

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE OCTOBER 19, 2022
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, October 19, 2022, at TMWA, Independence Room. Chair Hartung called the meeting to order at 10:02 a.m.

1. ROLL CALL

Directors Present: Paul Anderson, *Kristopher Dahir, **Naomi Duerr, Vaughn Hartung, Alexis Hill, and Alternate Devon Reese.

Director Absent: Jenny Brekhus

A quorum was present.

**Director Dahir left the meeting at 1:00 p.m.*

***Director Duerr left the meeting at 1:07 p.m.*

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Alternate Reese.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

There were no Board comments.

5. APPROVAL OF THE AGENDA

Upon motion by Director Hill, second by Alternate Reese, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda.

6. APPROVAL OF THE MINUTES OF THE SEPTEMBER 21, 2022 MEETING

Upon motion by Director Dahir, second by Director Duerr, which motion duly carried by unanimous consent of the Directors present, the Board approved the September 21, 2022 minutes.

7. 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 with more than 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 to meet Floriston Rates, so river flows next summer will be dependent on this winter's snowpack.

8. REQUIRED COMMUNICATION FROM EIDE BAILLY IN REGARDS TO TMWA'S ANNUAL FINANCIAL AUDIT

Matt Bowman, TMWA Chief Financial Officer, presented the required communication from Eide Bailly to conduct the FY22 financial audit and noted there will be a single audit due to receiving federal funds.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON ADOPTION OF:

RESOLUTION NO. 309: A RESOLUTION APPROVING THE SALE OF SURPLUS PROPERTIES APN: 016-490-27 AND 016-490-32;

RESOLUTION NO. 310: A RESOLUTION APPROVING THE SALE OF SURPLUS PROPERTY APN: 016-490-50;

RESOLUTION NO. 311: A RESOLUTION APPROVING THE SALE OF SURPLUS PROPERTY APN: 038-730-37; AND

RESOLUTION NO. 312: A RESOLUTION APPROVING THE SALE OF SURPLUS PROPERTY APN: 140-051-23

Heather Edmunson, TMWA Lands Administrator, presented the staff report. Ms. Edmunson informed the Board that staff reached out to representatives of City of Reno, City of Sparks and Washoe County, to determine if those agencies had a need for the properties, but all declined. The vacant properties, being sold as is, are not needed for water system operations and maintenance and need to be disposed of to eliminate potential future liability and staff time necessary for maintenance; the appraisal information describes the potential for development or zone changes for the respective lots.

The Board discussed staff reaching out to the local agencies to garner interest in any of these properties, particularly the site at TMWA's Mogul Office would be of interest to City of Reno (going out to bid will yield more income and offset customer costs), whether the bids would be too low if the Board could reject the offers (yes, the Board can reject any offer deemed too low), are the proceeds from the property sale restricted (no, the funds go into TMWA's general unrestricted cash), and reaching out again to staff at the local agencies for reconsideration. Stefanie Morris, TMWA Director of Legal & Regulatory Affairs, stated that the Board can authorize staff to move forward with going out to bid (to keep with

TMWA's resolution criteria of staying within the six-month timeframe of obtaining the appraisal), and in parallel revisit the agencies and staff can return with an update to the Board at the December meeting. Also, Nevada Revised Statutes (NRS) allows property to be donated to local or non-profit organizations, but TMWA's resolution requires Board authorization.

Director Anderson asked about length of public noticing for the sale. Ms. Edmunson replied staff is required to notice for a minimum of three weeks, but will advertise for six weeks to ensure the public is well notified; the deadline for submission is January 6th for Board review at the January 18th meeting.

Upon motion by Director Dahir, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board adopted Resolution No. 309: A resolution approving the sale of Surplus Properties APN: 016-490-27 and 016-490-32; Resolution No. 310: A resolution approving the sale of Surplus Property APN: 016-490-50; Resolution No. 311: A resolution approving the sale of Surplus Property APN: 038-730-37; and Resolution No. 312: A resolution approving the sale of Surplus Property APN: 140-051-23.

