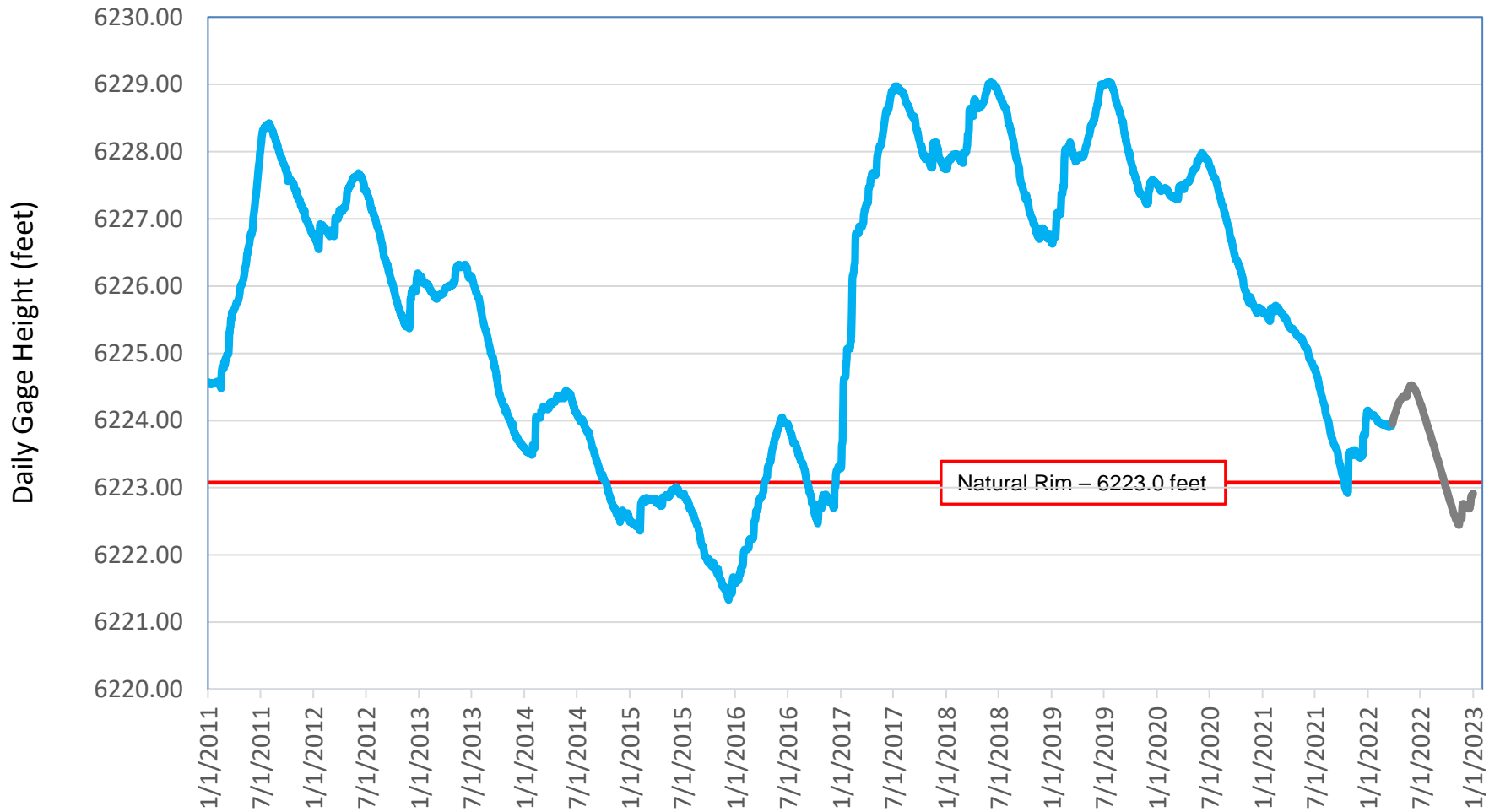
Current as of 04/04/2022:
 % of Median - 54%
 % Median Peak - 48%
 Days Since Median Peak - 7
 Percentile - 20



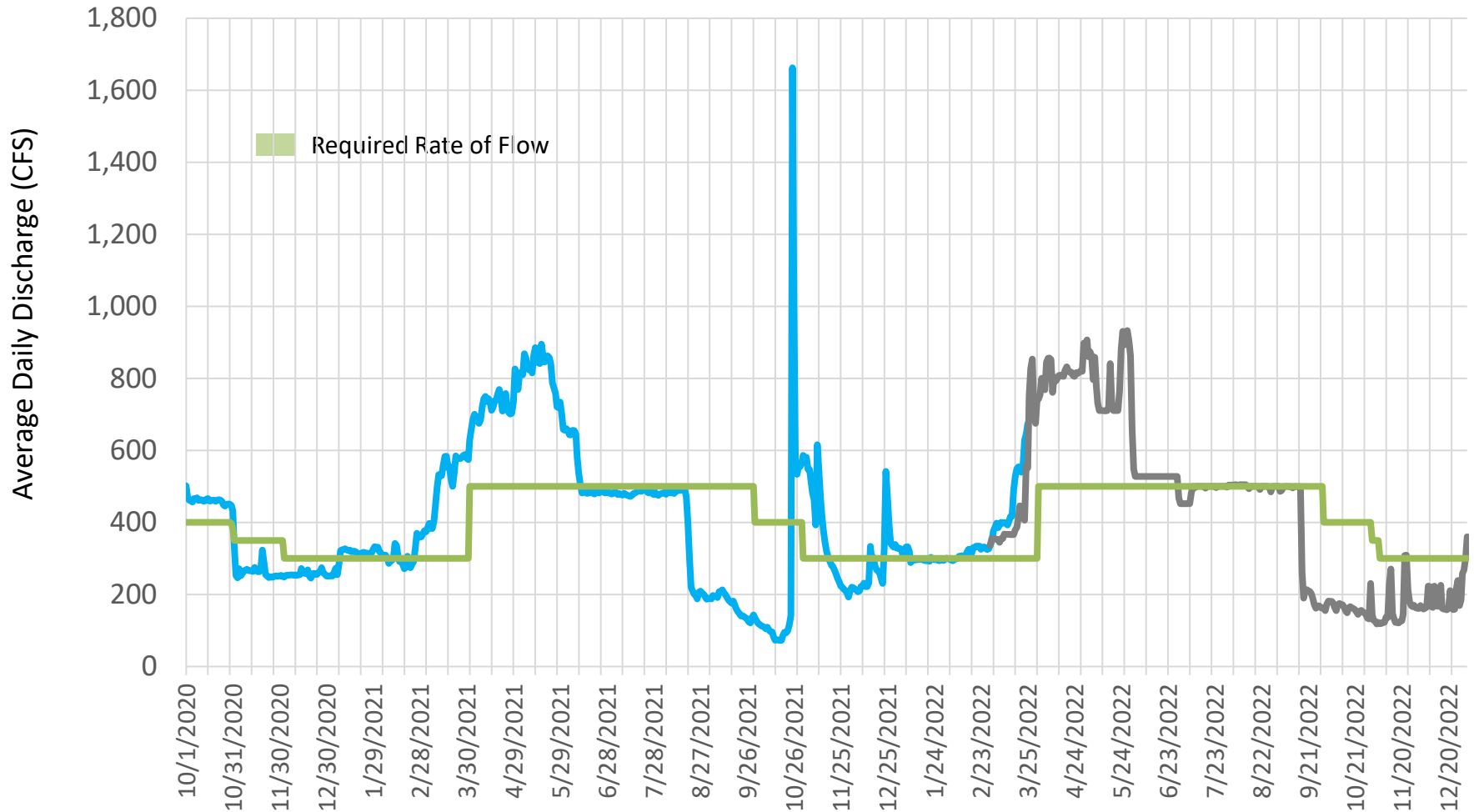
April 1 Truckee River Basin Snowpack (last 35 years)



Actual and Projected Lake Tahoe Elevation through 2022



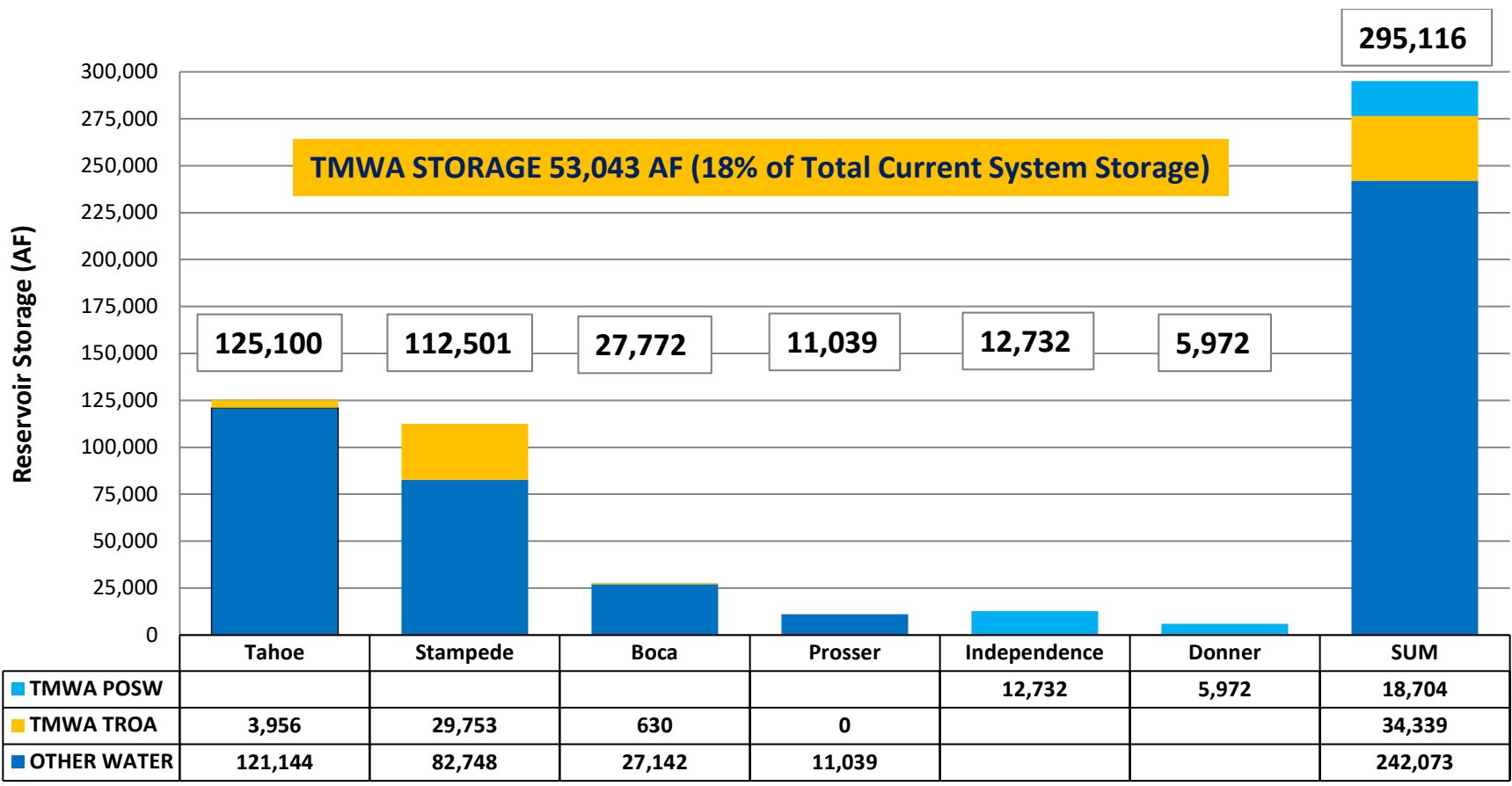
Actual and Projected Truckee River Flow at Farad through 2022



