



STANDING ADVISORY COMMITTEE

AGENDA

Tuesday, October 4, 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 June 7, 2022 meeting (**For Possible Action**)
5. Water Supply Update — Bill Hauck and Kara Steeland*
6. Presentation of preliminary fiscal year 2022 unaudited financial performance — Matt Bowman*
7. Presentation of preliminary funding plan for fiscal years 2023 through 2027, discussion and possible recommendation to the Board — Matt Bowman (**For Possible Action**)

8. Update on Southern Nevada Non-Functional Turf Removal Program —John Zimmerman and Andy Gebhardt*
9. Update on Standing Advisory Committee Membership — Sonia Folsom*
10. Presentation and possible approval of 2023 meeting schedule — Sonia Folsom **(For Possible Action)**
11. Election of Chair and Vice Chair for 2023 — Lucas Foletta **(For Possible Action)**
12. Recognition of Mark Foree for his years of service to TMWA as General Manager — Neil McGuire*
13. Discussion and possible direction to staff regarding agenda items for future meetings **(For Possible Action)**
14. Staff Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
15. Committee Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
16. Public Comment — limited to no more than three minutes per speaker*
17. Adjournment **(For Possible Action)**



STANDING ADVISORY COMMITTEE

DRAFT MINUTES

June 7, 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, Dale Sanderson, and *Jim Smith.

Primary Members and Alternates Absent: Robert Chambers, Kevin Ryan, and Ann Silver.

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

***Member Brown-Caliger arrived at 3:08 p.m.*

Staff Present: Matt Bowman, Sandra Tozi, Robert Charpentier, John Enloe, Sonia Folsom, Mark Foree, Andy Gebhardt, Stefanie Morris, Danny Rotter, Kara Steeland, 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 Hayes, and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE APRIL 5, 2022 MEETING

Vice Chair Hastings noted an error on page five; change the wording to say, “*Chair McGuire* adjourned...” and delete “Vice Chair Hastings”.

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 April 5, 2022 meeting minutes.

5. PRESENTATION OF FISCAL YEAR 2022 Q3 YEAR TO DATE FINANCIAL RESULTS

Matt Bowman, TMWA Financial Controller, presented the third quarter fiscal year 2022 financial results.

Members of the Committee inquired if the new NV Energy rate increase would impact TMWA (yes, electricity is TMWA's largest cost) and hydro generation was higher than projected (Washoe Hydro was supposed to be offline for maintenance and expected lower river flows, which didn't happen)

6. PRESENTATION ON THE FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2023 AND THE 2023-2027 FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Mr. Bowman and Sandra Tozi, TMWA Financial Analyst, presented the staff report of the proposed final FY2023 Budget and FY2023-27 CIP. Mr. Bowman thanked Ms. Tozi, Danny Rotter, TMWA Engineering Manager and Sonia Folsom, TMWA Executive Assistant, for their hard work in putting together the CIP, and thanked Sophie Cardinal, TMWA Financial Controller, in her assistance on the operating budget.

Ms. Tozi addressed a new section in the introduction, conservation projects, per Director Hill's request at the March meeting; the final capital spend increased \$27m from the 5-yr CIP total; the changes were related to the Advanced Purified Water Facility at American Flat (American Flat) (\$17m) and for treatment plant improvements (\$5.3m Orr Ditch Pump Station rehab and \$2.3m to the Longley Plant HV Wells 3&4); updated construction estimates which show an increase of \$10.2m in customer rate projects, two significant projects, American Flat and AMI, not reliant on internal staff, and if these projects were removed, then the cost in the CIP would be similar to past CIPs.

The Committee discussed the impact of NV Energy's rate increase (it goes into effect January 2023 and a budget augmentation would need to be filed with the state if the increase is significant), TMWA has a purchase power agreement with NV Energy until 2029 (TMWA's hydro generation sales price is locked in until then), the system improvement in Verdi for new development and the significant cost in the CIP (majority of the improvements were paid before any of the projects started and TMWA's current customers are not responsible for new growth infrastructure).

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

Mr. Rotter updated the Committee the Mt. Rose Water Treatment Plant went live on April 6th and is producing water, met the permit for 1,000 gallons per minute (gpm) and an Open House is scheduled for Wednesday, June 29th. The Committee will receive the invite when it's been finalized.

8. PRESENTATION OF TMWA'S AGREEMENT WITH THE NATIONAL FOREST FOUNDATION FOR THE LADY BUG PROJECT FUELS REDUCTION PROJECT ABOVE STAMPEDE RESERVOIR

Kara Steeland, TMWA Hydrologist, and Stefanie Morris, TMWA Water Resources Manager, presented an overview of the Lady Bug project.

9. 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 fourth quarter FY2022 financial performance
3. Presentation and discussion of TMWA's five-year funding plan for FY2023-27
4. Update on Mt. Rose Water Treatment Plant status
5. Presentation of turf analysis

10. STAFF ITEMS

Sonia Folsom, TMWA Executive Assistant, reminded the Committee that TMWA's summer picnic will be held on Sat, Aug 20th and to RSVP if they'd like to attend.

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 4:03 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Clerk



Water Supply Update for Northern Nevada

Bill Hauck, Water Supply Supervisor

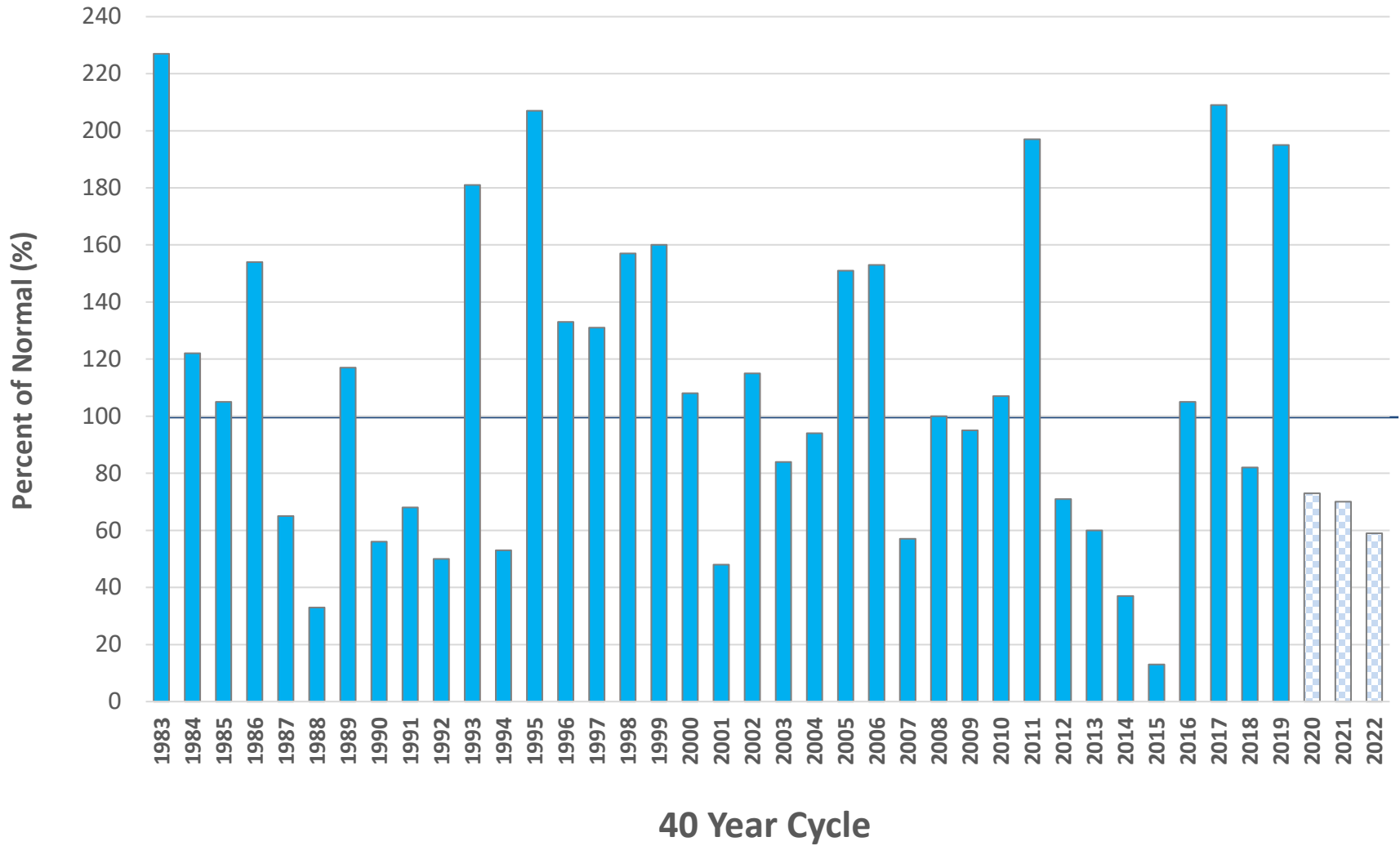
October 04, 2022

Key Points

- Just completed our third dry or drought year in a row
- Overall water supply outlook is still good however
- Normal river flows likely through the end of the month
- No drought reserves required to meet customer demand
- TMWA's upstream reserve reservoir storage is in excellent shape with more water in place than ever before (> 66KAF)
- Lake Tahoe elevation will fall below the rim in coming weeks
- Likely heading into this winter with little or no carry-over storage upstream, so river flows next summer entirely dependent on this winter's snowpack
- Long term, this drought is just part of the hydrological roller coaster ride of the Sierra's, and TMWA will continue to meet the water needs of our customers in Northern Nevada regardless of the water supply situation

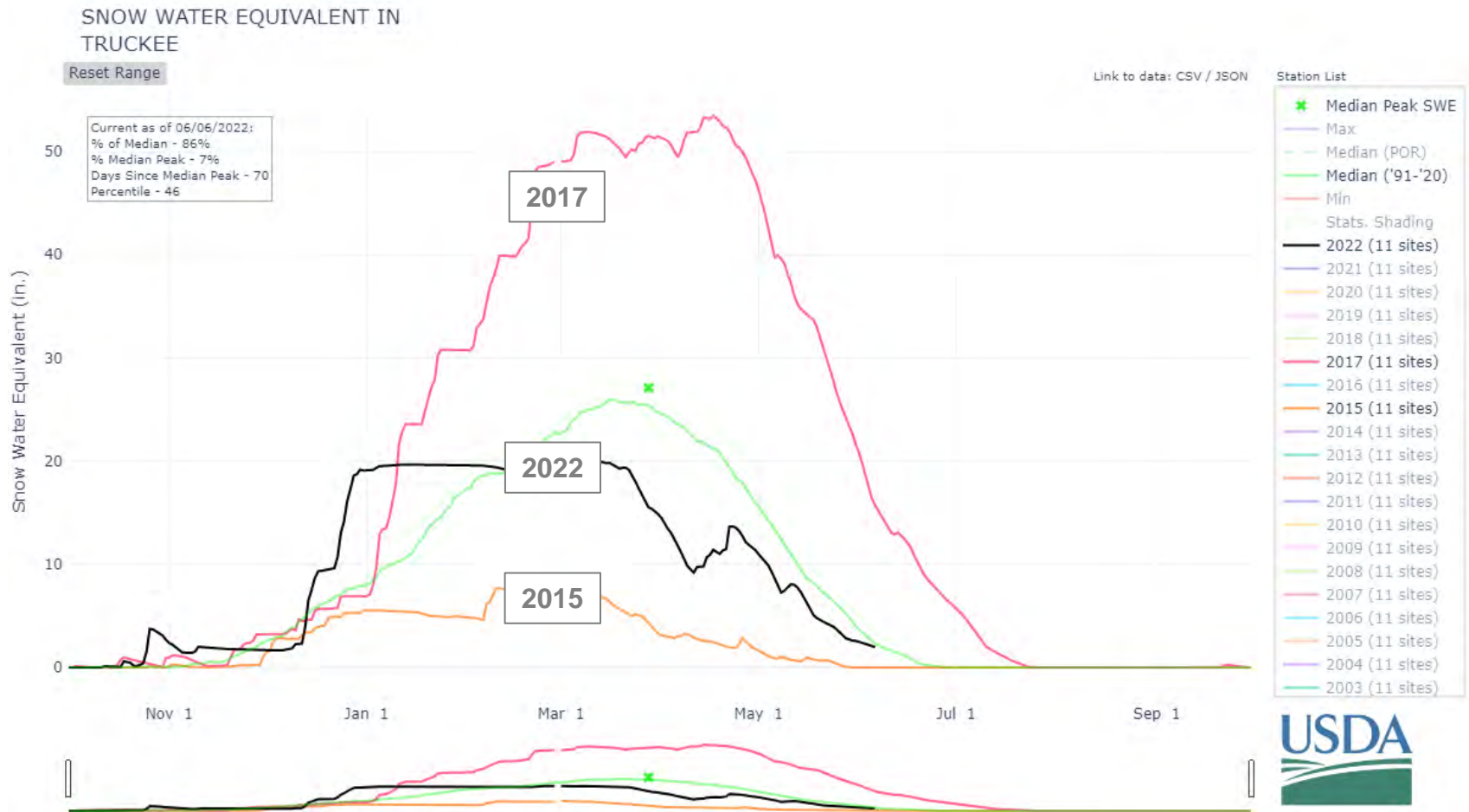
Historical April 1 Truckee River Basin Snowpack