10. PRESENTATION OF AND DISCUSSION, AND POSSIBLE DIRECTION TO STAFF REGARDING PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2023 THROUGH 2027

Mr. Bowman presented the staff report and requested Board approval of the funding plan as presented. The funding plan included the previously approved 2.5% rate increase to be implemented in June 2023, increases to revenue requirement due to inflation and staff increases, a projected slowdown in connection fees beginning FY 2024. Mr. Bowman told the board to anticipate consideration of future rate increases which will be presented next year for fiscal years 2024 and beyond. Mr. Bowman added the Standing Advisory Committee approved recommending the proposed funding plan as well as Board consideration for a range of small, annual increases to go into effect in FY 2024 after the next funding plan is presented.

Alternate Reese thanked Mr. Bowman for his conservative approach and asked about the reduced cash flow between FY23 and FY27. Mr. Bowman replied it reflects a revenue deficiency and a slow down in connection fees (significant connection fees the last two years). Mr. Bowman added that TMWA does not want to rely connection fees for cash reserves.

Director Hill asked for clarification on why projections show a decrease in connection fees and increase in cost-of-service increase. Mr. Bowman replied the increase in cost of service is related to staffing and if recession hits, they could hold off on increasing staff. Actual staff increases will be included in the budget for Board approval in spring 2023.

Upon motion by Director Hill, second by Alternate Reese, which motion duly carried by unanimous consent of the Directors present, the Board approved the funding plan for Fiscal Years 2023 through 2027.

Chair Hartung called for a recess at 11:29 a.m.

Chair Hartung reconvened the meeting at 11:30 a.m.

11. PRESENTATION OF TMWA'S FISCAL YEAR 2022 CUSTOMER SATISFACTION STUDY

Andy Gebhardt, TMWA Director of Distribution, presented the FY 2022 customer satisfaction study results conducted by InfoSearch International, who have conducted the study since 2002. This past year, InfoSearch International worked on transitioning from a telephone survey, which was becoming difficult to conduct, to an online survey and reevaluated the questions to make them more relevant. Due to the transition, the survey, which will be conducted bi-annually, was launched in June 2022 (1st Wave). Mr. Gebhardt noted overall satisfaction was great at 84% and pointed out two main points customers did not like about TMWA was (1) chlorine use, and (2) allow growth to occur. He noted that the main challenge is communicating that TMWA does not approve growth, but must ensure that future water demands can be met.

Director Hill requested to see the comments. Mr. Gebhardt replied he will email them to the Board.

Vice Chair Dahir asked if the survey could show demographic content. Mr. Gebhardt replied through the survey, they know where they are from, but no other information. As it is a new tool, they can see if it is possible for future surveys.

Chair Hartung asked if 7% without an online account is consistent with national average of utilities. Mr. Gebhardt replied he would find out what the national average is and update the Board.

Chair Hartung called for a recess at 12:03 p.m.

Chair Hartung reconvened the meeting at 12:13 p.m.

12. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2022

John Zimmerman, TMWA General Manager, and Sonia Folsom, TMWA Executive Assistant, presented TMWA's Goals and Objectives results for FY 2022. Staff added explanations for their respective goals, in particular ones that had not been met.

Director Duerr requested staff, if possible, to move up the emergency response option at the beginning of the recording. Staff will review updating the customer phone tree to be more customer friendly.

Chair Hartung inquired how the accidents are monitored to know if TMWA is at fault. Ms. Atkinson replied, the definition of collision does not consider fault or geography, rough or dirt roads, and accidents in those situations count toward the metric.

Chair Hartung inquired if TMWA was able to recharge 1,800 AF in FY22, what is the overall goal for amount of water recharged and requested monitoring of the cost and long-term value for infrastructure at American Flat. John Enloe, TMWA Director of Natural Resources, replied the goal is 9,000 AF long-term and staff is working through permitting requirements, made some improvements on some wells,

and were able to recharge on Mt. Rose Fan for the first time. Vice Chair Dahir recommended to reflect the ultimate target in the goal.

