



**TRUCKEE MEADOWS WATER AUTHORITY**  
**Board of Directors**

**AGENDA**

**Wednesday, January 18, 2023 at 10:00 a.m.**  
**Sparks Council Chambers, 745 4<sup>th</sup> Street, Sparks, NV**

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**Board Members**

Chair Vaughn Hartung  
Paul Anderson  
Naomi Duerr  
Devon Reese

Vice Chair Kristopher Dahir  
Jenny Brekhuis  
Alexis Hill

**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 (775) 834-8002 or email [boardclerk@tmwa.com](mailto:boardclerk@tmwa.com) at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Board 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. Public comment may be provided by submitting written comments online on TMWA's Public Comment Form ([tmwa.com/PublicComment](http://tmwa.com/PublicComment)) or by email sent to [boardclerk@tmwa.com](mailto:boardclerk@tmwa.com) prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record. Public comment is limited to three minutes and is allowed during the public comment periods. The Board may elect to receive public comment only during the two public comment periods rather than each action item.
7. In the event the Chairman and Vice-Chairman are absent, the remaining Board 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).
8. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.

1. Roll call\*
2. Pledge of allegiance\*
3. Public comment — limited to no more than three minutes per speaker\*
4. Possible Board comments or acknowledgements\*

5. Approval of the agenda **(For Possible Action)**
6. Approval of the minutes of the December 8, 2022 meeting of the TMWA Board of Directors **(For Possible Action)**
7. Recognition of Tahoe-Pyramid Trail Founder, Janet Phillips — Vaughn Hartung\*
8. Water Supply Update — Bill Hauck\*
9. Discussion and action on adoption of Resolution No. 313: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2022 — Matt Bowman and Sophia Cardinal **(For Possible Action)**
10. Appointment of Trustee to the Western Regional Water Commission (WRWC) pursuant to Sec.25(4) of the WRWC Act representing TMWA as successor to South Truckee Meadows General Improvement District from the following list of qualified persons to fill the remaining term ending March 31, 2023 vacated by Member Bob Lucey: Meghan Ebert, Miguel Martinez, Devon Reese, Hillary Schieve, Kathleen Taylor, Michael Clark, Jeanne Herman, Mariluz Garcia, Charlene Bybee, Ed Lawson, and Dian VanderWell — Sonia Folsom **(For Possible Action)**
11. Update on 2022 Interim Session and discussion and action on establishing a Legislative Subcommittee for the 2023 Legislative Session and appointment of Board members to Subcommittee — Stefanie Morris **(For Possible Action)**
12. Public Hearing, consideration of written bids and consideration of possible oral bids for sale of surplus properties and discussion and possible action regarding approval of sale or other disposition of surplus properties consisting of approximately 4.917 acres in Washoe County, Nevada generally referred to as Assessor's Parcels 016-490-27 and 016-490-32; 016-490-50; and 038-730-37 — Heather Edmunson and Stefanie Morris **(For Possible Action)**
13. Discussion on Board meeting legal representation and possible direction to staff regarding same — John Zimmerman **(For Possible Action)**
14. Request for Board adoption of updated Administrative Policies and acknowledge changes to the Administrative Directives — Jessica Atkinson **(For Possible Action)**
15. General Manager's Report\*
16. Public comment — limited to no more than three minutes per speaker\*
17. Board comments and requests for future agenda items\*
18. Adjournment **(For Possible Action)**

TRUCKEE MEADOWS WATER AUTHORITY  
**DRAFT** MINUTES OF THE DECEMBER 8, 2022  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Thursday, December 8, 2022, at Sparks Council Chambers. Vice Chair Dahir called the meeting to order at 10:02 a.m.

1. ROLL CALL

**Directors Present:** Paul Anderson, Jenny Brekhus, Kristopher Dahir, \*Naomi Duerr, and Alexis Hill.

**Directors Absent:** Vaughn Hartung and Devon Reese.

A quorum was present.

***\*Director Duerr arrived at 10:17 a.m. and attended virtually via Zoom.***

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Vice Chair Dahir.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

Vice Chair Dahir noted Chair Hartung had a conflict with another local agency meeting due to TMWA's Board meeting date change, Director Duerr will be joining via Zoom today, and City of Reno has appointed a new Director, Devon Reese, and alternate, Meghan Ebert.

5. APPROVAL OF THE AGENDA

**Upon motion by Director Anderson, second by Director Brekhus, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda.**

6. APPROVAL OF THE MINUTES OF THE OCTOBER 19, 2022 MEETING

**Upon motion by Director Hill, second by Director Brekhus, which motion duly carried by unanimous consent of the Directors present, the Board approved the October 19, 2022 minutes.**

7. DISCUSSION AND ACTION CONFIRMING GENERAL MANAGER'S APPOINTMENT OF FOUR TRUSTEES TO THE §115 POST-RETIREMENT MEDICAL PLAN & TRUST FOR A TWO-YEAR TERM FROM JANUARY 1, 2023 THROUGH DECEMBER 31, 2024

Jessica Atkinson, TMWA Director of Human Resources, presented the staff report.

**Upon motion by Director Hill, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the General Manager's appointment of Matt Bowman, Sandra Tozi, Charles Atkinson, and Randy VanHoozer to the §115 Post-Retirement Medical Plan & Trust for a two-year term from January 1, 2023 through December 31, 2024.**

8. DISCUSSION AND ACTION CONFIRMING GENERAL MANAGER'S APPOINTMENT OF FOUR TRUSTEES TO THE §501-C-9 POST-RETIREMENT MEDICAL PLAN & TRUST FOR A TWO-YEAR TERM FROM JANUARY 1, 2023 THROUGH DECEMBER 31, 2024

Ms. Atkinson presented the staff report.

**Upon motion by Director Brekhus, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the General Manager's appointment of Matt Bowman, Juan Esparza, Steven Enos, and Drew Merrigan to the §501-c-9 Post-Retirement Medical Plan & Trust for a two-year term from January 1, 2023 through December 31, 2024.**

9. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST QUARTER FISCAL YEAR 2023

Matt Bowman, TMWA Chief Financial Officer, presented the staff report. Mr. Bowman informed the Board the Annual Comprehensive Financial Report (ACFR) for FY2023 is normally presented at this meeting so it could be filed by December 31<sup>st</sup>. However, TMWA was informed by the auditor of an issue under GASB Statement 9 relating to how cash and cash equivalents were classified in the Statement of Cash Flows, even though it was consistent with past financial statements. Mr. Bowman added that an extension was filed, and the audit will be presented at the January board meeting and the auditor, Eide Bailly, will be present to answer questions.

There was discussion regarding how TMWA had been showing cash and cash equivalents in the same manner for several years without issue. Mr. Bowman replied that Eide Bailly will provide additional information when the ACFR is presented in January.

Director Brekhus inquired if the \$3 million grant for American Flat was approved by the Board, if the Lakeside Drive main replacement project being over budget by \$600k is related to the City of Reno Watt Street project, and if TMWA has any connection with power utilities in California. Mr. Bowman replied TMWA does not pay any utilities in California, and he will look into the Lakeside Drive project, and

Stefanie Morris, TMWA Director of Legal & Regulatory Affairs, added the American Flat grant was not an application but rather federally earmarked for the project.

Vice Chair Dahir opened agenda items #10 and #11 together.

**10. DISCUSSION AND POSSIBLE ACTION TO WITHDRAW RESOLUTION NO. 312 AND REMOVE PROPERTY LOCATED AT 9675 WESTERN SKIES DRIVE APN: 140-051-23 FROM TMWA'S SURPLUS PROPERTY BID PROCESS**

**11. DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH THE REGIONAL TRANSPORTATION COMMISSION FOR THE SALE AND/OR EXCHANGE OF PROPERTY LOCATED AT 9675 WESTERN SKIES DRIVE (APN: 140-051-23)**

Heather Edmunson, TMWA Lands Administrator, reported that as a result of Board direction in October, Reno Transportation Commission (RTC) reached out to staff regarding the excess property located at 9675 Western Skies Drive. RTC is interested in purchasing the property or entering into a property exchange with TMWA. As such, staff would like to withdraw Resolution No. 312 from the bidding process. Ms. Morris noted now that Resolution No. 312 is no longer part of the surplus property bid process, she requested the Board approve staff recommendation to authorize the General Manager to negotiate the sale or exchange of 9675 Western Skies Drive APN: 140-051-23; RTC has property that would be ideal for a new tank site and other water infrastructure.

**Upon motion by Director Duerr, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board approved to withdraw Resolution No. 312 and remove property located at 9675 Western Skies Drive APN: 140-051-23 from TMWA's surplus property bid process.**

**Upon motion by Director Duerr, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board approved to authorize the General Manager to negotiate and execute an agreement with the Regional Transportation Commission for the sale and/or exchange of property located at 9675 Western Skies Drive (APN: 140-051-23).**

**12. UPDATE REGARDING A MEMORANDUM OF UNDERSTANDING (MOU) FOR THE MIDDLE TRUCKEE RIVER WATERSHED FOREST PARTNERSHIP**

Kara Steeland, TMWA Hydrologist, reported that TMWA staff has been working on a partnership with agencies to improve fire resiliency, water quality, and forest health. The partnership was formalized in October when TMWA signed the MOU with the United States Forest Service, The Nature Conservancy (TNC), Truckee River Watershed Council (TRWC), and the National Forest Foundation (NFF). This agreement enters TMWA into a formal partnership to improve forest health, which will help protect the region from wildfire impacts in the Middle Truckee River Watershed. Ms. Steeland added the main goal is to develop a 10 Year Vegetation Management Strategy and the draft plan should be ready in early 2023. The MOU does not financially bind any signatory.

Ms. Morris thanked John Zimmerman, TMWA General Manager, and John Enloe, TMWA Director of Natural Resources, for allowing staff to work on this partnership which has been well received. She added staff has conducted several media requests to provide information on this program, which is modelled after Denver Water. Currently, the MOU partnership has applied for approximately \$20 million in grant funding for planning through the California Wildlife Conservation Board.

Vice Chair Dahir noted that Senator Catherine Cortez-Masto has been talking about this and he is interested in pursuing a Nevada funding match.

Director Anderson asked where the other stakeholders stand. Ms. Morris replied all partners have signed the MOU and are jointly seeking funds for projects that have completed planning; one of which is the Lady Bug project presented to the Board at the March meeting.

Director Brekhus expressed appreciation and forward thinking of staff, and asked if they thought there would be any problems with controlled burns. Ms. Steeland replied TMWA is not an implementing partner, rather it will be USFS, TNC, NFF, and TRWC that are likely to complete the work through their existing agreements with USFS; TMWA will be part of the planning and look for funding opportunities, and typically the National Forest Service closes out a project with a prescribed burn. Ms. Morris added it is part of the process, as it is very difficult to get all the material and cuttings out of the forest.

### 13. PRESENTATION OF TRUCKEE RIVER FUND ACTIVITIES FOR CALENDAR YEAR 2022

Sonia Folsom, TMWA Executive Assistant, and Ms. Steeland presented the staff report.

Director Hill requested staff to reach out to the Pyramid Lake Paiute Tribe (the PLPT) to see what (financially) can be done to address the issue of the encampments just east of TMWA's service territory and Washoe County as it relates to water quality heading into Pyramid Lake. Ms. Folsom replied yes, they can reach out, and Ms. Steeland added there is funding from the state that can assist the PLPT.

Vice Chair Dahir agreed and requested staff inform the Board if they can assist in communicating funding opportunities.

### 14. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE TO FILL VACANCIES IN EXISTING POSITIONS WHOSE TERMS EXPIRE DECEMBER 31, 2022, SUCH APPOINTMENTS TO BE MADE FOR NEW TERMS FROM JANUARY 1, 2023 TO DECEMBER 31, 2024 FROM THE FOLLOWING LIST OF CANDIDATES: (1) FRED ARNDT, PRIMARY REPRESENTATIVE, RESIDENTIAL 2 CUSTOMER; (2) KEN BECKER, ALTERNATE REPRESENTATIVE, AT-LARGE 2 CUSTOMER; (3) ROBERT CHAMBERS, PRIMARY REPRESENTATIVE, SENIOR CITIZEN CUSTOMER; (4) JORDAN HASTINGS, PRIMARY REPRESENTATIVE, AT-LARGE 2 CUSTOMER; (5) KARL KATT, ALTERNATE REPRESENTATIVE, IRRIGATION CUSTOMER; (6) NEIL MCGUIRE, PRIMARY REPRESENTATIVE,

IRRIGATION CUSTOMER; (7) KEN MCNEIL, PRIMARY REPRESENTATIVE, AT-LARGE 1 CUSTOMER; (8) DALE SANDERSON, PRIMARY REPRESENTATIVE, RESIDENTIAL 1 CUSTOMER; AND (9) JERRY WAGER, PRIMARY REPRESENTATIVE, RESIDENTIAL 3 CUSTOMER

Ms. Folsom presented the staff report.

The Board discussed and requested to be informed of any vacancies on the Standing Advisory Committee, a list of those interested in serving, and an email with the vacancies listed.

**Upon motion by Director Brekhus, second by Director Duerr, which motion duly carried by unanimous consent of the Directors present, the Board approved the appointments of: (1) Fred Arndt, primary representative, residential 2 customer; (2) Ken Becker, alternate representative, at-large 2 customer; (3) Robert Chambers, primary representative, senior citizen customer; (4) Jordan Hastings, primary representative, at-large 2 customer; (5) Karl Katt, alternate representative, irrigation customer; (6) Neil McGuire, primary representative, irrigation customer; (7) Ken McNeil, primary representative, at-large 1 customer; (8) Dale Sanderson, primary representative, residential 1 customer; and (9) Jerry Wager, primary representative, residential 3 customer to the Standing Advisory Committee for new terms from January 1, 2023 to December 31, 2024.**

15. DISCUSSION AND ACTION ON SCHEDULING REGULAR BOARD MEETING DATES AND TIMES FOR THE CALENDAR YEAR 2023

Ms. Folsom presented the proposed 2023 Board meeting dates.

**Upon motion by Director Hill, second by Director Brekhus, which motion duly carried by unanimous consent of the Directors present, the Board approved the Board meeting dates and times for the Calendar Year 2023.**

16. GENERAL MANAGER'S REPORT

Mr. Zimmerman stated that 2023 water year has begun on a positive note with snowpacks at about 190% of normal, Lake Tahoe is still near its natural rim, and Bill Hauck, TMWA Water Supply Supervisor, will provide his monthly water supply updates to the Board beginning in January.

17. PUBLIC COMMENT

There was no public comment.

18. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Director Hill thanked staff for sending a portion of the unused privately stored water down the Truckee River to the PLPT and would like to know about the history (via email) of when and why it is decided. She would also like to know more about TMWA’s surplus property resolution, and have it brought back to the Board to discuss if it is a good fit for affordable housing and if it is a possibility in the future.

19. ADJOURNMENT

With no further discussion, Vice Chair Dahir adjourned the meeting at 10:58 a.m.

Approved by the TMWA Board of Directors in session on \_\_\_\_\_.

Sonia Folsom, Board Clerk.

***\*Director Duerr was present for agenda items #9 thru 19 only.***

DRAFT





# Water Supply Update

Board of Directors Meeting

January 18, 2023





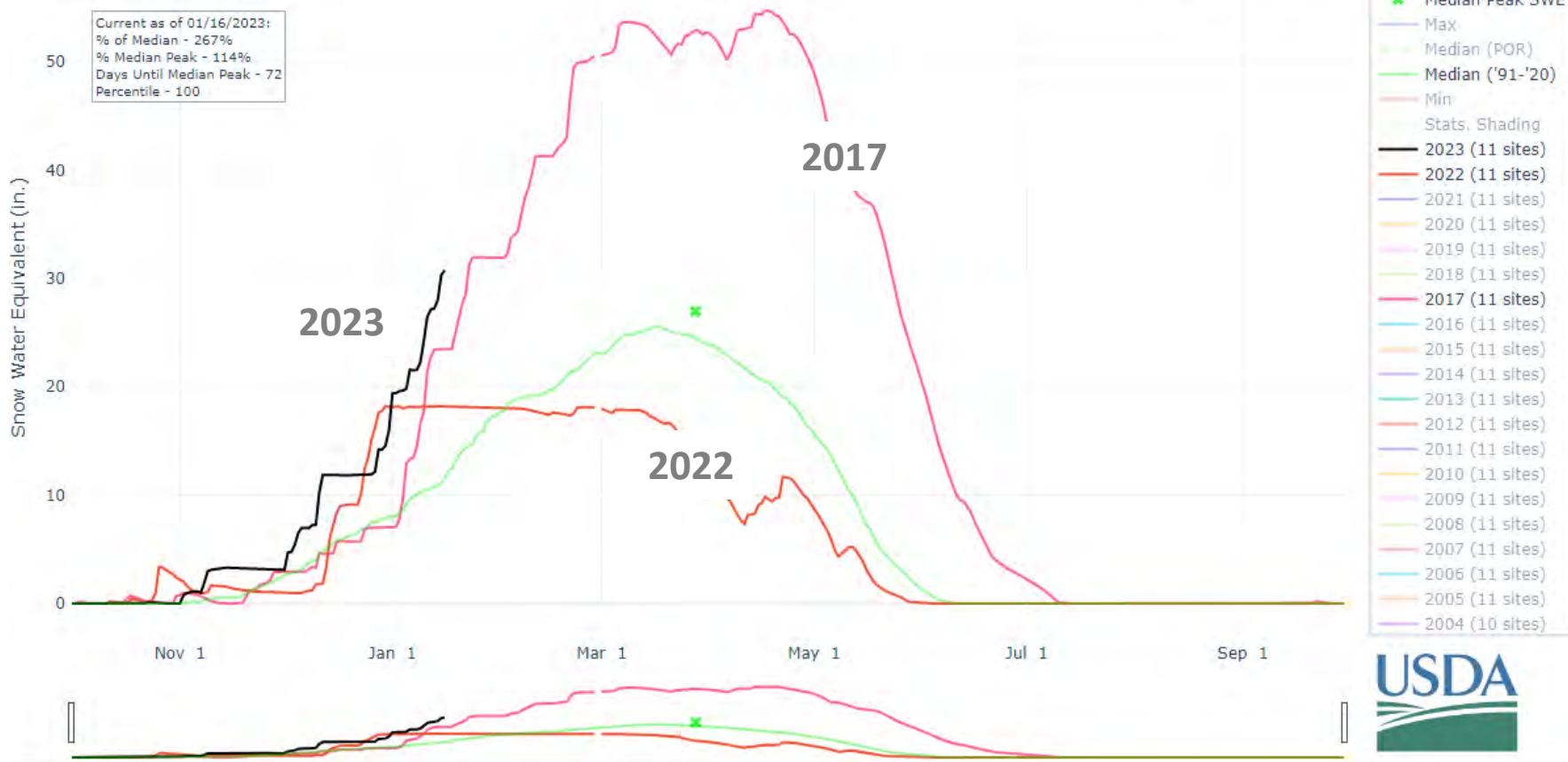
# Lake Tahoe Basin Snowpack Comparison

## SNOW WATER EQUIVALENT IN LAKE TAHOE

Reset Range

[Link to data: CSV / JSON](#)

[Station List](#)



# January 01, 2023 NRCS Final Streamflow Forecast

- Lake Tahoe Gates Closed Rise (GCR)

3.3' (284% Avg.) 05% COE (Apr-High)

**2.1' (181% Avg.) 50% COE (Apr-High)**

0.7' (60% Avg.) 95% COE (Apr-High)

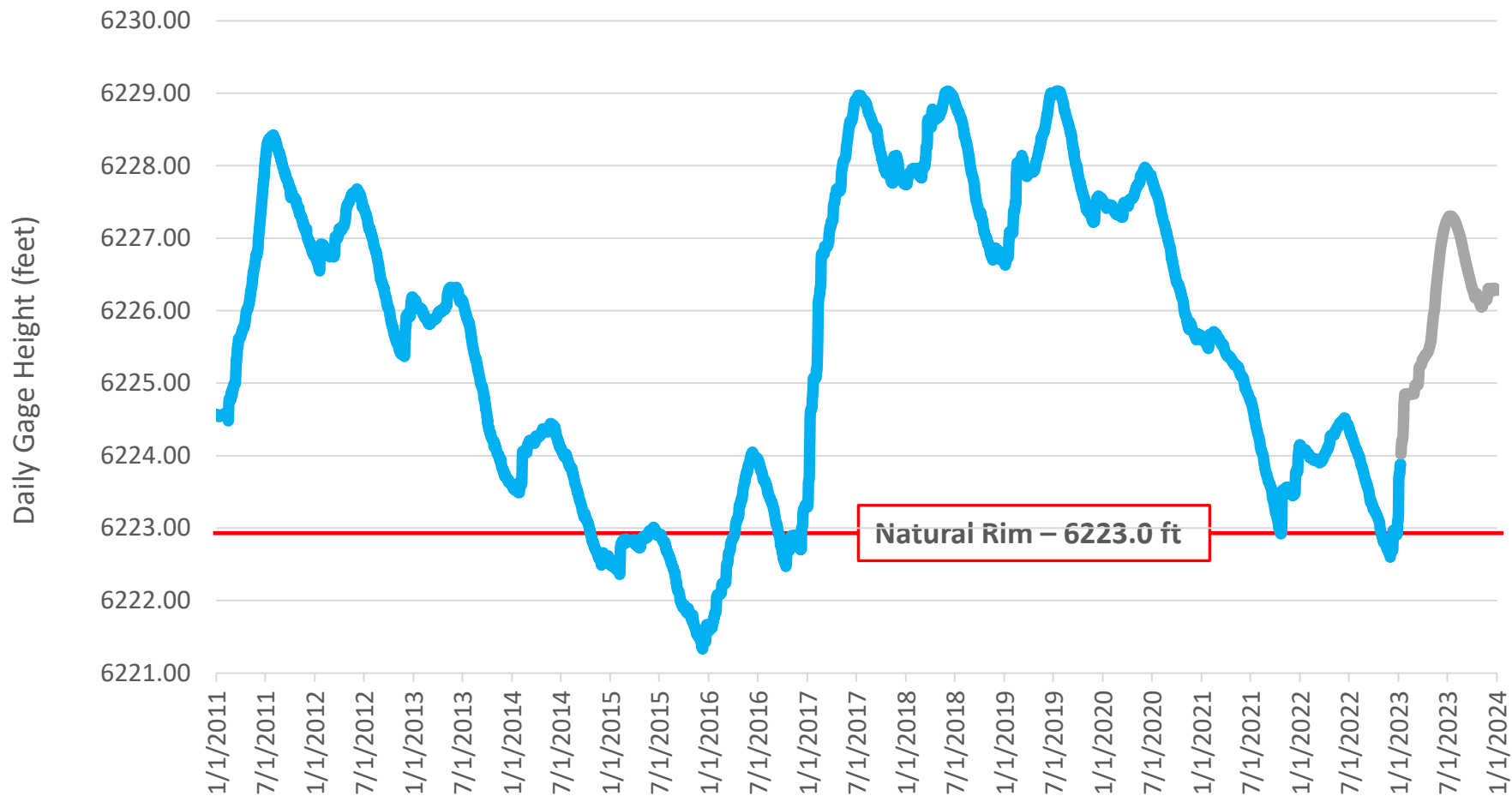
- Truckee River at Farad, CA (A-J)