Truckee River System



Truckee River System Storage (4/05/2022)



Capacity (%)

9 %

36 %

51 %

37 %

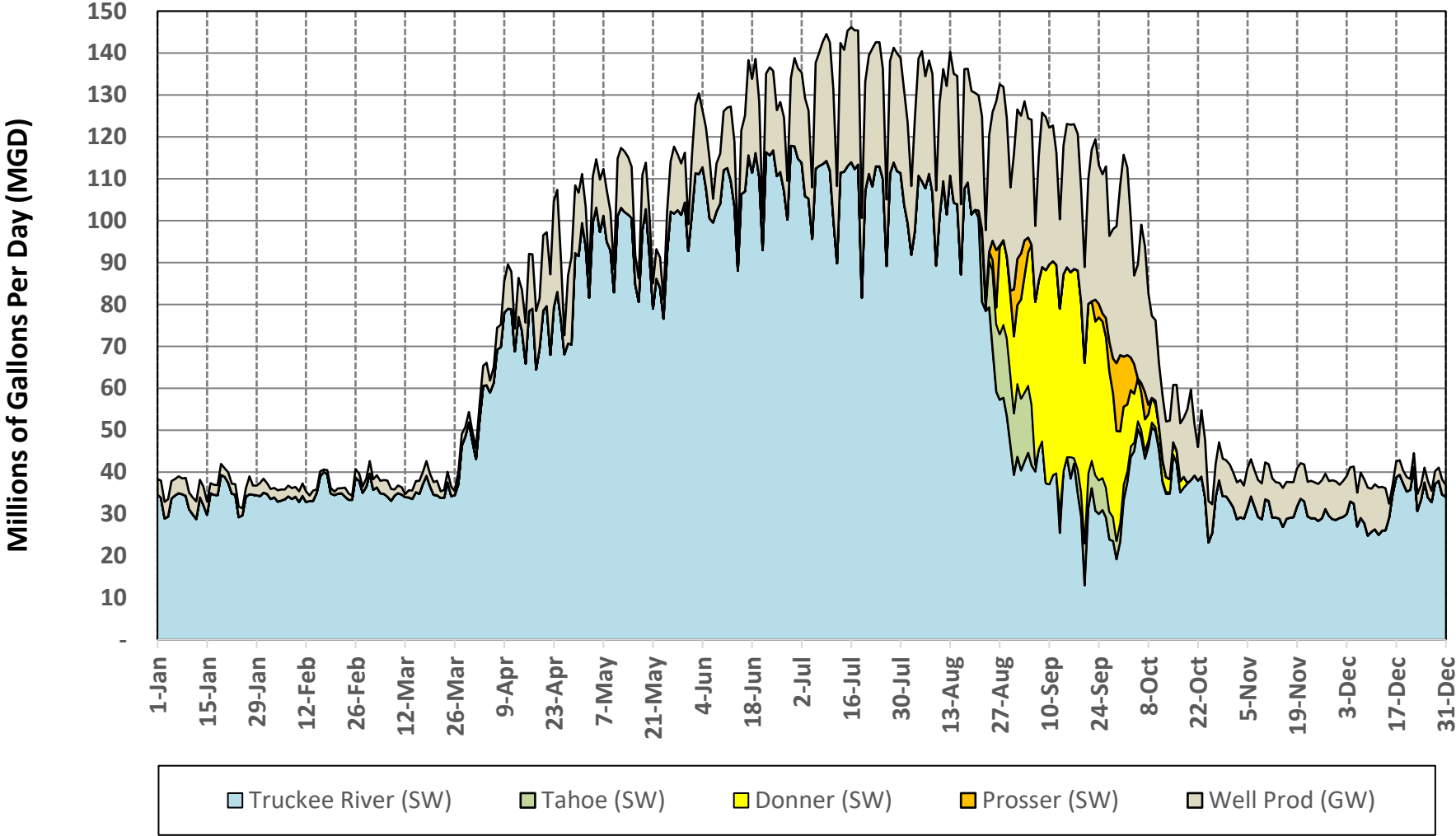
74 %

56 %

MAX SYSTEM CAPACITY 1,068,270 AF

CURRENT STORAGE 295,116 (28% Capacity)

2021 TMWA Actual Sources of Supply



Thank you!

Questions?

Bill Hauck, Water Supply Supervisor
Email: bhauck@tmwa.com
O: (775) 834-8111 M: (775) 250-1333



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Michele Sullivan, Chief Financial Officer
 Matt Bowman, Financial Controller
DATE: February 10, 2022
SUBJECT: Presentation of Fiscal Year 2022 Q2 Financial Results

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 %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 28,461,909	\$ 5,886,709	21 %

Change in net position was \$5.9m or 21% higher than budget for Q2 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 %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 35,126,101	\$ (777,483)	(2)%

Change in net position was \$0.8m or 2% lower than the prior year. This was due to higher capital contributions offset by lower operating income and higher nonoperating expenses.

Revenue

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	65,048,525	65,658,468	(609,943)	(1)%
Hydroelectric Sales	714,974	733,888	(18,914)	(3)%
Other Operating Sales	1,988,759	1,105,098	883,661	80 %
Total Operating Revenues	67,752,258	67,497,454	254,804	— %

Operating revenue was \$0.3m (<1%) higher than budget through Q2 2022. Other operating revenue was higher by \$0.9m while water sales and hydroelectric sales were lower by \$0.6m combined. Other operating sales are trending higher than budget in FY 2022 due to higher than expected new business inspection fees, late fees on past due accounts and customer service call out charges. Each of these items had been impacted by the pandemic in both FY 2020 and FY 2021 and the recovery of these amounts in FY 2022 was underestimated in the budget.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	65,048,525	65,541,871	(493,346)	(1)%
Hydroelectric Sales	714,974	1,275,646	(560,672)	(44)%
Other Operating Sales	1,988,759	1,201,089	787,670	66 %
Total Operating Revenues	67,752,258	68,018,606	(266,348)	— %

Total operating revenues were \$0.3m lower through Q2 2022 than the prior year. Water sales was within 1% of the prior year due to lower consumption offset by the 2.5% rate increase in June 2021. Hydroelectric sales were lower by \$0.6m due to low river flows in the late summer months in FY 2022 which forced the plants to be taken offline. Lastly, other operating sales were higher by \$0.8m due to the reasons stated above.

Operating Expenses

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	13,675,087	(954,463)	(7)%
Employee Benefits	5,481,744	6,115,127	(633,383)	(10)%
Services and Supplies	16,222,849	16,978,573	(755,724)	(4)%
Total Operating Expenses Before Depreciation	34,425,217	36,768,787	(2,343,570)	(6)%
Depreciation	16,717,405	17,117,060	(399,655)	(2)%
Total Operating Expenses	51,142,622	53,885,847	(2,743,225)	(5)%

Total operating expenses were \$2.7m lower (5%) than budget through Q2 2022. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies are 4% lower than budget. Several expense categories are higher than budget and several are lower. We are seeing some impacts from inflation, most notably in fuel where we are \$102,000 over budget, or 62%. Other price increases have not yet been significant.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	11,539,328	1,181,296	10 %
Employee Benefits	5,481,744	5,052,278	429,466	9 %
Services and Supplies	16,222,849	15,021,080	1,201,769	8 %
Total Operating Expenses Before Depreciation	34,425,217	31,612,686	2,812,531	9 %
Depreciation	16,717,405	16,573,967	143,438	1 %
Total Operating Expenses	51,142,622	48,186,653	2,955,969	6 %

Year over year operating expenses were \$3.0m higher (6%) than the prior year through Q2. Salaries and benefits are higher than prior year due to Labor Market Index (LMI) increases in July 2021, step increases and increases to headcount. Services and supplies are increased from the prior year due to several items, but primarily more spending on expensed projects earlier in the year (will slow down in second half) and higher power costs, due to both rate increases and higher consumption.

