



STANDING ADVISORY COMMITTEE
MINUTES
October 4,2022

The Standing Advisory Committee (SAC) met at TMWA, 1355 Capital Blvd, Reno, NV. Chair McGuire called the meeting to order at 3:01 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Fred Arndt, Don Kowitz, Carol Litster, Neil McGuire, Ken McNeil, Chris Melton, Jim Smith, Alex Talmant and Jerry Wager.

Alternates Present: *Ken Becker, Karl Katt, **John Krmpotic, and Dale Sanderson.

Primary Members and Alternates Absent: Kristine Brown-Caliger, Robert Chambers, Jordan Hastings, Colin Hayes, Jonnie Pullman, Kevin Ryan, and Ann Silver.

**Member Becker arrived at 3:32 p.m.*

***Member Krmpotic arrived at 3:07 p.m. and left at 4.25 p.m.*

Staff Present: Matt Bowman, John Enloe, Robert Charpentier, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauck, Shawn Stoddard, 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 Wager, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE JUNE 7, 2022 MEETING

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 June 7, 2022 meeting minutes.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, presented an update on the water supply in the region: it was the Truckee Meadows third drought year in a row, however overall water supply outlook is positive, expect normal river flows through the end of the month and no drought reserves were required to meet customer demands through the peak season, TMWA's upstream reserve reservoir storage has more water stored than ever before at 66,000 acre feet (AF), Lake Tahoe elevation will fall below the rim in the coming weeks, and the reservoirs will have little to no carry-over storage upstream to meet Floriston Rates, so river flows next summer will be dependent on this winter's snowpack. In response to an email request by Member Brown-Caliger, Mr. Hauck also described TMWA's current Water Resource Plan and how TMWA plans and prepares for meeting the water demand of future growth in the Truckee Meadows.

Member Wager inquired about the projection of advanced purified water over the next 10-20 years. John Enloe, TMWA Director of Natural Resources, replied the current projection is about 2,000 AF but on a much shorter timeframe, with the possibility of expanding to 3-4,000 AF.

Member McNeil asked if there would be an issue with transporting water to the new development up north. Mr. Enloe replied the North Valleys has quite a bit of supply and infrastructure in place already.

Chair McGuire addressed the smart meters project and informed staff that he received a call from a customer about a major leak and no one from TMWA contacted them. Andy Gebhardt, TMWA Director of Distribution, replied not all customers are on a smart meter yet, but staff can see high usage at time of bill generation and for Chair McGuire to send him the customer information so he can contact them.

6. PRESENTATION OF PRELIMINARY FISCAL YEAR 2022 UNAUDITED FINANCIAL PERFORMANCE

Matt Bowman, TMWA Chief Financial Officer, informed the Board that water sales were very close to budget, (\$500k, or 1%, under budget); started to see impacts from inflation, most notably, in power charges; interest rates are increasing, which impacts TMWA's investment return, but not debt which is at a fixed rate; continued to see high levels of connection fee contributions from developers; had a \$9m positive change in net position; and operating expenses were \$6.6m under budget.

7. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2023 THROUGH 2027, DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD

Mr. Bowman presented the preliminary funding plan for fiscal years 2023-2027 and requested the Committee to recommend to the Board approval of staff recommendation to accept the funding plan as presented: authorize the previously approved 2.5% rate increase to be implemented in June 2023, increases to revenue requirement due to inflation and staff increases, project a slow down in connection fees beginning FY 2024, and to anticipate consideration of future rate increases which will be presented next year for fiscal years 2024-2028.

Member McNeil inquired if the cash received from connection fees was restricted and what did inflation impact. Mr. Bowman replied no, but it is a function of capital to serve growth and inflation increased electric power and chemicals by 2% and everything else about 1%.

Chair McGuire asked when the purchase power agreement with NV Energy expired. Mr. Bowman replied 2029, but staff would like to negotiate a new agreement sooner.

Member Wager asked if TMWA's bond rating could be affected by the funding gap. Mr. Bowman replied not directly, but that rating agencies consider cash balance, affordability of rates, and the ability to implement small rate increases.

At this time Committee Members discussed their support for a policy of implementing automatic annual rate increases to keep up with increased costs, subject to annual review by the SAC and TMWA Board and conducting public outreach. Lucas Foletta, TMWA General Counsel, suggested the Committee motion to approve the funding plan as recommended with the comments for Board consideration.

Upon motion duly made by Member Wager and seconded by Member Kowitz, and carried by unanimous consent of the members present, the Committee approved staff recommendation to the Board regarding the preliminary funding plan for fiscal years 2023 – 2027 including comments recommending for a range of small, annual increases to go into effect in FY2024 after the next funding plan is presented.

8. UPDATE ON SOUTHERN NEVADA NON-FUNCTIONAL TURF REMOVAL PROGRAM

Mr. Gebhardt informed the Committee that northern and southern Nevada have quite different river systems and the turf removal program in southern Nevada is customer subsidized, which TMWA does not support, and its purpose is for growth not conservation.

Discussion followed regarding the resale of already sold sod (not allowed), allocation of water to meet customer demands (Rule 7 adjusted to account for new development with smaller lots, and 10% going towards drought supply), reducing water usage will potentially result in increasing customer rates, comparing commercial and industrial usage (different groups, but more efficient).

9. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, TMWA Executive Assistant, informed the Committee that all members whose terms were expiring expressed interest in continuing for another two-year term except for Members Kowitz and Litster who expressed appreciation about sitting on the Committee and have declined, and Member Chambers who has not replied. Ms. Folsom said she would reach again prior to the December 8th Board meeting to confirm and will inform the members of the Board decision.

10. PRESENTATION AND POSSIBLE APPROVAL OF 2023 MEETING SCHEDULE

Ms. Folsom presented the 2023 meeting schedule.

Upon motion duly made by Member Arndt and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved the 2023 meeting schedule.

11. ELECTION OF CHAIR AND VICE CHAIR FOR 2023

Mr. Foletta presented the item for Committee consideration.

Member McNeil referenced the Committee Governing Rules which states that the Vice Chair will be the next Chair and that it should be a rotated position and inquired if the current Vice Chair was not interested in being Chair.

Member Becker added that two current alternates will have voting privileges at the next meeting.

Chair McGuire suggested tabling this item to the February 7th meeting.

No motion was taken.

12. RECOGNITION OF MARK FOREE FOR HIS YEARS OF SERVICE TO TMWA AS GENERAL MANAGER

Chair McGuire thanked Mr. Foree for his years of service and for allowing them to speak and listen to their questions and comments.

Member McNeil agreed and added it is not easy to make everyone happy, but he did a great job.

Mr. Foree thanked the Committee and stressed how important they are for TMWA especially for rates and financials; they ask particularly good and tough questions of staff, which staff appreciates.

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

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

Next meeting:

1. Nomination of Chair and Vice Chair for 2023
2. Water Supply Update
3. Presentation of FY2022 Annual Comprehensive Financial Report (ACFR)
4. Presentation of first quarter FY 2023 financial report

14. STAFF ITEMS

There were no staff items.

15. COMMITTEE ITEMS

There were no committee items.

16. PUBLIC COMMENT

There was no public comment

17. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:34 p.m.

Approved by the Standing Advisory Committee in session on February 14, 2023.

Sonia Folsom, Recording Clerk

**Member Becker was present for agenda items 6 thru 17 only.*

***Member Krmpotic was present for agenda items 5 thru 12 only.*