630 KAF (280% Avg.) 05% COE (Apr-Jul)

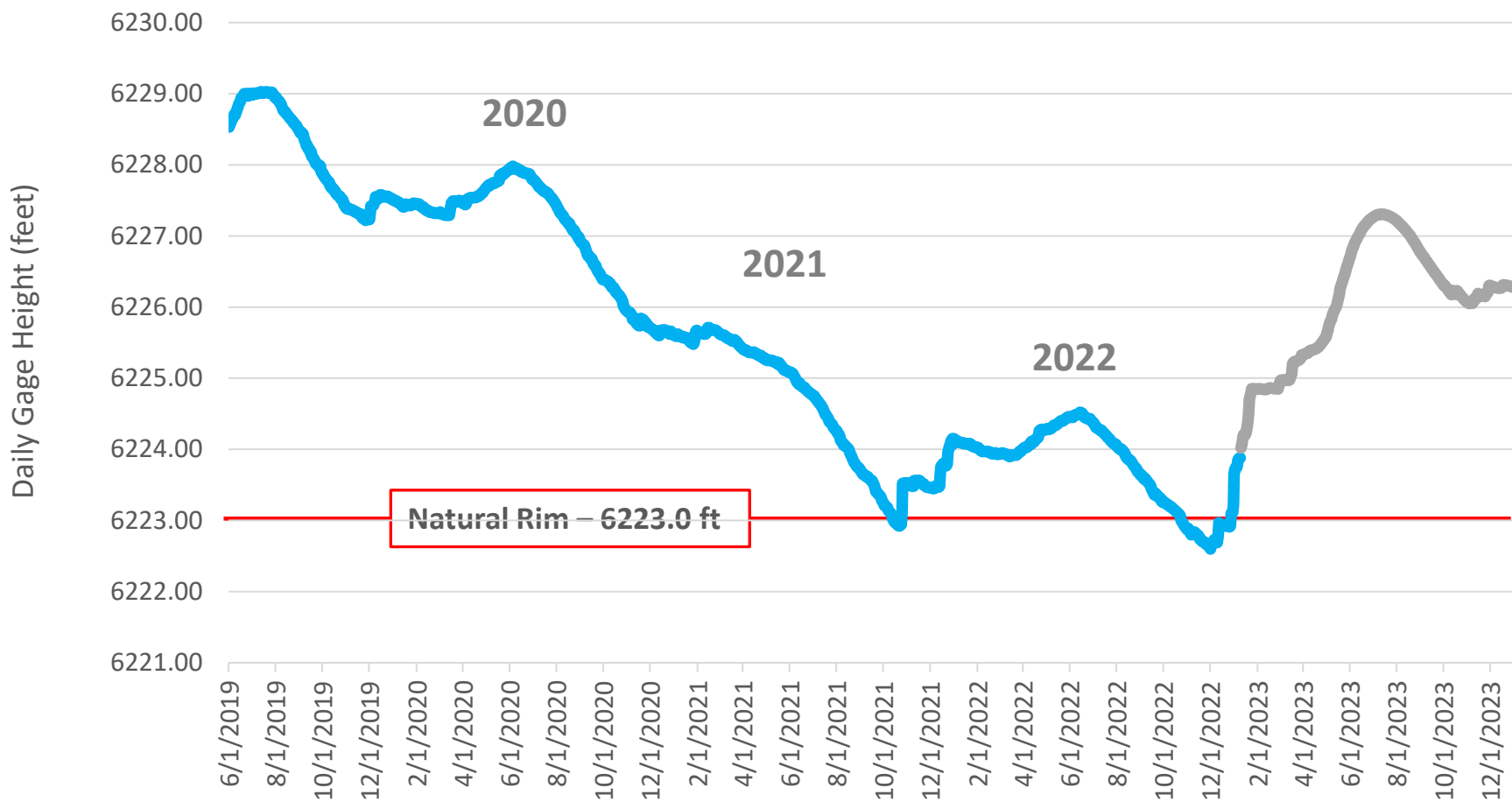
**395 KAF (176% Avg.) 50% COE (Apr-Jul)**

250 KAF (111% Avg.) 95% COE (Apr-Jul)

# Actual and Projected Lake Tahoe Elevation through 2023



# Actual and Projected Lake Tahoe Elevation through 2023

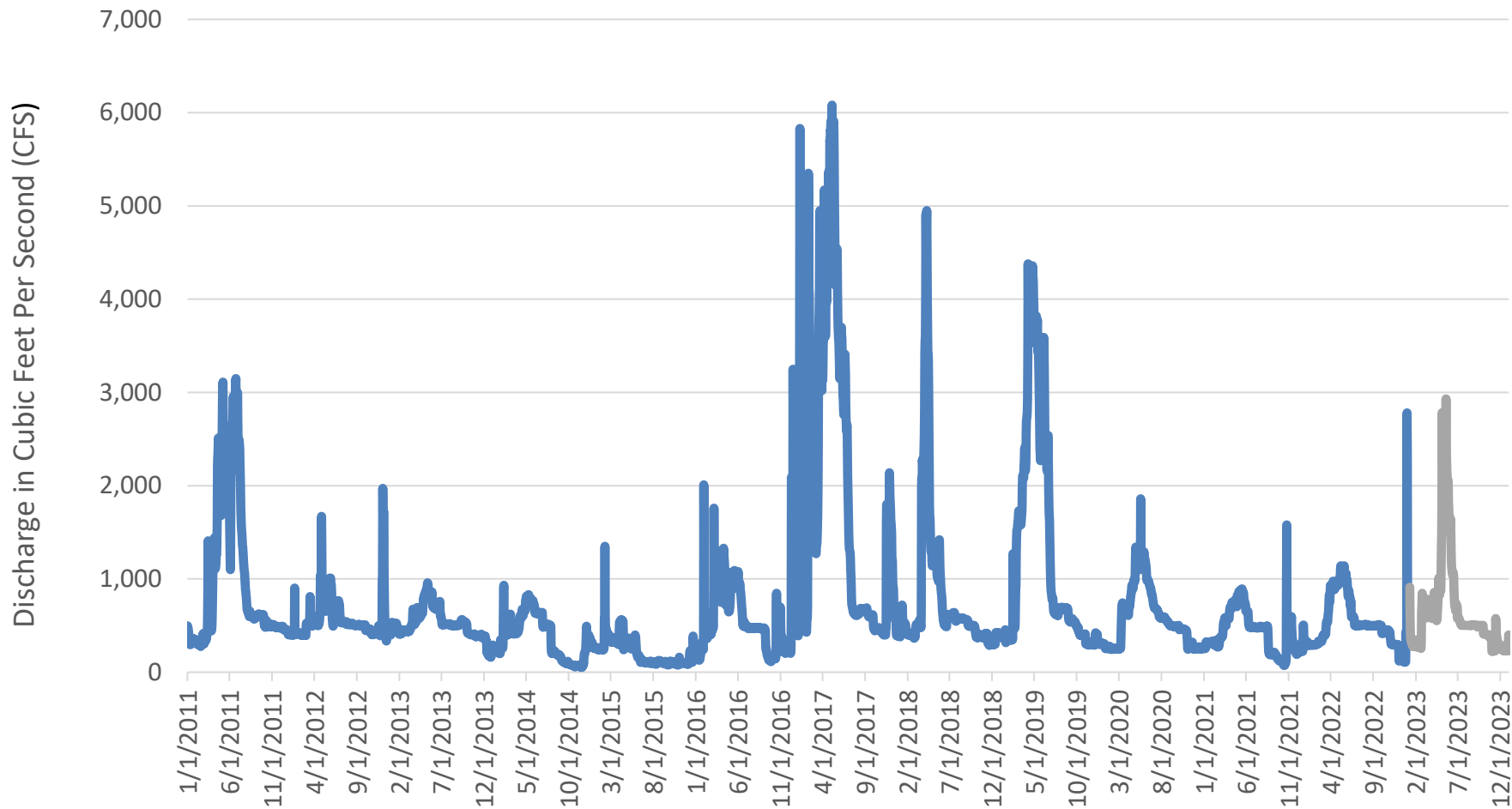


# Truckee River System

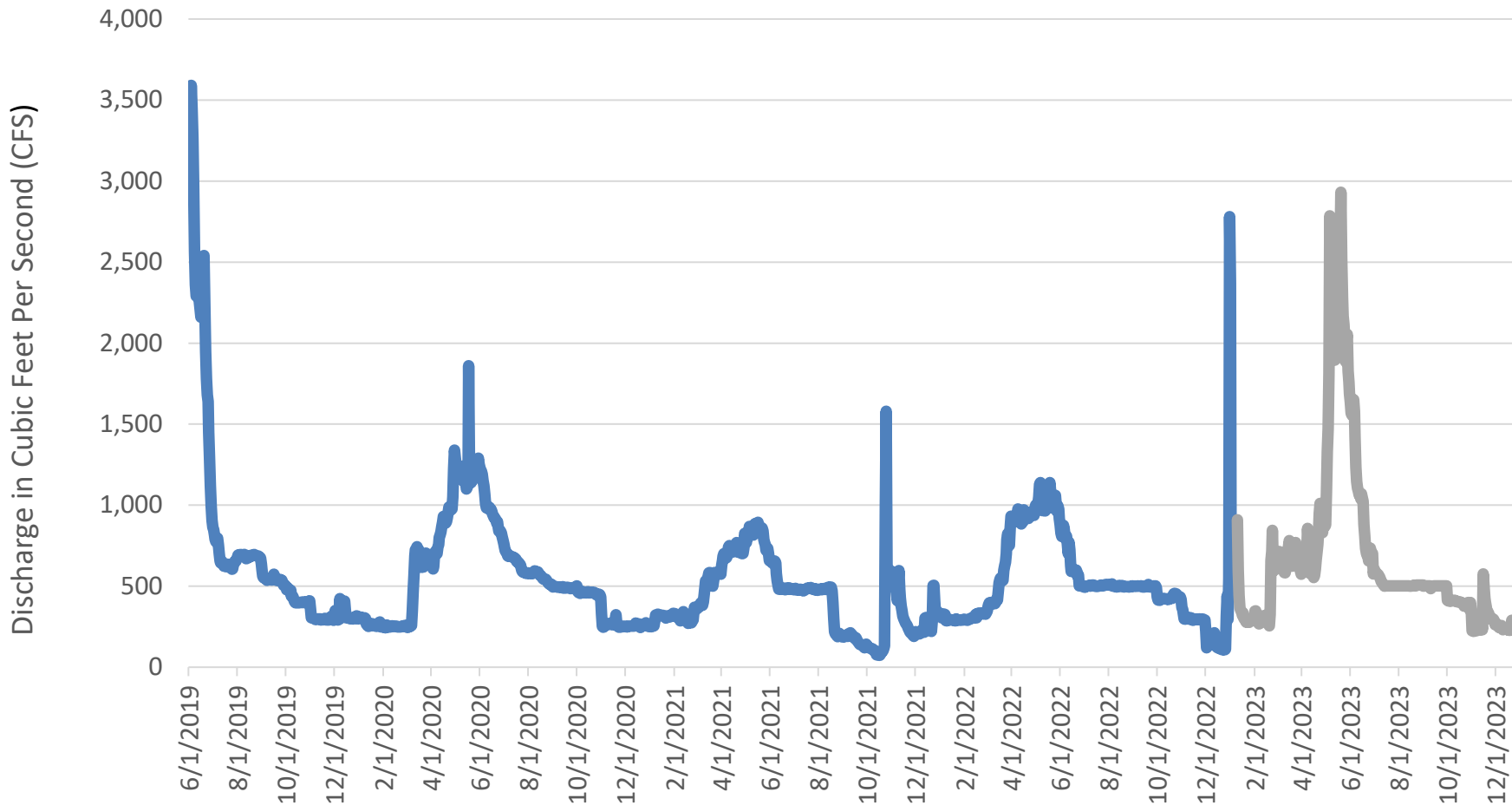




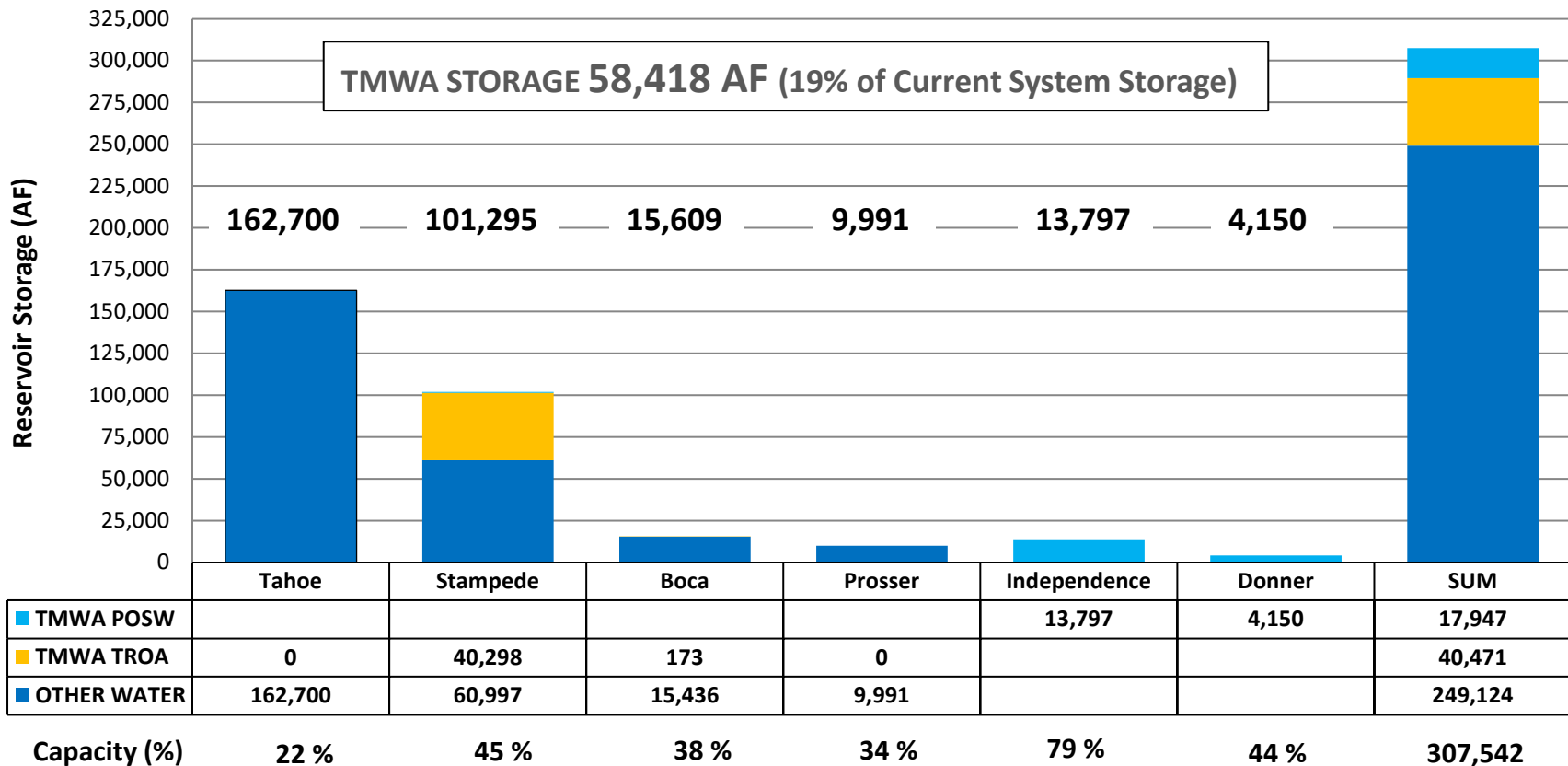
# Actual and Projected Flow through 2023 @ CA/NV State Line



# Actual and Projected Flow through 2023 @ CA/NV State Line



# Truckee River System Storage (16Jan2023)



MAX SYSTEM CAPACITY 1,068,270 AF

CURRENT STORAGE 307,542 (29% Capacity)

17.Jan.2023 10:01:29



## Key Points

- Chances are very good for a normal or better year
- Snowpack ~250% of normal in both Tahoe and Truckee basins
- Looking like a very good streamflow runoff year as well (+150% normal)
- Tahoe elevation has already increased ~1.5 feet since low point on 12/1/22
- Projected to rise another 2+ feet or so by July
- All upstream reservoirs expected to make a significant if not full recovery
- Normal river flows projected for rest of 2023 and into 2024
- TMWA's upstream reserve reservoir storage is still in excellent shape (>58KAF)
- This winter is shaping up to be the kind of year needed to overcome three drought years, and the impact that's had on upstream reservoir storage

# Thank you!

Questions?

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



To: TMWA Board of Directors  
Thru: John R. Zimmerman, General Manager  
From: Matt Bowman, Chief Financial Officer  
Sophie Cardinal, Financial Controller  
Date: December 28, 2022  
Subject: **Discussion and action on adoption of Resolution No. 313: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2022**

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### **Recommendation**

TMWA staff will present the Annual Comprehensive Financial Report (ACFR) to the Board for the fiscal year ended June 30, 2022 for approval by resolution and request direction to the Chief Financial Officer to forward the appropriate documentation to the State of Nevada Department of Taxation within the prescribed deadline.

### **Summary**

Pursuant to NRS 354.624, TMWA is required to conclude an audit before November 30, 2022, and submit the audit report to the Nevada Department of Taxation (NDT) no later than six months after the close of the fiscal year for which the audit is conducted. This year, TMWA received an extension to submit its audit report to the NDT by January 31, 2023.

The ACFR for the fiscal year ended June 30, 2022, includes the letter of transmittal, management's discussion and analysis, the audit report, the financial statements, required supplementary information, statistical schedules, and the compliance section.

The financial statements include the Statements of Net Position (Balance Sheets) for June 30, 2022 and June 30, 2021, related Statements of Revenues, Expenses and Changes in Net Position (Income Statements), Statements of Cash Flows, and statements for TMWA's Other Post-Employment Benefit fiduciary funds.

### **Audit Results**

Of particular importance to TMWA is the auditor's opinion that the financial statements were presented fairly, in all material respects, in accordance with *Generally Accepted Accounting Principles (GAAP)* and Nevada Revised Statutes for the year ended June 30, 2022. Furthermore, the auditor opined that TMWA complied with all requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. In planning and performing the financial statement audit, however, the auditors identified a significant deficiency in TMWA's internal controls over compliance. The significant deficiency was related to a change in presentation of cash and cash equivalents in the Statement of Cash

Flows. Additional information on this finding is provided in Note 14 to the financial statements as well as the auditors' Schedule of Findings and Questioned Costs for the year ended June 30, 2022.

In the FY 2022 ACFR, TMWA implemented GASB Statement No. 87 which establishes a single model for lease accounting based on the foundational principle that a lease is a financing of the right to use an underlying asset. TMWA recorded four leases as a lessor and therefore reported lease receivables and deferred inflows of resources.

### **Financial Performance**

This staff report presents a summary of overall financial performance. Complete information is shown in the financial statements and the notes supporting the financial statements. Management's Discussion and Analysis (MD&A) in the financial section provides a detailed discussion of comparative financial performance with FY 2021.

TMWA experienced a solid financial year with a change in net position of \$46.1 million. Net cash flow reflected a decrease of \$3.1 million. Cash balance at the end of the year was \$15.9 million.

TMWA ended the year with a senior lien debt service coverage ratio of 1.83x compared to 1.90x for FY 2021.

### **Fiscal Year 2022 Actual to Budget comparison**

**Operating revenue** of \$114.6 million were \$2.0 million or 1.8% above the final budget for fiscal year ended June 30, 2022. Charges for water sales were \$108.2 million or 0.3% lower than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During the first part of the fiscal year, hot and dry weather led to increased water consumption as customers were irrigating more than usual. However, a cooler spring led to lower water consumption in the second half of the fiscal year, ultimately leading to slightly lower than average water consumption during the year.

**Operating expenses** of \$98.6 million were approximately \$6.1 million under the budget of \$104.7 million. Operating expenses before depreciation were \$5.5 million under budget or approximately 7.8% lower. Salaries and wages and employee benefits were both lower by \$1.9 million and \$4.2 million or 7.1% and 35.8% respectively. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were lower due to positive adjustments to net pension and OPEB liabilities due to positive investment performance during calendar year 2021. Service and supplies expenses were \$0.6 million over budget, a variance of 1.8%. The primary driver for the budget variance was electric power costs which were increased during the year by NV Energy, TMWA's electric power provider, through quarterly base tariff increases. These increases were due to the cost of power purchased by NV Energy during the fiscal year.

**Net nonoperating revenue and expenses** were \$11.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold.



**Capital contributions** of \$51.6 million were \$11.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

Total capital spending was approximately \$40.8 million for fiscal year 2022, which was approximately \$19.3 million less than the \$60.1 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2022, TMWA has approximately \$169.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2022 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$11.7 million as of June 30, 2022. As of June 30, 2022, TMWA retained a \$10.4 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.9 million is included as a reservation of unrestricted net position.

### **Fiscal Year 2022 Actual to Prior Year Comparison**

**Operating revenue** decreased \$0.8 million from fiscal year 2021. Water Sales were \$108.2 million, \$1.6 million or 1.5% lower than in fiscal year 2021. Water sales were lower year over year due to lower consumption offset by two 2.5% rate increases in June 2021 and 2022. Hydroelectric Sales were \$0.2 million or 7.1% lower than fiscal year 2021 due to low river flows in the late summer months of fiscal year 2022, which forced the plants to be taken offline. Other operating revenue was \$1.0 million or 35.7% higher than the prior year due to higher revenues from construction water, new business engineering fees and late fees.

**Operating expenses** \$98.6 million, \$0.4 million or 0.4% higher than fiscal year 2021. Spending on salaries and wages was \$1.6 million or 6.9% higher, due to wage increases and increases in headcount. Employee benefits were \$3.8 million or 33.6% lower than prior year due mainly to lower pension expense related to Nevada PERS. Spending on services and supplies was \$2.3 million or 7.5% more than prior year primarily due to inflation and increased costs in power, security, meter replacements, and vehicle fuel costs.

**Net nonoperating revenue and expenses** were worse than prior year by \$7.4 million or 52%. This variance is primarily due to decreased investment earnings from lower invested rates and a decrease in the fair value of investments from a \$10.6 million unrealized investment loss. In fiscal year 2021, TMWA had an unrealized investment loss of only \$2.4 million.

**Capital contributions** increased by \$10.2 million. The main driver of the increase is developer infrastructure contributions which were \$8.0 million greater than 2021. These contributions are

infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. They can vary from year to year depending on activity and the timing of project closeouts. Grants were also \$2.2 million higher than 2021 primarily from the grant award TMWA received to repair the Glendale diversion, which was damaged in the 2017 flood event.



December 28, 2022

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

We have audited the financial statements of Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 28, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated October 7, 2022 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether TMWA complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TMWA major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of TMWA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of TMWA major federal program compliance, is to express an opinion on the compliance for the TMWA major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the TMWA's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 28, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 28, 2022.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

#### **Significant Risks Identified**

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management may have the ability to override controls that the entity has implemented through policies and procedures.
- Improper Revenue Recognition – Professional standards include a presumptive risk of revenue recognition. Accordingly, we identified revenue recognition related to certain revenues, primarily related to charges for services, as a significant risk to address the possibility that revenue is not recorded appropriately.
- Significant Estimates: Allocation of Indirect Administrative Costs to Capital Assets, Valuation of Developer Dedicated Infrastructure and Other Donated Capital Assets, Delivered but Unbilled Water Sales Revenue, Public Employee Retirement System (PERS), and Other Post-employment Benefit (OPEB) Related Amounts – The allocation of indirect administrative costs to capital assets, valuation of developer dedicated infrastructure and other donated capital assets, delivered but unbilled water sales revenue, PERS, and OPEB related amounts are subject to significant estimation and allocation to the entity and have complex disclosures and financial reporting. Accordingly, we have identified the significant estimates of the allocation of indirect administrative costs to capital assets, valuation of developer dedicated infrastructure and other donated capital assets, delivered but unbilled water sales revenue, PERS, and OPEB related amounts as significant risks.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by TMWA is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Liability and related disclosures for postemployment benefits other than pensions (OPEB)
- Liability and related disclosures for pension benefits
- Receivable for delivered but unbilled water sales revenue
- Allocation of administrative costs to capital assets
- Valuation of developer dedicated infrastructure and other donated capital assets

Management's estimate of the actuarial accrued liability for OPEB is based on third party actuarial valuation. Management's estimate of the pension liability is based on actuarial valuation; which are calculated based on the employee information submitted by TMWA to the Public Employees' Retirement System of the State of Nevada (PERS). Management's estimate of the delivered but unbilled water sales revenue is based upon number of days in the cycle and water usage. Management's estimate of the allocation of administrative costs to capital assets is based upon the year-to-date construction salaries and wages relative to total construction and indirect salaries and wages. Management's estimate of the value of the developer dedicated infrastructure and other donated capital assets is based on acquisition value (as defined under GASB Statement No. 72) using engineering cost indices at the time of dedication or donation. We evaluated the key factors and assumptions used to develop these sensitive estimates and determined that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting TMWA's financial statements relate to:

- Obligations for OPEB and pensions

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

**Circumstances that Affect the Form and Content of the Auditor’s Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We added an emphasis of matter paragraph to our Independent Auditor’s Report for:

***Adoption of New Accounting Standard***

As discussed in Note 14 to the financial statements, TMWA has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2021. Accordingly, a restatement has been made to the net position as of July 1, 2020, to restate beginning net position. Our opinions are not modified with respect to this matter.

***Correction of Error***

As described in Note 14 to the financial statements, TMWA determined there were errors in amounts previously reported on the Statement of Cash Flows of the proprietary fund. The beginning balance of cash and cash equivalents as of July 1, 2020 was restated to correct the errors. Our opinions are not modified with respect to these matters.

**Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated December 28, 2022.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with TMWA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as TMWA's auditors.

**Other Matters**

The basic financial statements include the financial statements of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust, fiduciary component units of TMWA, which we considered to be significant components of the basic financial statements. Consistent with the audit of the basic financial statements as a whole, our audits included obtaining an understanding of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust and their environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust and completion of further audit procedures.