Non-Operating Expenses

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,291,944	(305,033)	(24)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	—	(2,117,643)	— %
Gain (Loss) on Disposal of Assets	83,284	(375,000)	458,284	(122)%
Amortization of Bond/note Issuance Costs	801	(66,500)	67,301	(101)%
Interest Expense	(5,985,161)	(5,940,306)	(44,855)	1 %
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,089,862)	(1,941,946)	38 %

Nonoperating expenses were \$1.9m higher (38%) than budget through Q2 2022. This is primarily due to a net decrease in fair value of investments of \$2.1m. 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.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,421,152	(434,241)	(31)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	(719,792)	(1,397,851)	194 %
Gain (Loss) on Disposal of Assets	83,284	—	83,284	— %
Amortization of Bond/note Issuance Costs	801	(83,808)	84,609	(101)%
Interest Expense	(5,985,161)	(6,131,484)	146,323	(2)%
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,513,932)	(1,517,876)	28 %

Nonoperating expenses were higher by \$1.5m or 28% through the first half of the fiscal year. This is due primarily to reasons discussed above.

Capital Contributions

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	675,000	1,092,144	162 %
Water Resource Sustainability Program	758,595	303,584	455,011	150 %
Developer Infrastructure Contributions	9,937,799	9,088,740	849,059	9 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,442,024	1,028,386	71 %
Developer Capital Contributions - Other	4,298,459	4,680,150	(381,691)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	3,650,666	1,811,225	50 %
Contributions from Others	—	—	—	— %
Net Capital Contributions	24,770,790	19,940,164	4,830,626	24 %

Capital contributions were \$4.8m (24%) higher than budget through the second quarter of FY 2022. One of the large variances is grant revenue. In Q2 FY 2022, TMWA received the FEMA award for the Glendale diversion rebuild following the 2017 flood event. The remaining line items in this category reflect new business/growth related collections and the budget overage is reflective of both larger projects and also continued high volume of projects being processed through TMWA.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	—	1,767,144	— %
Water Resource Sustainability Program	758,595	576,476	182,119	32 %
Developer Infrastructure Contributions	9,937,799	7,548,233	2,389,566	32 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,678,671	791,739	47 %
Developer Capital Contributions - Other	4,298,459	4,656,879	(358,420)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	6,156,220	(694,329)	(11) %
Contributions from Others	76,492	158,801	(82,309)	(52)%
Net Capital Contributions	24,770,790	20,808,080	3,962,710	19 %

Year over year, capital contributions are \$4.0m or 19% higher through the first two quarters of the year. This is driven mostly by developer infrastructure contributions and grants which were higher by \$2.4m and \$1.8m, respectively. Developer infrastructure contributions, which do not impact cash flow, can vary quarter to quarter depending on the ability to close out projects. There was no grant revenue recognized in all of FY 2021.

Capital Spending

Cash spent on capital outlays and construction projects during the first half of the year was approximately \$13.0m. Total budgeted capital spend for fiscal year 2022 is \$60.1m. Spending on the top three projects for the first two quarters is below -

Disk Drive BPS	\$3.9m
Caughlin 5 Pressure Zone Looping	\$0.9m
AMI Meter Replacements	\$0.9m

Cash Position

At December 31, 2021 total cash on hand was \$241.0m or \$11.0m higher than at the beginning of the fiscal year. Of the total cash on hand, \$181.7m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$59.3m 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 six months ended December 31, 2021

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 65,048,525	\$ 65,658,468	\$ (609,943)	(1)%
Hydroelectric Sales	714,974	733,888	(18,914)	(3)%
Other Operating Sales	1,988,759	1,105,098	883,661	80 %
Total Operating Revenues	67,752,258	67,497,454	254,804	— %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	13,675,087	(954,463)	(7)%
Employee Benefits	5,481,744	6,115,127	(633,383)	(10)%
Services and Supplies	16,222,849	16,978,573	(755,724)	(4)%
Total Operating Expenses Before Depreciation	34,425,217	36,768,787	(2,343,570)	(6)%
Depreciation	16,717,405	17,117,060	(399,655)	(2)%
Total Operating Expenses	51,142,622	53,885,847	(2,743,225)	(5)%
OPERATING INCOME	16,609,636	13,611,607	2,998,029	22 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,291,944	(305,033)	(24)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	—	(2,117,643)	— %
Gain (Loss) on Disposal of Assets	83,284	(375,000)	458,284	(122)%
Amortization of Bond/note Issuance Costs	801	(66,500)	67,301	(101)%
Interest Expense	(5,985,161)	(5,940,306)	(44,855)	1 %
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,089,862)	(1,941,946)	38 %
Gain (Loss) Before Capital Contributions	9,577,828	8,521,745	1,056,083	12 %
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	675,000	1,092,144	162 %
Water Resource Sustainability Program	758,595	303,584	455,011	150 %
Developer Infrastructure Contributions	9,937,799	9,088,740	849,059	9 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,442,024	1,028,386	71 %
Developer Capital Contributions - Other	4,298,459	4,680,150	(381,691)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	3,650,666	1,811,225	50 %
Contributions from Others	76,492	100,000	(23,508)	(24)%
Net Capital Contributions	24,770,790	19,940,164	4,830,626	24 %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 28,461,909	\$ 5,886,709	21 %

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the six months ended December 31, 2021

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 65,048,525	\$ 65,541,871	\$ (493,346)	(1)%
Hydroelectric Sales	714,974	1,275,646	(560,672)	(44)%
Other Operating Sales	1,988,759	1,201,089	787,670	66 %
Total Operating Revenues	67,752,258	68,018,606	(266,348)	— %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	11,539,328	1,181,296	10 %
Employee Benefits	5,481,744	5,052,278	429,466	9 %
Services and Supplies	16,222,849	15,021,080	1,201,769	8 %
Total Operating Expenses Before Depreciation	34,425,217	31,612,686	2,812,531	9 %
Depreciation	16,717,405	16,573,967	143,438	1 %
Total Operating Expenses	51,142,622	48,186,653	2,955,969	6 %
OPERATING INCOME	16,609,636	19,831,953	(3,222,317)	(16)%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,421,152	(434,241)	(31)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	(719,792)	(1,397,851)	194 %
Gain (Loss) on Disposal of Assets	83,284	—	83,284	— %
Amortization of Bond/note Issuance Costs	801	(83,808)	84,609	(101)%
Interest Expense	(5,985,161)	(6,131,484)	146,323	(2)%
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,513,932)	(1,517,876)	28 %
Gain (Loss) Before Capital Contributions	9,577,828	14,318,021	(4,740,193)	(33)%
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	—	1,767,144	— %
Water Resource Sustainability Program	758,595	576,476	182,119	32 %
Developer Infrastructure Contributions	9,937,799	7,548,233	2,389,566	32 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,678,671	791,739	47 %
Developer Capital Contributions - Other	4,298,459	4,656,879	(358,420)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	6,156,220	(694,329)	(11)%
Contributions from Others	76,492	158,801	(82,309)	(52)%
Net Capital Contributions	24,770,790	20,808,080	3,962,710	19 %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 35,126,101	\$ (777,483)	(2)%



STAFF REPORT

TO: TMWA Board of Directors
THRU: Mark Foree, General Manager
FROM: Matt Bowman, Chief Financial Officer
Danny Rotter, Engineering Manager
DATE: March 9, 2022
SUBJECT: **Discussion and possible action on the TMWA Tentative Budget for the Fiscal Year ending June 30, 2023 and Draft Capital Improvement Plan for Fiscal Years 2023 through 2027**

Recommendation

Staff recommends the TMWA Board and SAC review the tentative budget report for the fiscal year ending June 30, 2023 and preliminary Five-Year Capital Improvement Plan 2023-2027 (CIP). This allows the Board and SAC to provide input and direction to TMWA management in advance of the public hearing on the budget and CIP at the May 2022 Board meeting. The tentative budget will be filed with the Nevada Department of Taxation by April 15, 2022 in compliance with statutory requirements.

Schedule of Revenues, Expenses and Changes in Net Position- See Attachment A

Operating Revenues

Water demands have been projected based on historical average water usage per service type and by service size. This methodology projects water sales revenue at \$113.1 million for FY 2023. This is an increase from the FY 2022 budget of \$4.6 million or 4%. The FY 2023 water sales includes two 2.5% rate increases in May 2022 and May 2023. The increase scheduled for May 2022 was presented to the Board along with the five-year funding plan at the October 2021 Board meeting. The FY 2023 budget anticipates an increase in service connections of approximately 1.5%.

Hydroelectric revenues are expected to be \$3.2 million in FY 2023. This is an increase from the FY 2022 budget of approximately \$1.3 million or 73%. Based on the current snowpack we expect normal river flows during the year, allowing for continuous hydroelectric power generation.

Other operating revenues are estimated at \$3.9 million. This line item primarily consists of late payment fees, turn-on and turn-off fees, construction water sales, cell phone tower lease revenues, and inspection services on new business projects. Depending on the pace of residential/commercial

construction there could be higher or lower construction water and inspection fees than projected. The FY 2023 budget is approximately \$1.6 million higher than FY 2022 due to expected increases in new business inspection services, construction water and late fees. Each of these categories were higher in FY 2022 through two quarters than budgeted.

Operating Expenses

Total operating expenses are expected to increase by \$5.9 million or 6% from the FY 2023 budget. This change consists of an increase of \$5.5 million in operating expenses before depreciation, and a \$0.4 million increase in depreciation. Comprising the change from the FY 2022 budget in operating expenses before depreciation, salaries and wages are up \$2.8 million (11%), employee benefits are up \$1.2 million (10%), and services and supplies are up \$1.5 million (5%).

Salaries and wages expense is expected to increase from budget by 11% in FY 2023 compared to FY 2022. Total headcount is increasing by ten from 244 in FY 2022 to 254 in FY 2023. The percentage increase is comprised of approximately 3.5% cost of living increase, 2.75% step increases and 4.75% for additions to headcount.

Below is a listing of headcount increases by position.