10-04-22 SAC Agenda Item 5



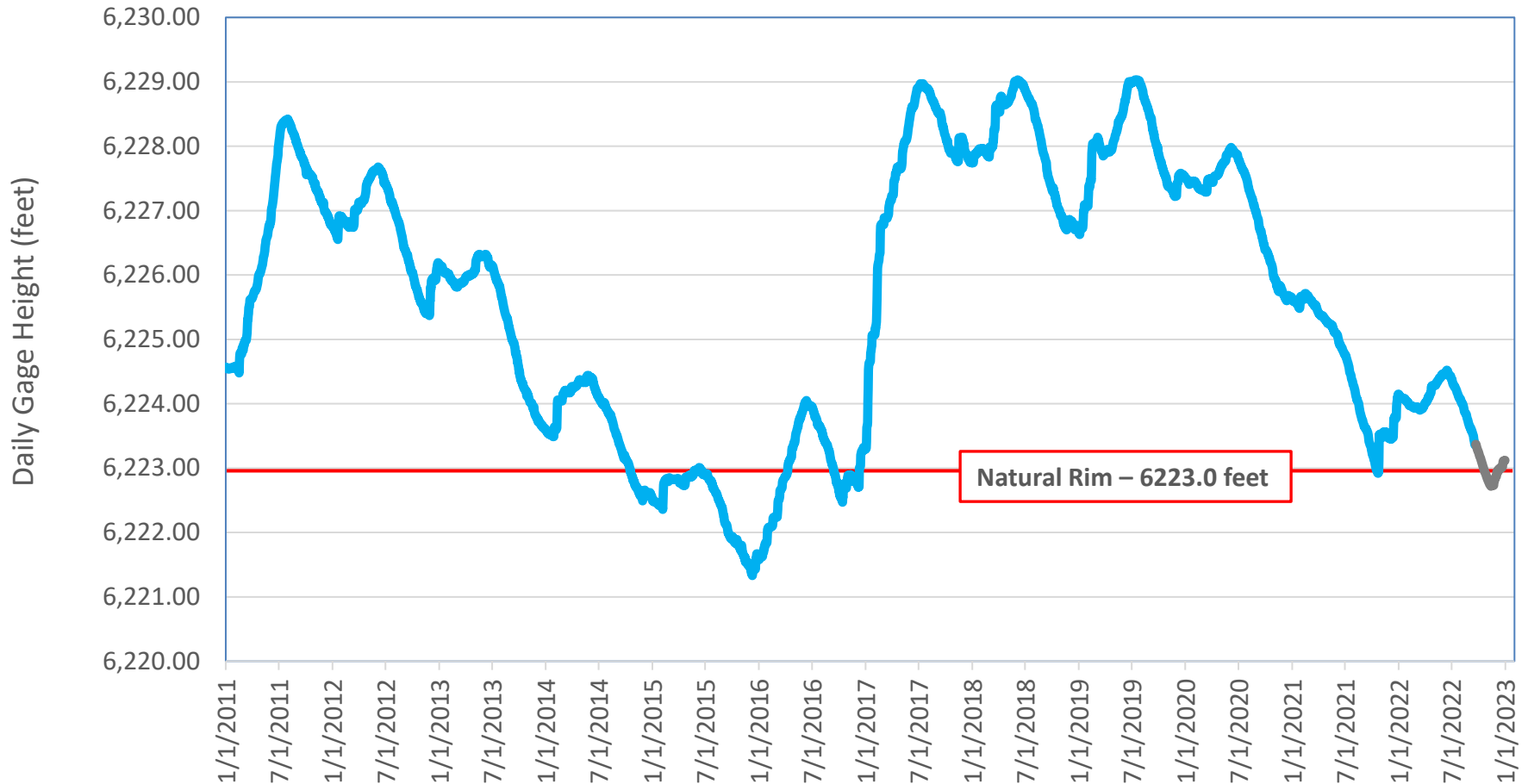
Truckee Basin Snowpack (Oct21-Sep22)

10-04-22 SAC Agenda Item 5

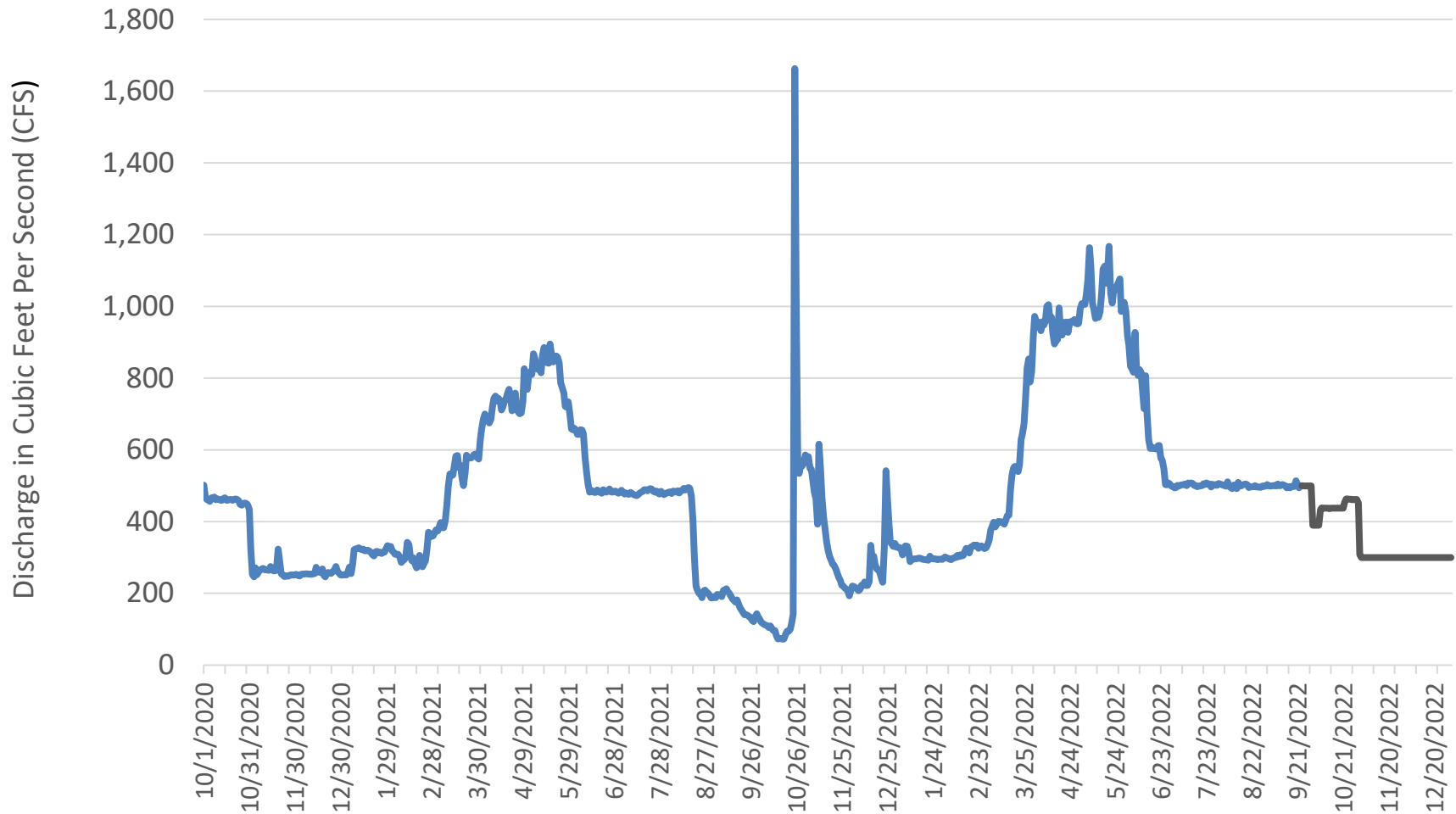


Actual and Projected Lake Tahoe Elevation through 2022

10-04-22 SAC Agenda Item 5



Actual and Projected Truckee River Flow through 2022 @ CA/NV State Line



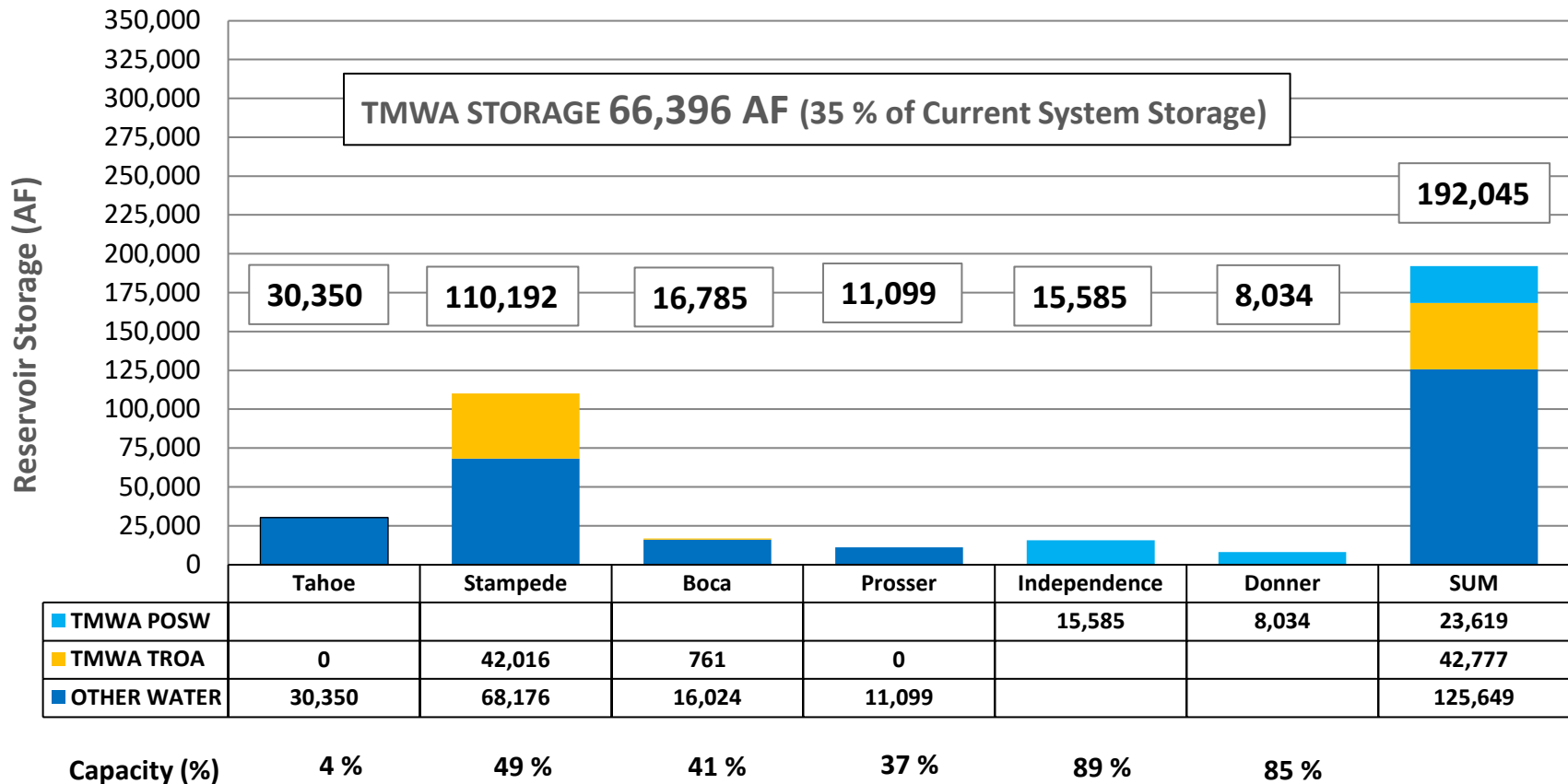
Truckee River System

10-04-22 SAC Agenda Item 5



Truckee River System Storage (Oct 03, 2022)