This report is intended solely for the information and use of the Truckee Meadows Water Authority Board of Directors and management of Truckee Meadows Water Authority and is not intended to be and should not be used by anyone other than these specified parties.



Reno, Nevada

**TRUCKEE MEADOWS WATER AUTHORITY**  
**(TMWA)**

**RESOLUTION NO. 313**

**A RESOLUTION APPROVING THE FINANCIAL STATEMENTS OF THE TRUCKEE MEADOWS WATER AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2022**

**WHEREAS**, TMWA is responsible for filing financial statements with various agencies, banks, and regulatory authorities; and

**WHEREAS**, pursuant to NRS 354.624, TMWA is required to file audited financial statements with the Nevada Department of Taxation, not later than six months after the close of the fiscal year being audited; and

**WHEREAS**, the TMWA Board is required to accept and approve the financial statements prior to filing of said statements with the Nevada Department of Taxation by December 31, 2022; and

**WHEREAS**, the Nevada Department of Taxation has granted TMWA an extension to file the said statements by January 31, 2023.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Truckee Meadows Water Authority that the audited financial statements for the period ended June 30, 2022, as provided to the TMWA Board, are hereby accepted and approved and staff is directed to submit such information to the Nevada Department of Taxation.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and adopted January 18, 2023, by the following vote of the Board:

Ayes: \_\_\_\_\_  
\_\_\_\_\_

Nays: \_\_\_\_\_  
\_\_\_\_\_

Abstain: \_\_\_\_\_ Absent: \_\_\_\_\_

Approved this 18<sup>th</sup> day of January, 2023

\_\_\_\_\_  
Vaughn Hartung, Chairman





**NEVADA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Years Ended June 30, 2022 and 2021**

**PREPARED BY: Matt Bowman, CPA  
Chief Financial Officer**



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# Truckee Meadows Water Authority

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June 30, 2022 and 2021

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December 28, 2022,

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for the Truckee Meadows Water Authority (TMWA) for the fiscal year ended June 30, 2022. The purpose of the report is to provide the Board of Directors (Board), our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the Annual Report in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this Annual Report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board audit TMWA's financial statements on an annual basis. Eide Bailly LLP, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2022 and 2021. The independent auditor's report is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The Annual Report consists of four sections:

**Introduction Section** - This section is comprised of the letter of transmittal which contains information relative to TMWA's background, a listing of TMWA's principal officers, organizational chart, and other relevant information to assist the reader in understanding TMWA's operations, financial condition, and accomplishments.

**Financial Section** - This section consists of TMWA's basic financial statements, supplementary financial information, and independent auditor's report on the basic financial statements. This section also includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

**Statistical Section** - This section is comprised of selected financial, operational and demographic information presented annually and including statistics for the past ten years.

**Compliance Section** - This section consists of information regarding TMWA's compliance with state statutes, in particular, conformance with the Local Government Budget and Finance Act.

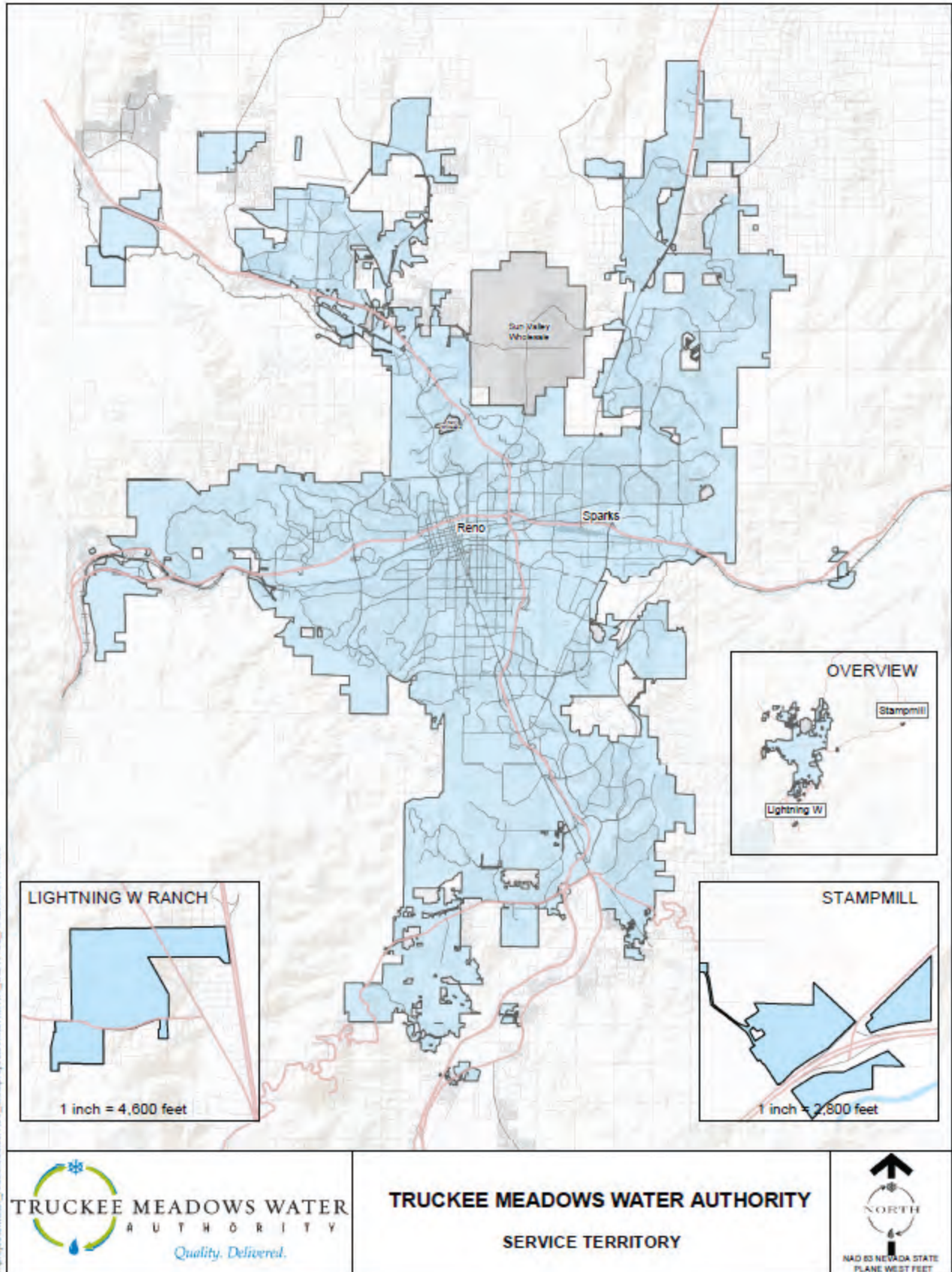
## **REPORTING ENTITY**

TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the assets of the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources, now known as NV Energy, with the goal of retaining local control over the water resources of the area. TMWA took over the water system assets on June 11, 2001. Amendments to the JPA were approved by the member agencies and the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County's water utility and another water utility named South Truckee Meadows General Improvement District (STMGID). The consolidation of the water utilities occurred on January 1, 2015 with TMWA as the continuing entity. There are no component units associated with this financial reporting entity.

TMWA has no financial interdependence with its member agencies. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution, and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to the approval of the TMWA Board, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property and sales and use taxes, as well as other state taxes. TMWA pays property taxes in Nevada and Sierra Counties of California for the privilege of storing water in private and federal reservoirs. TMWA has no taxing authority.

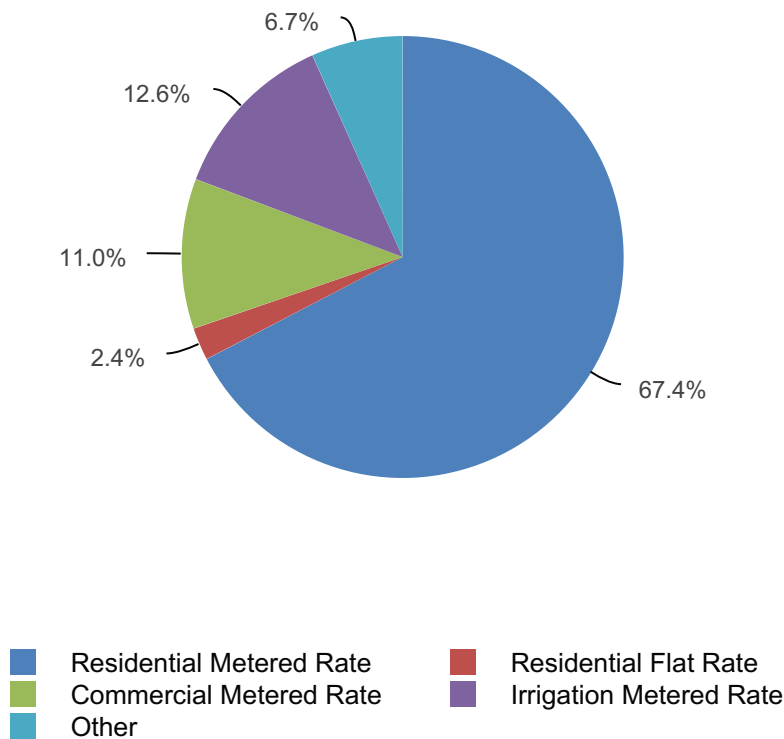
TMWA has over 130,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows Service Area. TMWA has only one significant wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

The map on the following page reflects the TMWA service territory.



The following graph depicts the proportion of operating revenues by class for fiscal year 2022:

**TMWA Operating Revenues \$114.6 Million**



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are less than 275 water services that do not have a meter installed and are billed on a flat rate. These are problematic and relatively expensive services to convert to meters with multiple customers on a single service line.

The Board adopted a goal in August 2003 of maintaining a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual senior lien debt service. This calculation excludes developer facility charges and other fees associated with new development. This target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on primarily a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent



manner and insure that TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien debt coverage was approximately 1.83x and with certain developer fees and charges was approximately 2.70x as of June 30, 2022.

## **ECONOMIC OUTLOOK AND WATER RESOURCES**

The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001. With a population of approximately 353,000 in 2001, Washoe County's population has grown nearly 40% to over 493,000 in 2021.

Reflecting a diverse and strong regional economy, taxable sales in Washoe County continued to grow in fiscal year 2022 with an increase of 11% from the prior year. Prior to fiscal year 2022, Washoe County experienced taxable sales increases of 19% and 5% in fiscal years 2021 and 2020, respectively. Despite a brief commercial shut-down due to COVID, Washoe County's unemployment rate has remained low and is typically lower than the national unemployment rate. At June 30, 2022, Washoe County's unemployment rate was 3.3% compared to the national unemployment rate of 3.6%.

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed Water Resource Plan (WRP). In October 2020, the TMWA Board approved the most recent iteration of the WRP for the years 2020-2040. The WRP was previously updated in fiscal year 2016 and covered years 2016-2035. The WRP addresses current water resources, future water resources and water rights availability, defined drought standards and most recently, impacts of climate change. These analyses performed in the most recent WRP conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

To complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2015-2035 was developed and adopted by the TMWA Board in October 2019. For the first time, this WFP included detailed planning for the water systems formerly operated by Washoe County and STMGID that were merged into TMWA on January 1, 2015. The original WFP was adopted by the TMWA Board in December 2004 and updated in 2010. The WFP evaluates the infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements needed in the Capital Improvement Plan to serve growth based upon population and water demand forecasts in the WRP.

Since inception, TMWA has made and will continue to make strategic water rights acquisitions to ensure sufficient inventory of water rights are available to issue will-serve commitments for the foreseeable future. Any given year, as much as 80% or more of the water supply to TMWA's service area is supplied from surface water from the Truckee River. As such, TMWA played a

critical role in negotiating and implementing the Truckee River Operating Agreement (TROA). TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and U.S. Department of the Interior. TROA provides TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015, remaining related lawsuits were dismissed and TROA became effective December 1, 2015 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

TMWA owns and operates 27,000 acre-feet of Privately Owned Stored Water (POSW) reservoir storage comprised of 9,500 and 17,500 acre-feet in Donner Lake and Independence Lake, respectively (both owned and controlled by TMWA). In addition to the owned storage, as a result of TROA, TMWA can access additional storage capacity in certain federal lakes and reservoirs, including Lake Tahoe. As of June 30, 2022, TMWA had nearly 70,000 acre feet stored in these TMWA owned and federally operated reservoirs.

The winters of 2019/2020, 2020/2021 and 2021/2022 were all below average for precipitation in the Sierra Nevada mountains. As a result, the region is in a Drought Situation as defined by TROA, and conditions in the Truckee Meadows are currently classified as Severe according to the U.S. Drought Monitor. While drought conditions are never ideal, TMWA is well positioned to continue to provide water to its customers, even during the current Drought Situation. This is primarily due to provisions for water management set forth by TROA. During a drought, TROA allows for changes in the way upstream water is managed to allow TMWA to store more Truckee River water in federal reservoirs as a drought persists.

Since the implementation of TROA, TMWA's storage in upstream reservoirs has more than doubled. When combining TMWA's existing POSW in Donner and Independence Lakes, the groundwater resources of the Honey Lake basin, the extensive upstream drought storage benefits of TROA, and Aquifer Storage and Recovery (ASR) groundwater recharge efforts, the TMWA service area is well positioned with regards to drought resiliency.

### **Advanced Purified Water Program**

TMWA is confident in its ability to meet the community's potable water needs for decades to come. Regardless, staff and leadership are dedicated to preparing for potential needs that are beyond the horizon. In this spirit, TMWA is participating in a multi-organizational effort to study the feasibility of producing Category A+ Advanced Purified Water (APW). This research collaboration is known as OneWater Nevada and includes TMWA; City of Reno; City of Sparks; Washoe County; the University of Nevada, Reno; Truckee Meadows Water Reclamation Facility; the Western Regional Water Commission, and the Northern Nevada Water Planning Commission.

The OneWater Nevada Study is evaluating the feasibility of using treated effluent from regional water reclamation facilities and applying a combination of advanced water treatment steps with natural groundwater purification processes to allow for aquifer storage and recovery of the APW. The treatment approach is regulated to rigorous state and federal drinking water standards and may potentially create a future supplemental water supply for potable or other high-quality uses.

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation includes the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), hydrogeological studies at Bedell Flat and American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno have executed an ILA for a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility. This facility will take several years to build with construction activities expected to commence in fiscal year 2024.

## **WATER QUALITY**

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries. The Truckee River travels into Nevada through the Reno-Sparks Metropolitan area and terminates at Pyramid Lake, a distance of approximately 120 miles. The river's natural water quality is excellent; however, additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 90 MGD Chalk Bluff Water Treatment Plant, the 34.5 MGD Glendale Water Treatment Plant and the 4 MGD Mount Rose Water Treatment Plant. The Mount Rose Water Treatment Plant treats surface water from Whites Creek, a tributary of the Truckee River. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the Presidents Award from the Partnership for Safe Water in 2015. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has since requalified for this award on an annual basis.

TMWA spends approximately \$1 million annually monitoring water quality by analyzing nearly 15,000 samples covering approximately 20,000 constituents at over 270 locations throughout the TMWA water system to insure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

## **WATER CONSERVATION**

Efficient use of water within the Truckee Meadows extends this vital resource through periods of drought in this high desert climate. Therefore, water conservation has been, and will continually be, a high-priority at TMWA. Not only does conservation promote water-efficient behavior, such efforts also reduce peak-day demand and help defer future investments in costly improvements to infrastructure. The purpose of water conservation at TMWA is to promote smart use of water through several programs. During a drought, TMWA enhances its conservation efforts to ensure drought storage is sufficient over the drought period.

### **Water-Efficiency Codes**

TMWA's Rule 2 provides water-efficiency codes to which customers must adhere. First, customers must not use water excessively (i.e., no waste). Second, TMWA requires that its customers adhere to a three-day-a-week irrigation schedule. This watering restriction helps prevent overwatering as well as reduces peak-day demand. Next, TMWA also requires no irrigation on Mondays to allow its system to recharge. Finally, TMWA generally requires no irrigation between noon and 6 p.m. from Memorial Day to Labor Day. These water-efficiency codes have been successful in managing customer demands over time.

### **The Water Meter Retrofit Program**

Under TMWA's Water Meter Retrofit Program, unmetered services were retrofitted with a meter. Customers without meters pay a flat, monthly water rate: thus, they have no simple way to know their water usage and have less monetary incentive to conserve. Through a charge of \$1,830 for every acre-foot of new surface water demand, developers and others have provided funding for this program. Due to the success of this program, TMWA estimates less than 275 water services do not have a meter installed. In fiscal year 2019, the Water Meter Retrofit Program was replaced by the Water Resource Sustainability Program. Remaining balances in this fund will be used to replace meters in the system over the next few years.

### **Water Pricing Structure**

TMWA has an inverted, tiered-rate billing structure in which customers are charged increasing rates based on the amount of water they use. This billing structure provides a "price signal" to customers who cross into a higher tier, thereby encouraging efficient use of water.

### **Water Usage Review Program**

The Water Usage Review Program assists TMWA customers with issues regarding their water meter or their water delivery system. When a water usage review is requested, TMWA staff will go onsite to check meter accuracy as well as detect for leaks in the customer's system. If a leak is detected, staff will work with the customer to attempt to identify the leak source. Staff will also review the usage history of the service to determine water usage behavior. Once completed, staff will notify the customer regarding any leaks that were detected, make recommendations on how to reduce water consumption, and teach customers how to check for leaks in the future.

## **Water Watcher Program**

During the irrigation months (April to October), TMWA ramps up its conservation efforts by hiring additional full-time seasonal conservation consultants. These consultants are trained to monitor the TMWA service territory and ensure its water-efficiency codes are being adhered to. They also respond to water waste reports by the public. They provide customers with information about TMWA's water-efficiency codes and identify any leaks or sources of water waste in outdoor irrigation. This program not only promotes efficient use of water, but also facilitates lower monthly bills.

## **Landscape Retrofit Program**

The Landscape Retrofit Program promotes water-efficiency measures on municipal landscapes. The program includes financial support of landscape augmentation projects by institutional irrigators. Projects supported under this program promote drought-tolerant landscapes and educational programs focused on smart landscaping practices.

## **Water Conservation Education Program**

TMWA has a strong educational program designed to teach customers about the benefits of conservation and techniques that can help them use water more responsibly. Educational initiatives include a free workshop series, direct communication (bill inserts, emails, in-person, etc.), public presentations and events, as well as, a multi-media campaign. TMWA also partners with other local organizations to provide grade school students in the Truckee Meadows with information regarding our water sources, water quality and watershed protection.

## **FINANCIAL INFORMATION**

### **Internal Controls**

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Internal controls are also used to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such controls over the benefits derived from implementing such controls. TMWA's management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

## **Budgetary Controls**

TMWA is legally required to prepare, present to the TMWA Board, and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Local Government Budget and Finance Act, which stipulates that the Board be presented with a tentative budget by April 15 of each year, with formal adoption of the budget after a public hearing in May of each year. The adopted budget is then filed with the Nevada Department of Taxation.

TMWA is also required to prepare a Capital Improvement Plan for review and formal acceptance by the TMWA Board. This plan is a comprehensive compilation of all capital projects and capital outlays expected during the ensuing five fiscal years. TMWA's Board is kept informed of TMWA's financial performance throughout the fiscal year at scheduled Board meetings. The General Manager, as the chief administrative officer, is authorized to approve all expenses that are within the approved budget. This authority is conferred upon the General Manager by virtue of the TMWA Cooperative Agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA. TMWA routinely prepares five-year financial forecasts in conjunction with the Capital Improvement Plan.

## **BUDGET ANALYSIS AND VARIANCES**

Actual total operating revenues of \$114.6 million were \$2.0 million or 1.8% above the final budget for fiscal year ended June 30, 2022. Charges for water sales were \$108.2 million or 0.3% lower than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During the first part of the fiscal year, hot and dry weather led to increased water consumption as customers were irrigating more than usual. However, a cooler spring led to lower water consumption in the second half of the fiscal year, ultimately leading to slightly lower than average water consumption during the year.

Total operating expenses of \$98.6 million were approximately \$6.1 million under the budget of \$104.7 million. Operating expenses before depreciation were \$5.5 million under budget or approximately 7.8% lower. Salaries and wages and employee benefits were both lower by \$1.9 million and \$4.2 million or 7.1% and 35.8% respectively. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were lower due to positive adjustments to net pension and OPEB liabilities due to positive investment performance during calendar year 2021. Service and supplies expenses were \$0.6 million over budget, a variance of 1.8%. The primary driver for the budget variance was electric power costs which were increased during the year by NV Energy, TMWA's electric power provider, through quarterly base tariff increases. These increases were due to the cost of power purchased by NV Energy during the fiscal year.

Total net nonoperating revenues and expenses were \$11.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold.

Capital contributions of \$51.6 million were \$11.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage

charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

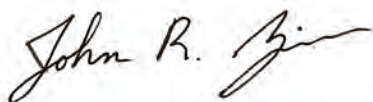
Total capital spending was approximately \$40.8 million for fiscal year 2022, which was approximately \$19.3 million less than the \$60.1 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2022, TMWA has approximately \$169.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2022 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$11.7 million as of June 30, 2022. As of June 30, 2022, TMWA retained a \$10.4 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.9 million is included as a reservation of unrestricted net position.

## **ACKNOWLEDGMENTS**

The timely preparation of this report could not be done without the assistance of TMWA finance personnel, the management team and employees of TMWA. We would like to thank the Board, TMWA customers, and the development community for their commitment to the long-term operational and financial stewardship of TMWA.



John Zimmerman, Esq.  
General Manager



Matt Bowman, CPA  
Chief Financial Officer

**Truckee Meadows Water Authority  
List of Principal Officials  
June 30, 2022**

**TMWA Board of Directors**

Vaughn Hartung, Washoe County Commissioner, Chairman of the Board

Kristopher Dahir, City of Sparks Council Member, Vice Chairman

Paul Anderson, City of Sparks Council Member

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Alexis Hill, Washoe County Commissioner

Neoma Jardon, City of Reno Council Member

**Management**

Mark Foree, PE, (outgoing) General Manager

John Zimmerman, Esq., (incoming) General Manager

Matt Bowman, CPA, Chief Financial Officer

Scott Estes, PE, Director of Systems Planning and Engineering

John Enloe, Director of Natural Resources, Planning, and Management

Andy Gebhardt, Director of Distribution, Maintenance, and Generation

Stefanie Morris, Director of Legal & Regulatory Affairs

Will Raymond, Director of Operations and Water Quality

Lucas Foletta, General Counsel





Government Finance Officers Association

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Achievement  
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in Financial  
Reporting

Presented to

**Truckee Meadows Water Authority  
Nevada**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

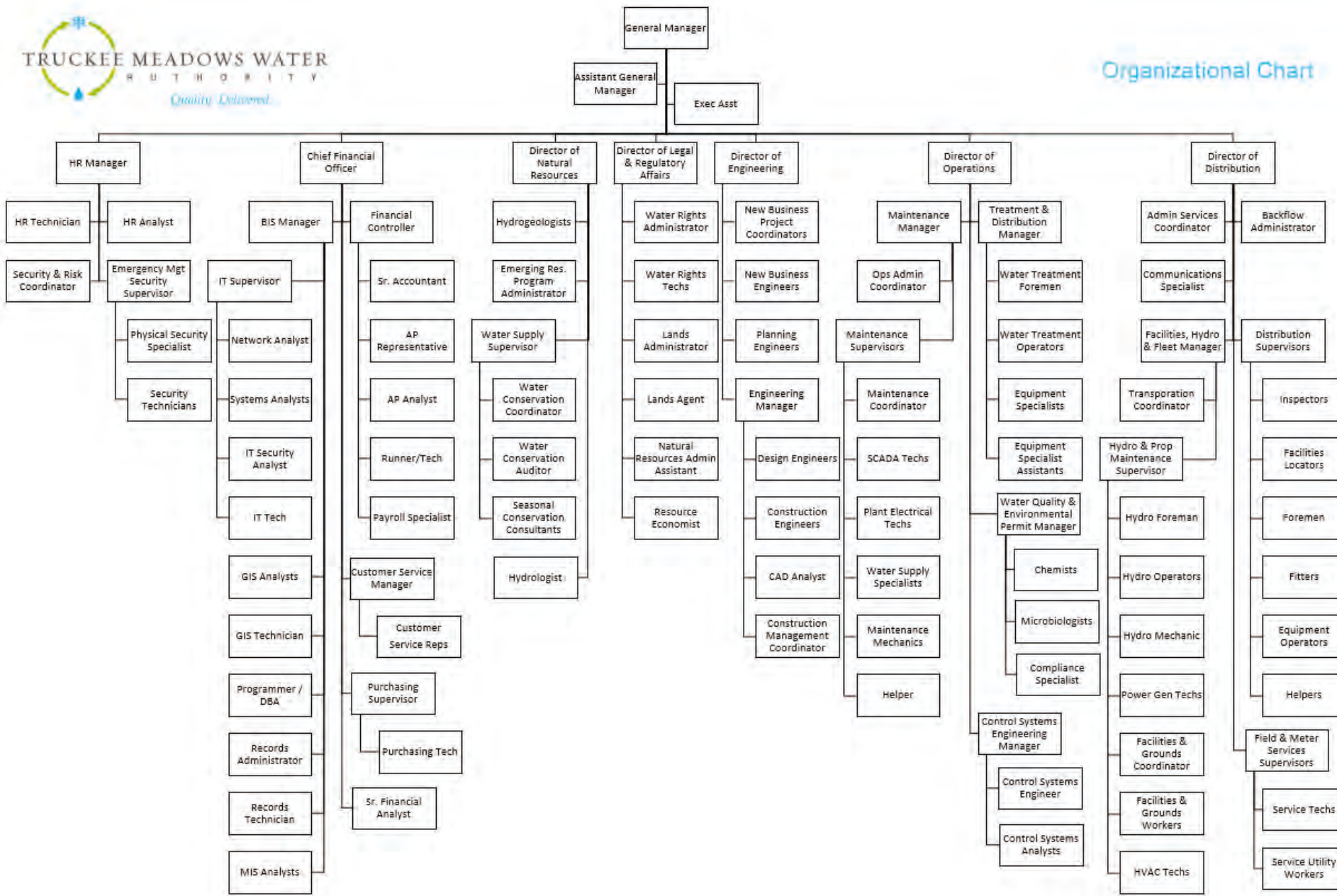
June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO



Organizational Chart





## Independent Auditor's Report

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the business-type activities, and the fiduciary activities of the Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the fiduciary activities of TMWA, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TMWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Adoption of New Accounting Standard***

As discussed in Note 14 to the financial statements, TMWA has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2021. Accordingly, a restatement has been made to the net position as of July 1, 2020, to restate beginning net position. Our opinions are not modified with respect to this matter.