Position	Group	Additional Headcount
STAFF ACCOUNTANT	MPAT	1
GIS ANALYST	MPAT	1
IS TECHNICIAN	MPAT	1
SECURITY ANALYST	MPAT	1
HR ANALYST	MPAT	1
SECURITY TECHNICIAN	MPAT	1
SECURITY TECHNICIAN	MPAT	1
SECURITY TECHNICIAN	MPAT	1
SR. DESIGN ENGINEER	MPAT	1
NEW BUSINESS SR. ENGINEER	MPAT	1
		10

Employee benefits are expected to increase by \$1.2 million or 10% from the FY 2022 budget. This increase is in line with the increase in salaries and wages as expected.

Services and supplies are increasing by approximately \$1.5 million or 5% from the FY 2022 budget due to several factors. A summary of costs by expense item is included at ***Attachment C***, where the most notable changes are discussed.

Nonoperating Revenues and Expenses

Investment income is expected to increase by \$0.5 million due to higher returns following the expected rise in interest rates.

Interest expense is expected to decrease by \$0.4 million in FY 2023 due primarily to principal reductions in debt. During FY 2022 TMWA will have reduced outstanding debt principal by \$15.4 million. As shown in **Attachment B** we expect to pay down \$16.5 million of DWSRF, other direct borrowings and Senior Lien debt. TMWA's total debt outstanding as of June 30, 2023 is expected to be \$359.8 million.

Capital Contributions

Grant revenue of \$0.6 million consists of two FEMA projects TMWA expects to receive awards for in FY 2023. One is remaining from the 2017 flood and involves repairs to tank and site access roads and the other is related to COVID-19 costs incurred.

Cash related developer contributions are expected to increase from the FY 2022 budget by \$14.2 million or 70%. These projections are developed based on expected capacity increases in each area as part of TMWA's facility plan. Actuals can vary as development increases or decreases in the service territory. Compared to the last full year of actual contributions, FY 2021, the FY 2023 budget is an increase of 11%.

Contributions from other governments includes City of Reno's contributions towards the expected construction of the American Flat Advanced Purified Water (APW) facility. These contributions may vary depending on timing and progress of construction in FY 2023. The related capital assets are included in TMWA's 2023-2027 Capital Improvement Plan.

Cash Position and Coverage Ratios

TMWA expects to begin FY 2023 with approximately \$216.2 million in total cash and investments and end the fiscal year with \$194.8 million, for an estimated cash decrease of \$21.4 million. These projections can be found in **Attachment B**.

To begin FY 2023, TMWA's Rate Stabilization Reserve will be \$10.4 million which is fully funded at 3% of three years' expected revenue.

TMWA's senior lien debt coverage ratio (DSC ratio), excluding system development charges, is estimated to be 1.68x by the end of FY 2022. This level of debt service coverage preserves the ability to access senior lien capital markets, if necessary, under favorable terms. TMWA's senior lien bond covenants require a minimum coverage ratio of 1.25x. TMWA's financial goals adopted in August 2003 established a debt coverage goal of approximately 1.50x (excluding developer fees) to maintain mid-level to higher level investment grade credit ratings and pay-as-you-go funding for water system rehabilitation construction projects. TMWA has maintained its credit ratings from Standard and Poor's of AA+, outlook Stable, Moody's Aa2, outlook Stable, and Fitch AA, outlook Positive.

Draft Capital Improvement Plan for Fiscal Years 2023-2027

TMWA plans to spend \$366.2 million over the next five years on a variety of construction projects and capital outlays of which \$92.5 million is expected to be spent in fiscal year 2023 and \$95.4 million in fiscal year 2024. Capital spending funded by customer rates has increased \$11.0 million since the prior funding plan and totals \$198 million over the five years.

Of the total \$92.5 million in capital spending in fiscal year 2023, Raw Water accounts for \$31.1 million (34%) with \$30.0 million for the American Flat APW facility. In accordance with an Interlocal Agreement with City of Reno (approved by the TMWA board in December 2021), it is expected that the project will move forward in which City of Reno will be contributing 70% of the total project costs. The full cost of the project is included in TMWA's CIP as TMWA will ultimately own most of the assets. Treatment Plant Improvements account for \$16.9 million (18%) with \$12.7 million comprising the construction phase of the Orr Ditch Pump Station Rehab and Hydroelectric facility.

Pressure Improvements account for \$11.1 million (12%) with \$2.2 million and \$1.8 million comprising of Common (Stonegate) Booster Pump Station and Verdi 1 Booster Pump Station, respectively.

Water Main Distribution System Improvements are \$12.6 million (14%), comprising of several distribution system improvements, including 5th, 6th, 7th and G Street Main replacements totaling \$1.2 million to replace approximately 1,600 linear feet of water main; Oddie Wells Main Replacement totaling \$1.6 million to replace approximately 3,500 linear feet of water main; Wright Way, E St, 5th, 6th and 7th Main Replacements totaling \$1.8 million to replace approximately 5,800 linear feet of water main.

Customer Service Outlays account for \$2.8 million (3%) with \$2.3 million for the installation of Automated Meter Infrastructure.

Administrative Outlays account for \$1.5 million (2%) with \$750 thousand for new crew trucks and vehicles.

For fiscal years 2023-2025 capital spending increases significantly from the prior CIP, while capital spending for fiscal years 2026-2027 is reduced.

Fiscal years 2023-2025 increase in capital spend is largely due to \$30 million for the American Flat APW facility. The APW project will be funded as follows, City of Reno will reimburse 70% of the total cost of the project, sustainability fee funds collected by TMWA and developer funds. There is no impact to customer rates as a result of this project.

TRUCKEE MEADOWS WATER AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
Tentative Budget

	Tent. Budget FY 2023	Final Budget FY 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 113,142,185	\$ 108,503,854	\$ 4,638,331	4%
Hydroelectric Sales	3,177,557	1,837,239	1,340,318	73%
Other Operating Sales	3,861,065	2,219,679	1,641,386	74%
Total Operating Revenues	120,180,807	112,560,772	7,620,035	7%
OPERATING EXPENSES				
Salaries and Wages	29,479,887	26,634,314	2,845,573	11%
Employee Benefits	12,787,228	11,622,696	1,164,532	10%
Services and Supplies	33,719,064	32,188,000	1,531,064	5%
Total Operating Expenses Before Depreciation	75,986,179	70,445,010	5,541,169	8%
Depreciation	34,628,346	34,234,118	394,228	1%
Total Operating Expenses	110,614,525	104,679,128	5,935,397	6%
OPERATING INCOME	9,566,282	7,881,644	1,684,638	21%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	3,064,024	2,583,886	480,138	19%
Loss on Disposal of Assets	(1,700,000)	(750,000)	(950,000)	127%
Debt Issuance Costs	-	(133,000)	133,000	-100%
Interest Expense	(11,499,699)	(11,880,610)	380,911	-3%
Total Nonoperating Revenues (Expenses)	(10,135,675)	(10,179,724)	44,049	0%
Gain (Loss) Before Capital Contributions	(569,393)	(2,298,080)	1,728,687	-75%
CAPITAL CONTRIBUTIONS				
Grants	585,635	1,350,000	(764,365)	-57%
Water Resource Sustainability Program	2,840,000	607,168	2,232,832	368%
Developer Infrastructure Contributions	21,903,168	18,177,481	3,725,687	20%
Developer Will-serve Contributions (Net of Refunds)	7,245,700	2,884,048	4,361,652	151%
Developer Capital Contributions - Other	11,044,199	9,360,299	1,683,900	18%
Developer Facility Charges (Net of Refunds)	13,186,258	7,301,331	5,884,927	81%
Contributions from Others	94,924	-	94,924	0%
Contributions from Other Governments	21,100,000	200,000	20,900,000	10450%
Net Capital Contributions	77,999,884	39,880,327	38,119,557	96%
CHANGE IN NET POSITION	77,430,491	37,582,247	39,848,244	106%
NET POSITION, BEGINNING PERIOD	848,515,140			
NET POSITION, END OF PERIOD	\$ 925,945,631			

TRUCKEE MEADOWS WATER AUTHORITY

Statements of Cash Flows

Tentative Budget

	Tent. Budget FY 2023	Final Budget FY 2022	Variance \$	Variance %
OPERATING ACTIVITIES				
Cash Received From Customers	\$ 120,180,807	\$ 112,560,772	\$ 7,620,035	7%
Cash Paid to Employees	(42,267,115)	(38,257,010)	(4,010,105)	10%
Cash Paid to Suppliers	(33,719,064)	(32,188,000)	(1,531,064)	5%
Net Cash From Operating Activities	44,194,628	42,115,762	2,078,866	5%
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition & Construction of Capital Assets	(92,500,000)	(60,125,000)	(32,375,000)	54%
Interest Paid on Financing	(15,829,559)	(16,391,528)	561,969	-3%
Principal Paid on Financing	(16,494,081)	(13,599,193)	(2,894,888)	21%
Redemptions of Commercial Paper Notes	-	(5,500,000)	5,500,000	-100%
Grants	669,308	1,900,000	(1,230,692)	-65%
Contributions for Water Resource Sustainability Program	2,840,000	607,168	2,232,832	368%
Contributions From Developers-Will-Serve Letters	7,245,700	2,884,048	4,361,652	151%
Contributions from Developers - Other	11,044,199	9,360,299	1,683,900	18%
Contributions from Developers - Facility Charges	13,186,258	7,301,331	5,884,927	81%
Contributions from Others	94,924	-	94,924	0%
Contributions from Other Governments	21,100,000	200,000	20,900,000	10450%
Bond/Note Issuance Costs	-	(133,000)	133,000	-100%
Net Cash Used For Capital & Relating Financing Activities	(68,643,251)	(73,495,875)	4,852,624	-7%
INVESTING ACTIVITIES				
Interest Received	3,064,024	2,583,886	480,138	19%
Net Cash From Investing Activities	3,064,024	2,583,886	480,138	19%
NET CHANGE IN CASH AND CASH EQUIVALENTS	(21,384,599)	(28,796,227)	7,411,628	-26%
CASH AND CASH EQUIVALENTS, BEGINNING PERIOD	216,227,461	211,972,331	4,255,130	2%
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 194,842,862	\$ 183,176,104	\$ 11,666,758	6%