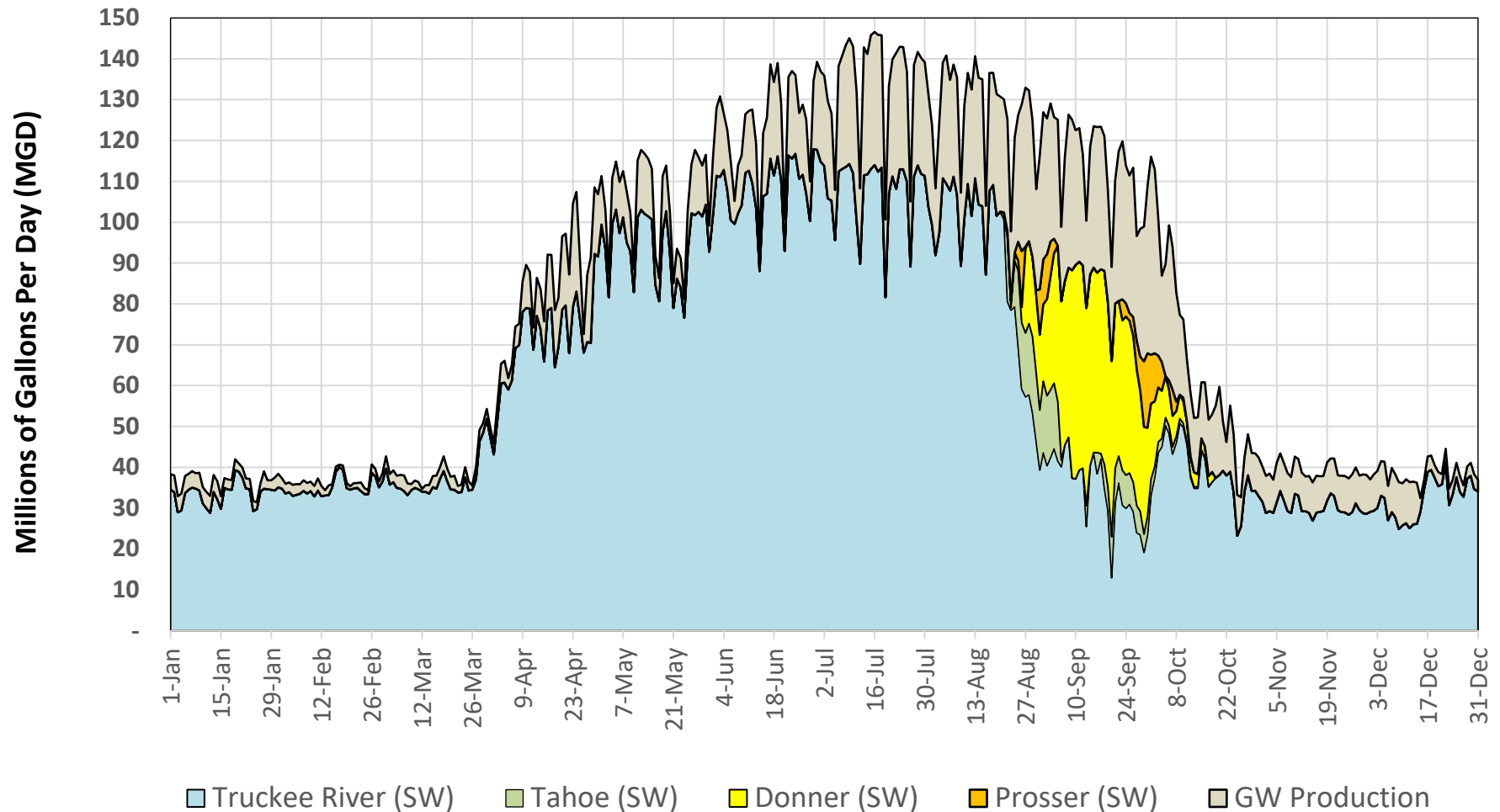
10-04-22 SAC Agenda Item 5



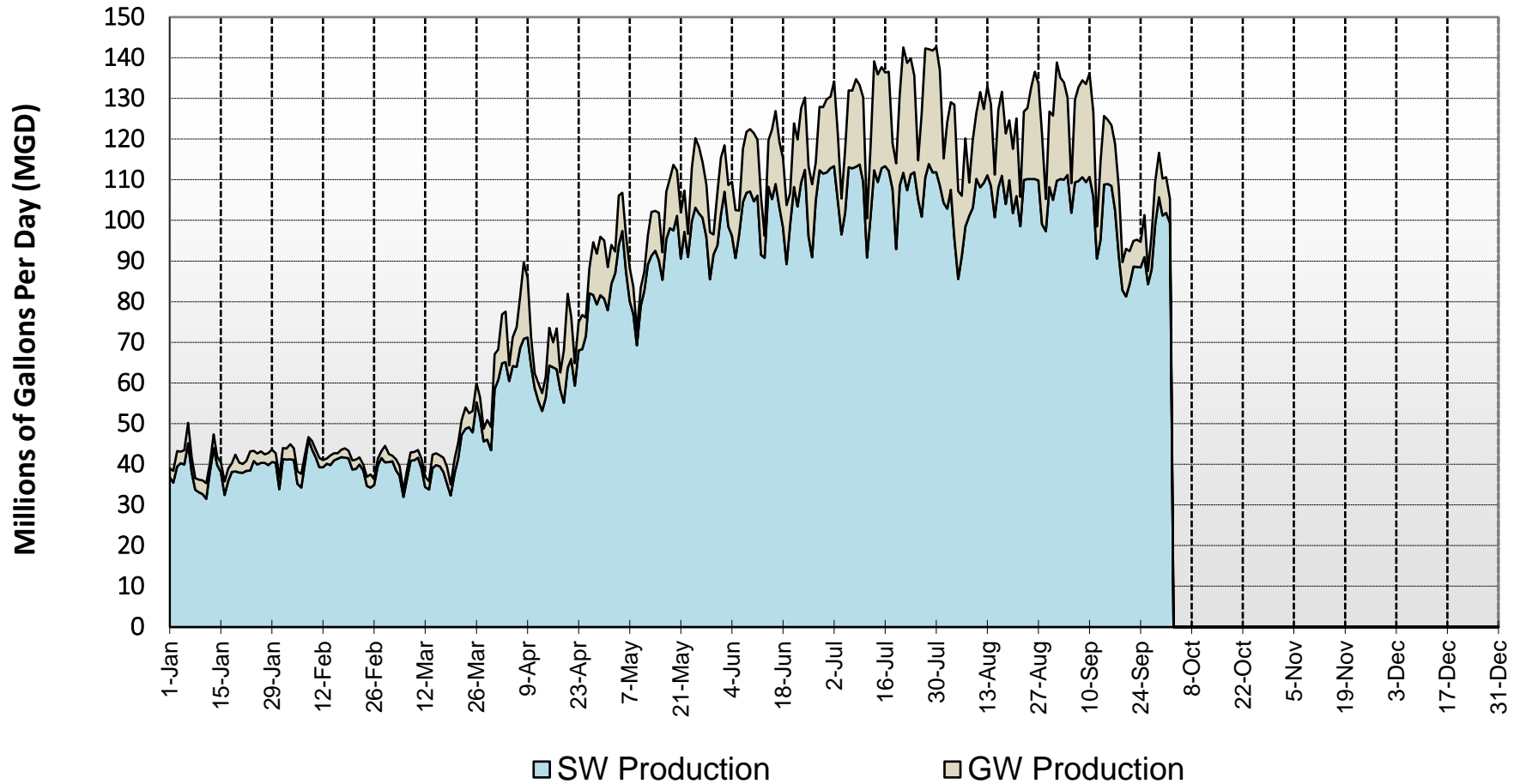
MAX SYSTEM CAPACITY 1,068,270 AF

CURRENT STORAGE 192,045 (18 % Capacity)

2021 TMWA Actual Sources of Supply



2022 TMWA Actual Sources of Supply





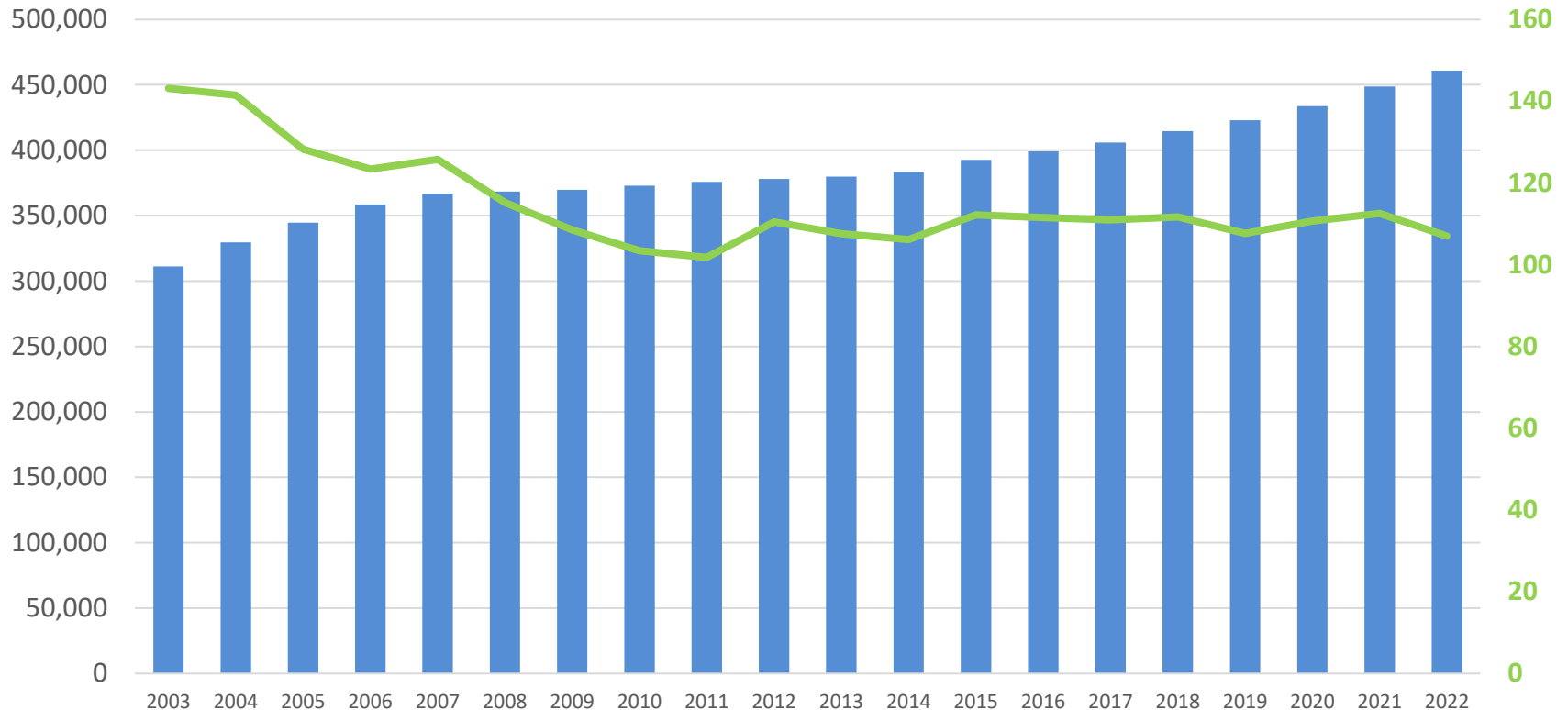
Under TMWA's Ongoing **Water Conservation** Initiatives, Responsible Water Use is *Always* Promoted

- **Water conservation is an essential component of TMWA's overall water management strategy**, designed to ensure efficient use of our resources under a wide variety of conditions *every year, regardless of the water supply situation*
- **TMWA's Policies are designed to promote water resource sustainability**. To help customers exercise responsible water use, we employ **a suite of demand management programs** tailored around their seasonal outdoor watering habits

TMWA's Demand-Side Management Programs (demand is controlled by encouraging customers to modify their usage patterns)

- Water Efficiency Codes (prohibit water waste)
- Fully Metered System (customers pay for the water they use)
- Tiered Rate Structure (incentivizes responsible water use)
- Assigned Day Watering
- Water Usage Reviews
- Public Outreach (tv, radio, bill inserts, social media, etc.)
- Community Education (presentations, k-12)
- **SMART METERS (retrofitting of all existing water meters in system with Advanced Metering Infrastructure (AMI))**

TMWA Per Capita Water Use vs. Population Served



TMWA Population Served (residents)

TMWA Per Person Water Use (gal/day)

TMWA's **Supply-Side** Management Programs (developing new water resources, building additional storage facilities, diverting water from one basin to another or treating water that might not otherwise be potable)

- Construction of new reservoirs after the Truckee River Agreement signed (1935), and the Orr Ditch Decree (finalized in 1944) - Boca (1937), Prosser (1962), Stampede (1971)
- Acquisition of Independence (1937) and Donner Reservoirs (1943) - 27KAF
- Interim Storage Agreement (1994) with USBR for up to 14KAF (1987-1994 drought)
- TROA (December 2015) - Superseded Interim Agreement
- ASR and Water Banking
- Continued Well Development (80+ production wells in TMWA service area)
- Continued acquisition and conversion of irrigation water rights (>80,000 AFA)
- Fish Springs Ranch water importation Project (8,000 AFA)
- Mt. Rose WTP
- Currently studying (A) the use of Category A+ reclaimed water (Advanced Purified Water) as a future SOS, and (B) the re-operation of upstream federally-owned storage reservoirs in the wintertime to maximize water supply opportunities

TMWA Facts and Figures

10-04-22 SAC Agenda Item 5

Population Served

- Retail > 430,000 (>130,000 active connections)
- Wholesale > 15,000 (Sun Valley GID)

Statistics

- Current demand - **83,000 AF (2021)**
- Peak Day Demand - **150 MGD (2021) ~ 4X Average Wintertime Demand**
- Peak Day Capacity **>200 MGD**

Sources

- Surface Water (Truckee River) - 2 water treatment plants (~80% of total supply)
- Groundwater - 80+ production wells (~20% of total supply)
- Fish Springs Ranch - Additional 8,000 AF groundwater supply (importation)
- **New** (Mt. Rose WTP (2022), additional creek rights, reclaimed water, etc.)