**Correction of Error**

As described in Note 14 to the financial statements, TMWA determined there were errors in amounts previously reported on the Statement of Cash Flows of the proprietary fund. The beginning balance of cash and cash equivalents as of July 1, 2020 was restated to correct the errors. Our opinions are not modified with respect to these matters.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TMWA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TMWA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA’s share of net pension liability, and schedule of TMWA’s pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise TMWA’s basic financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position, combining statement of changes in fiduciary net position and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position, combining statement of changes in fiduciary net position and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of TMWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TMWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Reno, Nevada  
December 28, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Annual Comprehensive Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2022, June 30, 2021, and June 30, 2020. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

### FINANCIAL HIGHLIGHTS

#### TMWA's Net Position

*(in millions)*

	<u>June 30, 2022</u>	<b>Restated</b> <u>June 30, 2021</u>	<u>June 30, 2020</u>
Unrestricted Current Assets	\$ 189.4	\$ 192.8	\$ 168.7
Restricted Current Assets	33.3	31.1	27.7
Long-Term Restricted and Other Assets	27.2	27.7	29.8
Net Other Postemployment Benefits Asset	6.0	3.4	2.3
Capital Assets, net	1,044.9	1,021.8	1,007.7
Total Assets	1,300.8	1,276.8	1,236.2
Deferred Outflow of Resources	22.5	12.8	14.9
Total Assets & Deferred Outflow of Resources	1,323.3	1,289.6	1,251.1
Total Current Liabilities	46.8	47.2	47.9
Long Term Debt Outstanding	355.4	376.3	383.3
Net Pension Liability	28.5	42.2	40.6
Net Other Postemployment Benefits Liability	0.4	0.5	0.7
Long Term Compensated Absences	2.8	2.9	2.2
Total Liabilities	433.9	469.1	474.7
Deferred Inflow of Resources	29.1	6.4	6.7
Net Investment in Capital Assets	693.0	649.1	617.5
Restricted	52.5	50.7	50.0
Unrestricted	114.8	114.4	102.2
Total Net Position	\$ 860.3	\$ 814.2	\$ 769.7

During the fiscal year ended June 30, 2022, TMWA implemented GASB Statement No. 87, *Leases*. This resulted in the restatement of amounts previously reported for the year ended June 20, 2021. See Note 14 - Implementation of New Standard for more information.

## ***Financial Position***

### **Fiscal Year 2022 Summary**

In the fiscal year ended June 30, 2022, total net position increased by approximately \$46.1 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$3.4 million from June 30, 2021. Unrestricted cash decreased \$2.8 million with cash from operating activities of \$46.8 million and unrestricted nonoperating contributions of \$30.0 million, offset by cash used for debt service \$31.9 million and acquisition and construction of capital assets of \$40.8 million. See the Statement of Cash Flows for additional information.

Restricted Current Assets increased \$2.2 million from June 30, 2021. The Water Resource Sustainability Program fund increased \$1.4 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$0.8 million due to principal payments due within the next year.

Long-Term Restricted and Other Assets decreased \$0.5 million, mainly due to a \$1.0 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and continue to decrease annually.

Net Other Postemployment Benefits (OPEB) Asset increased by \$2.6 million as result of the actuarial analysis and a high return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$23.0 million in fiscal year 2022 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$18.2 million. These assets are built to TMWA's standards and specifications. TMWA also put the Mt. Rose Water Treatment Plant into service in fiscal year 2022 and capitalized \$29.0 million of costs related to the project. Depreciation expense was \$33.6 million.

Total current liabilities decreased by \$0.4 million. This was primarily due to a reduction of \$1.2 million in construction contract and retention payables, which are affected by the size and timing of active projects.

Long term debt decreased \$20.9 million, due to principal payments on debt of \$15.4 million and amortization of bond premiums of \$4.4 million.

Net pension liability decreased by \$13.7 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.



## **Fiscal Year 2021 Summary**

In the fiscal year ended June 30, 2021, total net position increased by approximately \$44.5 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets increased by \$24.1 million from June 30, 2020. Unrestricted cash increased \$23.3 million with cash from operating activities of \$52.8 million and unrestricted nonoperating contributions of \$29.4 million, offset by cash used for debt service \$33.4 million and construction of \$35.6 million. Proceeds from a resource exchange agreement with Tahoe-Reno Industrial Center (TRIC) and Tahoe Reno Industrial General Improvement District (TRIGID) also increased cash by \$9.0 million. In fiscal year 2021, TMWA entered into an agreement to assist TRIC and TRIGID in meeting their return flow requirements to the Truckee River from taking treated effluent from the Truckee Meadows Water Reclamation Facility (TMWRF). When the surface water component of treated effluent water from TMWRF is not returned to the river, there are requirements to makeup that return flow with other water rights that must be left for instream flow. In exchange for providing TRIGID a return flow will-serve to satisfy the above-describe return flow requirements, TRIGID conveyed 1,143 acre-feet of water rights to TMWA and TRIC paid TMWA \$9.0 million. See the Statement of Cash Flows for additional information on sources and uses of cash.

Restricted Current Assets increased \$3.4 million from June 30, 2020. The Water Resource Sustainability Program fund increased \$1.7 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$1.7 million due to the addition of the 2021 refunding bonds which were issued to pay off variable rate commercial paper at a low fixed rate of 1.19%.

Long-Term Restricted and Other Assets decreased \$2.5 million, mainly due to a \$2.7 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and continue to decrease annually.

Net Other Postemployment Benefits Asset increased by \$1.1 million as result of an actuarial analysis. See Note 12 to the financial statements for additional information on TMWA's other post-employment benefit plans (OPEB).

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$14.1 million in fiscal year 2021 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$10.2 million. These assets are built to TMWA's standards and specifications. TMWA continued construction of a new treatment plant during fiscal year 2021. The Mt. Rose Water Treatment Plant is expected to be operational in fiscal year 2022. Depreciation expense was \$33.3 million.

Total current liabilities decreased by \$0.7 million. The primary decrease was due to the redemption of \$3.0 million of commercial paper, as well as the refunding of the remaining balance of \$13.0 million of commercial paper. The current portion of the new 2021 refunding

bonds, or \$1.8 million, remains in current liabilities. Offsetting this decrease was an increase in contracts and retention payable of \$12.3 million, of which \$9.0 million is due to a payable related to the resource exchange agreement with TRIC and TRIGID mentioned earlier. Cash received in this transaction is held as a payable until certain provisions of the contract are met by TMWA. TMWA will supply return flow water to the Truckee River on behalf of the contracting parties in certain situations to fulfill its obligations. Payables related to construction contracts increased \$3.0 million and retention payable increased \$0.3 million due to timing differences in the accounts payable cycle year over year.

Long term debt decreased \$7.0 million, due to principal payments on debt of \$13.5 million and amortization of bond premiums of \$4.7 million. Long term debt increased \$11.2 million due to the refunding of commercial paper which was previously in short term debt.

Net pension liability increased by \$1.6 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.

**TMWA’s Changes in Net Position**  
(in millions)

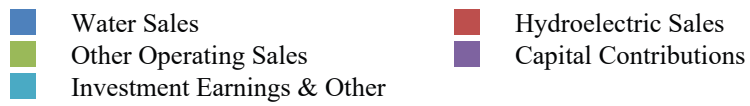
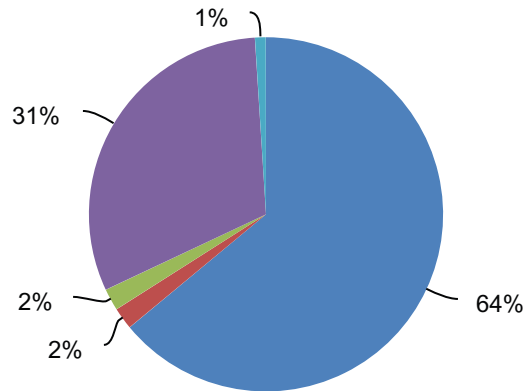
	<u>June 30, 2022</u>	<b>Restated</b> <u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Revenues	\$ 114.6	\$ 115.4	\$ 108.1
Operating Expenses	98.6	98.2	94.1
Operating Income	<u>16.0</u>	<u>17.2</u>	<u>14.0</u>
Nonoperating Revenues (Expenses) Net	<u>(21.5)</u>	<u>(14.1)</u>	<u>(6.6)</u>
Income before Capital Contributions	(5.5)	3.1	7.4
Capital Contributions	<u>51.6</u>	<u>41.4</u>	<u>44.2</u>
Change in Net Position	<u>46.1</u>	<u>44.5</u>	<u>51.6</u>
Net Position, Beginning of Year	<u>814.2</u>	<u>769.7</u>	<u>718.1</u>
Net Position, End of Year	<u><u>\$ 860.3</u></u>	<u><u>\$ 814.2</u></u>	<u><u>\$ 769.7</u></u>

**TMWA’s Revenues**  
(in millions)

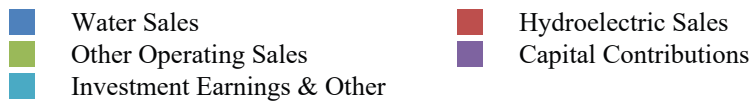
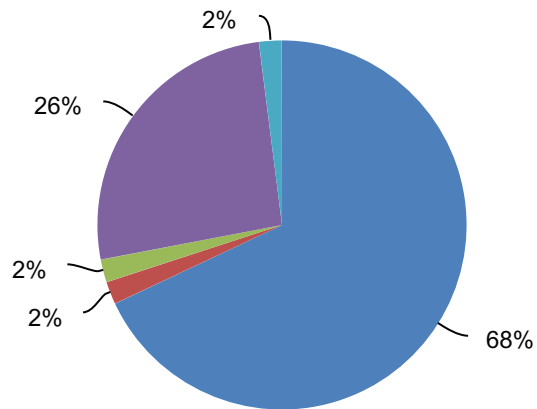
	<u>June 30, 2022</u>	<b>Restated</b> <u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues			
Operating Revenues			
Water Sales	\$ 108.2	\$ 109.8	\$ 102.5
Hydroelectric Sales	2.6	2.8	3.3
Other Operating Sales	3.8	2.8	2.3
	<u>114.6</u>	<u>115.4</u>	<u>108.1</u>
Nonoperating Revenues			
Investment Earnings	2.0	2.6	4.1
Other	—	—	3.4
	<u>2.0</u>	<u>2.6</u>	<u>7.5</u>
Capital Contributions	<u>51.6</u>	<u>41.4</u>	<u>44.2</u>
<b>Total Revenues</b>	<u><u>\$ 168.2</u></u>	<u><u>\$ 159.4</u></u>	<u><u>\$ 159.8</u></u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2022, 2021 and 2020:

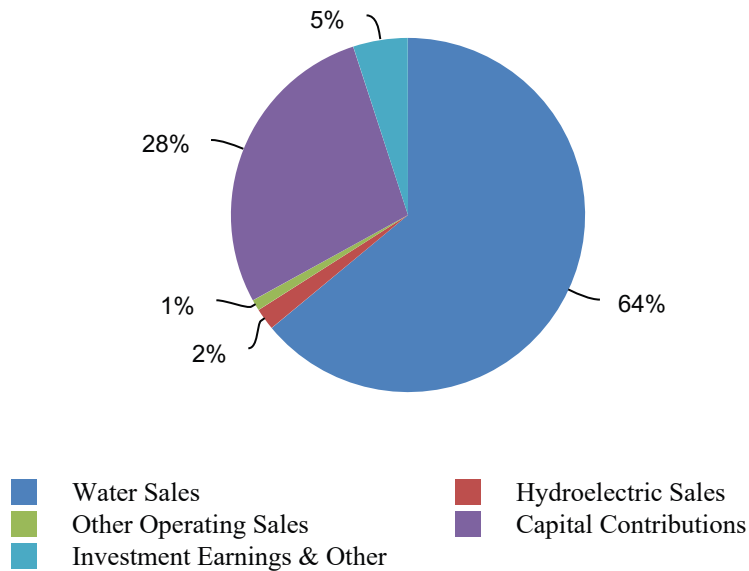
**Total Revenues for the Year Ended June 30, 2022**



**Total Revenues for the Year Ended June 30, 2021**



**Total Revenues for the Year Ended June 30, 2020**



***Results of Operations-Revenues***

**Fiscal Year 2022 Summary**

For fiscal year 2022, total operating revenues decreased \$0.8 million from fiscal year 2021. Water Sales were \$108.2 million, \$1.6 million or 1.5% lower than in fiscal year 2021. Water sales were lower year over year due to lower consumption offset by two 2.5% rate increases in June 2021 and 2022. Hydroelectric Sales were \$0.2 million or 7.1% lower than fiscal year 2021 due to low river flows in the late summer months of fiscal year 2022, which forced the plants to be taken offline. Other operating revenue was \$1.0 million or 35.7% higher than the prior year due to higher revenues from construction water, new business engineering fees and late fees.

Investment earnings were \$2.0 million in fiscal year 2022, \$0.6 million lower than fiscal year 2021 due to lower invested rates during the year.

For fiscal year 2022, capital contributions increased by \$10.2 million. The main driver of the increase is developer infrastructure contributions which were \$8.0 million greater than 2021. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. They can vary from year to year depending on activity and the timing of project closeouts. Grants were also \$2.2 million higher than 2021 primarily from the grant award TMWA received to repair the Glendale diversion, which was damaged in the 2017 flood event.

## **Fiscal Year 2021 Summary**

For fiscal year 2021, total operating revenues increased \$7.3 million from fiscal year 2020. Water Sales were \$109.8 million, \$7.3 million or 7.1% greater than in fiscal year 2020. Water sales were higher year over year due to growth in the service area of approximately 3%, with the main driver for the increase being higher water usage per capita. Hydroelectric Sales were \$0.5 million or 15.2% lower than fiscal year 2020, due to downtime for repairs at the hydroelectric plants. Other operating revenue was \$0.5 million or 21.7% higher than the prior year due to resuming late fee charges after the pause for the beginning of the pandemic in fiscal year 2020.

Investment earnings were \$2.6 million in fiscal year 2021, \$1.5 million lower than fiscal year 2020 due to lower invested rates during the year. Other nonoperating revenues decreased \$3.4 million due to an unrealized investment loss in fiscal year 2021 (this line item was included as unrealized investment gain in fiscal year 2020).

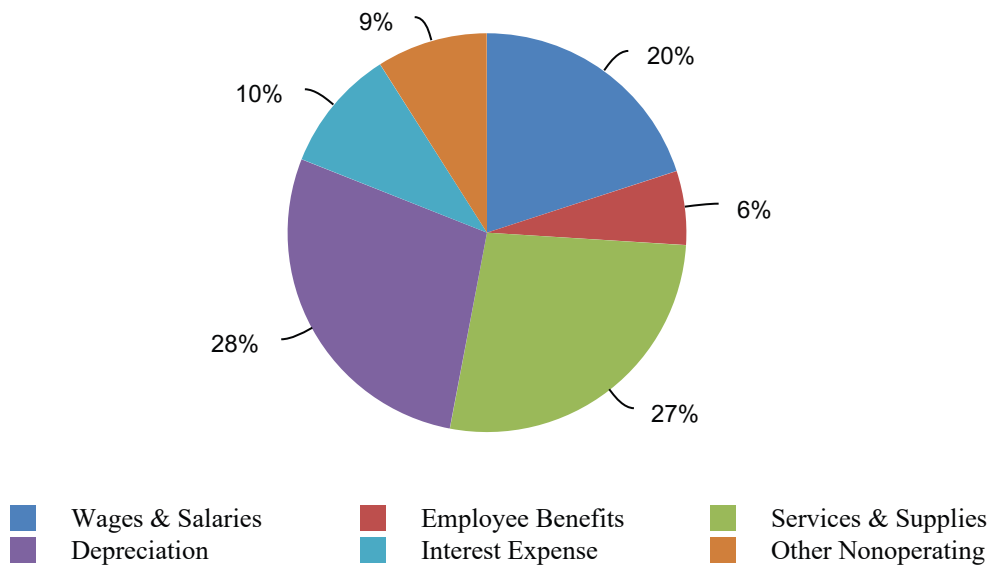
For fiscal year 2021, capital contributions decreased by \$2.8 million. The main driver of the decrease is developer infrastructure contributions which were \$9.9 million lower than 2020. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. Other developer contributions or fees were \$7.7 million higher than the prior year. Other contributions were \$0.6 million lower than 2020.

**TMWA's Expenses**  
*(in millions)*

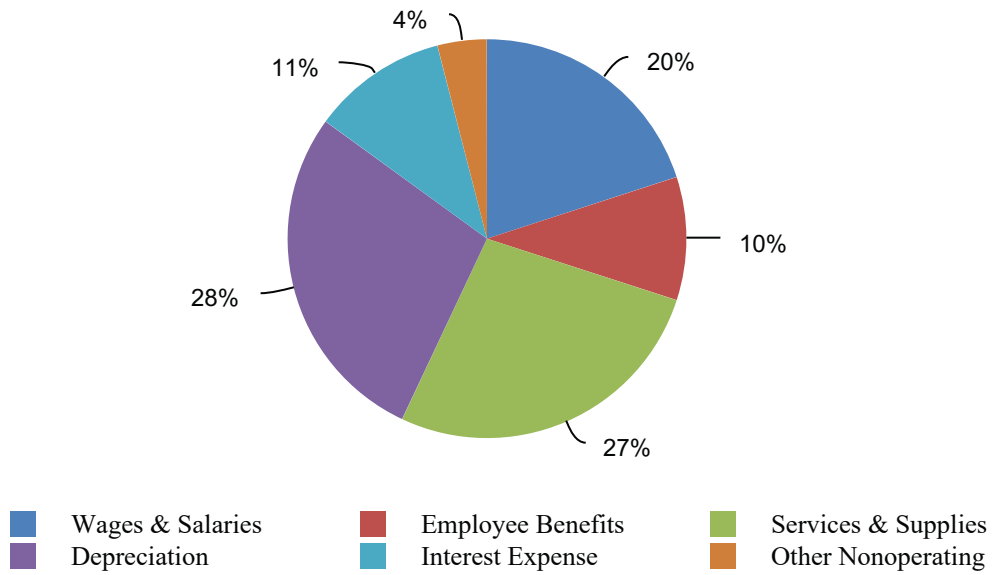
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 24.7	\$ 23.1	\$ 21.5
Employee Benefits	7.5	11.3	11.5
Services & Supplies	32.8	30.5	27.8
Depreciation	33.6	33.3	33.3
	<u>98.6</u>	<u>98.2</u>	<u>94.1</u>
Nonoperating Expenses			
Interest Expense	12.0	12.3	12.7
Other Nonoperating Expenses	11.5	4.4	1.4
	<u>23.5</u>	<u>16.7</u>	<u>14.1</u>
<b>Total Expenses</b>	<u><u>\$ 122.1</u></u>	<u><u>\$ 114.9</u></u>	<u><u>\$ 108.2</u></u>

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2022, 2021 and 2020:

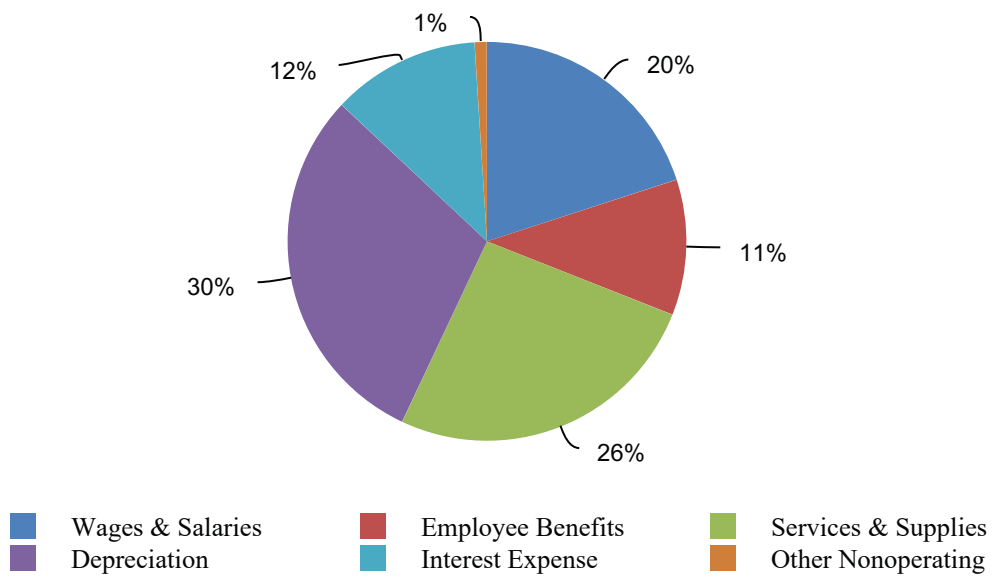
**Total Expenses for the Year Ended June 30, 2022**



**Total Expenses for the Year Ended June 30, 2021**



**Total Expenses for the Year Ended June 30, 2020**





## ***Results of Operations-Expenses***

### **Fiscal Year 2022 Summary**

Operating expenses were \$98.6 million, \$0.4 million or 0.4% higher than fiscal year 2021. Spending on salaries and wages was \$1.6 million or 6.9% higher, due to wage increases and increases in headcount. Employee benefits were \$3.8 million or 33.6% lower than prior year due mainly to lower pension expense related to Nevada PERS. Spending on services and supplies was \$2.3 million or 7.5% more than prior year primarily due to inflation and increased costs in power, security, meter replacements, and vehicle fuel costs.

Nonoperating expenses were \$6.8 million higher compared to prior year. Unrealized investment loss of \$10.6 million was the main driver for this increase. In fiscal year 2021, TMWA had an unrealized investment loss of only \$2.4 million included in nonoperating expenses.

### **Fiscal Year 2021 Summary**

Operating expenses were \$98.2 million, \$4.1 million or 4.4% higher than fiscal year 2020. Spending on salaries and wages was \$1.6 million or 7.4% higher, due to wage increases and increases in headcount. Employee benefits were \$0.2 million or 1.7% lower than prior year due mainly to lower pension expense related to Nevada PERS. Higher pension expense was recognized in 2020 as a result of prior year deferred outflows being recognized. Spending on services and supplies was \$2.7 million or 9.7% more than prior year due to \$1.2 million in project expenses that were delayed in fiscal year 2020 as well as increases of \$1.1 million related to chemicals, insurance, and meter supplies.

Nonoperating expenses were \$2.6 million higher compared to prior year. Unrealized investment loss of \$2.4 million was the main driver for this increase. In fiscal year 2020, TMWA had an unrealized investment gain included in nonoperating revenue.

## **CAPITAL ASSETS**

At June 30, 2022, TMWA's total capital assets were \$1,599.0 million before accumulated depreciation of \$554.1 million, for a net book value of \$1,044.9 million. Included in the total capital assets reported on the Statement of Net Position was \$46.6 million in construction work in progress.