Truckee Meadows Water Authority

Summary of changes by Expense Element

FY 23 vs FY 22

Expense Element	FY 23	FY 22	Variance \$	Variance %	
Supplies/Equipment Rental	\$ 4,003,990	\$ 3,390,160	\$ 613,830	18%	A
Contracted Services	7,884,900	7,276,264	608,636	8%	B
Chemicals	2,621,999	2,462,701	159,298	6%	C
Professional Services	2,939,500	2,808,840	130,660	5%	D
Insurance/Claims	1,395,000	1,282,000	113,000	9%	E
Land/Leases/Permitting	942,100	841,175	100,925	12%	
Postage/Printing	864,100	777,050	87,050	11%	
Hardware/Software	2,486,995	2,420,714	66,281	3%	
Employee Related/Training	582,600	549,800	32,800	6%	
Street Repairs	270,000	255,000	15,000	6%	
Property Taxes	752,500	752,400	100	0%	
Bank/Investment Fees	50,000	50,000	-	0%	
Miscellaneous Expenses	-	2,400	(2,400)	-100%	
Resource Fees	1,044,500	1,059,000	(14,500)	-1%	
Overhead Allocations	(598,153)	(571,976)	(26,177)	5%	
Agency Reimbursements	(267,509)	(227,656)	(39,853)	18%	
Internet/Other Utility	795,500	840,600	(45,100)	-5%	
Sponsorships/Community	1,116,500	1,166,500	(50,000)	-4%	
Electric Power	5,508,542	5,567,028	(58,487)	-1%	
Project Related	1,326,000	1,486,000	(160,000)	-11%	
	\$ 33,719,064	\$ 32,188,000	\$ 1,531,063	5%	

A Variance is due to increased supplies prices due to inflation. Notably, fuel costs are expected to be \$214k (65%) higher in FY 23 compared to FY 22. This is also due to increased miles driven. Additionally, TMWA will rent generators during the months when NV Energy may have PSOM related outages. This additional cost is estimated to be \$186k and was not part of the FY 22 budget.

B Increase in contracted services is due to several factors including increased third party security costs, meter installation services and landscape maintenance. TMWA has added additional security services to improve monitoring and response effectiveness across the service territory. Meter installation services are actually a component of the AMI capital project, but are required to be expensed due to the nature of the work. Finally, TMWA continues to improve landscape maintenance at all sites across the service territory.

C Chemical costs are increasing due to both known and anticipated price increases.

D Professional services are increasing due primarily to increases in public relations costs and consulting related to the Bureau of Reclamation's water management option pilot project.

E Based on preliminary estimates, insurance premiums are expected to increase 9% from FY 2022. Property and General Liability make up approximately 77% of total premiums. The property insurance market has seen large increases in recent years and even with TMWA's good loss history, TMWA is exposed to some levels of increase.

Line	Priority	Funding	TMWA 5 Year Draft Capital Plan Summary	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five Year CIP Total
Raw Water Supply Improvements									
1	2	CR	Highland Canal-Upgrades-Downstream	225	225	225	225	225	1,125
2	1	CR	Highland Canal-Upgrades-Diversion to Chalk Bluff	500	500	2,500	100	100	3,700
3	1	CR	TROA Drought Storage / Implementation	150	100	100	100	100	550
4	2	CR	Donner Lake Outlet Improvements Phase 2	150	150	250	3,000	3,000	6,550
5	2	DF, SF, R	Advanced Purified Water Facility at American Flat	30,000	40,000	25,000	5,000	-	100,000
6	1	CR	Washoe Lake System Improvements	100	150	250	250	250	1,000
7			Total Raw Water	31,125	41,125	28,325	8,675	3,675	112,925
Ground Water Supply Improvements									
10	1	CR	Well Rehabilitation Improvements	200	200	200	200	200	1,000
11	2	DF	Double Diamond #5 and Equipping	50	450	-	-	60	560
12	2	DF	Callamont Well South Equipping	-	60	1,140	-	-	1,200
13	2	CR	Air Guard Well Replacement Equipping	-	-	-	-	1,100	1,100
14	1	CR	Lemmon Valley Well #8 Replacement	-	250	1,000	-	-	1,250
15	1	CR	Well Fix & Finish	350	350	350	350	350	1,750
16	1	CR	Thomas Creek Well Replacement and Spring Creek 5	1,000	-	-	1,500	-	2,500
17	1	CR & SF	Well Head TTHM Mitigation	500	500	500	500	500	2,500
18	2	DF	Callamont Well North Equipping	-	-	-	60	1,140	1,200
19	1	DF	Spring Creek Well #10 - Donovan	150	1,060	-	-	-	1,210
20	1	CR	Fish Springs Ranch TDS Monitoring Wells	-	250	-	-	-	250
21	1	CR	Geothermal Fluid Monitoring Well	100	-	-	-	-	100
22	1	CR	Spring Creek Well 9 (Spring Creek 4 Replacement)	760	1,000	-	-	-	1,760
23	1	CR	Spring Creek Wells PH Adjustment	750	250	-	-	-	1,000
24	2	CR	STMGID Well #1 Re Drill and Equipping	200	-	-	-	1,000	1,200
25			Total Ground Water	4,060	4,370	3,190	2,610	4,350	18,580
Treatment Plant Improvements									
28	1	CR	Chalk Bluff Plant Improvements	550	365	360	350	525	2,150
29	1	CR	Glendale Treatment Plant Improvements	200	1,000	375	325	405	2,305
30	1	CR	Chalk Bluff Filter Underdrains	800	800	800	-	-	2,400
31	1	CR	Glendale Filter Underdrains	-	500	500	500	500	2,000
32	3	CR	Chalk Bluff Lighting Upgrade	-	350	-	-	-	350
33	3	CR	Glendale Lighting Upgrade	250	-	-	-	-	250
34	2	CR & IS	Orr Ditch Pump Station Rehab and Hydro Facility	12,665	1,000	-	-	-	13,665
35	1	CR	Truckee Canyon Water Treatment Improvements	100	100	20	10	10	240
36	1	CR	Lightning W Treatment Improvements	20	20	150	10	10	210
37	1	CR	SCADA Rehab / Plant Operating Software	1,000	1,000	1,000	1,000	750	4,750
38	2	CR	Longley Plant HV 3 and HV 4 Treatment Improvements	900	550	-	-	-	1,450
39	2	CR	Spanish Springs Nitrate Treatment Facility	250	250	500	-	7,500	8,500
40	1	CR	Chalk Bluff Electrical System Upgrades	150	-	-	-	-	150
41			Total Treatment Plant Improvements	16,885	5,935	3,705	2,195	9,700	38,420
Pressure Improvements									
44	1	CR	Pressure Regulators Rehabilitation	1,000	500	500	500	500	3,000
45	2	CR	Land Acquisitions	250	250	250	250	250	1,250
46	2	CR	Desert Fox Standby Generator	-	150	-	-	-	150
47	1	DF	Longley Booster Pump Station / Double R Capacity Increase	-	250	1,000	-	-	1,250
48	3	CR	Pump Station Oversizing	100	100	100	100	100	500
49	1	CR	Pump Station Rebuilds, Rehabilitations	250	250	250	250	250	1,250
50	2	CR & DF	Sullivan #2 Booster Pump Station Replacement	-	-	-	-	80	80
51	2	CR	Mount Rose Well #3 Pump Station Improvements	-	250	-	-	-	250
52	3	CR	Standby Generator Improvements	150	150	150	150	150	750
53	1	CR	Idlewild Booster Pump Station Improvements	100	1,200	-	-	-	1,300
54	2	DF	Raleigh to Fish Springs Booster Pump Station	-	-	-	-	300	300
55	2	CR & DF	Southwest Pump Zone Consolidation Phase 1	-	-	-	-	330	330
56	2	CR	Spanish Springs #1 Pump Zone Intertie	600	-	-	-	-	600
57	2	DF	STMGID Tank #4 Booster Pump Station / Transmission Line	100	300	1,000	-	250	1,650
58	2	DF	Wildwood 2 Pressure Regulating Station Scada Control	-	100	-	-	-	100
59	2	CR & DF	Southwest Pump Zone Consolidation Phase 2	-	-	-	-	50	50
60	2	CR	Sierra Summit-Kohl's Zone Consolidation	-	-	380	400	-	780
61	2	CR	Wild Mustang Regulated Pressure Zone	-	-	50	380	-	430
62	2	CR	Thomas Creek #4 PRS	-	170	-	-	-	170
63	2	CR	Kings Row 2 Booster Pump Station	-	-	-	150	150	300
64	2	DF	Spring Creek Tanks #3&4 Booster Pump Station Modifications	-	-	-	200	900	1,100
65	1	DF	Lazy 5 Low Head Pump Station & Mains	1,000	1,000	-	-	-	2,000
66	1	R	Common (Stonegate) Booster Pump Station	2,200	-	-	-	-	2,200
67	2	CR	Caughlin 5C Pump and Motor Replacement	150	-	-	-	-	150
68	1	CR	South Hills BPS Replacement	-	-	70	2,750	1,500	4,320
69	2	CR	Sierra Highlands PRS	-	-	210	-	-	210
70	1	CR	Caughlin 2 Tanks	-	-	500	1,000	1,500	3,000
71	1	CR	7th Street High & Low BPS Replacement	1,300	2,000	-	-	-	3,300
72	1	CR	STMGID NAC Deficiencies - Upper Toll	500	600	2,500	-	-	3,600
73	1	R	Verdi 1 BPS	1,750	750	-	-	-	2,500
74	1	R	Santerra Quillici 1 BPS	1,150	450	-	-	-	1,600
75	1	R	Silvers Hills BPS	200	1,000	500	-	-	1,700
76	2	CR	Upper Markridge 1 Pressure Improvements	150	-	-	-	-	150
77	2	CR	Orrcrest PRS	150	-	-	-	-	150
78	2	CR	Tappan 2 PRS	-	250	-	-	-	250
79			Total Pressure Improvements	11,100	9,720	7,460	6,130	6,310	40,720
Water Main-Distribution-Service Line Improvements									
82	1	CR	Street & Highway Main Replacements	5,800	5,000	5,000	5,000	5,000	25,800
83	1	CR	5th, 6th & 7th St. Water Main Replacements	1,170	-	-	-	-	1,170
84	1	CR	Wright Way, E St, 5th, 6th & 7th Replacements	1,820	-	-	-	-	1,820
85	1	CR	Oddie Wells Main Replacement	1,560	-	-	-	-	1,560
86	2	CR	Spring Creek South Zone Conversion	600	200	-	-	-	800
87	2	CR	Booth, Sharon Way, Monroe 24" Main Replacements	-	1,000	2,100	2,000	-	5,100
88	2	CR	North East Sparks Tank Feeder Main Relocation	-	-	975	-	-	975
89	2	DF	Trademark 14" Main Tie	-	-	-	-	350	350
90	2	CR	Mt Rose Tank 1 Fire Flow Improvements	-	400	570	-	-	970
91	2	CR & DF	Stead Golf Course Main Replacement	-	-	170	2,400	-	2,570
92	3	CR	General Waterline Extensions	100	100	100	100	100	500
93	1	DF	North-East Sparks Feeder Main Ph. 8	-	50	2,050	-	-	2,100
94	1	DF	Mount Rose 5 Distribution / Pressure Improvements	50	400	-	-	-	450
95	2	DF	Goldenrod Main	50	1,200	-	-	-	1,250
96	1	DF	Boomtown Water System Improvements	500	1,750	-	-	-	2,250
97	2	CR	Lemmon Valley Sand Yard	530	-	-	-	-	530

