



STANDING ADVISORY COMMITTEE

MINUTES

April 5, 2022

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

1. ROLL CALL

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

Alternates Present: Ken Becker, Karl Katt, **John Krmpotic, Kevin Ryan, Dale Sanderson, and *Jim Smith.

Primary Members and Alternates Absent: Robert Chambers and Ann Silver.

**Indicates members who attended the meeting virtually via Zoom.*

***Indicates members who arrived late during the meeting but did not announce their arrival and there was no timestamp recorded.*

Staff Present: Matt Bowman, Sophie Cardinal, Robert Charpentier, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauck, Stefanie Morris, Danny Rotter, John Zimmerman, and Legal Counsel Lucas Foletta (McDonald Carano).

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF THE FEBRUARY 1, 2022 MEETING

Vice Chair Hastings noted an error on page two; change the wording to say, “*since* Dec 30th” and delete “as of”.

Upon motion duly made by Member Melton and seconded by Member Arndt, and carried by unanimous consent of the members present, the Committee approved the amended February 1, 2022 meeting minutes.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, updated the Committee on the current water supply status: Lake Tahoe is currently 1.03 feet above the rim, March was the third significantly dry month in a row, the Truckee Basin snowpack is currently about 52% of normal, despite the decline in runoff forecast, the model runs are still projecting normal Truckee River flows through mid-September (possible October), and TMWA's upstream drought storage is approximately 53,000 acre feet (AF).

Members of the Committee inquired about TMWA's unique situation considering the media messaging regarding drought in California and implementing additional conservation measures. Additionally, the inquiry was made if wells were recharged in the winter. Mr. Hauck replied that TMWA always communicates with the community to conserve water and to be mindful of water waste. He also informed them wells were recharged this past winter, approximately 4 million gallons per day at one point and recharge was shut-off this past Monday. Additionally, Mr. Hauck stated this was the largest recharge year since 2016 and the first time they were able to recharge on the Mt. Rose-Galena Fan.

6. PRESENTATION OF FISCAL YEAR 2022 Q2 YEAR TO DATE FINANCIAL RESULTS

Matt Bowman, TMWA Financial Controller, provided an overview of TMWA's financial results year to date: the change in net position was \$5.9m (21%) higher than budget which was driven primarily by higher capital contributions; operating revenue was \$0.3m (<1%) higher than budget; operating expenses were \$2.7m (5%) lower than budget; seeing impacts from inflation, most notably in fuel, but other price increases have not yet been significant; nonoperating expenses were \$1.9m (38%) higher than budget primarily due to a net decrease in fair value of investments; capital contributions were \$4.8m (24%) higher than budget due to receiving the FEMA award for the Glendale diversion rebuild following the 2017 flood event; developer contributions, or connection fees, are outpacing the budget; developer infrastructure contributions is a non-cash item, but have to recognize it as revenue; and total cash on hand was \$241.0m, or \$11.0m higher than, at the beginning of the fiscal year.

Member McNeil inquired about inflation in relation to its impact on TMWA's cost of materials and wages. Mr. Bowman replied he would discuss that in the next budget item.

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

Chair McGuire stated the agenda item would be heard as an informational item because the agenda noticed the incorrect fiscal year.

Member McNeil inquired why the Committee couldn't take action on this item since their charge is budgetary and fiscal oversight. Lucas Foletta, TMWA General Counsel, explained that the item was improperly noticed and therefore no action could be taken, but the Committee can ask questions.

Mr. Bowman and Danny Rotter, TMWA Engineering Manager, presented the tentative budget for FY 2023 and the draft FY2023-27 CIP. Mr. Bowman reported the significant increase in capital contributions is the City of Reno contribution for the American Flat project. The water sales model assumes the scheduled rate increases in May 2022 and 2023 as well as an increase in service connections of about 1.5% and an average weather year, a 10.5% projected increase in the salaries and wages category due in large part to additional headcount, an increase in prices of supplies, a 3.4% decrease in interest expense, a significant increase in developer contributions, and Fitch upgraded TMWA's debt rating from AA to AAA. A slight change to the tentative budget in May will be the grants line item; President Biden signed the FY22 Omnibus which includes \$3M for the American Flat project, and will be shared 70% and 30% between City of Reno and TMWA, respectively. Mr. Rotter reported that infrastructure projects have increased (currently have 47 projected and are tracking 79) and will significantly increase in the next eight years, in order to meet demand, and infrastructure requirements, and an increased focus on major rehabilitation projects and mitigating risk.

The Committee had a lengthy discussion regarding connection fees and payment (TMWA will be paid if there is a contract or when a water service agreement is issued), construction costs falling well below budget (TMWA's CIP consistently falls around 80% of budget – good practice to not go over budget), TMWA increasing personnel efficiently and conservatively, the security and surveillance contract (improve infrastructure and cyber security, increased patrol around facilities and service territory), and power generator rentals (in 2021 NV Energy began conducting power shutdowns during fire season and a number of facilities would experience outages if not for the generators).

Chair McGuire congratulated staff on the increase rating by Fitch from AA to AAA for the first time.

No action taken.

8. UPDATE ON STATUS OF THE MT. ROSE WATER TREATMENT PLANT

Mr. Rotter informed the Committee the Mt. Rose Water Treatment Plant is anticipated to go online Wed, Apr 6th. TMWA received the permit to operate this past January and staff has been treating and returning water to the creek before starting up the plant to make sure it meets TMWA's standards. Mr. Rotter added that a tour would most likely be scheduled for the Committee in the next couple of months.

Member McNeil asked if this plant would be controlled remotely. Mr. Rotter replied yes but TMWA is still working on making sure it operates and meets high quality standards prior to switching to remote operations.

Member Ryan thanked staff for the update since he requested this at the last meeting and noted that it was quite an accomplishment.

9. PRESENTATION OF TMWA'S RECLAMATION AND WATER REUSE PROJECTS

John Enloe, TMWA Director of Natural Resources, provided an update on TMWA's water reuse projects: return flow management agreement, American Flat project and Palomino Valley water banking project.

Members of the Committee inquired about the funding and logistics of the projects as it relates to groundwater supply, treatment processes and operations, and Truckee River management. This was an informational item.

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

Upon motion duly made by Member Hayes and seconded by Member Melton, 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 third quarter FY2022 financial performance
3. Presentation of the final budget for FY2023 and five year CIP for FY2023-27
4. Update on Mt. Rose Water Treatment Plant status
5. Presentation of TMWA's Lady Bug project

11. STAFF ITEMS

Andy Gebhardt, TMWA Director of Distribution, Maintenance & Generation, informed the Committee that TMWA is holding its Smart About Water Day on Sat, May 7th 10am-2pm at Lazy 5 Regional Park.

Sonia Folsom, TMWA Executive Assistant, informed the Committee that TMWA's summer picnic will be held on Sat, Aug 20th and to RSVP if they'd like to attend, and will be emailing them the updated contact list soon.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment

14. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:49 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Clerk