At June 30, 2021, TMWA's total capital assets were \$1,542.3 million before accumulated depreciation of \$520.5 million, for a net book value of \$1,021.8 million. Included in the total capital assets reported on the Statement of Net Position was \$72.9 million in construction work in progress.

Detailed information about TMWA's capital assets can be found in Note 5 to TMWA's financial statements.

## **LONG-TERM DEBT**

At June 30, 2022, TMWA had \$371.8 million in total reported debt outstanding. This amount reflects \$338.5 million in total outstanding principal indebtedness and \$33.4 million net bond premium. Of the \$338.5 million in total reported debt outstanding, \$16.5 million was due within one year and is classified as short term indebtedness.

Total outstanding principal indebtedness of \$338.5 million as of June 30, 2022 reflects a decrease of \$15.4 million or 4.3% from total outstanding principal of \$353.9 million as of June 30, 2021. Total outstanding principal indebtedness of \$353.9 million as of June 30, 2021 reflects a decrease of \$16.5 million or 4.4% from total outstanding principal of \$370.3 million as of June 30, 2020.

During fiscal year 2022, TMWA maintained credit ratings from Standard and Poor's of AA+, outlook Stable and from Moody's of Aa2, outlook Stable. In March 2022, Fitch upgraded TMWA's credit rating to AAA, outlook Stable.

Detailed information about TMWA's indebtedness can be found in Note 7 to TMWA's financial statements.

## **CONTACTING TMWA'S FINANCIAL MANAGEMENT**

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Annual Comprehensive Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89520-3013.

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2022 and 2021

	2022	Restated 2021
Assets		
Current Assets		
Cash and investments	\$ 169,195,095	\$ 171,977,503
Accounts receivable, net	15,395,317	16,712,476
Due from others	357,337	330,497
Due from other governments	807,876	480,233
Interest receivable	760,415	815,015
Prepaid assets and other assets	2,887,338	2,520,934
	189,403,378	192,836,658
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	5,711,052	5,711,052
Water resource sustainability program	5,290,637	3,881,614
Current bond debt service	22,271,247	21,507,623
	33,272,936	31,100,289
Total current assets	222,676,314	223,936,947
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,337,315	2,332,198
Operations and maintenance	11,740,835	11,107,402
Renewal and replacement	11,544,050	12,554,388
Water rate stabilization	500,000	500,000
	26,122,200	26,493,988
Noncurrent Assets		
Capital assets, not depreciated	178,003,697	204,128,838
Capital assets, depreciated	866,871,905	817,716,868
Other noncurrent assets	1,123,455	1,206,948
Net other postemployment benefits	6,024,714	3,448,866
	1,052,023,771	1,026,501,520
Total noncurrent assets	1,078,145,971	1,052,995,508
Total assets	1,300,822,285	1,276,932,455
Deferred Outflow of Resources		
Bond refundings	2,088,177	2,298,058
Net pension liability	19,946,649	10,129,907
Net other postemployment benefits	411,188	414,834
	22,446,014	12,842,799
Total deferred outflow of resources	22,446,014	12,842,799
Total Assets and Deferred Outflow of Resources	\$ 1,323,268,299	\$ 1,289,775,254

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2022 and 2021

	2022	Restated 2021
<b>Liabilities</b>		
<b>Current Liabilities Payable from Unrestricted Current Assets</b>		
Accounts payable	\$ 2,489,317	\$ 2,304,958
Contracts and retention payable	13,722,146	14,921,843
Accrued liabilities	2,109,336	1,862,440
Current portion of compensated absences	525,397	595,774
Due to other governments	1,839,020	1,834,639
Accrued interest payable	185,280	212,526
Current portion of long-term debt	2,064,081	2,009,193
Customer deposits and amounts due to developers	1,600,628	1,983,091
	24,535,205	25,724,464
<b>Current Liabilities Payable from Restricted Current Assets</b>		
Current portion of long-term debt	14,430,000	13,375,000
Interest payable	7,841,247	8,132,623
	22,271,247	21,507,623
<b>Total current liabilities</b>	46,806,452	47,232,087
<b>Noncurrent Liabilities</b>		
Net pension liability	28,552,406	42,191,934
Long-term debt, net of current portion	355,355,275	376,289,346
Net other postemployment benefits liability	376,724	547,743
Compensated absences, net of current portion	2,784,275	2,928,666
	387,068,680	421,957,689
<b>Total noncurrent liabilities</b>	387,068,680	421,957,689
<b>Total liabilities</b>	433,875,132	469,189,776
<b>Deferred Inflow of Resources</b>		
Net pension liability	23,710,557	2,445,779
Bond refundings	70,045	78,858
Leases	358,459	399,741
Other postemployment benefits	4,989,033	3,485,815
	29,128,094	6,410,193
<b>Total deferred inflows of resources</b>	29,128,094	6,410,193
<b>Total liabilities and deferred inflow of resources</b>	463,003,226	475,599,969
<b>Net Position</b>		
Net investment in capital assets	692,996,744	649,138,921
Restricted for water meter retrofit program	5,711,052	5,711,052
Restricted for water resource sustainability program	5,290,637	3,881,613
Restricted for debt service	22,271,247	21,507,623
Restricted for operations and maintenance reserve	7,140,835	6,507,402
Restricted for renewal and replacement reserve	11,544,050	12,554,388
Restricted for water rate stabilization	500,000	500,000
Unrestricted	114,810,508	114,374,286
	860,265,073	814,175,285
<b>Total net position</b>	860,265,073	814,175,285
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	\$ 1,323,268,299	\$ 1,289,775,254

**Truckee Meadows Water Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2022 and 2021**

	2022	Restated 2021
Operating Revenues		
Charges for water sales	\$ 108,172,970	\$ 109,822,836
Hydroelectric sales	2,551,333	2,768,274
Other operating sales	3,846,679	2,799,694
Total operating revenues	<u>114,570,982</u>	<u>115,390,804</u>
Operating Expenses		
Salaries and wages	24,735,686	23,101,987
Employee benefits	7,461,199	11,282,823
Services and supplies	32,768,771	30,562,803
Total operating expenses before depreciation	<u>64,965,656</u>	<u>64,947,613</u>
Depreciation	33,642,537	33,286,373
Total operating expenses	<u>98,608,193</u>	<u>98,233,986</u>
Operating Income	<u>15,962,789</u>	<u>17,156,818</u>
Nonoperating Revenues (Expenses)		
Investment earnings	2,028,627	2,563,447
Net decrease in fair value of investments	(10,605,392)	(2,389,723)
Loss on disposal of assets	(938,661)	(1,755,873)
Debt issuance costs	801	(235,494)
Interest expense	(11,954,097)	(12,262,581)
Total nonoperating revenues (expenses)	<u>(21,468,722)</u>	<u>(14,080,224)</u>
Income (loss) before Capital Contributions	<u>(5,505,933)</u>	<u>3,076,594</u>
Capital Contributions		
Grants	2,164,651	—
Water resource sustainability program	1,409,024	1,708,110
Developer infrastructure contributions	18,167,149	10,201,446
Developer will-serve contributions (net of refunds)	4,436,788	5,632,381
Developer capital contributions-other	11,835,501	11,461,850
Developer facility charges (net of refunds)	12,862,786	12,218,607
Contributions from other governments	719,822	132,800
Net capital contributions	<u>51,595,721</u>	<u>41,355,194</u>
Change in Net Position	46,089,788	44,431,788
Net Position, Beginning of Year	<u>814,175,285</u>	<u>769,743,497</u>
Net Position, End of Year	<u>\$ 860,265,073</u>	<u>\$ 814,175,285</u>

**Truckee Meadows Water Authority**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	2022	Restated 2021
<b>Operating Activities</b>		
Cash received from customers	\$ 115,440,042	\$ 113,523,515
Cash paid to employees	(35,600,437)	(31,733,248)
Cash paid to suppliers	(33,053,731)	(29,068,889)
<b>Net Cash from Operating Activities</b>	<b>46,785,874</b>	<b>52,721,378</b>
<b>Capital and Related Financing Activities</b>		
Cash received on lease receivables	33,452	37,905
Cash received for interest on lease receivables	11,878	7,196
Acquisition and construction of capital assets	(40,754,019)	(35,639,318)
Interest paid on financing	(16,510,042)	(16,945,779)
Principal paid on financing	(15,384,193)	(13,460,867)
Proceeds from refunding bonds	—	13,000,000
Redemption of commercial paper notes	—	(16,000,000)
Proceeds from capital asset disposal	110,377	24,795
Proceeds from resource exchange agreement	—	8,978,200
Grants	1,849,748	480,533
Contributions for water resource sustainability program	1,409,024	1,708,110
Contributions from developers-will-serve letters	4,436,788	5,632,381
Contributions from developers-other	11,835,501	11,461,850
Contributions from developers-facility charges	12,862,786	12,218,607
Contributions from other governments	819,822	132,800
Bond/note issuance costs	801	(235,494)
<b>Net Cash used for Capital and Related Financing Activities</b>	<b>(39,278,077)</b>	<b>(28,599,081)</b>
<b>Investing Activities</b>		
Amounts received on water service loans	46,296	45,119
Payments made for water service loans	—	(446,658)
Proceeds from the sale and maturity of investment securities	86,160,653	184,501,745
Purchase of investment securities	(99,773,888)	(205,621,725)
Investment interest/earnings	2,987,217	3,365,581
<b>Net Cash used for Investing Activities</b>	<b>(10,579,722)</b>	<b>(18,155,938)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,071,925)</b>	<b>5,966,359</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>18,928,280</b>	<b>12,961,921</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 15,856,355</b>	<b>\$ 18,928,280</b>
<b>Reconciliation of Amounts Reported on the Statement of Net Position to Cash and Cash Equivalents</b>		
<b>Reported on the Statement of Net Position:</b>		
Cash and investments	\$ 169,195,095	\$ 171,977,503
Restricted current cash and investments	33,272,936	31,100,289
Restricted noncurrent cash and investments	26,122,200	26,493,988
<b>Total Cash and Investments</b>	<b>228,590,231</b>	<b>229,571,780</b>
Investments not meeting the definition of cash and cash equivalents	(212,733,876)	(210,643,500)
<b>Total Cash and Cash Equivalents</b>	<b>\$ 15,856,355</b>	<b>\$ 18,928,280</b>

**Truckee Meadows Water Authority**  
 Statements of Cash Flows  
 Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Income	\$ 15,962,789	\$ 17,156,818
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	33,642,537	33,286,373
OPEB expense	(1,177,786)	(645,359)
OPEB contributions	(62,217)	(66,740)
Pension expense	1,305,093	5,491,411
Pension contributions	(3,496,584)	(3,277,098)
Changes in assets and liabilities		
Accounts receivable, net	1,278,363	(1,790,395)
Due from others	(26,840)	(84,364)
Due from other governments	(112,740)	524,799
Prepaid assets and other assets	(365,145)	76,586
Accounts payable	184,359	595,274
Accrued liabilities	246,896	253,480
Compensated absences	(214,769)	896,972
Due to other governments	4,381	296,151
Customer deposits and amounts due to developers	(382,463)	7,470
Total adjustments	30,823,085	35,564,560
Net Cash from Operating Activities	\$ 46,785,874	\$ 52,721,378
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,439,990)	\$ (4,657,082)
Amortization of refunding allowances to interest expense	201,068	203,083
Developer infrastructure contributions	18,167,149	10,201,446
Change in contracts and retention payable	(1,199,697)	3,338,521
Acquisition and Construction of Capital Assets		
Acquisition and construction of capital assets financed by cash	\$ 40,754,019	\$ 35,639,318
Developer infrastructure contributions	18,167,149	10,201,446
Change in contracts and retention payable	(1,199,697)	3,338,521
Total acquisition and construction of capital assets	\$ 57,721,471	\$ 49,179,285

**Truckee Meadows Water Authority**  
Statements of Fiduciary Net Position - Other Post-employment Benefit Trust Funds  
December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash	\$ 119,589	\$ 47,142
Receivables from plan members	11,745	22,041
Investments, at fair value	<u>17,775,142</u>	<u>15,543,313</u>
Total assets	<u>17,906,476</u>	<u>15,612,496</u>
<b>Liabilities</b>		
Accounts payable	<u>122,196</u>	<u>74,631</u>
<b>Net Position Restricted For Post-employment Benefits Other Than Pensions</b>	<u>\$ 17,784,280</u>	<u>\$ 15,537,865</u>



**Truckee Meadows Water Authority**  
Statements of Changes in Fiduciary Net Position - Other Post-employment Benefit Trust Funds  
Years Ended December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>Additions</b>		
Investment Income		
Net increase in fair value of investments	\$ 2,351,683	\$ 1,763,646
Interest and dividends	265,600	275,824
Investment expense	<u>(5,454)</u>	<u>(3,259)</u>
Net investment income	2,611,829	2,036,211
Employer contributions	<u>97,848</u>	<u>217,010</u>
Total additions	<u>2,709,677</u>	<u>2,253,221</u>
<b>Deductions</b>		
Benefit payments	430,487	416,612
Administrative expenses	<u>32,775</u>	<u>32,490</u>
Total deductions	<u>463,262</u>	<u>449,102</u>
Change in Net Position	2,246,415	1,804,119
<b>Net Position Restricted For Post-employment Benefits Other Than Pensions</b>		
Beginning of year	<u>15,537,865</u>	<u>13,733,746</u>
End of year	<u><u>\$ 17,784,280</u></u>	<u><u>\$ 15,537,865</u></u>

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Truckee Meadows Water Authority (TMWA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

**Reporting Entity and Purpose**

TMWA is a Joint Powers Authority (JPA) formed in November 2000 under the Joint Powers Legislation of the State of Nevada, pursuant to a Cooperative Agreement among the City of Reno, Nevada, the City of Sparks, Nevada, and Washoe County, Nevada. TMWA was formed to purchase water assets (the Water System), undertake the water utility operations, and to develop, manage, and maintain supplies of water for the benefit of the Truckee Meadows communities. TMWA purchased the existing water system originally operated by Sierra Pacific Power Company (SPPCo), now known as NV Energy, Inc.

TMWA is governed by a seven-member Board of Directors (Board) appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County Commissioners (2 seats)

The cities and county representatives are not required to be elected officials. Modifications to the JPA were approved by the governing bodies in December 2009 which changed the at-large seat into a second seat for Washoe County. The amendments to the JPA were approved by the Attorney General's Office of the State of Nevada (State) effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA and Washoe County's Community Services Department's water utility (WCWU) and the merger of another water utility named South Truckee Meadows General Improvement District (STMGID). The transfer of operations of WCWU and the merger of STMGID occurred on January 1, 2015 with TMWA as the continuing entity.

**Basis of Accounting**

TMWA's activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of the governmental entity. Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet its operating objectives. TMWA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned, and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

TMWA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary activities.

In accordance with GASB Statement No. 84, TMWA reports its two Other Post-Employment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans do not present the results of operations of TMWA or have a measurement focus and are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

### **Budgets and Budgetary Accounting**

TMWA adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and TMWA policy include the following major procedures to establish budgetary data:

- On or before April 15, TMWA's General Manager submits to the Board a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held in May.
- Prior to June 1, at the public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
- Any revisions that alter total appropriations must be approved in advance by the Board. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with GAAP. Appropriations lapse at year-end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

### **Cash and Investments**

Cash balances are, to the extent practical, invested as permitted by law. Monies that are not required for immediate obligations are invested.

Investments authorized by State statutes and TMWA's bond resolutions include, but are not limited to, U.S. Treasury instruments, U.S. government agency securities, agency issued mortgage backed securities (FNMA, FHLMC, GNMA), corporate notes meeting certain rating standards, money market mutual funds meeting certain criteria, certificates of deposit, repurchase agreements, commercial paper meeting certain standards, bankers acceptances, long-term forward sale contracts and guaranteed investment contracts meeting certain rating standards, the State's Local Government Investment Pools (LGIP), medium-term obligations of municipal issuers in the State that meet certain rating standards, and asset backed securities that meet certain rating standards. Investments are reported at fair value, including the investment with LGIP which is the same as TMWA's proportionate share of the pool's fair value.

The §501(c)(9) and §115 Other Post-Employment Benefit (OPEB) Plans' net earnings from the State of Nevada Retirement Benefit Investment Fund (RBIF), an external investment pool, are based on the Trusts' original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Restricted cash and investments are monies that are restricted by legal or contractual requirements.

### **Cash Equivalents**

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes of value.

### **Accounts Receivable**

Accounts receivable is comprised of amounts due from TMWA's customers, net of an allowance for uncollectible accounts. Amounts due from TMWA's customers are comprised of amounts billed and an estimate of amounts earned but unbilled for water deliveries prior to fiscal year-end.

### **Restricted Assets**

Certain proceeds of TMWA's water revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants as follows:

- Current bond debt service - used to segregate resources accumulated for debt service payments over the next twelve months.
- Future bond debt service - used to report resources set aside to make up potential future deficiencies in the current bond debt service.
- Operations and maintenance - used to report resources set aside to subsidize potential deficiencies from TMWA's operation that could adversely affect debt service payments.
- Renewal and replacement - used to report resources set aside to subsidize potential deficiencies in cash flow for replacement of water facilities.
- Water rate stabilization - used to report resources set aside to stabilize customer rates if significant water revenue fluctuations occur.

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit and water resource sustainability programs adopted under Title II of Public Law 101-618.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items have been classified as current.

### **Capital Assets**

All purchased property, plant, and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

Depreciation is computed using the straight-line method over the assets' estimated useful lives (in years) as follows:

	Years		Years
Distribution mains	60-75	Canals	15-50
Plants	15-50	Reservoirs	20-75
Services	15-60	Vehicles	5-10
Pump stations	15-50	Furniture and fixtures	7-10
Tanks	65-75	Computer hardware and software	5-15
Wells	15-50	Equipment	5-10
Pressure reducing stations	15-60	Administration buildings	50
Hydroelectric facilities	20-80		

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. TMWA’s deferred outflows of resources is its deferred charge on refunding which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, TMWA has deferred outflows of resources related to pensions and other post-employment benefits.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to leases, bond refundings, pensions and other post-employment benefits.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits**

For purposes of measuring TMWA's OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of TMWA's OPEB Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by TMWA's OPEB Plans. For this purpose, TMWA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Compensated Absences**

Employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is accrued as amounts are earned by employees to the extent it is likely TMWA will ultimately pay those benefits. The liability is included in current and noncurrent liabilities in the accompanying Statements of Net Position.

### **Long-Term Debt**

Long-term debt is reported at face value, net of any premium or discounts, in the Statements of Net Position. Premiums and discounts are amortized using the effective interest method over the life of the related debt. Debt issuance costs are expensed in the period incurred.

### **Classification of Revenues**

Operating revenues consist of water sales, hydroelectric sales, and miscellaneous fee income. Nonoperating revenues consist essentially of income derived from investments and reimbursement for nonoperating activities. Developer facility charges, will-serve contributions, and other contributions reflect payments primarily for water service. Developer infrastructure contributions are an estimation of the value of infrastructure built by developers and permanently dedicated to TMWA.

### **Net Position**

Net Position is displayed in three classifications:

- Net investment in capital assets. This component represents TMWA's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.
- Restricted. This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets restricted only by TMWA or Board imposed limitations are not included in the calculation.
- Unrestricted. This component represents the remaining net position balance that is available to support TMWA's operations and capital asset acquisition/construction.

When both restricted and unrestricted resources are available for use, it is TMWA's policy to use unrestricted resources first, then restricted resources as required.

### **Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**New Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. Implementation of Statement No. 87 during the fiscal year ended June 30, 2022 had an impact on TMWA's financial statements. Also as a result of the implementation, amounts previously reported in TMWA's financial statements for the year ended June 30, 2021 were restated. See Note 6 for additional disclosures required by this standard and Note 14 for information on the restated amounts.

**Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code**

TMWA conformed to all significant statutory constraints on its financial administration during the year.

**Note 3 - Accounts Receivable, Net**

Accounts receivable, net consisted of the following:

	June 30, 2022	June 30, 2021
Billed amounts	\$ 7,302,435	\$ 7,692,875
Earned, but unbilled amounts	8,336,557	9,445,936
	15,638,992	17,138,811
Allowance for uncollectible accounts	(243,675)	(426,335)
Accounts receivable, net	\$ 15,395,317	\$ 16,712,476

**Note 4 - Cash and Investments**

In accordance with State statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. TMWA's deposits are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

The OPEB Plans' bank balances were covered by the Federal Deposit Insurance Corporation. Under the Plans' investment policies, the Plans' assets are limited to investments in the State of Nevada RBIF, and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. The Plans invest their assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to its proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly.

As of June 30, 2022, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>Investments</b>				
U.S. Treasuries	\$ 8,283,680	\$ 9,983,590	\$ 23,956,604	\$ 42,223,874
U.S. Agencies	21,008,034	48,571,355	35,094,905	104,674,294
LGIP	2,337,315	—	—	2,337,315
Money Market Mutual Funds	35,281,891	—	—	35,281,891
Certificates of Deposit	5,002,854	2,499,060	684,954	8,186,868
Corporate Notes	4,823,794	15,301,781	13,116,260	33,241,835
<b>Total Investments</b>	<u>76,737,568</u>	<u>76,355,786</u>	<u>72,852,723</u>	<u>225,946,077</u>
<b>Total Cash</b>	<u>2,644,154</u>	<u>—</u>	<u>—</u>	<u>2,644,154</u>
<b>Total Cash and Investments</b>	<u>\$ 79,381,722</u>	<u>\$ 76,355,786</u>	<u>\$ 72,852,723</u>	<u>\$ 228,590,231</u>

As of June 30, 2021, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>Investments</b>				
U.S. Treasuries	\$ 19,791,490	\$ 8,457,468	\$ 18,842,480	\$ 47,091,438
U.S. Agencies	6,563,289	45,728,477	48,118,659	100,410,425
LGIP	2,332,198	—	—	2,332,198
Money Market Mutual Funds	36,666,797	—	—	36,666,797
Certificates of Deposit	2,021,005	7,563,113	262,907	9,847,025
Corporate Notes	647,955	16,784,723	13,105,129	30,537,807
<b>Total Investments</b>	<u>68,022,734</u>	<u>78,533,781</u>	<u>80,329,175</u>	<u>226,885,690</u>
<b>Total Cash</b>	<u>2,686,088</u>	<u>—</u>	<u>—</u>	<u>2,686,088</u>
<b>Total Cash and Investments</b>	<u>\$ 70,708,822</u>	<u>\$ 78,533,781</u>	<u>\$ 80,329,175</u>	<u>\$ 229,571,778</u>



As of December 31, 2021, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Investments - RBIF	\$ 16,072,517	\$ —	\$ —	\$ 16,072,517
Total Cash	44,195	—	—	44,195
Total Cash and Investments	<u>\$ 16,116,712</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,116,712</u>
<b>§115 Plan</b>				
Total Investments - RBIF	\$ 1,702,625	\$ —	\$ —	\$ 1,702,625
Total Cash	75,394	—	—	75,394
Total Cash and Investments	<u>\$ 1,778,019</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,778,019</u>

As of December 31, 2020, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Investments - RBIF	\$ 14,068,245	\$ —	\$ —	\$ 14,068,245
Total Cash	26,777	—	—	26,777
Total Cash and Investments	<u>\$ 14,095,022</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,095,022</u>
<b>§115 Plan</b>				
Total Investments - RBIF	\$ 1,475,068	\$ —	\$ —	\$ 1,475,068
Total Cash	20,365	—	—	20,365
Total Cash and Investments	<u>\$ 1,495,433</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,495,433</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On September 20, 2017, the TMWA Board adopted an investment policy which extended TMWA's investment period from two years to five years. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below.

**Interest Rate Risk**

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. As a means of limiting TMWA’s exposure to this risk, TMWA constantly monitors the bond futures market and ladders investments accordingly to maximize investment returns while balancing the investment maturities with spending requirements. TMWA follows State statute limits of investment in obligations of an agency of the United States or a corporation sponsored by the United States government to those maturing within five years from the date of purchase.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows State statute for reducing exposure to investment credit risk by investing in U.S. Agencies securities; “AAA” rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 125 days at June 30, 2022, and 143 days at June 30, 2021.