Line	Priority	Funding	TMWA 5 Year Draft Capital Plan Summary	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five Year CIP Total
98	2	CR & DF	Sullivan #1 Main Tie & PRS	-	-	-	100	650	750
99	2	CR	Montreux High Pressure ACP Replacement	-	-	520	1,060	-	1,580
100	2	CR	2nd Galena Creek Main Crossing	-	40	560	-	-	600
101	2	CR	Off-River Supply Improvements - STM	-	-	-	50	1,050	1,100
102	2	CR	Off-River Supply Improvements - NVS Pump Station	-	-	400	-	-	400
103	2	CR	Somerset #6 Main Tie & PRS	-	280	-	-	-	280
104	1	CR	2025 Fire Flow Improvements - Gravity <1,000 GPM	-	-	-	550	-	550
105	1	CR	2025 Fire Flow Improvements - North Valleys <1,000 GPM	-	-	-	940	-	940
106	2	DF	Deluchi to Airway Main Tie	-	-	-	440	-	440
107	1	DF	SE Sparks Feeder Main Phase 1	-	-	-	50	4,450	4,500
108	1	DF	South Truckee Meadows Capacity Improvements	200	800	-	-	-	1,000
109	2	CR	Rock & Capital Main Tie	200	-	-	-	-	200
110			Total Water Main-Distribution-Service Line Improvements	12,580	11,220	12,445	12,690	11,600	60,535
111									
112			Potable Water Storage Improvements						
113	1	CR & DF	Sun Valley #2 Tank	-	-	420	2,980	-	3,400
114	2	DF	Fish Springs Terminal Tank #2	-	-	-	-	40	40
115	1	CR	Storage Tank Recoats; Access; Drainage Improvements	3,500	4,000	4,000	4,000	4,500	20,000
116	2	CR & DF	Highland Reservoir Tank	1,000	2,000	4,700	-	-	7,700
117	1	CR & DF	STMGID Tank East Zone 11 Tank	-	-	-	-	2,900	3,075
118	1	CR, R, DF	US 40 Tank & Feeder Main	2,150	2,530	-	-	-	4,680
119	2	CR & DF	Spanish Springs Altitude Valves (SC6 & DS3)	-	300	-	-	-	300
120	2	CR	Hidden Valley Tank Altitude Valve	-	350	-	-	-	350
121	1	CR	Lemmon Valley Tank #1 Replacement and Patrician PRS	250	750	-	-	-	1,000
122			Total Potable Water Storage Improvements	6,900	9,930	9,120	7,155	7,440	40,545
123									
124			Hydroelectric Improvements						
125	2	CR	Forebay, Diversion, and Canal Improvements	100	100	100	100	100	500
126	3	CR	Flume Rehabilitation	-	-	150	150	-	300
127	3	CR	Hydro Plant Generator Rewinds	-	350	-	500	350	1,200
128	1	CR	Washoe Plant_Turbine Rebuild and Rebuild/Replacement Unit 1	250	2,750	-	-	-	3,000
129	2	CR	Washoe Plant_Turbine Rebuild and Rebuild/Replacement Unit 2	-	-	-	250	2,750	3,000
130			Hydroelectric Improvements	350	3,200	250	1,000	3,200	8,000
131									
132			Customer Service Outlays						
133	3	CR	Meter Reading Equipment	-	75	-	-	-	75
134	2	DF	New Business Meters	100	100	100	100	100	500
135	1	CR	Mueller Pit Replacements former Washoe County	125	125	125	125	125	625
136	2	CR	Galvanized / Poly Service Line Replacements	250	250	250	250	250	1,250
137	1	CR & MR	Automated Meter Infrastructure (AMI)	2,300	5,000	6,000	6,200	-	19,500
138			Total Customer Service Outlays	2,775	5,550	6,475	6,675	475	21,950
139									
140			Administrative Outlays						
141	2	CR	GIS / GPS System Mapping Equipment	45	20	-	-	-	65
142	2	CR	IT Server Hardware	45	30	-	-	-	75
143	2	CR	IT Network Security Upgrades	70	10	-	-	-	80
144	2	CR	IT Physical Access Security Upgrades	60	60	-	-	-	120
145	2	CR	Printer / Scanner Replacement	-	100	-	-	-	100
146	3	CR	Crew Trucks / Vehicles	750	850	950	1,000	1,100	4,650
147	1	CR	Emergency Management Projects	150	150	150	150	150	750
148	1	CR	Emergency Operations Annex Design / Construction	-	250	250	1,500	-	2,000
149	2	CR	System Wide Asphalt Rehabilitation	200	200	200	200	200	1,000
150	1	CR	Physical Site Security Improvements	200	200	-	-	100	500
151			Total Administrative Outlays	1,520	1,870	1,550	2,850	1,550	9,340
152									
153			Total Capital Spending Outlays	87,295	92,920	72,520	49,980	48,300	351,015
154									
155			Special Projects Funded by Development						
156	3	DF	Water Right Purchases	2,500	2,500	2,500	2,500	2,500	12,500
157			Total Special Projects Funded by Development	2,500	2,500	2,500	2,500	2,500	12,500
158									
159			Total Projected Capital Spending Including Projects Funded By Development	89,795	95,420	75,020	52,480	50,800	363,515
160									
161			Former STMGID System Improvements						
162	1	STMGID	STMGID Conjunctive Use Facilities - Arrowcreek BPS	2,700	-	-	-	-	2,700
163			Total Former STMGID Capital Spending - Allocated Funding	2,700	-	-	-	-	2,700
164									
165			Total Projected Capital Spending Including STMGID - Allocated Funding	92,495	95,420	75,020	52,480	50,800	366,215

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five Year CIP Total
Customer Rates	40,105	36,843	39,051	42,904	39,116	198,019
Developer Fees	8,640	23,216	16,269	4,626	11,434	64,185
Reimbursements	26,300	30,200	18,000	3,500	-	78,000
STMGID Reserve Funds	2,700	-	-	-	-	2,700
Water Meter Retrofit / Developer Fees	2,500	3,211	-	-	-	5,711
Sustainability	7,250	1,950	1,700	1,450	250	12,600
Farad Insurance Settlement - Applied to Orr Ditch Hydro project	5,000	-	-	-	-	5,000
Grants	-	-	-	-	-	-
Total	92,495	95,420	75,020	52,480	50,800	366,215

TMWA Fiscal Year 2023 (Tentative) Budget

FY 23 Operating Budget and FY 23-27 CIP

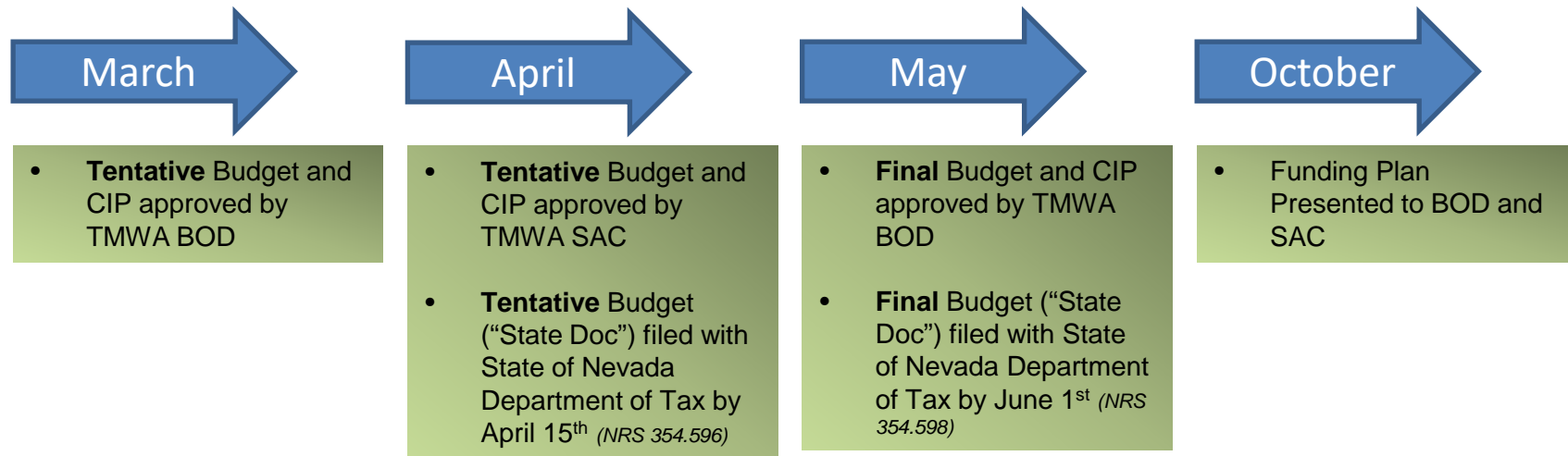
*Presentation by Truckee Meadows Water Authority
March 16, 2022*



Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Budget *(amounts in millions)*

Fiscal Planning Timeline



Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Operating Budget *(amounts in millions)*

Summary – Year over Year Budgets

	FY 2023	FY 2022	Change \$	Change %
Operating Revenue	120.2	112.6	7.6	6.7%
Operating Expense	110.6	104.7	5.9	5.6%
Operating Income	9.6	7.9	1.7	21.5%
Nonoperating Revenues (Expenses)	(10.1)	(10.2)	0.1	-1.0%
Capital Contributions	78.0	39.9	38.1	95.5%
Change in Net Position	77.5	37.6	39.9	106.1%
Net Change in Cash	(21.4)	(28.8)	7.4	-25.7%

- *Change in Net Position expected to be higher than prior year due to contributions from City of Reno for American Flat APW.*
- *Change in Cash likely to be closer to \$0 due to approximately 80% expected capital spend (typical)*

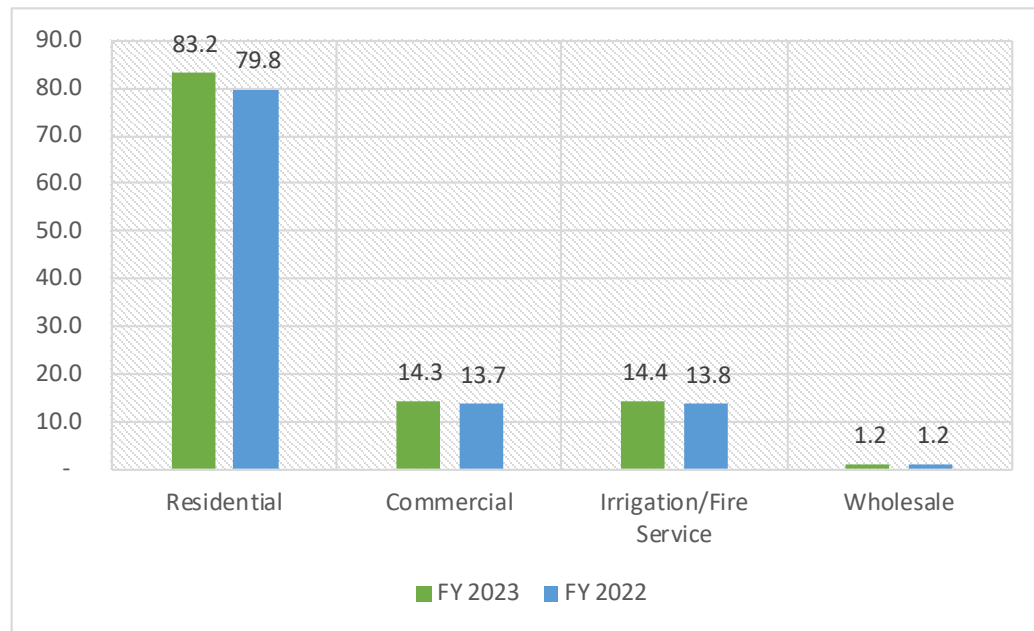
Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Operating Budget *(amounts in millions)*

Operating Revenue

	FY 2023	FY 2022	Change \$	Change %
Charges for Water Sales	113.1	108.5	4.6	4.2%
Hydroelectric Sales	3.2	1.8	1.4	77.8%
Other Operating Sales	3.9	2.3	1.6	69.6%
Total Operating Revenue	120.2	112.6	7.6	6.7%

- Water sales model assumes rate increases in May, 2022 and May, 2023 of 2.5%.
- Water sales model estimates increase in connections of ~1.5%
- Water sales model assumes average weather year with all history/data available



Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Operating Budget *(amounts in millions)*

Operating Expenses

	FY 2023	FY 2022	Change \$	Change %
Salaries and Wages	29.4	26.6	2.8	10.5%
Employee Benefits	12.8	11.6	1.2	10.3%
Services and Supplies	33.7	32.2	1.5	4.7%
Operating Expenses Before Depreciation	75.9	70.4	5.5	7.8%
Depreciation	34.7	34.3	0.4	1.2%
Total Operating Expenses	110.6	104.7	5.9	5.6%

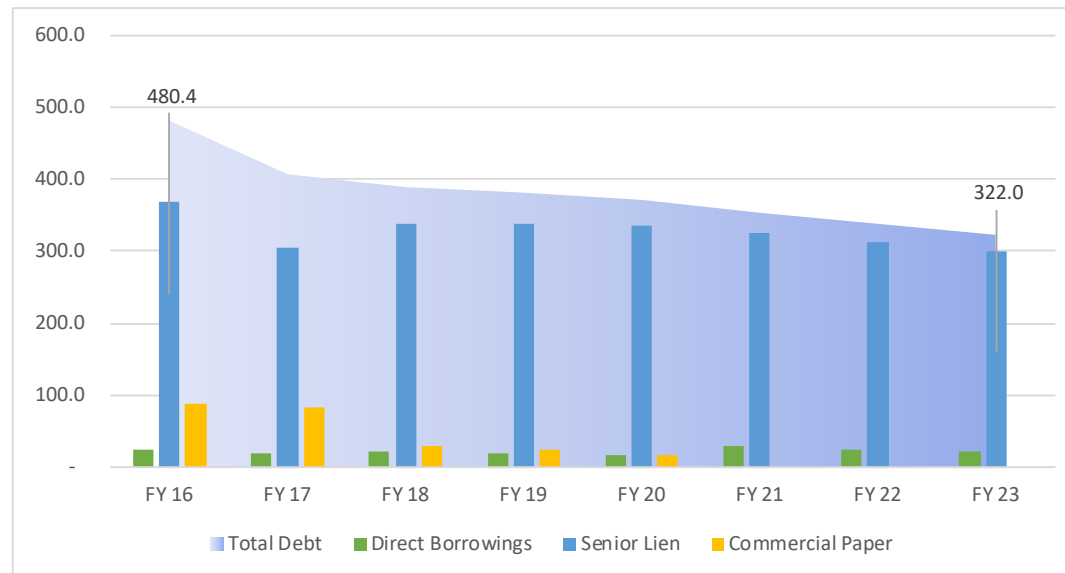
- 4.75% headcount
- 2.75% step increases
- 3.50% Labor Market Index
- Increase in prices of supplies, most notably, fuel (\$0.2m) and chemicals (\$0.2m).
- Increase in contracted services including contracted security, expensed meter installations and landscape maintenance.
- Increase in insurance expense of \$0.1m

Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Operating Budget *(amounts in millions)*

Nonoperating Revenues and Expenses

	FY 2023	FY 2022	Change \$	Change %
Investment Earnings	3.1	2.6	0.5	19.2%
Loss on Disposal of Assets	(1.7)	(0.8)	(0.9)	112.5%
Debt Issuance Costs	-	(0.1)	0.1	-100.0%
Interest Expense	(11.5)	(11.9)	0.4	-3.4%
Nonoperating Expenses	(10.1)	(10.2)	0.1	-1.0%



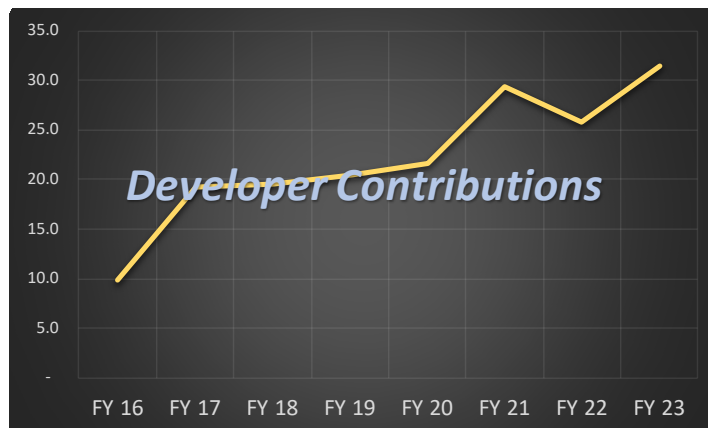
*Fitch upgrades
 TMWA to AAA
 (from AA)*

Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Operating Budget *(amounts in millions)*

Capital Contributions

	FY 2023	FY 2022	Change \$	Change %
Grants	0.6	1.4	(0.8)	-57.1%
Water Resource Sustainability Program	2.8	0.6	2.2	366.7%
Developer Infrastructure Contributions	21.9	18.2	3.7	20.3%
Developer Will-serve Contributions	7.2	2.9	4.3	148.3%
Developer Capital Contributions - Other	11.0	9.4	1.6	17.0%
Developer Facility Charges	13.2	7.3	5.9	80.8%
Contributions from Other Governments	21.1	0.2	20.9	10450.0%
Total Capital Contributions	77.8	40.0	37.8	94.5%



Includes contribution from City of Reno for 70% of construction costs expected during FY 23.