Renewable Energy – 3 operating hydroelectric plants (\$3.5M + revenue in normal year)

TMWA's Water Resources (*integrative management*)

Surface Water Supply (118,000 acre-feet rights) *plus* reservoir storage

- “40” CFS (28,959 AF) decreed
- Hunter Creek (9,847 AF) decreed
- Conversion of Irrigation Rights (approximately 80,000 AF)
- *Approximately 73,000 AF SW produced in 2021*

Reservoir Storage (27,000 acre-feet) *plus* TROA (9,500 AF - 50,000+ AF)

- Independence Lake (17,500 AF)
- Donner Lake (9,500 AF)
- **TROA** (provides for additional storage in federally operated reservoirs)

Groundwater Supply

Approximately 42,000 AF available in non-drought years (multiple GW basins)

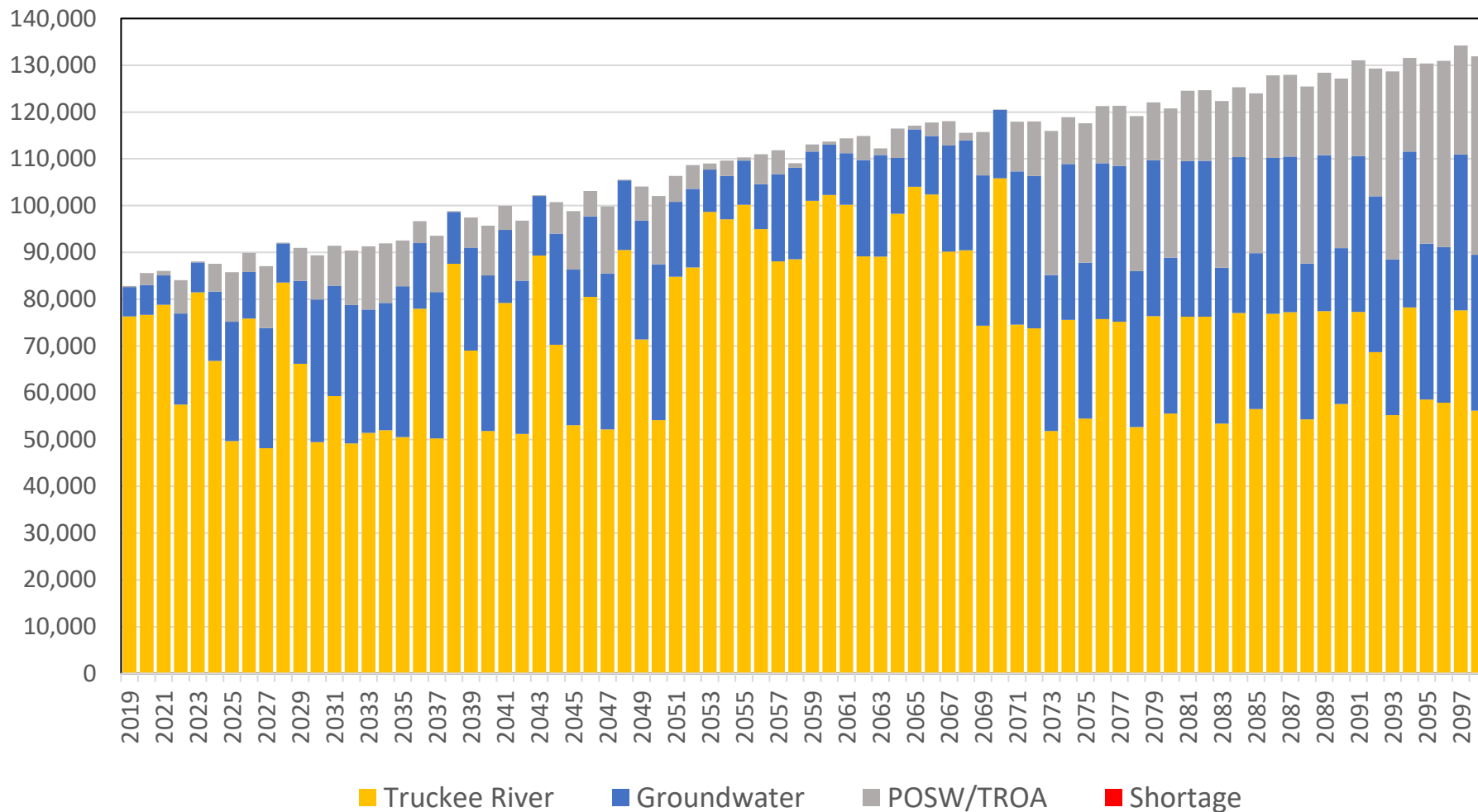
- *Approximately 15,000 AF actually pumped in 2021*
- Additional pumping allowed in drought years (Truckee Meadows Basin)
- Recharged water (ASR) augments GW supply

Available Sources of Supply Exceed Customer Demand Projections

- A. Washoe County population forecasts are developed by TMWA, TMRPA, and the NV State Demographer (a consensus forecast). These are used by TMWA to develop longer- range water demand projections
- B. 2020-2040 WRP (chapter 3.), used a water demand forecast (80 years into the future-2098) to evaluate the strength of the regional water supply
- C. Demand projections for the next 80 years were run through a hydrological river and reservoir operations model developed for the Truckee River to the end of the century in order to test the robustness of our water supply against the worst droughts in recorded history
- D. At demand levels of 140KAF (1.75X higher than current demand of 80KAF) **NO SHORTAGES** were projected, even with very conservative estimates for future Supply-Side Management initiatives (and no consideration for the use of Category A+ reclaimed water (Advanced Purified Water) or the likelihood for the re-operation of upstream federally-owned storage reservoirs in the wintertime to maximize water supply opportunities)

TMWA Projected Annual Sources of Supply through 2098 Under Worst Droughts in Recorded History

10-04-22 SAC Agenda Item 5



Take Away Points

- Just completed our third drought year in a row
- Overall water supply outlook is still good however
- Normal river flows likely through the end of the month
- No drought reserves required to meet customer demand
- TMWA's upstream reserve reservoir storage is in excellent shape with more water in place than ever before (> 66KAF)
- Lake Tahoe elevation will fall below the rim in coming weeks
- Likely heading into this winter with little or no carry-over storage upstream, so river flows next summer entirely dependent on this winter's snowpack
- Long term, this drought is just part of the hydrological roller coaster ride of the Sierra's, and TMWA will continue to meet the water needs of our customers in Northern Nevada regardless of the water supply situation

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: Matt Bowman, Chief Financial Officer
DATE: September 12, 2022
SUBJECT: Presentation of Fiscal Year 2022 Q4 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	\$ 46,421,218	\$ 37,582,247	\$ 8,838,971	24 %

Change in net position was \$8.8m or 24% higher than budget in 2022. This was driven by higher capital contributions and higher operating income, offset by higher nonoperating expenses.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 46,421,218	\$ 44,423,024	\$ 1,998,194	4 %

Change in net position was \$2.0m or 4% higher than the prior year. This was also due to higher capital contributions and operating income, offset by higher nonoperating expenses.

Revenue

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	107,990,310	108,503,854	(513,544)	— %
Hydroelectric Sales	2,551,333	1,837,239	714,094	39 %
Other Operating Sales	3,850,727	2,219,679	1,631,048	73 %
Total Operating Revenues	114,392,370	112,560,772	1,831,598	2 %

Operating revenue was \$1.8m (2%) higher than budget through Q4 2022. Other operating revenue was higher by \$1.6m while water sales and hydroelectric sales were higher by \$0.2m, combined. Other operating sales were 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	107,990,310	109,822,836	(1,832,526)	(2)%
Hydroelectric Sales	2,551,333	2,768,274	(216,941)	(8)%
Other Operating Sales	3,850,727	2,803,513	1,047,214	37 %
Total Operating Revenues	114,392,370	115,394,623	(1,002,253)	(1)%

Total operating revenues were \$1.0m lower in 2022 than the prior year. Water sales was \$1.8m lower than prior year due to lower consumption offset by two 2.5% rate increases in June 2021 and 2022. Hydroelectric sales were lower by \$0.2m 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 \$1.0m due to the reasons stated above.

Operating Expenses

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	24,735,686	26,634,314	(1,898,628)	(7)%
Employee Benefits	7,461,199	11,622,696	(4,161,497)	(36)%
Services and Supplies	32,281,749	32,188,000	93,749	— %
Total Operating Expenses Before Depreciation	64,478,634	70,445,010	(5,966,376)	(8)%
Depreciation	33,642,537	34,234,118	(591,581)	(2)%
Total Operating Expenses	98,121,171	104,679,128	(6,557,957)	(6)%

Total operating expenses were \$6.6m lower (6%) than budget through Q4 2022. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies were essentially even with budget. In the second half of 2022, TMWA began to see increases in services and supplies costs due to inflation. Most significantly, power costs increased due to the quarterly base tariff and deferred accounting adjustments from NV Energy. The adjustments are based on costs incurred by NV Energy and quickly passed through to customers. These adjustments have resulted in rate increases of nearly 12% between January and June 2022.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	24,735,686	23,101,987	1,633,699	7 %
Employee Benefits	7,461,199	11,282,823	(3,821,624)	(34)%
Services and Supplies	32,281,749	30,562,803	1,718,946	6 %
Total Operating Expenses Before Depreciation	64,478,634	64,947,613	(468,979)	(1)%
Depreciation	33,642,537	33,286,373	356,164	1 %
Total Operating Expenses	98,121,171	98,233,986	(112,815)	— %

Year over year operating expenses were \$0.1m lower (less than 1%) than the prior year. Salaries and wages 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, higher electrical costs (as discussed above), more spending on contracted services (security and meter replacements), and higher vehicle fuel costs.

Non-Operating Expenses

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,017,060	2,583,886	(566,826)	(22)%
Net Increase (Decrease) in FV of Investments	(10,605,392)	—	(10,605,392)	— %
Gain (Loss) on Disposal of Assets	(938,661)	(750,000)	(188,661)	25 %
Amortization of Bond/note Issuance Costs	801	(133,000)	133,801	(101)%
Interest Expense	(11,954,097)	(11,880,610)	(73,487)	1 %
Total Nonoperating Revenues (Expenses)	(21,480,289)	(10,179,724)	(11,300,565)	111 %

Nonoperating expenses were \$11.3m higher (111%) than budget in FY 2022. This is primarily due to a net decrease in fair value of investments of \$10.6m. Five and ten year treasury yields have increased significantly since July 2021. Five year treasury yield rate was 0.89% on July 1, 2021 and 3.01% on June 30, 2022. Investment earnings are also lower than budget due the amortization of investment premiums which have not been historically considered in the investment income budget. As rates are rising, maturing securities are reinvested at higher rates, which will lead to higher investment earnings in fiscal year 2023.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,017,060	2,550,864	(533,804)	(21)%
Net Increase (Decrease) in FV of Investments	(10,605,392)	(2,389,723)	(8,215,669)	344 %
Gain (Loss) on Disposal of Assets	(938,661)	(1,755,873)	817,212	(47)%
Amortization of Bond/note Issuance Costs	801	(235,494)	236,295	(100)%
Interest Expense	(11,954,097)	(12,262,581)	308,484	(3)%
Total Nonoperating Revenues (Expenses)	(21,480,289)	(14,092,807)	(7,387,482)	52 %

Nonoperating expenses were higher by \$7.4m or 52% in FY 2022 compared the prior 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	2,199,236	1,350,000	849,236	63 %
Water Resource Sustainability Program	1,409,024	607,168	801,856	132 %
Developer Infrastructure Contributions	18,167,149	18,177,481	(10,332)	— %
Developer Will-serve Contributions (Net of Refunds)	4,436,788	2,884,048	1,552,740	54 %
Developer Capital Contributions - Other	11,835,501	9,360,299	2,475,202	26 %
Developer Facility Charges (Net of Refunds)	12,862,787	7,301,331	5,561,456	76 %
Contributions from Others	719,822	200,000	519,822	260 %
Net Capital Contributions	51,630,308	39,880,327	11,749,981	29 %

Capital contributions were \$11.7m (29%) higher than budget in 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. These amounts are materially consistent with the prior year as shown below.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	2,199,236	—	2,199,236	— %
Water Resource Sustainability Program	1,409,024	1,708,110	(299,086)	(18)%
Developer Infrastructure Contributions	18,167,149	10,201,446	7,965,703	78 %
Developer Will-serve Contributions (Net of Refunds)	4,436,788	5,632,381	(1,195,593)	(21)%
Developer Capital Contributions - Other	11,835,501	11,461,850	373,651	3 %
Developer Facility Charges (Net of Refunds)	12,862,787	12,218,607	644,180	5 %
Contributions from Others	719,822	132,800	587,022	442 %
Net Capital Contributions	51,630,308	41,355,194	10,275,114	25 %

Year over year, capital contributions are \$10.3m or 25% higher in 2022. This is driven mostly by developer infrastructure contributions and grants which were higher by \$8.4m and \$2.2m, 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. Other developer contributions (will serves, facility fees, area fees, etc.) were relatively flat compared to the prior year.