At June 30, 2022, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasuries	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 1,202,259	\$ —	\$ —	\$ 1,202,259
AA+	42,223,874	104,674,294	—	—	—	501,044	147,399,212
AA	—	—	—	—	—	5,343,592	5,343,592
A+	—	—	—	—	1,499,977	5,558,977	7,058,954
A	—	—	—	—	249,491	9,337,115	9,586,606
A-	—	—	—	—	500,931	11,098,043	11,598,974
BBB+	—	—	—	—	1,000,786	1,403,064	2,403,850
BBB	—	—	—	—	250,531	—	250,531
BBB-	—	—	—	—	471,868	—	471,868
NR	—	—	2,337,315	34,079,632	4,213,284	—	40,630,231
<b>Total Investments</b>	<b>\$ 42,223,874</b>	<b>\$ 104,674,294</b>	<b>\$ 2,337,315</b>	<b>\$ 35,281,891</b>	<b>\$ 8,186,868</b>	<b>\$ 33,241,835</b>	<b>\$ 225,946,077</b>

At June 30, 2021, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasuries	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 411,650	\$ —	\$ —	\$ 411,650
AA+	47,091,438	100,410,425	—	—	—	514,458	148,016,321
AA	—	—	—	—	—	4,482,263	4,482,263
A+	—	—	—	—	1,563,523	4,988,236	6,551,759
A	—	—	—	—	256,049	4,671,513	4,927,562
A-	—	—	—	—	516,033	14,345,154	14,861,187
BBB+	—	—	—	—	1,031,009	1,536,183	2,567,192
BBB	—	—	—	—	511,503	—	511,503
BBB-	—	—	—	—	262,907	—	262,907
NR	—	—	2,332,198	36,255,147	5,706,001	—	44,293,346
Total Investments	<u>\$ 47,091,438</u>	<u>\$ 100,410,425</u>	<u>\$ 2,332,198</u>	<u>\$ 36,666,797</u>	<u>\$ 9,847,025</u>	<u>\$ 30,537,807</u>	<u>\$ 226,885,690</u>

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by TMWA or by TMWA's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

At June 30, 2022 and 2021, the following investments by issuer exceeded 5% of TMWA's total investments:

	June 30, 2022	
U.S. Treasuries	\$ 42,223,874	20 %
Federal National Mortgage Association	41,670,375	20 %
Federal Home Loan Bank	28,076,563	13 %
Federated Hermes Treasury Obligations	20,862,354	10 %
Federal Home Loan Mortgage Corporation	18,536,026	9 %
Federal Farm Credit Bank	16,391,329	8 %
	June 30, 2021	
U.S. Treasuries	\$ 47,091,438	22 %
Federal National Mortgage Association	44,962,472	21 %
Federal Home Loan Bank	30,014,306	14 %
Federated Hermes Treasury Obligations	20,007,878	9 %
Federal Home Loan Mortgage Corporation	15,013,246	7 %

**Investments Measured at Fair Value**

TMWA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. TMWA does not have any investments that are measured using Level 3 inputs.

TMWA had the following recurring fair value measurements as of June 30, 2022:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 42,223,874	\$ 42,223,874	\$ —
U.S. Agencies	104,674,294	—	104,674,294
Certificates of Deposit	8,186,868	—	8,186,868
Corporate Notes	33,241,835	—	33,241,835
	188,326,871	\$ 42,223,874	\$ 146,102,997
LGIP	2,337,315		
Money Market Mutual Funds*	35,281,891		
	<u>\$ 225,946,077</u>		

TMWA had the following recurring fair value measurements as of June 30, 2021:

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 47,091,438	\$ 47,091,438	\$ —
U.S. Agencies	100,410,425	—	100,410,425
Certificates of Deposit	9,847,025	—	9,847,025
Corporate Notes	30,537,807	—	30,537,807
	187,886,695	\$ 47,091,438	\$ 140,795,257
LGIP	2,332,198		
Money Market Mutual Funds*	36,666,797		
	<u>\$ 226,885,690</u>		

\*Money market mutual funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

The following is a description of the valuation methodologies used by TMWA for its Level 2 assets:

U.S. Agencies – Valued using matrix pricing and market corroborated pricing models.

Certificates of Deposit - Valued using interactive date pricing and reference data.

Corporate Notes - Valued using institutional bond quotes based on various market and industry inputs.

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2022 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 72,934,066	\$ 38,431,559	\$ (64,753,433)	\$ 46,612,192
Land	20,597,913	70,000	(11,704)	20,656,209
Water rights	110,596,859	138,437	—	110,735,296
Total capital assets, not being depreciated	<u>204,128,838</u>	<u>38,639,996</u>	<u>(64,765,137)</u>	<u>178,003,697</u>
Capital assets, being depreciated				
Distribution mains	584,554,415	21,960,161	—	606,514,576
Water treatment (plants)	197,962,701	32,129,539	—	230,092,240
Services	164,492,384	6,399,346	—	170,891,730
Pump stations	72,990,794	2,757,849	—	75,748,643
Treated water storage (tanks)	97,588,855	1,756,392	—	99,345,247
Wells	77,220,811	1,832,704	—	79,053,515
Pressure regulating stations	18,173,356	2,647,172	—	20,820,528
Canals	44,748,769	23,978	—	44,772,747
Reservoirs	19,329,874	—	—	19,329,874
Vehicles	9,093,894	699,537	(5,264)	9,788,167
Furniture and fixtures	808,750	27,912	—	836,662
Computer hardware and software	4,816,805	7,292,612	—	12,109,417
Equipment	252,659	—	—	252,659
Hydroelectric facilities	29,936,210	5,273,192	—	35,209,402
Administrative buildings	16,197,903	—	—	16,197,903
Total capital assets, being depreciated	<u>1,338,168,180</u>	<u>82,800,394</u>	<u>(5,264)</u>	<u>1,420,963,310</u>
Less accumulated depreciation:				
Distribution mains	(150,448,700)	(10,810,116)	—	(161,258,816)
Water treatment (plants)	(103,667,406)	(6,054,952)	—	(109,722,358)
Services	(120,309,967)	(5,485,722)	—	(125,795,689)
Pump stations	(27,904,642)	(2,197,242)	—	(30,101,884)
Treated water storage (tanks)	(32,792,909)	(2,118,601)	—	(34,911,510)
Wells	(36,942,247)	(1,892,651)	—	(38,834,898)
Pressure regulating stations	(7,817,704)	(520,563)	—	(8,338,267)
Canals	(13,399,448)	(1,035,376)	—	(14,434,824)
Reservoirs	(7,889,954)	(447,734)	—	(8,337,688)
Vehicles	(5,961,038)	(1,006,679)	2,444	(6,965,273)
Furniture and fixtures	(694,197)	(33,875)	—	(728,072)
Computer hardware and software	(2,966,559)	(861,407)	—	(3,827,966)
Equipment	(189,014)	(9,155)	—	(198,169)
Hydroelectric facilities	(5,520,182)	(663,377)	—	(6,183,559)
Administrative buildings	(3,947,345)	(505,087)	—	(4,452,432)
Total accumulated depreciation	<u>(520,451,312)</u>	<u>(33,642,537)</u>	<u>2,444</u>	<u>(554,091,405)</u>
Total capital assets, being depreciated net	<u>817,716,868</u>	<u>49,157,857</u>	<u>(2,820)</u>	<u>866,871,905</u>
Total Capital Assets, Net	<u>\$ 1,021,845,706</u>	<u>\$ 87,797,853</u>	<u>\$ (64,767,957)</u>	<u>\$ 1,044,875,602</u>

Capital asset activity for the year ended June 30, 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 58,315,948	\$ 38,766,080	\$ (24,147,962)	\$ 72,934,066
Land	20,426,913	171,000	—	20,597,913
Water rights	109,727,790	869,069	—	110,596,859
Total capital assets, not being depreciated	188,470,651	39,806,149	(24,147,962)	204,128,838
Capital assets, being depreciated				
Distribution mains	569,847,730	14,706,685	—	584,554,415
Water treatment (plants)	193,880,329	4,082,372	—	197,962,701
Services	159,286,289	5,206,095	—	164,492,384
Pump stations	71,254,852	1,735,942	—	72,990,794
Treated water storage (tanks)	95,800,589	1,788,266	—	97,588,855
Wells	75,787,614	1,433,197	—	77,220,811
Pressure regulating stations	17,718,078	455,278	—	18,173,356
Canals	44,725,494	23,275	—	44,748,769
Reservoirs	19,300,670	29,204	—	19,329,874
Vehicles	8,403,378	690,516	—	9,093,894
Furniture and fixtures	808,750	—	—	808,750
Computer hardware and software	3,960,114	856,691	—	4,816,805
Equipment	252,659	—	—	252,659
Hydroelectric facilities	31,383,763	30,832	(1,478,385)	29,936,210
Administrative buildings	14,432,121	1,765,782	—	16,197,903
Total capital assets, being depreciated	1,306,842,430	32,804,135	(1,478,385)	1,338,168,180
Less accumulated depreciation:				
Distribution mains	(139,920,888)	(10,527,812)	—	(150,448,700)
Water treatment (plants)	(97,637,923)	(6,029,483)	—	(103,667,406)
Services	(114,249,723)	(6,060,244)	—	(120,309,967)
Pump stations	(25,763,116)	(2,141,526)	—	(27,904,642)
Treated water storage (tanks)	(30,680,732)	(2,112,177)	—	(32,792,909)
Wells	(35,065,941)	(1,876,306)	—	(36,942,247)
Pressure regulating stations	(7,229,281)	(588,423)	—	(7,817,704)
Canals	(12,364,625)	(1,034,823)	—	(13,399,448)
Reservoirs	(7,372,231)	(517,723)	—	(7,889,954)
Vehicles	(5,000,814)	(960,224)	—	(5,961,038)
Furniture and fixtures	(655,745)	(38,452)	—	(694,197)
Computer hardware and software	(2,664,712)	(301,847)	—	(2,966,559)
Equipment	(179,859)	(9,155)	—	(189,014)
Hydroelectric facilities	(5,291,681)	(643,181)	414,680	(5,520,182)
Administrative buildings	(3,502,348)	(444,997)	—	(3,947,345)
Total accumulated depreciation	(487,579,619)	(33,286,373)	414,680	(520,451,312)
Total capital assets, being depreciated net	819,262,811	(482,238)	(1,063,705)	817,716,868
Total Capital Assets, Net	<u>\$ 1,007,733,462</u>	<u>\$ 39,323,911</u>	<u>\$ (25,211,667)</u>	<u>\$ 1,021,845,706</u>

**Note 6 - Leases**

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$6,000 for the first year and is increased based on CPI every five years with the renewal of the lease. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2022, TMWA recognized \$9,729 in lease revenue and \$1,850 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$57,871 in lease receivables and \$54,321 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2021, TMWA recognized \$9,729 in lease revenue and \$2,079 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$65,903 in lease receivables and \$64,050 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$4,000 for the first year and is increased based on CPI every five years with the renewal of the lease. The third amendment to the agreement also added \$3,000 per year to the base rent. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2022, TMWA recognized \$8,149 in lease revenue and \$988 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$29,297 in lease receivables and \$28,522 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2021, TMWA recognized \$8,149 in lease revenue and \$1,216 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$37,118 in lease receivables and \$36,671 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 2000 and allowed for three 5-year renewal terms after the initial term expired in 2005. A first amendment to the agreement extended the term for another five years to 2025 and allows for two 5-year renewal terms after the contract expires in 2025. Rent was \$13,800 for the first year and was originally increased based on CPI every five years with the renewal of the lease. The first amendment to the agreement added \$3,600 per year to the base rent and specified that the yearly rent will increase by 10% upon the commencement of each extension term. TMWA used a borrowing rate of 2.78% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2022, TMWA recognized \$19,995 in lease revenue and \$8,515 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$278,163 in lease receivables and \$269,936 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2021, TMWA recognized \$19,995 in lease revenue and \$8,955 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$291,619 in lease receivables and \$289,931 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its land's air space to a third party. The agreement term began in 2007 and allowed for two 5-year renewal terms after the initial term expired in 2014. TMWA foresees continuing the lease through 2028. Rent was \$3,000 for the first year and is increased 2.5% each year. TMWA used a borrowing rate of 2.37% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2022, TMWA recognized \$3,409 in lease revenue and \$213 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$4,355 in lease receivables and \$5,681 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2021, TMWA recognized \$3,409 in lease revenue and \$334 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$8,478 in lease receivables and \$9,090 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

Annual payments expected to be received for TMWA's leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 35,938	\$ 10,522	\$ 46,460
2024	32,533	9,497	42,030
2025	33,501	8,479	41,980
2026	32,313	7,457	39,770
2027	28,780	6,577	35,357
2028-2032	106,740	22,655	129,395
2033-2037	99,861	5,869	105,730
Total	<u>\$ 369,666</u>	<u>\$ 71,056</u>	<u>\$ 440,722</u>

## Note 7 - Long-Term Liabilities

### Long-Term Debt

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling \$4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to \$160,000,000 in TECP notes. The first draw was on August 16, 2006 for \$30,000,000, and a second draw was on December 5, 2006 for \$13,000,000. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. A third draw was made on February 15, 2008 for \$25,000,000 to fund certain construction projects on an interim basis. A fourth draw was made on June 28, 2011 for \$11,400,000 for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014 to refund, on an advanced basis, \$26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The funds in escrow were distributed to the Washoe County bondholders as of July 1, 2015, the call date of the bonds. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016, TMWA redeemed \$4,400,000, and on September 5, 2017, TMWA redeemed \$9,200,000. On May 15, 2018 TMWA redeemed \$44,200,000 as part of the Series 2018 Water Revenue Refunding (see below). This left an outstanding balance of \$30,000,000 as of June 30, 2018. On September 4, 2018, TMWA redeemed \$6,500,000, on October 2, 2019, TMWA redeemed \$5,000,000. and on March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. In the first half of fiscal year 2021, TMWA redeemed \$3,000,000 of the \$16,000,000 outstanding. The remaining \$13,000,000 was redeemed in June 2021 as part of the 2021 Subordinate Water Refunding Bonds (see below). TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2022.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF, the 2009A DWSRF Loan, to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling \$2,401,120. The loan constitutes a special limited obligation of



TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On February 11, 2010, TMWA entered into a loan contract with DWSRF, the 2010A DWSRF Loan, to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently, TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total amount of \$4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the, senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA. The loan balance of \$9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was \$14,162,268. The loan constitutes a special limited obligation of TMWA, and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. When it was transferred this loan had a remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On April 14, 2015, TMWA issued \$28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis \$33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease the callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over approximately 21 years by \$6,563,813 and resulted in an economic gain of \$4,575,309. The funds held in the irrevocable trust were distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the DWSRF, the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. TMWA made draws on this contract as construction proceeded, totaling \$8,971,562. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds. This loan is also subordinate to the 2005 DWSRF Bonds, the 2009A DWSRF ARRA Bonds, the 2010A DWSRF Bonds, the 2014 DWSRF Bonds, and the 2015B DWSRF Bonds.

On April 12, 2016, TMWA issued \$124,790,000 in Series 2016 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$148,015,000 in maturities of the Series 2006 Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2006 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,092,808. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This current refunding was undertaken to reduce total debt service payments over 22 years by \$4,332,501, and resulted in an economic gain of \$15,025,124. The funds in the irrevocable trust were distributed to 2006 bondholders as of July 1, 2016, the call date of the 2006 Bonds.

On April 11, 2017, TMWA issued \$147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with \$32,865,308 from TMWA's cash balances were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2007 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$289,903. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over 14 years by \$15,301,534, and resulted in an economic gain of \$15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

On May 15, 2018, TMWA issued \$38,835,000 in Series 2018 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The proceeds of the bond issue of \$44,601,977 were used to refund or redeem \$44,200,000 in maturities of TECP (see above). This transaction was executed to provide a fixed rate of interest expense over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds.

On June 3, 2021, TMWA issued \$13,000,000 in Series 2021 Subordinate Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The Bonds were sold pursuant to a Continuing Covenant Agreement as a Direct Purchase to Wells Fargo Municipal Capital Strategies, LLC. The proceeds of the bond issue of \$13,000,000 were used to refund or redeem \$13,000,000 in maturities of TECP (see above). This transaction was executed to provide a fixed interest rate over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds. The provisions of the loan agreement require level, annual debt service for full repayment of the bonds through fiscal year 2028. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds and the 2018 Refunding Bonds.

The following schedules summarize the changes in long-term debt obligations as of June 30, 2022:

	Final Maturity Date	Authorized	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due in 2022-2023
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,254,482	\$ —	\$ 298,802	\$ 955,680	\$ 308,470
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,051,184	—	123,669	927,515	123,668
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,615,367	—	254,555	2,360,812	262,896
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	3,788,098	—	907,762	2,880,336	933,449
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	7,379,340	—	424,405	6,954,935	435,598
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	13,000,000	—	1,785,000	11,215,000	1,815,000
		48,561,736	29,088,471	—	3,794,193	25,294,278	3,879,081
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	24,290,000	—	995,000	23,295,000	1,055,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	136,880,000	—	10,595,000	126,285,000	11,560,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	324,795,000	—	11,590,000	313,205,000	12,615,000
Subtotal		388,351,736	353,883,471	—	15,384,193	338,499,278	16,494,081
Plus unamortized net bond premium			37,790,068	—	4,439,990	33,350,078	
Total debt before TECP			391,673,539	—	19,824,183	371,849,356	
TECP		53,600,000	—	—	—	—	—
Total Debt		<u>\$441,951,736</u>	<u>\$391,673,539</u>	<u>\$ —</u>	<u>\$ 19,824,183</u>	<u>\$371,849,356</u>	<u>\$ 16,494,081</u>

The following schedules summarize the changes in long-term debt obligations as of June 30, 2021:

	Final Maturity Date	Authorized	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in 2021-2022
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,543,918	\$ —	\$ 289,436	\$ 1,254,482	\$ 298,802
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,174,853	—	123,669	1,051,184	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,861,847	—	246,480	2,615,367	254,555
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	4,670,879	—	882,781	3,788,098	907,762
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	7,792,841	—	413,501	7,379,340	424,405
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	—	13,000,000	—	13,000,000	1,785,000
		42,533,298	18,044,338	13,000,000	1,955,867	29,088,471	3,794,193
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	25,260,000	—	970,000	24,290,000	995,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	147,415,000	—	10,535,000	136,880,000	10,595,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	336,300,000	—	11,505,000	324,795,000	11,590,000
Subtotal		382,323,298	354,344,338	13,000,000	13,460,867	353,883,471	15,384,193
Plus unamortized net bond premium			42,447,151	—	4,657,083	37,790,068	
Total debt before TECP			396,791,489	13,000,000	18,117,950	391,673,539	
TECP		53,600,000	16,000,000	—	16,000,000	—	—
Total Debt		<u>\$435,923,298</u>	<u>\$412,791,489</u>	<u>\$ 13,000,000</u>	<u>\$ 34,117,950</u>	<u>\$391,673,539</u>	<u>\$ 15,384,193</u>

Annual debt service requirements to maturity for TMWA's bonds and commercial paper are as follows:

Year Ending June 30,	Direct Borrowings		Bonds Payable		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2023	\$ 3,879,081	\$ 484,684	\$ 12,615,000	\$ 15,344,875	\$ 32,323,640
2024	3,955,578	406,559	13,245,000	14,698,375	32,305,512
2025	4,038,730	326,481	13,920,000	14,019,250	32,304,461
2026	2,764,237	254,213	13,535,000	13,332,875	29,886,325
2027	2,806,146	209,873	15,355,000	12,610,625	30,981,644
2028-2032	5,806,564	532,224	94,615,000	50,294,625	151,248,413
2033-2037	2,043,942	108,496	112,430,000	21,585,250	136,167,688
2038-2041	—	—	37,490,000	2,599,750	40,089,750
<b>Total</b>	<b>\$ 25,294,278</b>	<b>\$ 2,322,530</b>	<b>\$ 313,205,000</b>	<b>\$ 144,485,625</b>	<b>\$ 485,307,433</b>

**Compensated Absences**

The following schedules summarize the changes in the compensated absences liability as of June 30, 2022 and 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Next Fiscal Year
2022 Compensated absences liability	\$ 3,524,440	\$ 2,952,403	\$ 3,167,171	\$ 3,309,672	\$ 525,397
2021 Compensated absences liability	\$ 2,627,468	\$ 3,435,800	\$ 2,538,828	\$ 3,524,440	\$ 595,774

**Note 8 - Net Position**

**Restricted Net Position**

TMWA records the following restrictions of net position:

Restricted in accordance with bond covenants: TMWA's bond covenants require certain restrictions of TMWA's net position for operations and maintenance, debt service, renewal and replacement, and water rate stabilization.

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program.

Restricted for water resource sustainability: Adopted by the TMWA Board in January 2019, this restriction replaced the water meter retrofit program and was created to segregate the portion of net position derived from contributions made by developers to fund certain projects that are intended to benefit TMWA's long-term water resources sustainability.

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and c) replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of \$1,544,050 and \$2,554,388 as of June 30, 2022 and 2021, respectively, is included in the amount restricted for renewal and replacement.

**Board Designation**

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$10,422,851 and \$9,596,733 as of June 30, 2022 and 2021, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.

**Note 9 - Contingent Liabilities**

Mt. Rose Fan Domestic Well Program: As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County's Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an "unreasonable adverse effect" as a result of municipal groundwater pumping. TMWA's continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA's budget includes projected costs for administering the domestic well mitigation plan.

**Note 10 - Risk Management**

TMWA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. TMWA is responsible for group health insurance premiums payable to the City of Reno for coverage in the City's self-funded health insurance program. All other significant risks are covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

**Note 11 - Defined Benefit Pension Plan and Other Employee Benefits****Defined Benefit Pension Plan***Plan Description*

TMWA contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

*Benefits Provided*

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. Members entering PERS on or after July 1, 2015 have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

#### *Vesting*

Members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

#### *Contributions*

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans.

Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. TMWA contributes under the employer-pay option.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

The employer-pay contribution (EPC) rate was 29.75% and 29.25% for fiscal years June 30, 2022 and 2021, respectively.

TMWA's contributions were \$3,496,584 and \$3,277,098 for the years ended June 30, 2022 and 2021, respectively.

*PERS Investment Policy*

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2021:

	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

The following was the PERS Board adopted policy target asset allocation as of June 30, 2020:

	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

*Net Pension Liability*

At June 30, 2022, TMWA reported a liability for its proportionate share of the net pension liability of \$28,552,406. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At June 30, 2021, TMWA reported a liability for its proportionate share of the net pension liability of \$42,191,934. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

TMWA's proportion of the net pension liability was based on TMWA's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2021 and 2020, TMWA's proportion was 0.3131 and 0.3029 percent, respectively, representing an increase of 0.0102 percent and an increase of 0.0053 percent from its proportion measured at June 30, 2020 and 2019, respectively.

*Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of TMWA measured as of June 30, 2021 and 2020, calculated using the discount rate of 7.25% and 7.50%, respectively, and what TMWA’s net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the discount rates used in each year's valuation:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2021	\$ 56,846,925	\$ 28,552,406	\$ 5,211,743
	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability, June 30, 2020	\$ 65,803,116	\$ 42,191,934	\$ 22,560,991

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the PERS ACFR, available on the PERS website, [www.nvpers.org](http://www.nvpers.org).

*Actuarial Assumptions*

TMWA’s June 30, 2022 net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA’s June 30, 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2021	June 30, 2020
Inflation Rate	2.50%	2.75%
Payroll Growth	3.50% including inflation	5.50% including inflation
Investment Rate of Return	7.25%	7.50%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.	4.25% to 9.15%, depending on service. Rates include inflation and productivity increases.
Consumer Price Index	2.50%	2.75%
Other Assumptions	Same as those used in the June 30, 2021 funding actuarial valuation	Same as those used in the June 30, 2020 funding actuarial valuation

For the year ended June 30, 2021, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.



For the year ended June 30, 2020, mortality rates for non-disabled regular members were based on the RP-2014 Combined Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of the experience reviews issued September 10, 2021 and October 16, 2017, respectively.

The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021 and June 30, 2020.

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the years ended June 30, 2022 and 2021, TMWA recognized pension expense of \$4,812,879 and \$8,725,471, respectively.

At June 30, 2022, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,162,740	\$ 200,941
Changes in assumptions or other inputs	9,479,892	—
Net difference between projected and actual earnings on pension plan investments	—	23,297,856
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	3,807,433	211,760
TMWA contributions subsequent to the measurement date	3,496,584	—
	\$ 19,946,649	\$ 23,710,557

Deferred outflows of resources of \$3,496,584 resulted from TMWA contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

At June 30, 2021, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,310,874	\$ 544,800
Changes in assumptions or other inputs	1,185,126	—
Net difference between projected and actual earnings on pension plan investments	—	1,593,833
Changes in TMWA’s proportion and differences between TMWA's contributions and TMWA's proportionate contributions	4,356,809	307,146
TMWA contributions subsequent to the measurement date	3,277,098	—
	\$ 10,129,907	\$ 2,445,779

Deferred outflows of resources of \$3,277,098 resulted from TMWA contributions subsequent to the measurement date, and were recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2020 (the beginning of the measurement period ended June 30, 2021) is 6.14 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense as follows:

Year ending June 30,	
2023	\$ (1,876,189)
2024	(2,558,950)
2025	(2,568,942)
2026	(2,982,399)
2027	2,395,948
Thereafter	330,040

*Additional Information*

The PERS ACFR includes additional information including information supporting the schedule of employer allocations and the schedule of pension amounts by employer. This report is available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

**Deferred Compensation Plans**

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. For the years ended June 30, 2022 and June 30, 2021, TMWA had matching contributions totaling \$1,550,717, and \$1,473,019, respectively.