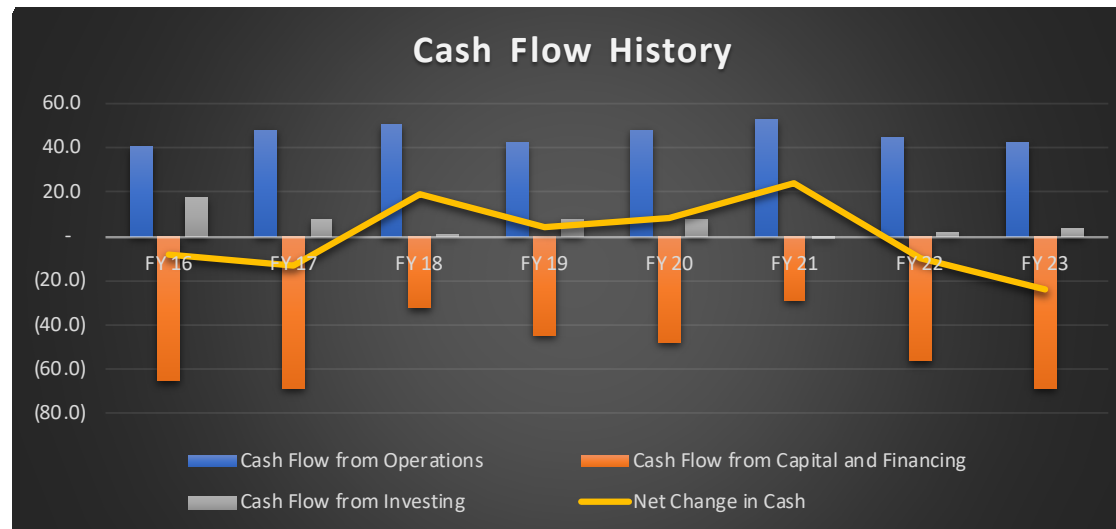
Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Operating Budget *(amounts in millions)*

Cash Flows

	FY 2023	FY 2022	Change \$	Change %
Cash Flow from Operations	44.2	42.1	2.1	5.0%
Cash Flow from Capital and Financing	(68.6)	(73.5)	4.9	-6.7%
Cash Flow from Investing	3.1	2.6	0.5	19.2%
Net Change in Cash	(21.3)	(28.8)	7.5	-26.0%

- *Increase in capital spend of \$37.8m includes American Flat, offset by contribution from City of Reno for \$21m and increased developer contributions of \$14.0m*



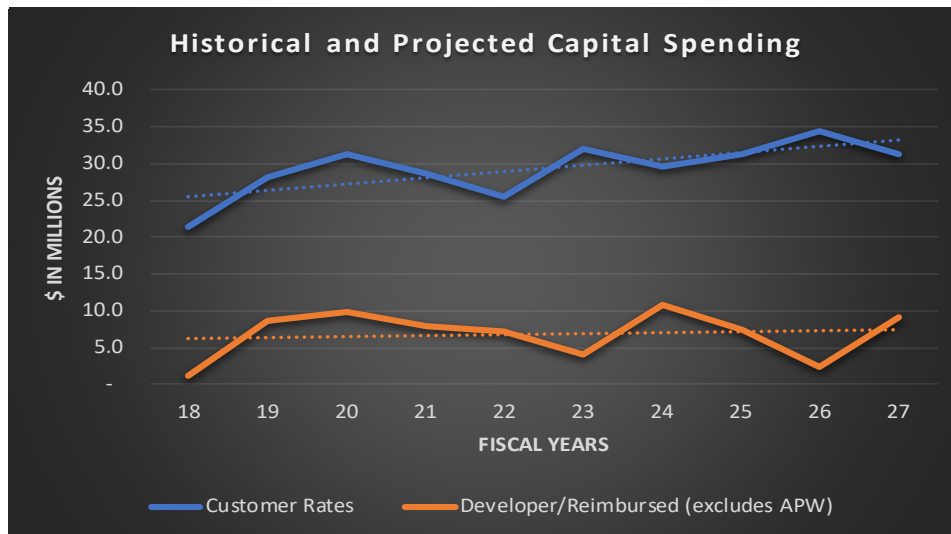
Truckee Meadows Water Authority (TMWA)

Capital Improvement Plan FY 2023 – 2027 (tentative) *(amounts in millions)*

Summary of Funding Sources	2023	2024	2025	2026	2027	Total	CIP Total	PY CIP	CIP Total	Change \$	Change %
Customer Rates	40.1	36.8	39.1	42.9	39.1	198.0	54.1%	187.0	73.5%	11.1	6%
Developer Fees	8.6	23.2	16.3	4.6	11.4	64.2	17.5%	43.8	17.2%	20.4	47%
Reimbursements	26.3	30.2	18.0	3.5	-	78.0	21.3%	3.1	1.2%	74.9	2416%
STMGID Reserve Funds	2.7	-	-	-	-	2.7	0.7%	5.2	2.0%	(2.5)	-48%
Water Meter Retrofit / Developer Fees	2.5	3.2	-	-	-	5.7	1.6%	5.7	2.2%	-	0%
Sustainability	7.3	2.0	1.7	1.5	0.3	12.6	3.4%	4.0	1.6%	8.6	215%
Farad Insurance Settlement (Orr Ditch Hydro)	5.0	-	-	-	-	5.0	1.4%	5.5	2.2%	(0.5)	-9%
Grants	-	-	-	-	-	-	0.0%	-	0.0%	-	0%
Total	92.5	95.4	75.0	52.5	50.8	366.2	100.0%	254.2	100.0%	111.9	44%

-American Flat APW

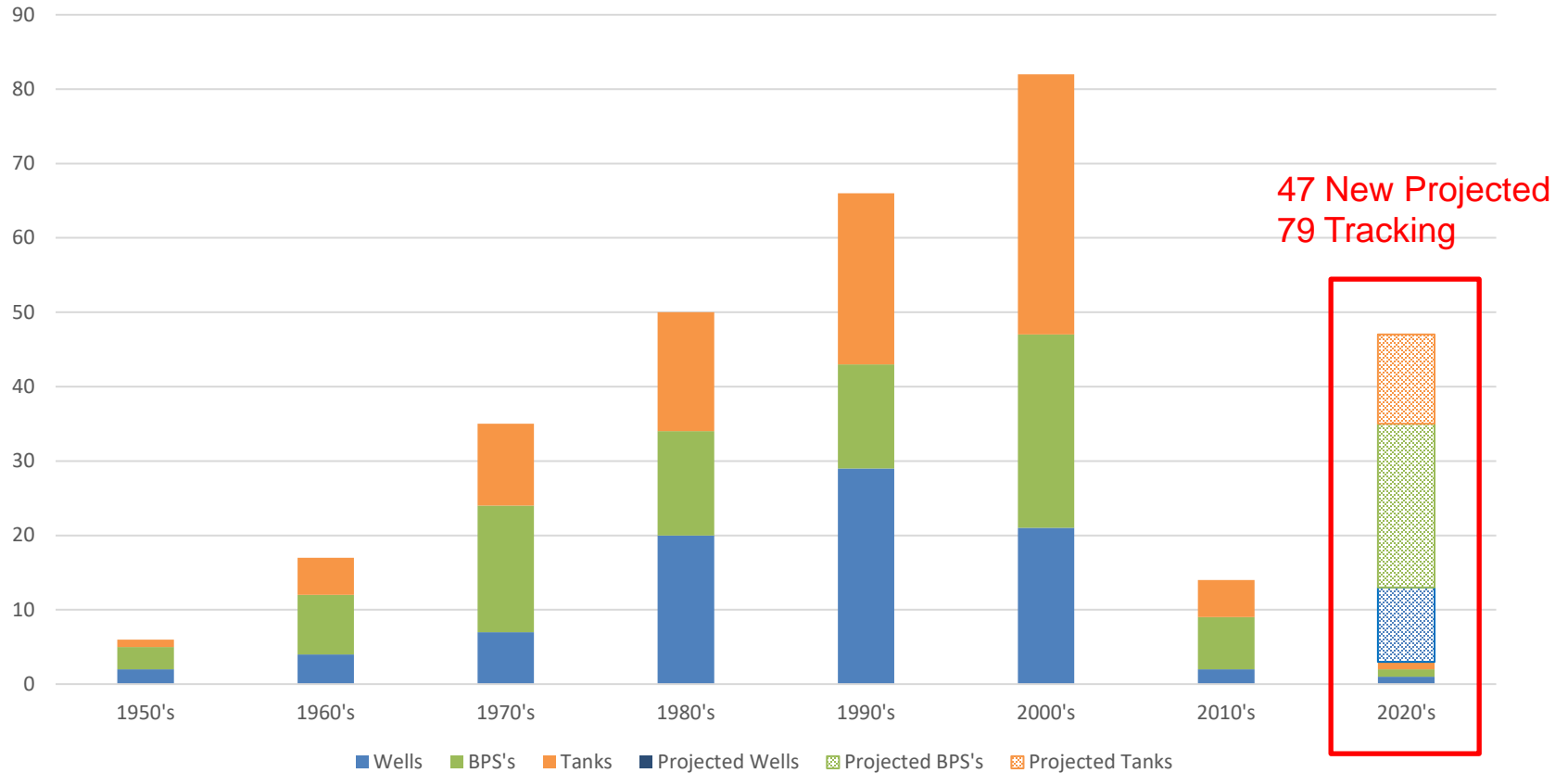
-\$3m received from FY22 Omnibus, approved March 10th. Will be reflected in Final Budget presented in May.



Truckee Meadows Water Authority (TMWA)

Capital Improvement Plan FY 2023 – 2027 (tentative) *(amounts in millions)*







Tanks / Wells / BPS's By Decade



Truckee Meadows Water Authority (TMWA)

FY 2023 (Tentative) Budget *(amounts in millions)*

Summary/Take-aways

- Water Sales 
 - 1.5% increased services
 - 2.5% rate increase
- Operating Expenses 
 - Increase to employee headcount
 - Step increases
 - Some inflationary price increases
- Nonoperating Expenses 
- Capital Contributions 
 - American Flat APW related contributions
 - Continued growth
- Net Change in Cash 
 - Projected, but conservative, likely minimal overall change in cash
- 5 Year Capital Spending 
 - Increased focus on major rehabs, mitigating risk.
 - American Flat APW

Thank you!
Questions?