Capital Spending

Cash spent on capital outlays and construction projects in FY 2022 was approximately \$40.8m, compared to a budget of \$60.1m. Spending on the top three projects for the year were-

Disk Drive BPS	\$4.7m
Humboldt-S. Monroe Main Replacement	\$2.7m
Prater Tank Rehabilitation	\$2.6m

Cash Position

At June 30, 2022 total cash on hand was \$228.6m or \$1.0m lower than at the beginning of the fiscal year. Of the total cash on hand, \$169.2m was unrestricted to be used to meet upcoming and future operating and maintenance expenses, principal and interest payments and construction project payments. The remaining \$59.4m 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 twelve months ended June 30, 2022

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 107,990,310	\$ 108,503,854	\$ (513,544)	— %
Hydroelectric Sales	2,551,333	1,837,239	714,094	39 %
Other Operating Sales	3,850,727	2,219,679	1,631,048	73 %
Total Operating Revenues	114,392,370	112,560,772	1,831,598	2 %
OPERATING EXPENSES				
Salaries and Wages	24,735,686	26,634,314	(1,898,628)	(7)%
Employee Benefits	7,461,199	11,622,696	(4,161,497)	(36)%
Services and Supplies	32,281,749	32,188,000	93,749	— %
Total Operating Expenses Before Depreciation	64,478,634	70,445,010	(5,966,376)	(8)%
Depreciation	33,642,537	34,234,118	(591,581)	(2)%
Total Operating Expenses	98,121,171	104,679,128	(6,557,957)	(6)%
OPERATING INCOME	16,271,199	7,881,644	8,389,555	106 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,017,060	2,583,886	(566,826)	(22)%
Net Increase (Decrease) in FV of Investments	(10,605,392)	—	(10,605,392)	— %
Gain (Loss) on Disposal of Assets	(938,661)	(750,000)	(188,661)	25 %
Amortization of Bond/note Issuance Costs	801	(133,000)	133,801	(101)%
Interest Expense	(11,954,097)	(11,880,610)	(73,487)	1 %
Total Nonoperating Revenues (Expenses)	(21,480,289)	(10,179,724)	(11,300,565)	111 %
Gain (Loss) Before Capital Contributions	(5,209,090)	(2,298,080)	(2,911,010)	127 %
CAPITAL CONTRIBUTIONS				
Grants	2,199,236	1,350,000	849,236	63 %
Water Resource Sustainability Program	1,409,024	607,168	801,856	132 %
Developer Infrastructure Contributions	18,167,149	18,177,481	(10,332)	— %
Developer Will-serve Contributions (Net of Refunds)	4,436,788	2,884,048	1,552,740	54 %
Developer Capital Contributions - Other	11,835,501	9,360,299	2,475,202	26 %
Developer Facility Charges (Net of Refunds)	12,862,787	7,301,331	5,561,456	76 %
Contributions from Others	719,822	200,000	519,822	260 %
Net Capital Contributions	51,630,308	39,880,327	11,749,981	29 %
CHANGE IN NET POSITION	\$ 46,421,218	\$ 37,582,247	\$ 8,838,971	24 %

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the twelve months ended June 30, 2022

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 107,990,310	\$ 109,822,836	\$ (1,832,526)	(2)%
Hydroelectric Sales	2,551,333	2,768,274	(216,941)	(8)%
Other Operating Sales	3,850,727	2,803,513	1,047,214	37 %
Total Operating Revenues	114,392,370	115,394,623	(1,002,253)	(1)%
OPERATING EXPENSES				
Salaries and Wages	24,735,686	23,101,987	1,633,699	7 %
Employee Benefits	7,461,199	11,282,823	(3,821,624)	(34)%
Services and Supplies	32,281,749	30,562,803	1,718,946	6 %
Total Operating Expenses Before Depreciation	64,478,634	64,947,613	(468,979)	(1)%
Depreciation	33,642,537	33,286,373	356,164	1 %
Total Operating Expenses	98,121,171	98,233,986	(112,815)	— %
OPERATING INCOME	16,271,199	17,160,637	(889,438)	(5)%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,017,060	2,550,864	(533,804)	(21)%
Net Increase (Decrease) in FV of Investments	(10,605,392)	(2,389,723)	(8,215,669)	344 %
Gain (Loss) on Disposal of Assets	(938,661)	(1,755,873)	817,212	(47)%
Amortization of Bond/note Issuance Costs	801	(235,494)	236,295	(100)%
Interest Expense	(11,954,097)	(12,262,581)	308,484	(3)%
Total Nonoperating Revenues (Expenses)	(21,480,289)	(14,092,807)	(7,387,482)	52 %
Gain (Loss) Before Capital Contributions	(5,209,090)	3,067,830	(8,276,920)	(270)%
CAPITAL CONTRIBUTIONS				
Grants	2,199,236	—	2,199,236	— %
Water Resource Sustainability Program	1,409,024	1,708,110	(299,086)	(18)%
Developer Infrastructure Contributions	18,167,149	10,201,446	7,965,703	78 %
Developer Will-serve Contributions (Net of Refunds)	4,436,788	5,632,381	(1,195,593)	(21)%
Developer Capital Contributions - Other	11,835,501	11,461,850	373,651	3 %
Developer Facility Charges (Net of Refunds)	12,862,787	12,218,607	644,180	5 %
Contributions from Others	719,822	132,800	587,022	442 %
Net Capital Contributions	51,630,308	41,355,194	10,275,114	25 %
CHANGE IN NET POSITION	\$ 46,421,218	\$ 44,423,024	\$ 1,998,194	4 %



STAFF REPORT

TO: TMWA Standing Advisory Committee
THRU: Mark Foree, General Manager
FROM: Matt Bowman, Chief Financial Officer/Treasurer
DATE: September 27, 2022
SUBJECT: **Presentation and discussion, possible action and possible direction to staff regarding preliminary funding plan for Fiscal Years 2023 through 2027**

Recommendation

Recommendation to accept the five-year funding plan as presented. Staff recommends TMWA SAC and Board authorize the previously approved 2.5% rate increase to be implemented in June 2023. The SAC and the Board will continue to monitor the closing of the funding gap between recurring revenues and the cost of servicing TMWA customers, based on the funding plan annually.

Summary

At the April 2017 TMWA Board meeting, the TMWA Board approved Resolution No. 250 which included rate increases of 3% in May 2017 and May 2018 and additional rate increases of 2.5% in May 2019 through 2021 to be brought for reconsideration to the SAC and Board before they are implemented. Principal payments on Senior Lien debt were deferred in the 2016 Bond Refunding to give TMWA time to bring rates in line with cost of service. Annual principal payments averaging \$11m annually resumed in 2020, and should be covered by recurring revenue, which is mainly water sales. Rate increases of 3% in May of 2017 and 2018 were implemented, and the 2.5% rate increase scheduled for May 2019 was deferred. The three remaining approved increases were deferred until May 2021, June 2022, and June 2023 at the August 2020 Board meeting, due to uncertainties related to the pandemic. In May 2021 and June 2022 the first two of three 2.5% rate increases were implemented.

The draft funding plan (*Attachment A*) reflects only the final, scheduled rate increase in June 2023, and no subsequent rate increases. Staff is in process of developing a rate plan for years beyond 2023. This will be brought back to the SAC and Board for review and approval. For discussion purposes, a scenario is also presented which assumes continued 2.5% rate increases in fiscal years 2024 through 2027. In this scenario, TMWA's Senior Lien Debt Service coverage ratio increases from 1.66 to 2.00 by the end of 2027. Additionally, the funding gap is reduced by approximately \$20m from \$68m to \$48m.

The funding plan is based on detailed financial projections. Assumptions used in these financial projections can be found in ***Attachment B***. The funding plan is different from the budget. When staff prepares the annual budget we ensure that we have enough expenses projected to cover all reasonable scenarios. Since the funding plan is used to determine whether rate increases are necessary, it is typically less conservative in projecting operating expenses and capital spending. In this report we have focused on how TMWA's original projections from 2018 compared to actual results (the last five years), and what we project in the 2023-2027 funding plan (the next five years).

Discussion

Critical financial goals for TMWA that need to be considered in these funding plans are as follows:

- Maintain recurring revenues sufficient to cover the cost to serve customers.
- Maintain a senior lien coverage (DSC) ratio that not only meets bond covenants of 1.25x, but also meets the board designated goal of 1.5x.
- Maintain sufficient cash balances to facilitate the payment for rehabilitative capital projects on a pay-go basis.
- Maintain high investment grade credit ratings to effectively access credit markets.

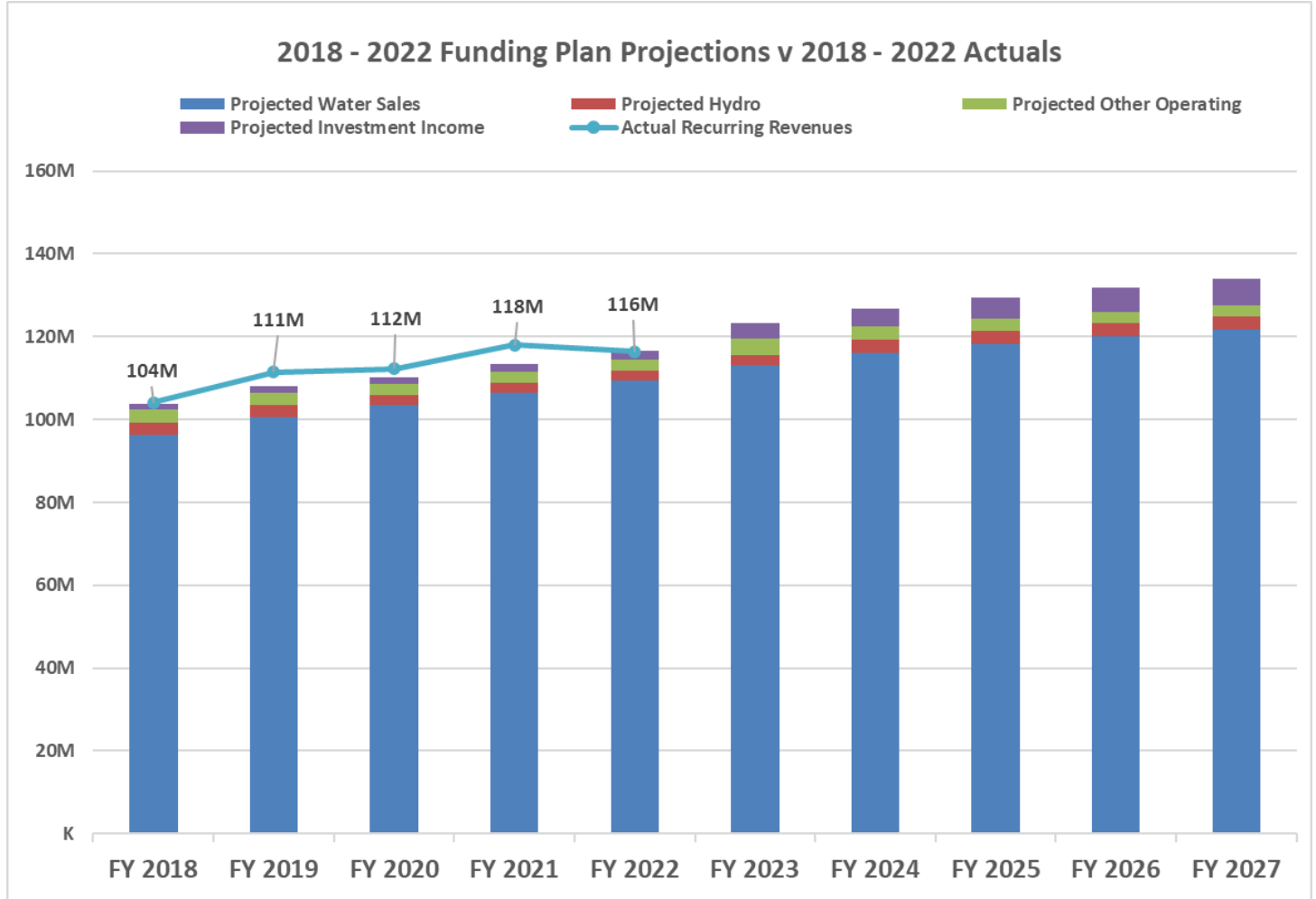
The funding plan analyzes the ability of TMWA to fund the cost to serve customers which includes operating expenses, principal and interest payments on current outstanding debt related to customers, and all capital improvements presented in the TMWA Capital Improvement Plan (CIP) that relate to maintaining service for current customers from recurring revenues. Recurring revenues are comprised of water sales, hydroelectric revenues, other miscellaneous operating revenues and investment income with water sales making up between 90% and 95% of recurring revenues. If recurring revenues are less than the cost to serve customers this is referred to as a funding gap.

Critical Risks for TMWA to consider related to this funding plan include:

- The last of five rate increases approved by the Board will be implemented in June 2022. Any recommendations for future rate increases will be brought to the SAC and Board for approval.
- This funding plan does not predict any conservation that may occur due to possible drought conditions, and it assumes that there will be sufficient river flows to operate hydroelectric plants in 2023-2027.
- Growth is assumed to slow between FY 2023 and FY 2027. This results in a decrease in cash proceeds from connection fees of approximately \$14m between 2023 and 2027. If growth slows at a greater rate, cash balances would be impacted.
- High inflation is affecting TMWA and is projected to continue through FY 2024 before returning to normal levels.

RECURRING REVENUES

The following graph compares the original projections for recurring revenue presented in the funding plan in fiscal year 2018 to actual results in 2018-2022 and shows projections in the funding plan for 2023-2027.



Water Sales Revenue

The 2023-2027 funding plan is based on average usage per connection over the last 5 years. Growth in connections over the next five years uses projections from the Washoe County Consensus Forecast which forecasts Washoe County population over the next twenty years. Water sales is based on two factors, water rates and consumption. While water rates are a known variable, consumption is unknown and varies year to year based on the region's weather. Generally, hot and dry weather causes customers to use more water for irrigation which increases water revenue. Conversely, periods of cool weather with increased precipitation causes customers to use less water which lowers water revenue. These variables are most impactful during the spring and fall.