**Note 12 - Other Post-Employment Benefit (OPEB) Plans**

TMWA has two Other Post–Employment Benefit (OPEB) Plans referred to as the §501(c)(9) and §115 plans. The §501(c)(9) plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all subsequent new hires until the plan closed, effective December 13, 2018. The §115 Plan plan was formed to provide post-employment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections that the plans were formed under. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 2022 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	62	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	161	14
Total	224	22

Census data as of June 30, 2021 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	51	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	179	14
Total	231	22

### **Plan Descriptions, Eligibility Information and Funding Policies**

#### **§501(c)(9) Plan**

Plan Description. The §501(c)(9) plan known as the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (Plan), is a single-employer defined benefit OPEB plan that was established to provide eligible TMWA employees with post-employment health benefits. The Plan was amended to provide post-retirement life insurance benefits in July 2011. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan is governed by not less than three, but not more than five trustees. Four trustees were appointed by the TMWA Board, two from non-represented employees and two from represented employees. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel hired prior to December 14, 2018. Eligibility requirements benefit levels, employee contributions, and employer contributions are amended through TMWA’s collective bargaining agreements for its represented employees and by the TMWA Board with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group, dependents are also covered. The post-December 31, 1997

group of represented employees will receive a total subsidy of \$1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period.

For MPAT employees, the annual subsidy is \$235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is \$105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes age 62.

There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

Funding Policy. Beginning in fiscal year 2011, the plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the post-employment health benefits. TMWA funds the plan based on the actuarially determined contribution (ADC) each year.

### **§115 Plan**

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with post-employment health benefits. This specific plan was formed to provide post-employment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this plan. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. There are two employee classifications eligible for benefits in this plan: Tier I and Tier II classifications.

For Tier I retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 100% of the premium for coverage of such retiree under the benefit plans.

Tier I retirees who have attained the Medicare Eligibility Age (currently age 65) during a plan year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage, and the §115 Plan will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II retirees the maximum benefits to be paid by the §115 Plan who have not attained Medicare Eligibility Age (currently age 65) is to be the same amount as the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health

Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health Insurance Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree’s behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the §115 Plan towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

Tier II retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive benefits equal to the equivalent of the State of Nevada’s Medicare Exchange Retiree HRA Contribution Subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

In order to receive the benefits described, the Tier II employee must be an employee of TMWA immediately prior to drawing their retirement benefits.

**Funding Policy.** The plan funds retiree benefits through an irrevocable trust for funding of the post-employment health benefits. TMWA funds the §115 Plan based on the ADC each year.

**OPEB Expense and Net Position**

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2022 and 2021 is below:

	§501(c)(9) Plan	§115 Plan	Total
2022	\$ (1,059,573)	\$ (13,529)	\$ (1,073,102)
2021	\$ (582,026)	\$ 19,979	\$ (562,047)

Changes in Net Position for each plan for the measurement period ended December 31, 2021 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2021 <i>Measurement Date - December 31, 2020</i>	\$ 10,592,743	\$ 14,041,609	\$ (3,448,866)	\$ 2,043,999	\$ 1,496,256	\$ 547,743
Changes During the Period:						
Service Cost	229,280	—	229,280	35,820	—	35,820
Interest Cost	636,038	—	636,038	122,661	—	122,661
Expected Investment Income	—	830,396	(830,396)	—	90,749	(90,749)
Employer Contributions	—	63,156	(63,156)	—	117,922	(117,922)
Auditing Fees	—	(18,775)	18,775	—	(14,000)	14,000
Investment & Administrative Fees	—	(4,938)	4,938	—	(517)	517
Retiree Contributions In	—	110,022	(110,022)	—	23,102	(23,102)
Retiree Contributions Out	—	(110,022)	110,022	—	(23,102)	23,102
Benefit Payments	(442,780)	(442,780)	—	(70,936)	(70,936)	—
Assumption Changes	(271,660)	—	(271,660)	(39,674)	—	(39,674)
Plan Experience	(760,853)	—	(760,853)	61,652	—	61,652
Investment Experience	—	1,538,814	(1,538,814)	—	157,324	(157,324)
Net Changes	(609,975)	1,965,873	(2,575,848)	109,523	280,542	(171,019)
Balance at Fiscal Year Ending June 30, 2022 <i>Measurement Date - December 31, 2021</i>	\$ 9,982,768	\$ 16,007,482	\$ (6,024,714)	\$ 2,153,522	\$ 1,776,798	\$ 376,724

Changes in Net Position for each plan for the measurement period ended December 31, 2020 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2020 <i>Measurement Date - December 31, 2019</i>	\$ 10,118,664	\$ 12,444,083	\$ (2,325,419)	\$ 1,950,233	\$ 1,289,663	\$ 660,570
Changes During the Period:						
Service Cost	222,602	—	222,602	34,777	—	34,777
Interest Cost	609,728	—	609,728	117,350	—	117,350
Expected Investment Income	—	739,192	(739,192)	—	77,772	(77,772)
Employer Contributions	—	131,267	(131,267)	—	85,743	(85,743)
Auditing Fees	—	(18,490)	18,490	—	(14,000)	14,000
Investment & Administrative Fees	—	(2,954)	2,954	—	(306)	306
Retiree Contributions In	—	111,103	(111,103)	—	22,947	(22,947)
Retiree Contributions Out	—	(111,103)	111,103	—	(22,947)	22,947
Benefit Payments	(358,251)	(358,251)	—	(58,361)	(58,361)	—
Investment Experience	—	1,106,762	(1,106,762)	—	115,745	(115,745)
Net Changes	474,079	1,597,526	(1,123,447)	93,766	206,593	(112,827)
Balance at Fiscal Year Ending June 30, 2021 <i>Measurement Date - December 31, 2020</i>	<u>\$ 10,592,743</u>	<u>\$ 14,041,609</u>	<u>\$ (3,448,866)</u>	<u>\$ 2,043,999</u>	<u>\$ 1,496,256</u>	<u>\$ 547,743</u>

A schedule of the plans' deferred resources as of June 30, 2022 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 205,156	\$ 241,709	\$ 24,305	\$ 31,787
Differences Between Expected and Actual Experience	—	2,046,058	49,395	98,532
Net Difference Between Projected and Actual Earnings on Investments	—	2,334,038	—	236,909
Contributions Made Subsequent to the Measurement Date	76,037	—	56,295	—
Total	<u>\$ 281,193</u>	<u>\$ 4,621,805</u>	<u>\$ 129,995</u>	<u>\$ 367,228</u>

A schedule of the plans' deferred resources as of June 30, 2021 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 237,362	\$ —	\$ 30,963	\$ —
Differences Between Expected and Actual Experience	—	1,584,020	—	125,527
Net Difference Between Projected and Actual Earnings on Investments	—	1,616,872	—	159,396
Contributions Made Subsequent to the Measurement Date	59,696	—	86,813	—
<b>Total</b>	<b>\$ 297,058</b>	<b>\$ 3,200,892</b>	<b>\$ 117,776</b>	<b>\$ 284,923</b>

TMWA will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of other deferred resources as of June 30, 2022 is shown below.

Year ended June 30,	§501(c)(9) Plan	§115 Plan
	Deferred Inflows Recognized in OPEB Expense	Deferred Inflows Recognized in OPEB Expense
2023	\$ 927,286	\$ 80,541
2024	1,162,993	102,224
2025	825,677	70,581
2026	604,322	40,310
2027	296,560	(128)
Thereafter	599,811	—

**Actuarial Valuation Assumptions**

The total OPEB liability as of December 31, 2021 was determined using the following actuarial assumptions. Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2050-2059	4.6%
2023	5.8%	2060-2066	4.5%
2024	5.6%	2067-2068	4.4%
2025	5.4%	2069-2070	4.3%
2026-2027	5.2%	2071	4.2%
2028-2029	5.1%	2072-2073	4.1%
2030-2038	5.0%	2074-2075	4.0%
2039	4.9%	2076	3.9%
2040-2043	4.8%	Thereafter	3.9%
2044-2049	4.7%		

The total OPEB liability as of December 31, 2020 was determined using the following actuarial assumptions. Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs were assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2050-2053	5.0%
2021	7.0%	2054-2059	4.9%
2022	6.5%	2060-2066	4.8%
2023	6.0%	2067	4.7%
2024	5.9%	2068	4.6%
2025	5.8%	2069	4.5%
2026	5.6%	2070-2071	4.4%
2027	5.5%	2072	4.3%
2028	5.4%	2073-2074	4.2%
2029-2046	5.3%	2075	4.1%
2047	5.2%	2076	4.0%
2048-2049	5.1%	Thereafter	4.0%

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<b>IBEW Pre - 1998 Hires:</b> Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).  <b>IBEW Post-1997 Hires:</b> The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.  <b>MPAT:</b> The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.	<b>Tier 1:</b> Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).  <b>Tier 2:</b> The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.



GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2022
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021 to December 31, 2021
Valuation Date	December 31, 2021
Fiscal Year End	June 30, 2021
Measurement Date	December 31, 2020
Measurement Period	January 1, 2020 to December 31, 2020
Valuation Date	December 31, 2019

The discount rates used for the fiscal years ended June 30, 2022 and 2021 is 6.0%. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2022 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 2021 was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

**Measurement Date - December 31, 2021**

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1%	- 1%	Medical Trend	+ 1%
Total OPEB Liability	\$ 11,064,599	\$ 9,982,768	\$ 9,053,453	\$ 9,253,113	\$ 9,982,768	\$ 10,845,164
Net OPEB Liability (Asset)	\$ (4,942,883)	\$ (6,024,714)	\$ (6,954,029)	\$ (6,754,369)	\$ (6,024,714)	\$ (5,162,318)

§115 Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	-1%	Discount Rate	+1%	-1%	Medical Trend	+1%
Total OPEB Liability	\$ 2,446,297	\$ 2,153,522	\$ 1,910,236	\$ 1,900,842	\$ 2,153,522	\$ 2,459,906
Net OPEB Liability (Asset)	\$ 669,499	\$ 376,724	\$ 133,438	\$ 124,044	\$ 376,724	\$ 683,108

**Measurement Date - December 31, 2020**

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1%	- 1%	Medical Trend	+ 1%
Total OPEB Liability	\$ 11,809,700	\$ 10,592,743	\$ 9,556,963	\$ 9,709,226	\$ 10,592,743	\$ 11,648,321
Net OPEB Liability (Asset)	\$ (2,231,909)	\$ (3,448,866)	\$ (4,484,646)	\$ (4,332,383)	\$ (3,448,866)	\$ (2,393,288)

§115 Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1%	- 1%	Medical Trend	+ 1%
Total OPEB Liability	\$ 2,333,010	\$ 2,043,999	\$ 1,804,821	\$ 1,783,527	\$ 2,043,999	\$ 2,365,624
Net OPEB Liability (Asset)	\$ 836,754	\$ 547,743	\$ 308,565	\$ 287,271	\$ 547,743	\$ 869,368

**OPEB Plans Fiduciary Net Position**

Detailed information about the OPEB plans fiduciary net position are available in separately issued financial statements and can be requested by contacting TMWA's Finance Department at P.O. Box 30013, Reno, NV 89509-3013.

**Note 13 - Commitments**

TMWA has committed \$800,000 as a contribution to the Truckee River Fund of the Community Foundation of Western Nevada for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA. This payment was made in July 2022.

TMWA has committed \$500,000 as a contribution to the National Forest Foundation for the purpose of funding a forest-thinning project east of Stampede Reservoir, where TMWA stores water. The project aims to mitigate the risk of catastrophic fire in the area, which would ultimately threaten TMWA's water supply and quality. TMWA made a \$250,000 payment in August 2022 and expects to make a final \$250,000 payment by July 2023.

**Note 14 - Restatements**

**GASB Statement No. 87, Leases**

As of July 1, 2021, TMWA adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain right to use lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Following the implementation of GASB Statement No. 87, amounts previously reported for the year ended June 30, 2021 were restated as follows:

	As Originally Stated	As Restated	Increase (Decrease)
<b>Statement of Net Position</b>			
Accounts receivable, net	\$ 16,679,024	\$ 16,712,476	\$ 33,452
Interest receivable	809,628	815,015	5,387
Other noncurrent assets	837,284	1,206,948	369,664
Deferred inflow of resources - leases	—	399,741	399,741
Unrestricted net position	114,365,522	114,374,286	8,764
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
Other operating sales	2,803,513	2,799,694	(3,819)
Investment earnings	2,550,864	2,563,447	12,583
Change in net position	44,423,024	44,431,788	8,764
<b>Statement of Cash Flows</b>			
Cash received from customers	113,568,616	113,523,515	(45,101)
Cash received on lease receivables	—	37,905	37,905
Cash received for interest on lease receivables	—	7,196	7,196

### Statements of Cash Flows

In prior years, TMWA's cash flow statements included amounts in cash and cash equivalents not meeting the definition of cash and cash equivalents as provided for by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. GASB Statement No. 9 states that amounts should be included as cash equivalents when they are 1) readily convertible to known amounts of cash and 2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. TMWA holds certain investments that have been determined to not meet both of these criteria. Therefore, TMWA corrected beginning cash and cash equivalents at July 1, 2020 to exclude investments not meeting its cash equivalents definition. This change resulted in a restatement of beginning cash and cash equivalents reported in the cash flow statement as follows:

	<u>Total</u>
Cash and cash equivalents on July 1, 2020, as previously reported	\$ 205,759,049
Adjustment to correct misstatement	<u>(192,797,128)</u>
Cash and cash equivalents on July 1, 2020, as restated	<u>\$ 12,961,921</u>

### Note 15 - Subsequent Events

In November 2022, TMWA paid \$1 million to Fish Springs Ranch, LLC (FSR) under a Water Resource Purchase Agreement effective March 2022. The agreement allows for TMWA to purchase from FSR 400 acre-feet of water rights for a total purchase price of \$10 million, payable in ten \$1 million tranches over 10 years.

Required Supplementary Information  
**Truckee Meadows Water Authority**

**Truckee Meadows Water Authority**  
Schedules of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2022	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>						
<u>Total OPEB Liability</u>						
Service Cost	\$ 229,280	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	636,038	609,728	682,186	648,751	612,850	576,050
Changes of benefit terms <sup>(1)</sup>	—	—	—	—	—	—
Differences between expected and actual experience	(760,853)	—	(2,013,876)	—	—	—
Changes of assumptions <sup>(2)</sup>	(271,660)	—	301,774	—	—	—
Benefit payments	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
<b>Total OPEB Liability - Beginning</b>	<b>10,592,743</b>	<b>10,118,664</b>	<b>11,283,691</b>	<b>10,694,671</b>	<b>10,062,447</b>	<b>9,442,131</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 9,982,768</b>	<b>\$ 10,592,743</b>	<b>\$ 10,118,664</b>	<b>\$ 11,283,691</b>	<b>\$ 10,694,671</b>	<b>\$ 10,062,447</b>
<u>Plan Fiduciary Net Position</u>						
Contributions - employer	\$ 63,156	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income	2,369,210	1,845,954	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(18,775)	(18,490)	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(4,938)	(2,954)	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	—	—	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	110,022	111,103	103,249	117,015	93,172	90,145
Retiree contributions out	(110,022)	(111,103)	(103,249)	(117,015)	(93,172)	(90,145)
<b>Net change in plan fiduciary net position</b>	<b>1,965,873</b>	<b>1,597,526</b>	<b>2,099,718</b>	<b>(582,529)</b>	<b>1,658,015</b>	<b>535,359</b>
<b>Plan fiduciary net position - beginning</b>	<b>14,041,609</b>	<b>12,444,083</b>	<b>10,344,365</b>	<b>10,926,894</b>	<b>9,268,879</b>	<b>8,733,520</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 16,007,482</b>	<b>\$ 14,041,609</b>	<b>\$ 12,444,083</b>	<b>\$ 10,344,365</b>	<b>\$ 10,926,894</b>	<b>\$ 9,268,879</b>
<b>Net OPEB liability (asset) - ending</b>	<b>\$ (6,024,714)</b>	<b>\$ (3,448,866)</b>	<b>\$ (2,325,419)</b>	<b>\$ 939,326</b>	<b>\$ (232,223)</b>	<b>\$ 793,568</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>160.4 %</b>	<b>132.6 %</b>	<b>123.0 %</b>	<b>91.7 %</b>	<b>102.2 %</b>	<b>92.1 %</b>
<b>Covered-employee payroll, as of 12/31 measurement date</b>	<b>\$ 21,664,461</b>	<b>\$ 19,385,303</b>	<b>\$ 21,658,320</b>	<b>\$ 20,674,304</b>	<b>\$ 18,517,678</b>	<b>\$ 17,467,908</b>
<b>Net OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>(27.8)%</b>	<b>(17.8)%</b>	<b>(10.7)%</b>	<b>4.5 %</b>	<b>(1.3)%</b>	<b>4.5 %</b>

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

<sup>(1)</sup> Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018.

<sup>(2)</sup> In 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

**Truckee Meadows Water Authority**  
Schedules of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2022	2021	2020	2019	2018	2017
<b>§115 Plan</b>						
<u>Total OPEB Liability</u>						
Service Cost	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Interest	122,661	117,350	119,591	111,978	103,644	94,941
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	61,652	—	(179,517)	—	—	—
Changes of assumptions <sup>(1)</sup>	(39,674)	—	44,279	—	—	—
Benefit payments	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
<b>Total OPEB Liability - Beginning</b>	<b>2,043,999</b>	<b>1,950,233</b>	<b>1,961,246</b>	<b>1,826,373</b>	<b>1,677,294</b>	<b>1,529,690</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 2,153,522</b>	<b>\$ 2,043,999</b>	<b>\$ 1,950,233</b>	<b>\$ 1,961,246</b>	<b>\$ 1,826,373</b>	<b>\$ 1,677,294</b>
<u>Plan Fiduciary Net Position</u>						
Contributions - employer	\$ 117,922	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income	248,073	193,517	220,823	(46,458)	126,004	35,423
Benefit payments	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
Auditing fees	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(517)	(306)	(315)	(770)	(780)	(675)
Legal fees	—	—	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	23,102	22,947	21,302	5,244	930	—
Retiree contributions out	(23,102)	(22,947)	(21,302)	(5,244)	(930)	—
<b>Net change in plan fiduciary net position</b>	<b>280,542</b>	<b>206,593</b>	<b>271,313</b>	<b>18,519</b>	<b>212,543</b>	<b>175,886</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,496,256</b>	<b>1,289,663</b>	<b>1,018,350</b>	<b>999,831</b>	<b>787,288</b>	<b>611,402</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,776,798</b>	<b>\$ 1,496,256</b>	<b>\$ 1,289,663</b>	<b>\$ 1,018,350</b>	<b>\$ 999,831</b>	<b>\$ 787,288</b>
<b>Net OPEB liability - ending</b>	<b>\$ 376,724</b>	<b>\$ 547,743</b>	<b>\$ 660,570</b>	<b>\$ 942,896</b>	<b>\$ 826,542</b>	<b>\$ 890,006</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>82.5 %</b>	<b>73.2 %</b>	<b>66.1 %</b>	<b>51.9 %</b>	<b>54.7 %</b>	<b>46.9 %</b>
<b>Covered-employee payroll, as of 12/31 measurement date</b>	<b>\$ 1,593,312</b>	<b>\$ 1,558,683</b>	<b>\$ 1,688,340</b>	<b>\$ 1,954,488</b>	<b>\$ 1,951,733</b>	<b>\$ 1,992,447</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>23.6 %</b>	<b>35.1 %</b>	<b>39.1 %</b>	<b>48.2 %</b>	<b>42.3 %</b>	<b>44.7 %</b>

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

<sup>(1)</sup>In fiscal year 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. In fiscal year 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority  
Schedules of OPEB Contributions  
Last Ten Fiscal Years\*

	2022	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>						
Actuarially Determined Contribution	\$ 63,677	\$ 56,323	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	76,785	60,499	127,724	258,430	324,529	445,063
<b>Contribution deficiency (excess)</b>	(13,108)	(4,176)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	21,319,564	21,850,032	21,402,817	21,538,008	19,282,157	17,924,948
<b>Contributions as a percentage of covered employee payroll</b>	0.4 %	0.3 %	0.6 %	1.2 %	1.7 %	2.5 %
<b>§115 Plan</b>						
Actuarially Determined Contribution	\$ 87,404	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	87,404	101,635	70,921	121,798	119,366	103,441
<b>Contribution deficiency (excess)</b>	—	(14,822)	14,822	—	—	—
Covered-employee payroll	1,618,829	1,679,850	1,714,076	1,841,575	1,955,987	1,965,933
<b>Contributions as a percentage of covered employee payroll</b>	5.4 %	6.1 %	4.1 %	6.6 %	6.1 %	5.3 %

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

In fiscal year 2022, the healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later.

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<p>IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p>MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p>Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>



Truckee Meadows Water Authority  
Schedules of TMWA's Share of Net Pension Liability  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.3131 %	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$28,552,406	\$42,191,934	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406	\$22,293,306
TMWA's covered payroll	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995	\$12,573,558
TMWA's proportionate share of the net pension liability as a percentage of its covered payroll	127.58 %	195.08 %	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %	177.30 %
Plan fiduciary net position as a percentage of the total pension liability	86.51 %	77.04 %	76.46 %	75.24 %	74.42 %	72.23 %	75.13 %	76.30 %

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Significant assumptions are listed below:

Assumption	2021	2020 - 2017	2016 - 2014
Inflation Rate	2.50%	2.75%	3.50%
Payroll Growth	3.50%	5.00%	5.00%
Investment Rate of Return / Discount Rate	7.25%	7.50%	8.00%
Productivity Pay Increase	0.50%	0.50%	0.75%
Projected Salary Increases			
Regular*	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire*	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer Price Index	2.50%	2.75%	3.50%
Mortality Rates			
Healthy**	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current Beneficiaries**	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-retirement**	Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future Mortality Improvement	Generational Projection Scale MP-2020	6 years	N/A

\*Depending on service; rates include inflation and productivity increases.

\*\*Amount-Weighted Above-Median.