Mr. Bowman said that Fitch credit rating agency improved TMWA's credit rating from AA to AAA.

Levi Kleiber, TMWA Business Information Systems Manager, informed the Board that TMWA's IT and physical security threat plans are in place to ensure TMWA does not pay any ransom with several backups (both physical and cloud storage) in place.

Mr. Bowman noted the number of delinquent accounts was high due to the pandemic (TMWA had stopped shut offs for non-payment) and it is important to keep an eye on the trend going forward.

Chair Hartung asked about the intern program with OneWater Nevada. Ms. Atkinson replied TMWA does not have one, but hire as needed and will look at recruitment at the university level.

Danny Rotter, TMWA Director of Engineering, introduced David Kershaw, TMWA Engineering Manager. Mr. Rotter updated the Board on the Orr Ditch project and why so little was expended in FY22: original goal for construction completion was spring 2023, but the CMAR process pushed it to spring 2025, staff believes they will break ground in spring 2023; once completed, it will offset 60% of Chalk Bluff's power consumption.

13. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2023

Ms. Folsom presented the new and changed goals for FY 2023.

Director Hill asked, for Engineering Goal #4, if TMWA was on Accela or another platform. Mr. Rotter replied no, not cost effective, but TMWA is a third-party user. Staff is looking at our partners in the south to learn and see what platforms they use. Mr. Kleiber added TMWA is a user on the PLL module within asset management, Cityworks, which tracks workflow.

Ms. Morris said staff can amend the recharge goal to state they will make significant progress to reach 9,000 AF and track annual (percentage), site-specific details and where recharge occurred when possible since there is a lot of groundwater storage; it makes sense to craft the goal that over 10 years.

Director Hill request if tracking litigation/disputes should be a goal/policy? Ms. Morris replied staff can do that, but many are attorney client privilege; staff preference is to give Board quarterly updates. Mr. Zimmerman added if there is any litigation that TMWA starts which is over \$25k staff must bring it to the Board as well as any settlement over that amount.

Upon motion by Director Dahir, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board approved the proposed TMWA goals and objectives for fiscal year 2023 with Board comments.

14. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED GENERAL MANAGER GOALS AND OBJECTIVES FOR CONTRACT YEAR 2022 – 2023

Mr. Zimmerman presented the staff report and noted that none of these goals can be accomplished without the support of staff and management team.

Mr. Rotter updated the Board on the Mt. Rose Water Treatment Plant Goal #8 which was affected by the late summer storms and has been offline since to make efficiency improvements and improvement remote operations systems and add air to backwash cycle at intake.

Mr. Zimmerman addressed the succession planning process that will include all employees and introduced an employee engagement plan for increased communication, interaction, and collaboration and cross-departmental understanding; his approach is a start of the type of climate study that best suits TMWA. He will return next September the results and outcomes to the Board.

Chair Hartung would like to understand the American Flat project cost per acre foot on an ongoing basis.

Director Hill stated she was impressed and excited to hear about the climate study, the outcome and likes that TMWA is doing it in smaller groups and tailoring it for employees.

Upon motion by Director Hill, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the proposed General Manager Goals and Objectives for contract year 2022 – 2023.

15. GENERAL MANAGER'S REPORT

Mr. Zimmerman mentioned staff volunteered at Independence Lake on October 14th which was a huge success and is hopeful it becomes an annual event. Also, the water rights monthly report included a large purchase (224 AF of Truckee River water rights from Steamboat Ditch) that Stef Morris obtained and finally, the November 17th meeting will be cancelled due to the holidays and the next meeting is on December 8th.

16. PUBLIC COMMENT

There was no public comment.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

18. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 1:22 p.m.

Approved by the TMWA Board of Directors in session on December 8, 2022.

Sonia Folsom, Board Clerk.

****Vice Chair Dahir was present for agenda items 1 thru 13 only***

*****Director Duerr was present for agenda items 17 thru 13 and part of 14 only.***