Hydroelectric Revenue

Hydroelectric revenues during 2023-2027 assume sufficient Truckee River flows to operate the hydro plants, with occasional shutdowns for maintenance. This could change depending on weather patterns.

Other Operating Revenue

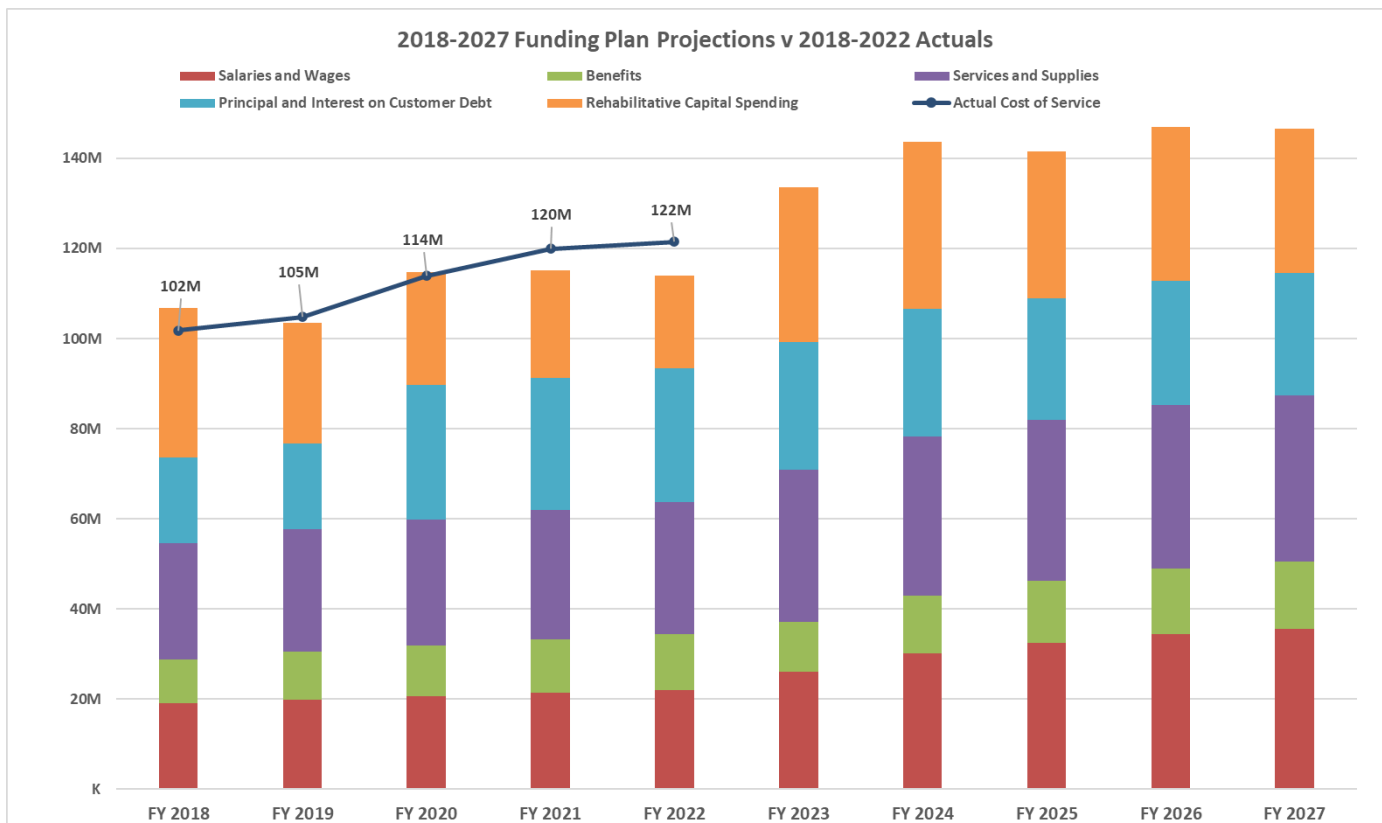
The largest components of other operating revenue are inspection fees, service call charges, late fees, and construction water sales. These revenues tend to move independent of water revenue as they are not based on water consumption.

Investment Income

In accordance with TMWA's investment policy and NRS requirements, TMWA invests cash balances in fixed rate, long-term investments, typically maturing between three and five years. TMWA's investment strategy is based on cash needs and a laddering approach which aims to schedule maturing investments at a consistent rate throughout the year.

COST OF SERVICE

The following graph compares the projections for cost of service presented in the funding plan in fiscal year 2018 to actual results in 2018-2022 and shows projections in the funding plan for 2023-2027.



Salaries and Benefits

Salaries in the 2023-2027 funding plan includes increases to staffing across several departments. Staffing projections are higher than in previous years due to increased workload and identification of areas of risk or lack of redundancies. Larger increases in Operations, Technology and Engineering departments are forecasted to sustain adequate support for both external and internal customers. These increases assume continued growth and new development in the area. Should growth slow, many of these increases in staffing would likely be delayed due to budgetary constraints. The Board will be able to approve each year's annual budget including all actual increases in headcount and salaries.

Services and Supplies

Services and Supplies are expected to increase over the next five years due primarily to rising costs of materials, electric power and contracted services. Electric power costs continue to be TMWA's largest single expense, estimated to be \$6.5m in FY23. This is an increase of \$1.5m from FY21 or 30%. Inflation has had a significant impact on NV Energy's base tariff rates since the end of the pandemic, with these "pass through" rates increasing by as much as 20% over the last four quarters.

Principal and Interest on Debt

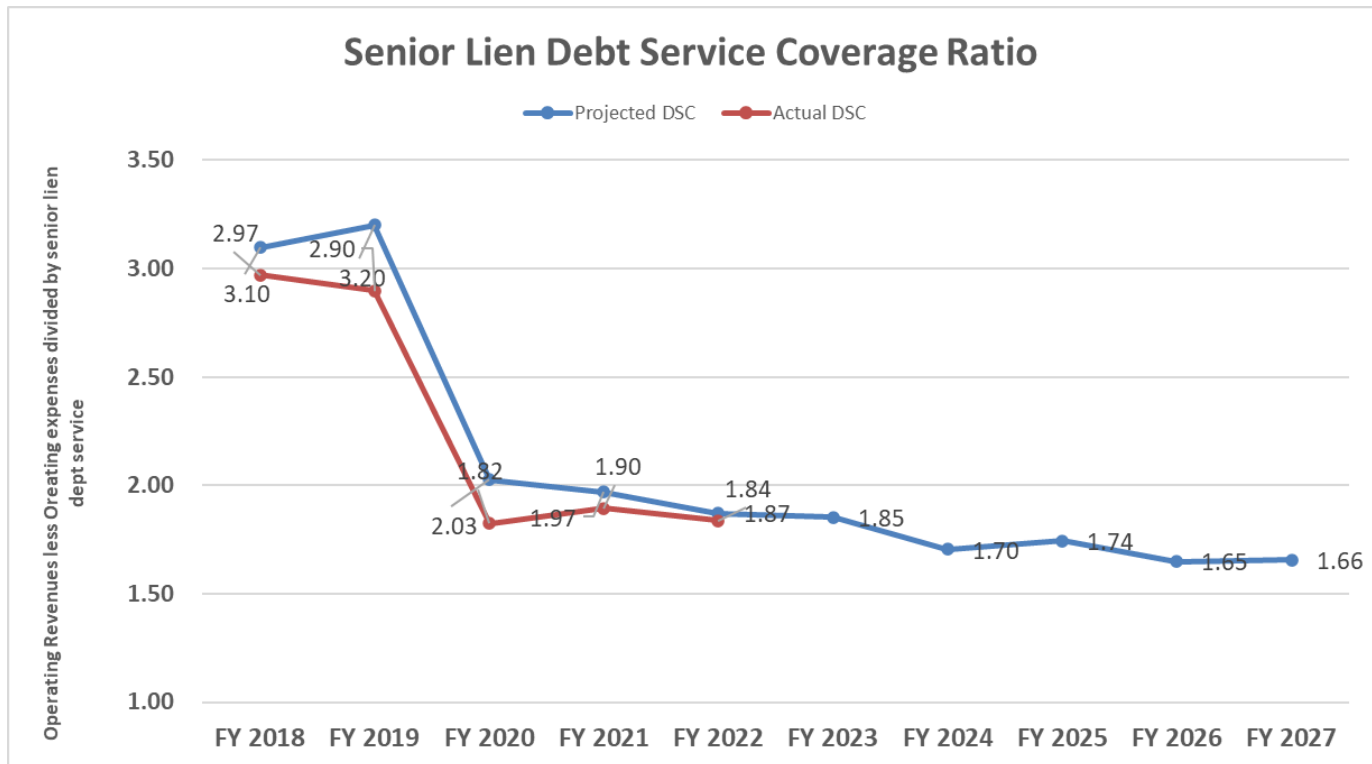
In June 2021, TMWA refunded the last \$13m of commercial paper, eliminating the last of TMWA's variable rate debt. TMWA's total outstanding principal, including unamortized premiums of \$34m, is \$372m as of June 30, 2022. TMWA has no plans to issue new debt in the 2023-2027 funding plan. TMWA could refund its 2015 Series A Refunding Bonds in 2025 if interest rates are lower than the effective rate on that debt.

Rehabilitative Capital Spending

Capital Spending related to maintaining the water system should be covered by customer revenue. TMWA estimates a total of \$170m in customer rate funded capital over the next five years.

DEBT SERVICE COVERAGE RATIO

The debt service coverage (DSC) ratio is an important ratio that is watched by rating agencies, banks, and investors. This ratio uses the net operating income (operating revenue less operating expenses) divided by senior lien debt service. TMWA's debt covenants require that we maintain a DSC ratio of 1.25x. The Board has set a goal of 1.5x. The following graph shows the projected DSC ratio from the funding plan compared to the actual DSC ratio experienced in 2018 – 2022, and what is projected 2023-2027.



The graph shows that the TMWA DSC ratio was very close to what was anticipated and dropped dramatically when debt principal payments of \$11m annually resumed in FY 2020. In the new funding plan DSC begins at 1.85x, and stays above that in the five-year period, ending at 1.66x in FY 2027.

CASH BALANCES

Maintaining sufficient cash balances is critical to maintaining the financial health of TMWA and is a key factor in maintaining TMWA's credit ratings. TMWA's credit ratings are currently AA+, outlook stable from Standard and Poor's, Aa2, outlook stable from Moody's and AAA, outlook positive from Fitch. These are strong ratings and require careful planning to maintain. When the Board voted to increase the rate stabilization fund in September of 2018, it was part of a financial policy adopted by Resolution 266 to ensure that TMWA maintains adequate cash balances, both restricted and unrestricted. As shown in Attachment A, beginning in fiscal year 2025, TMWA's unrestricted cash balance falls below the required balance per Resolution 266.

Truckee Meadows Water Authority						
Summary Financials						
Funding Plan FY23-FY27						
	Budget FY23	Forecast FY24	Forecast FY25	Forecast FY26	Forecast FY27	Total FY 23-27
Projected Rate Increases	2.50%	0.00%	0.00%	0.00%	0.00%	
Revenue Sufficiency						
Revenue Requirement (expenditures)						
Operating Expenses (excluding depreciation)	70,865,707	78,206,827	81,643,048	84,655,535	86,492,511	401,863,628
Principal and Interest on customer related debt	28,431,616	28,440,408	26,974,801	27,730,578	27,740,844	139,318,247
Rehabilitative Capital Spending	34,228,000	37,034,400	32,520,800	34,283,200	32,054,400	170,120,800
Total Revenue Requirement	133,525,323	143,681,635	141,138,649	146,669,313	146,287,756	711,302,675
Recurring Revenues						
Water Sales Revenues	113,142,185	116,141,247	118,144,928	119,939,228	121,604,597	588,972,185
Hydroelectric Sales	2,407,214	2,835,901	2,864,260	2,892,903	2,759,464	13,759,741
Other Operating Sales	3,861,065	3,073,966	2,869,700	2,674,379	2,674,379	15,153,489
Investment Income	3,871,187	4,366,577	5,204,834	5,895,245	6,413,404	25,751,247
Total Recurring Revenues	123,281,651	126,417,690	129,083,723	131,401,755	133,451,844	643,636,662
Surplus (Deficiency)	(10,243,672)	(17,263,944)	(12,054,926)	(15,267,558)	(12,835,912)	(67,666,013)
Surplus (Deficiency) w/ 2.5% continuous	(10,243,672)	(16,751,772)	(8,722,549)	(8,839,939)	(3,203,261)	(47,761,194)
Debt Service Coverage (DSC)						
Total Revenue	123,281,651	126,417,690	129,083,723	131,401,755	133,451,844	
Operating Expenses	(70,865,707)	(78,206,827)	(81,643,048)	(84,655,535)	(86,492,511)	
Net Revenue	52,415,944	48,210,863	47,440,675	46,746,220	46,959,333	
Senior Lien Debt Service	28,274,500	28,287,250	27,206,250	28,349,500	28,361,750	
Senior Lien DSC	1.85	1.70	1.74	1.65	1.66	
Senior Lien DSC w/ 2.5% continuous	1.85	1.72	1.87	1.88	2.00	
Total Cash						
Restricted Cash	66,855,233	59,491,742	61,848,543	67,835,319	69,977,493	
Rate Stabalization Fund	10,422,851	10,626,762	10,790,663	10,940,638	11,076,167	
Unrestricted Cash	140,550,276	122,473,060	100,093,484	83,605,966	71,494,120	
Total Cash	217,828,359	192,591,564	172,732,689	162,381,923	152,547,780	
Total Unrestricted Cash w/ 2.5% continuous	140,550,276	122,985,232	103,938,033	93,878,134	91,398,939	
Unrestricted Cash Required by BOD Resolution 266	104,383,175	109,663,487	106,294,243	106,642,670	106,121,514	

2023-2027 Draft Funding Plan Assumptions

Operational Assumptions

1. Reliance on surface water will continue with groundwater supplies augmenting the surface water treatment plants.
2. Orr ditch hydro will supply power to the Chalk Bluff treatment plant beginning in fiscal year 2024.
3. American Flat APW facility in service in second half FY 2026.

Revenue/Capital Contribution Assumptions

1. Growth and increase to service counts projected based on Washoe County Consensus Forecast. Over five years, between FY 2023 and FY 2027, total population growth of 8.3% is used.
2. Hydroelectric sales projections are based on sufficient river flows in 2023 through 2027. Downtime for construction and maintenance of hydro plants is considered.
3. Weighted average yield on investable cash is estimated to be 1.7% in fiscal year 2023 rising to 3.7% in fiscal year 2027.
4. Will-serve sales are projected to be \$14.9 million.
5. Facility fees, supply and treatment and area fees are projected to be \$71.2 million.

Operating Expense Assumptions

1. Projected headcount increases due to expected retirements (overstaffing), increased focus on preventative maintenance and technology.
2. Public Employee Retirement System contribution rates are assumed to remain at 29.75% through 2026.
3. Health care premiums and life insurance premiums are assumed to increase 2% annually, with change to employer/employee allocation of costs.
4. Funding for the Truckee River Fund is \$850k in each year presented.
5. TMWA's anticipated share of TROA administration expenses is approximately \$360k annually.
6. Inflation of 5% is assumed between FY 23 and FY 24, then 1%, thereafter.

Debt Management Assumptions

1. No new debt is assumed to be issued during fiscal years 2023-2027.
2. Debt service on developer related funding is assumed to be funded by developer fees.

Treasury Assumptions

1. Total cash and investments at the beginning of fiscal year 2023 are \$228.6 million. Of this total \$169.2 million is unrestricted.
2. Restricted reserves that were transferred from the South Truckee Meadows General Improvement District (STMGID) will be depleted by the end of fiscal year 2023.
3. Customer funded capital spending from the five-year CIP is assumed to be spent at 80% of amounts reported in the 2023-2027 CIP.

TMWA

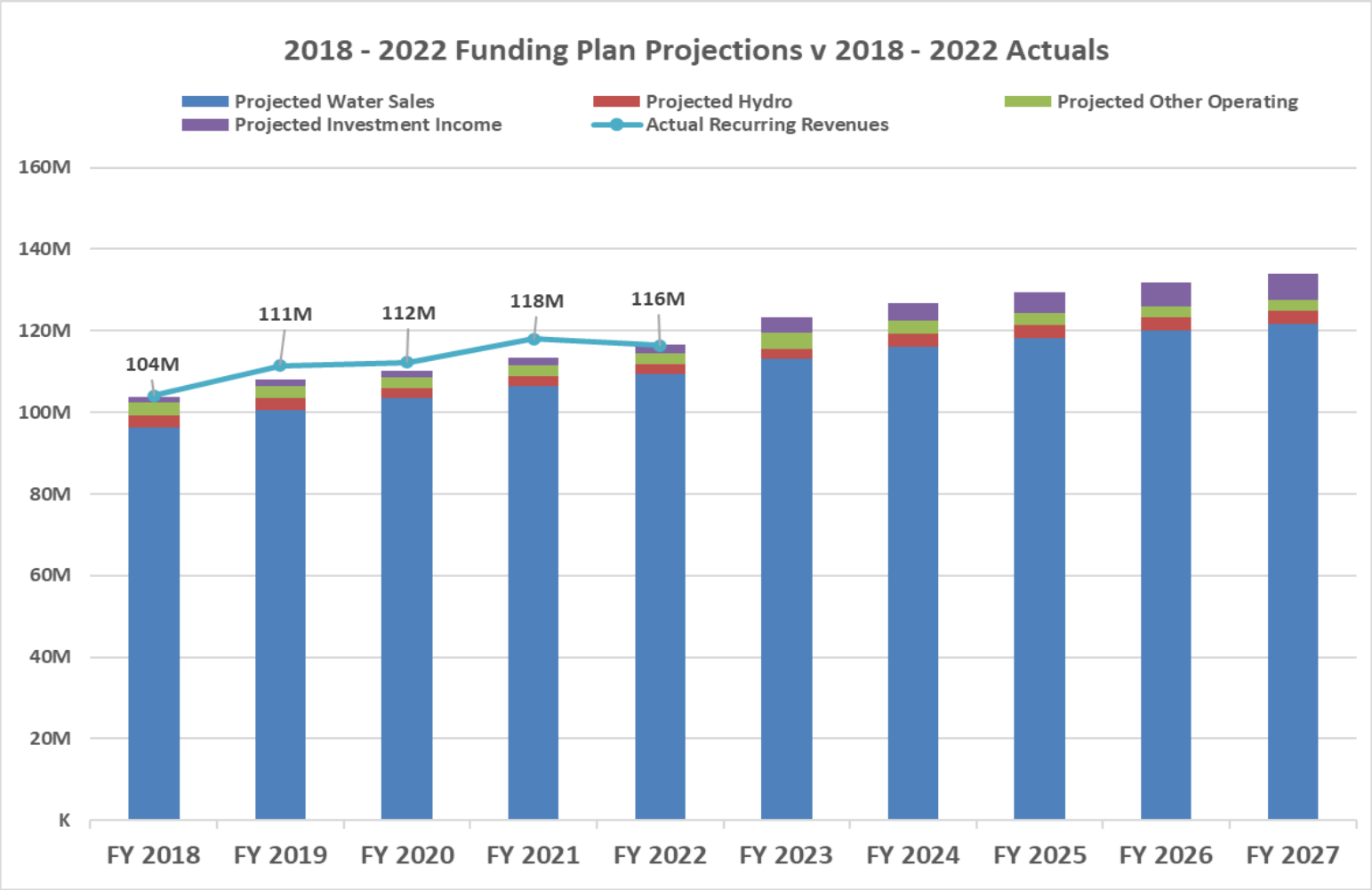
Draft Funding Plan 2023-2027



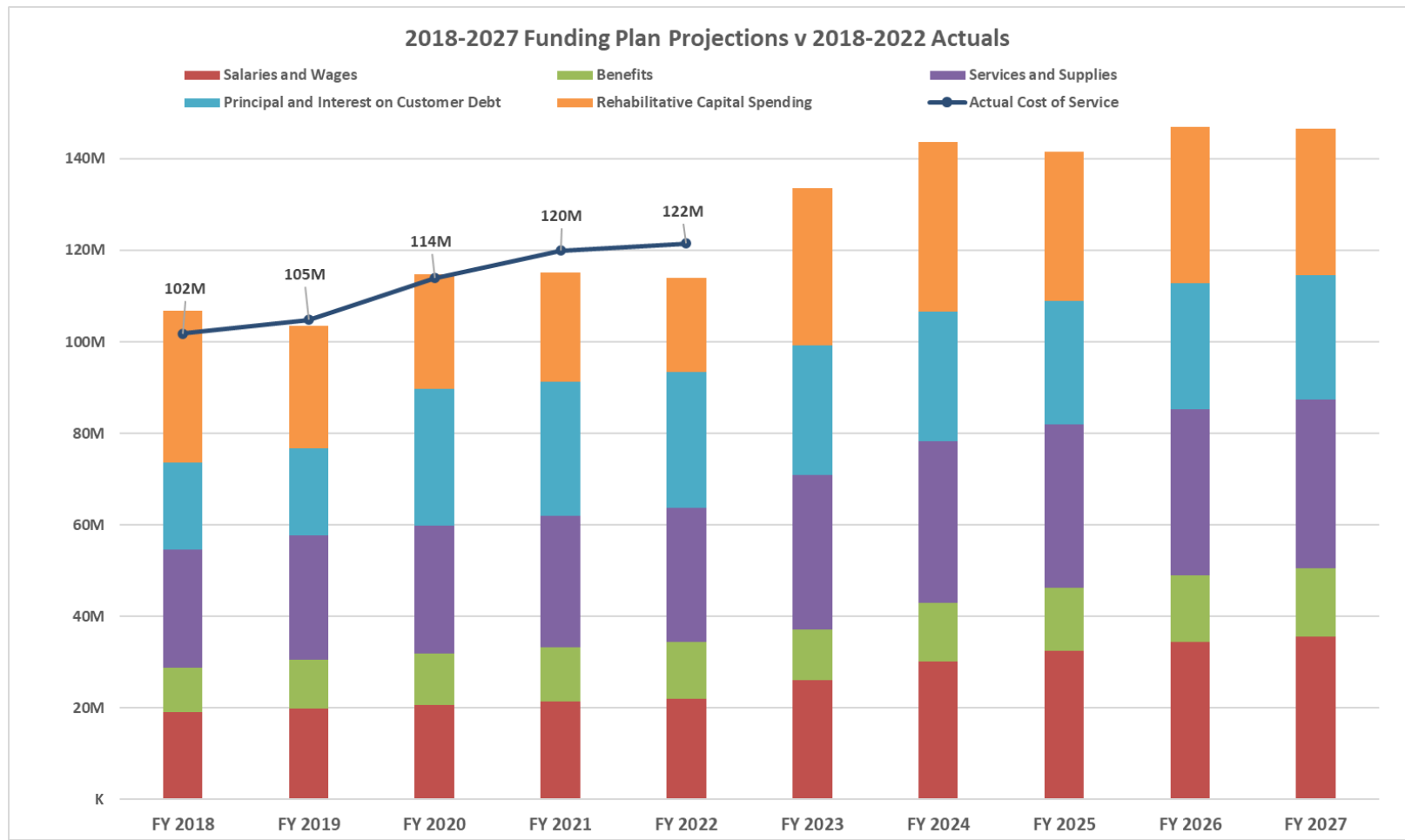
Staff recommends to accept the FY 2023-2027 Funding Plan as presented.

- Includes 2.5% rate increase (as scheduled and approved) in FY 2023
- No additional rate increases included
- Increases to revenue requirement due to inflation and staff increases
- Projecting a slow down in connection fees beginning in FY 2024
- *Upcoming...consideration of future rate increases*

Revenue

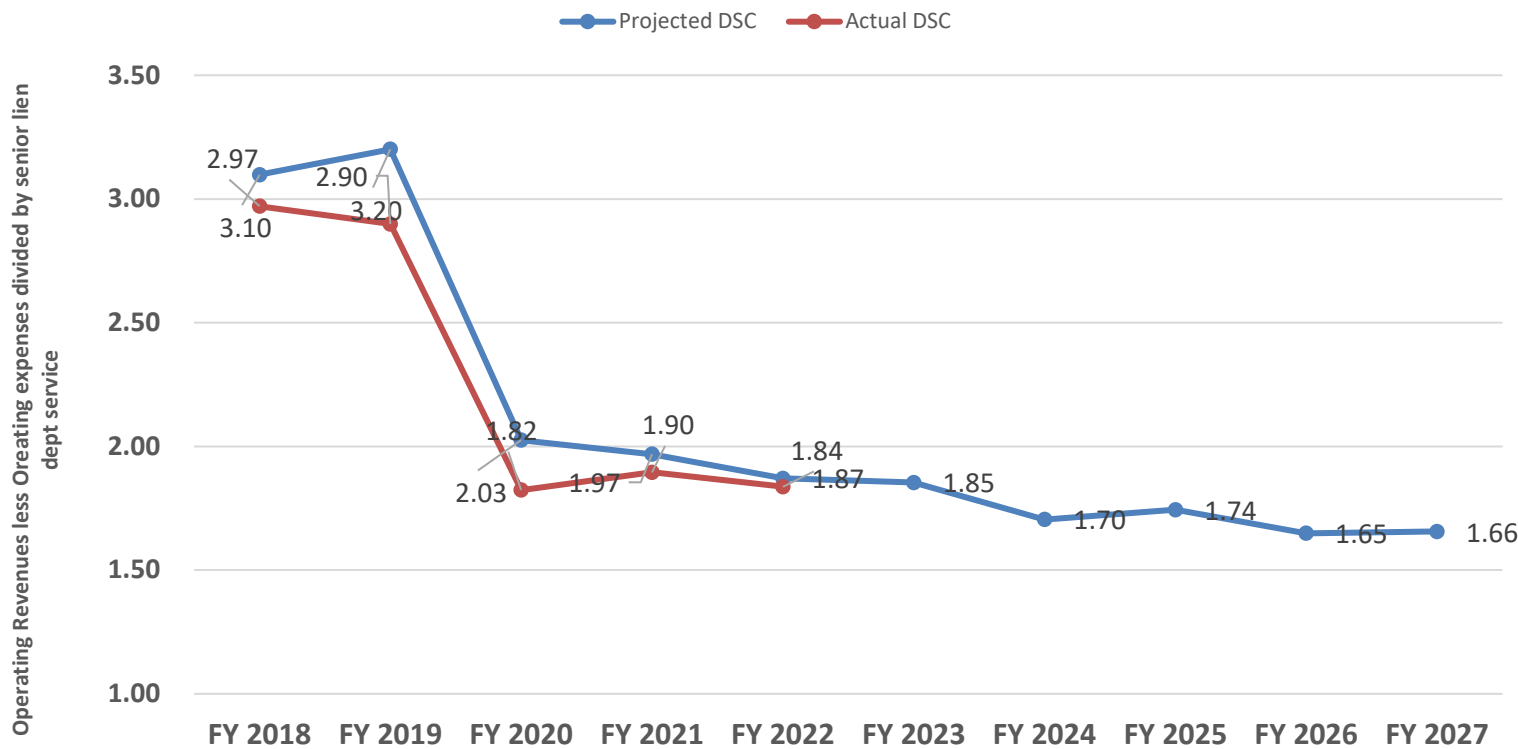


Cost of Service

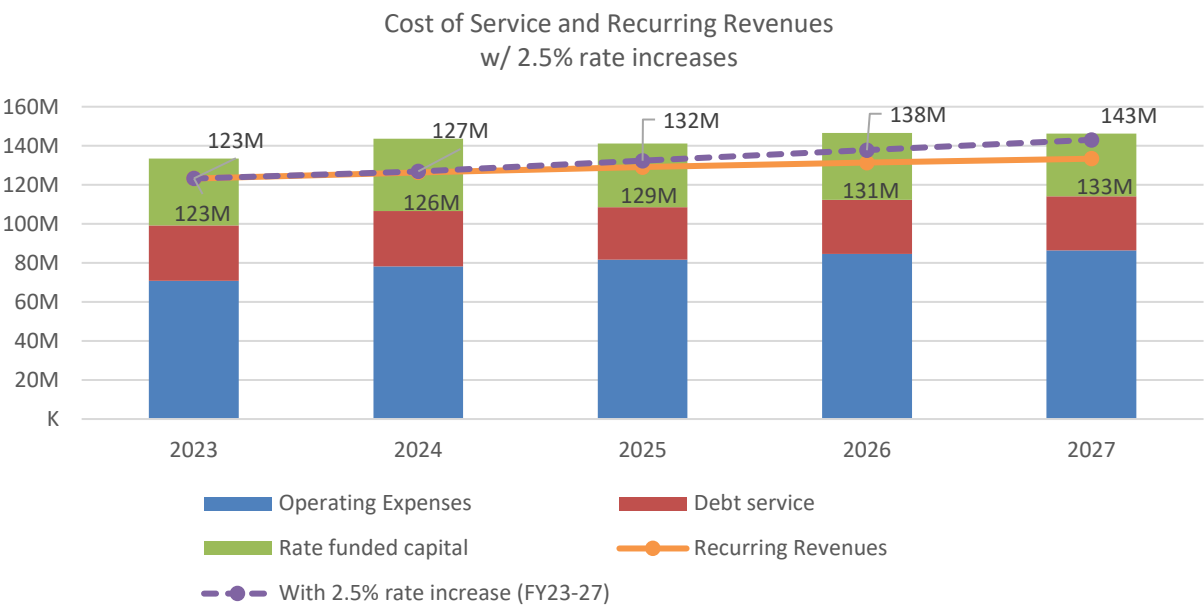
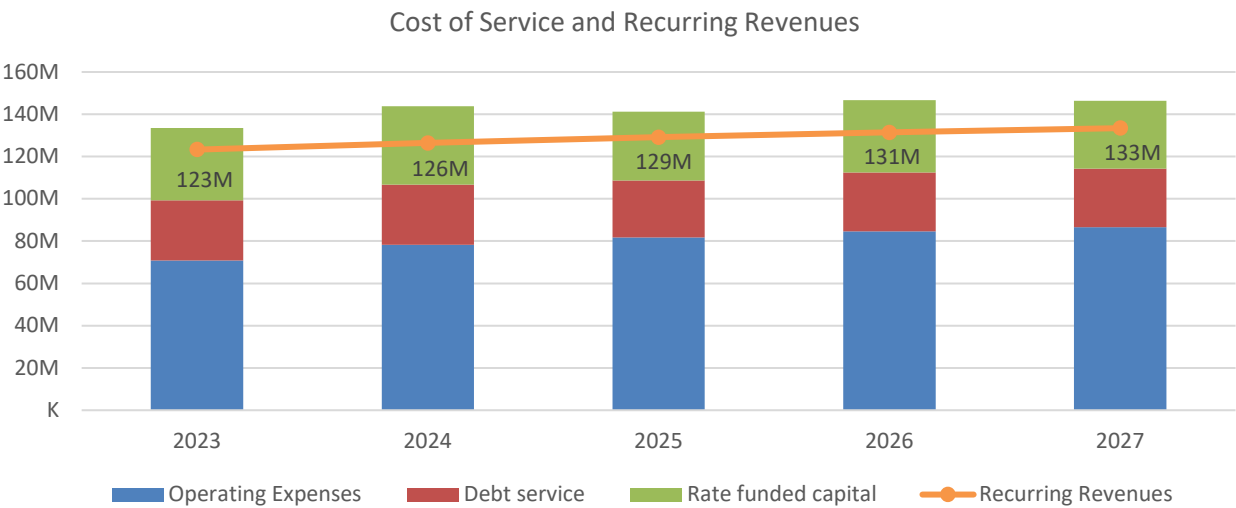


Senior Lien Debt Service Coverage Ratio (DSC)

Senior Lien Debt Service Coverage Ratio



Recurring Revenues/Cost of Service



Funding Plan Summary

<i>In millions</i>	FY23	FY24	FY25	FY26	FY27	Total FY 23-27
Revenue Sufficiency						
Revenue Requirement (expenditures)						
Operating Expenses (excluding depreciation)	70.9	78.2	81.6	84.7	86.5	401.9
Principal and Interest on customer related debt	28.4	28.4	27.0	27.7	27.7	139.3
Rehabilitative Capital Spending	34.2	37.0	32.5	34.3	32.1	170.1
Total Revenue Requirement	133.5	143.7	141.1	146.7	146.3	711.3
Recurring Revenues						
Water Sales Revenues	113.1	116.1	118.1	119.9	121.6	589.0
Hydroelectric Sales	2.4	2.8	2.9	2.9	2.8	13.8
Other Operating Sales	3.9	3.1	2.9	2.7	2.7	15.2
Investment Income	3.9	4.4	5.2	5.9	6.4	25.8
Total Recurring Revenues	123.3	126.4	129.1	131.4	133.5	643.6
Surplus (Deficiency)	(10.2)	(17.3)	(12.1)	(15.3)	(12.8)	(67.7)
Surplus (Deficiency) w/ 2.5% continuous	(10.2)	(16.8)	(8.7)	(8.8)	(3.2)	(47.7)
Debt Service Coverage (DSC)						
Total Revenue	123.3	126.4	129.1	131.4	133.5	
Operating Expenses	(70.9)	(78.2)	(81.6)	(84.7)	(86.5)	
Net Revenue	52.4	48.2	47.4	46.7	47.0	
Senior Lien Debt Service	28.3	28.3	27.2	28.3	28.4	
Senior Lien DSC	1.85	1.70	1.74	1.65	1.66	
Senior Lien DSC w/ 2.5% continuous	1.85	1.72	1.87	1.88	2.00	
Total Cash						
Restricted Cash	66.9	59.5	61.8	67.8	70.0	
Rate Stabilization Fund	10.4	10.6	10.8	10.9	11.1	
Unrestricted Cash	140.6	122.5	100.1	83.6	71.5	
Total Cash	217.8	192.6	172.7	162.4	152.5	
Unrestricted Cash Required by BOD Resolution 266	104.4	110.0	106.3	106.7	106.1	
Total Unrestricted Cash w/ 2.5% continuous	140.6	123.0	103.9	93.9	91.4	

Thank you!

Questions?

Matt Bowman, CFO
Email: mbowman@tmwa.com



STAFF REPORT

TO: Standing Advisory Committee
FROM: John Zimmerman, General Manager, Andy Gebhardt, Director of Distribution, Maintenance, and Generation
DATE: September 29, 2022
SUBJECT: Update on Southern Nevada Non-Functional Turf Removal Program

BACKGROUND

In 2021 the Nevada legislature enacted a law prohibiting the use of Colorado River water to irrigate non-functional turf after December 31, 2026. The law does not apply to single-family residences. The following summarizes Southern Nevada Water Authority's (SNWA) reasoning for, and implementation of, the new law.

DISCUSSION

For roughly 20 years SNWA has used a rebate program to incentivize customers to remove grass i.e., "Cash for Grass." That program pays customers \$3 per square foot for grass removed. With the new law, removing non-functional turf is now mandatory for certain customers. SNWA defined non-functional turf as an irrigated grass area not providing functional use. Non-functional uses include:

1. Streetscapes (grass located along public or private streets, streetscape sidewalks, driveways and parking lots, including turf within a community, park and business streetscape frontage areas, medians, and roundabouts);
2. Frontages (grass in front of, between, behind or otherwise adjacent to a building or buildings located on a property not zoned exclusively for single-family residence, including maintenance and common areas); and
3. Certain areas managed by homeowners associations (grass managed by a homeowner association that does not provide a recreational benefit to the community or that otherwise does not qualify as functional turf, regardless of property zoning).

SNWA estimates that watering nonfunctional turf uses 10% of its Colorado River allocation and that it could save roughly 29,000 acre-feet each year by removing it. SNWA wants to reduce the gallons per capita per day (gpcd) water use from 123 gpcd to 86 gpcd by 2035. The gpcd target is based on the SNWA's customers' consumptive use. In other words, any water that is returned to the water reclamation system is not counted because SNWA gets credit for that water because it returns to Lake Mead. The per capita target is needed to enable

SNWA to meet future water needs without acquiring additional water resources. Removing non-functional turf is a significant part of that goal because the water used for outdoor irrigation is fully consumptive because it does not return to Lake Mead. By contrast, TMWA customers' per capita consumptive use is roughly 113 gpcd. SNWA is also attempting to reduce large evaporative cooling towers and convert septic customers to municipal sewer because they are also fully consumptive.

Removing nonfunctional turf makes sense for SNWA because it gets credit for water that is returned to Lake Mead through the sewer/water reclamation system and can use that water for future water demands. Thus, there is a revenue source to pay to remove nonfunctional turf. In short, SNWA wants to minimize the water not returned to Lake Mead such as outdoor irrigation, evaporative cooling, and septic systems.

The Truckee River has a different set of rules and regulations, that do not provide the same benefit. For the Truckee River, TMWA does not get the same credit. Also, unlike SNWA, TMWA relies on converting existing Truckee River agricultural rights to municipal use and requires new development to dedicate water rights for any new development. Prior to urbanization, farmers in the Truckee Meadows diverted water from the river to flood irrigate crops. A portion of water from flood irrigation returned to the river as agricultural runoff and this return flow was used by downstream water right holders such as the Pyramid Lake Paiute Tribe and Truckee-Carson Irrigation District. Because the return flow essentially belongs to downstream users, TMWA cannot get credit for it in the same way SNWA gets credit for water returned to Lake Mead. Also, because TMWA requires developers to dedicate water rights to TMWA to meet their estimated water demand, they have an incentive to build projects that use less water and staff is seeing reduced demand with new development. TMWA is also working closely with the water reclamation facilities to maximize using treated effluent for outdoor irrigation. In TMWA's service area, treated effluent supplies roughly 7,140 acre-feet annually to irrigate parks, golf courses, schools and street medians, and is a key component of the region's effluent management strategy.



STAFF REPORT

TO: Standing Advisory Committee
FROM: Sonia Folsom, SAC Liaison
DATE: September 28, 2022
SUBJECT: Update on Standing Advisory Committee Membership

Please find attached the 2023 Standing Advisory Committee (SAC) membership. Those whose term-limits expire on December 31, 2022 have been notified. The final SAC membership list will be presented to the Board of Directors for approval at the December Board meeting.

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	12/31/2023	<i>Vacant</i>		
Irrigation	Neil McGuire	2005	12/31/2022	Karl Katt	2013	12/31/2022
Multi-family Residential	<i>Vacant</i>			Jonnie Pullman	2012	12/31/2023
Commercial	Donald Kowitz	2017	12/31/2022	John Krmpotic	2020	12/31/2023
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	<i>Vacant</i>		
Residential:						
Representative 1	Carol Litster	2014	12/31/2022	Dale Sanderson	2017	12/31/2022
Representative 2	Fred Arndt	2017	12/31/2022	<i>Vacant</i>		
Representative 3	Jerry Wager	2014	12/31/2022	Kevin Ryan	2021	12/31/2023
Appointments:						
BANN	Colin Hayes	2010	12/31/2023	Jim Smith	2010	12/31/2023
Reno-Sparks Chamber	Kristine Brown Caliger	2020	12/31/2023	Ann Silver	2019	12/31/2023



STAFF REPORT

TO: Standing Advisory Committee
FROM: Sonia Folsom, SAC Liaison
DATE: September 28, 2022
SUBJECT: **Presentation and possible approval of 2023 meeting schedule**

The TMWA Standing Advisory Committee meets quarterly on the first Tuesday at 3:00 p.m. The schedule of proposed meeting dates for 2023 is:

- Tuesday, February 7
- Tuesday, April 4
- Tuesday, June 6
- Tuesday, October 3

Meetings that appear on this schedule may be cancelled or changed due to lack of agenda items or other considerations. Also, a meeting may be called upon if an emergency arises.