Truckee Meadows Water Authority  
Schedules of TMWA's Pension Contributions  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years\*

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	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$3,496,584	\$3,277,098	\$3,156,332	\$2,865,963	\$2,562,356	\$5,037,877	\$4,534,811	\$3,629,441
Contributions in relation to the statutorily required contribution	\$3,496,584	\$3,277,098	\$3,156,332	\$2,865,963	\$2,562,356	\$5,037,877	\$4,534,811	\$3,629,441
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TMWA's covered payroll	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995
Contributions as a percentage of covered payroll	14.86 %	14.64 %	14.59 %	14.02 %	14.03 %	28.07 %	27.80 %	25.78 %

**Notes to Schedule**

\*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Beginning in 2018, contributions reflect employer-paid contributions only due to GASB Statement No. 82, which classifies contributions as member contributions for the purposes of GASB Statement No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

Supplementary Information  
June 30, 2022 and 2021

# Truckee Meadows Water Authority

**Truckee Meadows Water Authority**  
 Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
 Year Ended June 30, 2022

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 108,503,854	\$ 108,172,970	\$ (330,884)
Hydroelectric sales	1,837,239	2,551,333	714,094
Other operating sales	2,219,679	3,846,679	1,627,000
Total operating revenues	<u>112,560,772</u>	<u>114,570,982</u>	<u>2,010,210</u>
Operating Expenses			
Salaries and wages	26,634,314	24,735,686	(1,898,628)
Employee benefits	11,622,696	7,461,199	(4,161,497)
Services and supplies	32,188,000	32,768,771	580,771
Total operating expenses before depreciation	<u>70,445,010</u>	<u>64,965,656</u>	<u>(5,479,354)</u>
Depreciation	34,234,118	33,642,537	(591,581)
Total operating expenses	<u>104,679,128</u>	<u>98,608,193</u>	<u>(6,070,935)</u>
Operating Income	<u>7,881,644</u>	<u>15,962,789</u>	<u>(4,060,725)</u>
Nonoperating Revenues (Expenses)			
Investment earnings	2,583,886	2,028,627	(555,259)
Net change in fair value of investments	—	(10,605,392)	(10,605,392)
Loss on disposal of assets	(750,000)	(938,661)	(188,661)
Bond/note issue costs and amortization of bond insurance	(133,000)	801	133,801
Interest expense	(11,880,610)	(11,954,097)	(73,487)
Total nonoperating revenues (expenses)	<u>(10,179,724)</u>	<u>(21,468,722)</u>	<u>(11,288,998)</u>
Income (Loss) before Capital Contributions	<u>(2,298,080)</u>	<u>(5,505,933)</u>	<u>(15,349,723)</u>
Capital Contributions			
Grants	1,350,000	2,164,651	814,651
Water resource sustainability program	607,168	1,409,024	801,856
Developer infrastructure contributions	18,177,481	18,167,149	(10,332)
Developer will-serve contributions (net of refunds)	2,884,048	4,436,788	1,552,740
Developer capital contributions-other	9,360,299	11,835,501	2,475,202
Developer facility charges (net of refunds)	7,301,331	12,862,786	5,561,455
Contributions from others	200,000	—	(200,000)
Contributions from other governments	—	719,822	719,822
Net capital contributions	<u>39,880,327</u>	<u>51,595,721</u>	<u>11,715,394</u>
Change in Net Position	<u>\$ 37,582,247</u>	<u>\$ 46,089,788</u>	<u>\$ (3,634,329)</u>

**Truckee Meadows Water Authority**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Year Ended June 30, 2021**

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 102,260,229	\$ 109,822,836	\$ 7,562,607
Hydroelectric sales	3,193,880	2,768,274	(425,606)
Other operating sales	2,800,120	2,799,694	(426)
Total operating revenues	<u>108,254,229</u>	<u>115,390,804</u>	<u>7,136,575</u>
Operating Expenses			
Salaries and wages	24,563,727	23,101,987	(1,461,740)
Employee benefits	10,661,572	11,282,823	621,251
Services and supplies	31,419,113	30,562,803	(856,310)
Total operating expenses before depreciation	<u>66,644,412</u>	<u>64,947,613</u>	<u>(1,696,799)</u>
Depreciation	33,518,852	33,286,373	(232,479)
Total operating expenses	<u>100,163,264</u>	<u>98,233,986</u>	<u>(1,929,278)</u>
Operating Income	<u>8,090,965</u>	<u>17,156,818</u>	<u>5,207,297</u>
Nonoperating Revenues (Expenses)			
Investment earnings	2,854,243	2,563,447	(290,796)
Net change in fair value of investments	—	(2,389,723)	(2,389,723)
Loss on disposal of assets	—	(1,755,873)	(1,755,873)
Bond/note issue costs and amortization of bond insurance	(87,400)	(235,494)	(148,094)
Interest expense	(12,514,133)	(12,262,581)	251,552
Total nonoperating revenues (expenses)	<u>(9,747,290)</u>	<u>(14,080,224)</u>	<u>(4,332,934)</u>
Income (Loss) before Capital Contributions	<u>(1,656,325)</u>	<u>3,076,594</u>	<u>874,363</u>
Capital Contributions			
Grants	1,900,000	—	(1,900,000)
Water resource sustainability program	869,696	1,708,110	838,414
Developer infrastructure contributions	11,226,546	10,201,446	(1,025,100)
Developer will-serve contributions (net of refunds)	4,185,412	5,632,381	1,446,969
Developer capital contributions-other	10,242,156	11,461,850	1,219,694
Developer facility charges (net of refunds)	5,998,608	12,218,607	6,219,999
Contributions from others	275,000	—	(275,000)
Contributions from other governments	—	132,800	132,800
Net capital contributions	<u>34,697,418</u>	<u>41,355,194</u>	<u>6,657,776</u>
Change in Net Position	<u>\$ 33,041,093</u>	<u>\$ 44,431,788</u>	<u>\$ 7,532,139</u>

**Truckee Meadows Water Authority**  
 Combining Statement of Fiduciary Net Position - Other Post-employment Benefit Trust Funds  
 December 31, 2021 and 2020

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
<b>December 31, 2021</b>			
Assets			
Cash	\$ 44,195	\$ 75,394	\$ 119,589
Receivables from plan members	9,833	1,912	11,745
Investments, at fair value	<u>16,072,517</u>	<u>1,702,625</u>	<u>17,775,142</u>
Total assets	<u>16,126,545</u>	<u>1,779,931</u>	<u>17,906,476</u>
Liabilities			
Accounts payable	<u>119,063</u>	<u>3,133</u>	<u>122,196</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>
<b>December 31, 2020</b>			
Assets			
Cash	\$ 26,777	\$ 20,365	\$ 47,142
Receivables from plan members	18,217	3,824	22,041
Investments, at fair value	<u>14,068,245</u>	<u>1,475,068</u>	<u>15,543,313</u>
Total assets	<u>14,113,239</u>	<u>1,499,257</u>	<u>15,612,496</u>
Liabilities			
Accounts payable	<u>71,630</u>	<u>3,001</u>	<u>74,631</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 14,041,609</u>	<u>\$ 1,496,256</u>	<u>\$ 15,537,865</u>

**Truckee Meadows Water Authority**

Combining Statement of Changes in Fiduciary Net Position - Other Post-employment Benefit Trust Funds  
Year Ended December 31, 2021 and 2020

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
<b>Year Ended December 31, 2021</b>			
Additions			
Investment Income			
Net increase in fair value of investments	\$ 2,128,775	\$ 222,908	\$ 2,351,683
Interest and dividends	240,434	25,166	265,600
Investment expense	(4,937)	(517)	(5,454)
Net investment income	<u>2,364,272</u>	<u>247,557</u>	<u>2,611,829</u>
Employer contributions	<u>—</u>	<u>97,848</u>	<u>97,848</u>
Total additions	<u>2,364,272</u>	<u>345,405</u>	<u>2,709,677</u>
Deductions			
Benefit payments	379,624	50,863	430,487
Administrative expenses	18,775	14,000	32,775
Total deductions	<u>398,399</u>	<u>64,863</u>	<u>463,262</u>
Change in Net Position	1,965,873	280,542	2,246,415
Net Position Restricted For Post-employment Benefits Other Than Pensions			
Beginning of year	<u>14,041,609</u>	<u>1,496,256</u>	<u>15,537,865</u>
End of year	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>
<b>Year Ended December 31, 2020</b>			
Additions			
Investment Income			
Net increase in fair value of investments	\$ 1,595,995	\$ 167,651	\$ 1,763,646
Interest and dividends	249,958	25,866	275,824
Investment expense	(2,953)	(306)	(3,259)
Net investment income	<u>1,843,000</u>	<u>193,211</u>	<u>2,036,211</u>
Employer contributions	<u>131,267</u>	<u>85,743</u>	<u>217,010</u>
Total additions	<u>1,974,267</u>	<u>278,954</u>	<u>2,253,221</u>
Deductions			
Benefit payments	358,251	58,361	416,612
Administrative expenses	18,490	14,000	32,490
Total deductions	<u>376,741</u>	<u>72,361</u>	<u>449,102</u>
Change in Net Position	1,597,526	206,593	1,804,119
Net Position Restricted For Post-employment Benefits Other Than Pensions			
Beginning of year	<u>12,444,083</u>	<u>1,289,663</u>	<u>13,733,746</u>
End of year	<u>\$ 14,041,609</u>	<u>\$ 1,496,256</u>	<u>\$ 15,537,865</u>



Statistical Section  
**Truckee Meadows Water Authority**

This part of the Truckee Meadows Water Authority Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the TMWA's overall financial health.

<b><u>Section Contents</u></b>	<b><u>Schedule No.</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how TMWA's financial performance and well-being have changed over time.	<b>1-6</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the TMWA's ability to generate its water sales and other revenues.	<b>7-8</b>
<b>Debt Capacity</b> This schedule presents information to help the reader assess the affordability of the TMWA's current levels of outstanding debt, and its ability to issue additional future debt.	<b>9</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the TMWA's financial activities take place and to help make comparisons over time and with other utilities.	<b>10-12</b>
<b>Operating Information</b> These schedules contain information about the TMWA's operations and resources to help the reader understand how the TMWA's financial information relates to the services it provides and the activities it performs.	<b>13-17</b>
<b>Debt Ratios</b> These schedules contain information about changes in the TMWA's debt and its debt in relation to service connections.	<b>18-19</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Truckee Meadows Water Authority  
Schedule No. 1 - Net Position by Component  
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Net Position										
Net investment in capital assets	\$ 692,996,744	\$ 649,138,921	\$ 617,541,639	\$ 573,147,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785	\$ 227,319,870
Restricted	52,457,821	50,662,078	50,034,746	29,351,818	30,123,412	28,589,861	40,505,804	42,158,803	25,198,683	22,644,404
Unrestricted	114,810,508	114,374,286	102,167,112	115,662,201	104,893,903	95,037,226	65,933,399	77,312,759	54,036,550	51,471,349
Total Net Position	<u>\$ 860,265,073</u>	<u>\$ 814,175,285</u>	<u>\$ 769,743,497</u>	<u>\$ 718,161,095</u>	<u>\$ 668,076,189</u>	<u>\$ 630,327,559</u>	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>	<u>\$ 311,563,018</u>	<u>\$ 301,435,623</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority  
Schedule No. 2 - Changes in Net Position  
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Operating Revenues	\$114,570,982	\$115,390,804	\$108,072,657	\$107,089,518	\$101,812,092	\$ 97,268,183	\$ 91,928,943	\$ 90,029,316	\$ 84,315,390	\$ 85,577,107
Operating Expenses	98,608,193	98,233,986	94,121,824	92,466,904	90,311,622	82,339,194	80,615,507	70,114,860	59,317,860	59,619,074
Operating Income	15,962,789	17,156,818	13,950,833	14,622,614	11,500,470	14,928,989	11,313,436	19,914,456	24,997,530	25,958,033
Total Nonoperating Revenues/(Expenses)	(21,468,722)	(14,080,224)	(6,575,750)	(6,692,826)	(11,162,667)	(11,684,303)	(9,491,450)	(23,526,380)	(20,386,339)	(20,675,251)
Income/(Loss) before Capital Contributions	(5,505,933)	3,076,594	7,375,083	7,929,788	337,803	3,244,686	1,821,986	(3,611,924)	4,611,191	5,282,782
Capital Contributions	51,595,721	41,355,194	44,180,319	42,182,118	37,410,827	43,351,171	19,268,194	19,638,821	5,516,204	2,947,604
Special Item	—	—	—	—	—	—	—	231,516,024	—	—
Change in Net Position	46,089,788	44,431,788	51,555,402	50,111,906	37,748,630	46,595,857	21,108,180	247,542,921	10,127,395	8,230,386

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

**Truckee Meadows Water Authority**  
**Schedule No. 3 - Operating Revenues by Customer Class**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Revenues from water sales										
Residential unmetered water sales	\$ 2,730,559	\$ 2,423,033	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811	\$ 10,288,324
Residential metered water sales	77,184,825	79,124,628	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267	51,796,871	44,137,033	43,957,551
Commercial metered water sales	12,587,162	12,041,548	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132	11,339,953	10,755,824	10,885,539
Irrigation metered & fire protection	14,408,203	14,950,021	13,457,574.1	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156	11,031,924
Wholesale sales	1,262,221	1,283,606	1,273,982.44	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593	3,748,276
Total water sales	108,172,970	109,822,836	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332	86,186,698	79,190,417	79,911,614
Hydroelectric revenue	2,551,333	2,768,274	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195	1,366,786	3,045,147	3,557,965
Other operating revenues	3,846,679	2,799,694	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416	2,475,832	2,079,826	2,107,528
Total operating revenues	<u>\$ 114,570,982</u>	<u>\$ 115,390,804</u>	<u>\$108,072,657</u>	<u>\$107,089,518</u>	<u>\$101,812,092</u>	<u>\$ 97,268,183</u>	<u>\$ 91,928,943</u>	<u>\$ 90,029,316</u>	<u>\$ 84,315,390</u>	<u>\$ 85,577,107</u>

\* Fiscal Year 2015 reflect changes as a result of the water utility consolidation discussed in Note 1 of the financial statements.

Truckee Meadows Water Authority  
Schedule No. 4 - Operating Expenses  
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Salaries and wages	\$ 24,735,686	\$ 23,101,987	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022	\$ 11,128,162
Employee benefits	7,461,199	11,282,823	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279	5,271,735	5,045,922	4,819,187
Contract services	10,365,323	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066	4,868,532
Utilities/power	7,144,034	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312	4,571,453
Information Technology	1,998,876	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622	749,917	597,101	556,536
Prof services (general/legal/media/leg)	2,371,990	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097	1,610,614
Supplies	3,424,124	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763	1,522,106
Chemicals	2,622,826	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824	1,333,002
Insurance and claims	1,303,403	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300	534,577
Leases and rentals	400,745	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196	74,596
Other expenses	3,137,450	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701	2,637,356	3,205,586	3,254,285
Total operating expenses before depreciation	64,965,656	64,947,613	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317	42,215,411	37,101,189	34,273,049
Depreciation	33,642,537	33,286,373	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190	27,899,449	22,517,885	22,349,225
Total Operating Expenses	<u>\$ 98,608,193</u>	<u>\$ 98,233,986</u>	<u>\$ 94,121,824</u>	<u>\$ 92,466,904</u>	<u>\$ 90,311,622</u>	<u>\$ 82,339,194</u>	<u>\$ 80,615,507</u>	<u>\$ 70,114,860</u>	<u>\$ 59,619,074</u>	<u>\$ 56,622,274</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

**Truckee Meadows Water Authority**  
**Schedule No. 5 - Nonoperating Revenues and Expenses**  
**Last Ten Fiscal Years**

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	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Investment Earnings	\$ 2,028,627	\$ 2,563,447	\$ 4,119,737	\$ 4,409,486	\$ 2,313,513	\$ 7,209,113	\$ 6,737,745	\$ 2,127,009	\$ 2,051,156	\$ 2,007,375
Interest Expense	(11,954,097)	(12,262,581)	(12,698,972)	(13,268,153)	(11,720,356)	(16,968,911)	(21,549,864)	(21,281,117)	(21,282,412)	(21,791,975)
Gain/(Loss) on Disposal of Assets	(938,661)	(1,755,873)	(1,189,776)	(225,687)	133,972	(155,722)	6,460,373	(653,698)	(136,300)	(21,463)
Other Revenue or Expenses	(10,604,591)	(2,625,217)	3,193,261	2,391,528	(1,889,796)	(1,768,783)	(1,139,704)	(3,718,574)	(1,018,783)	(869,188)
Total Nonoperating Expenses	(21,468,722)	(14,080,224)	(6,575,750)	(6,692,826)	(11,162,667)	(11,684,303)	(9,491,450)	(23,526,380)	(20,386,339)	(20,675,251)

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority  
Schedule No. 6 - Capital Contributions by Source  
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Developer Water Rights/Will Serves	\$ 4,436,788	\$ 5,632,381	\$ 4,082,279	\$ 4,663,826	\$ 6,652,819	\$ 7,950,666	\$ 4,363,692	\$ 1,864,446	\$ 1,529,129	\$ 201,871
Developer Infrastructure	18,167,149	10,201,446	20,145,641	19,112,590	15,017,446	10,797,854	8,454,980	2,703,092	1,723,023	702,699
Developer Other	11,835,501	11,461,850	7,847,962	6,636,417	6,448,549	6,062,247	2,473,163	1,588,158	410,447	469,732
Water Meter Retrofit Program	—	—	—	994,706	2,379,206	341,074	482,081	1,013,896	479,488	174,698
Developer Facility Charges	12,862,786	12,218,607	9,657,274	9,154,403	6,464,559	5,116,956	2,931,940	2,494,434	963,660	1,047,715
Grants	2,164,651	—	232,153	831,116	348,248	1,226,863	224,138	276,260	343,628	208,227
Water Resource Sustainability Program	1,409,024	1,708,110	1,484,443	689,060	—	—	—	—	—	—
From Others	719,822	132,800	730,567	100,000	100,000	11,855,511	356,200	9,698,535	66,829	142,662
<b>Total</b>	<b>51,595,721</b>	<b>41,355,194</b>	<b>44,180,319</b>	<b>42,182,118</b>	<b>37,410,827</b>	<b>43,351,171</b>	<b>19,286,194</b>	<b>19,638,821</b>	<b>5,516,204</b>	<b>2,947,604</b>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.



**Truckee Meadows Water Authority**  
**Schedule No. 7 - Gallons of Water Sold and Revenues by Category**  
**Last Ten Fiscal Years**

Category	2022		2021	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,730,559	—
Residential Metered	17,832,778	77,184,825	18,481,075	79,124,628
Commercial	4,131,960	12,587,162	3,891,086	12,041,548
Other (2)	3,187,878	14,408,203	3,204,611	14,950,021
Wholesale	580,248	1,262,221	623,909	1,283,606
<b>Total</b>	<b>25,732,864</b>	<b>\$ 108,172,970</b>	<b>26,200,681</b>	<b>\$ 109,822,836</b>
Category	2020		2019	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,571,216	—
Residential Metered	17,111,305	73,295,343	16,970,042	71,651,437
Commercial	3,952,196	11,888,963	4,315,407	12,807,427
Other (2)	2,896,243	13,457,574	2,974,110	13,509,567
Wholesale	606,627	1,273,982	619,928	1,249,439
<b>Total</b>	<b>24,566,371</b>	<b>\$ 102,487,078</b>	<b>24,879,487</b>	<b>\$ 101,776,649</b>
Category	2018		2017	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,505,172	—
Residential Metered	16,335,308	67,393,672	16,487,693	65,829,634
Commercial	4,232,836	12,238,940	4,277,917	11,887,395
Other (2)	2,698,977	12,169,406	2,749,795	11,369,179
Wholesale	591,624	1,165,607	613,051	1,154,907
<b>Total</b>	<b>23,858,745</b>	<b>\$ 95,472,797</b>	<b>24,128,456</b>	<b>\$ 92,687,260</b>
Category	2016		2015*	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 3,725,916	—
Residential Metered	14,633,319	60,198,267	15,151,881	51,796,871
Commercial	4,086,057	11,026,132	4,350,417	11,339,953
Other (2)	2,579,408	11,554,063	2,913,757	11,123,168
Wholesale	542,875	1,029,954	1,598,995	2,560,399
<b>Total</b>	<b>21,841,659</b>	<b>\$ 87,534,332</b>	<b>24,015,050</b>	<b>\$ 86,186,698</b>
Category	2014		2013	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 9,731,811	—
Residential Metered	11,581,326	44,137,033	11,916,455	43,957,551
Commercial	3,913,088	10,755,824	4,083,972	10,885,539
Other (2)	2,688,389	10,720,156	2,816,474	11,031,924
Wholesale	2,070,593	3,845,593	1,982,557	3,748,276
<b>Total</b>	<b>20,253,396</b>	<b>\$ 79,190,417</b>	<b>20,799,458</b>	<b>\$ 79,911,614</b>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

(1) Complete consumption information is not available for unmetered customers.

(2) These accounts include irrigation and non metered fire protection/sprinkler systems located on the premises of residential and commercial customers.

Truckee Meadows Water Authority  
Schedule No. 8 - Ten Largest Customers  
June 30, 2022

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	664,028	\$ 1,273,216	1.2 %
2. City of Reno*	310,862	1,102,804	1.0 %
3. Washoe County School District	336,633	1,097,367	1.0 %
4. Washoe County	165,790	541,121	0.5 %
5. City of Sparks	123,187	455,696	0.4 %
6. Silver Legacy	117,744	362,272	0.3 %
7. University of Nevada, Reno	144,344	355,870	0.3 %
8. Somersett HOA	88,428	345,652	0.3 %
9. Nevada Properties, Peppermill	103,073	284,943	0.3 %
10. Renown System	70,236	272,028	0.3 %
Totals	<u>2,124,325</u>	<u>\$ 6,090,969</u>	<u>5.6 %</u>

\*City of Reno includes the Reno Housing Authority.

Truckee Meadows Water Authority  
Schedule No. 9 - Debt Service Coverage Ratios  
Last Ten Fiscal Years

	Fiscal Year (in millions)									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Charges for water sales <sup>(1)</sup>	\$ 108,173	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190	\$ 79,912
Other operating and nonoperating revenue <sup>(2)</sup>	8,427	8,131	9,705	9,722	8,653	11,790	11,132	5,970	7,176	7,672
Gross revenues	<u>116,600</u>	<u>117,954</u>	<u>112,192</u>	<u>111,499</u>	<u>104,126</u>	<u>104,477</u>	<u>98,666</u>	<u>92,157</u>	<u>86,366</u>	<u>87,584</u>
Operation and maintenance expenses <sup>(3)</sup>	64,244	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850	36,672
Taxes other than income taxes <sup>(4)</sup>	722	715	719	678	470	462	451	443	440	429
Total expenses	<u>64,966</u>	<u>64,948</u>	<u>60,795</u>	<u>59,633</u>	<u>57,491</u>	<u>51,420</u>	<u>48,481</u>	<u>42,215</u>	<u>36,290</u>	<u>37,101</u>
Net Revenues	<u>\$ 51,634</u>	<u>\$ 53,007</u>	<u>\$ 51,397</u>	<u>\$ 51,866</u>	<u>\$ 46,635</u>	<u>\$ 53,057</u>	<u>\$ 50,185</u>	<u>\$ 49,942</u>	<u>\$ 50,076</u>	<u>\$ 50,483</u>
Senior Lien Annual Debt Service <sup>(5)</sup>	<u>\$ 28,275</u>	<u>\$ 27,830</u>	<u>\$ 28,186</u>	<u>\$ 17,891</u>	<u>\$ 15,696</u>	<u>\$ 18,916</u>	<u>\$ 31,780</u>	<u>\$ 29,955</u>	<u>\$ 31,285</u>	<u>\$ 29,672</u>
Senior Lien Debt Coverage excluding SDCs	<u>1.83</u>	<u>1.90</u>	<u>1.82</u>	<u>2.90</u>	<u>2.97</u>	<u>2.80</u>	<u>1.58</u>	<u>1.67</u>	<u>1.60</u>	<u>1.70</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 12,863	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964	\$ 1,048
Developer capital contributions - other	11,836	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410	470
Senior Lien Debt Coverage including SDCs <sup>(6)</sup>	<u>2.70</u>	<u>2.76</u>	<u>2.44</u>	<u>3.78</u>	<u>3.79</u>	<u>3.40</u>	<u>1.75</u>	<u>1.80</u>	<u>1.64</u>	<u>1.75</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

<sup>(1)</sup> Includes retail residential, commercial, irrigation water sales, and wholesale water sales net of bad debt expense.

<sup>(2)</sup> Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income.

<sup>(3)</sup> Includes water supply, treatment, distribution, hydroelectric power plant maintenance, customer service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits, and services and supplies comprise these expenses.

<sup>(4)</sup> The Authority is required to pay property taxes on water rights and storage facilities located in California.

<sup>(5)</sup> This schedule does not include the payments on the DWSRF loan or the 2021 Refunding Bonds, which are subordinate to the 2015-A, 2016, 2017 and 2018 Refunding Bonds.

<sup>(6)</sup> TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal year 2012, TMWA defeased the remaining 2001-A bonds. This resulted in a one-time increase in the senior lien debt coverage ratio. Without this defeasance, the senior lien debt coverage ratio would be 1.52x. In fiscal years 2017, 2018 and 2019, TMWA deferred principal payments on debt which increased the debt coverage ratio.

**Truckee Meadows Water Authority**  
Schedule No. 10 - Schedule of Total Building Permits Issued by Jurisdiction/Member Entity  
Last Ten Fiscal Years

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Fiscal Year	Washoe County	City of Reno	City of Sparks
2022	5,142	12,008	4,789
2021	4,694	10,453	4,616
2020	4,194	9,625	4,103
2019	4,307	10,323	3,890
2018	4,241	10,101	3,935
2017	2,615	9,058	3,636
2016	2,121	9,080	3,712
2015	1,807	7,345	3,581
2014	1,669	6,846	2,579
2013	1,516	6,211	2,393

Source: As reported by each local governmental entity.

Truckee Meadows Water Authority  
 Schedule No. 11 - Selected Demographic and Economic Statistics for Washoe County  
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Total Personal Income (1)	Unemployment rate (Percent) (5)	Total Labor Force (5)	Construction Activity Total Value (6)	Number of New Family Units (6)	Taxable Sales (7)	Gross Income Gaming Revenue (8)	Total Passenger Air Traffic (9)
2022	486,492	\$ 66,076	38.5	64,820	\$ 31,523,753	3.3 %	254,381	\$ 678,435,000	596	\$12,267,766,000	\$ 970,727,000	4,155,405
2021	478,355	63,360	38.6	65,121	29,875,442	4.9 %	251,933	719,607,000	692	11,049,067,000	837,334,000	2,472,843
2020	472,069	59,639	38.1	66,913	27,776,003	3.2 %	255,915	450,868,000	617	9,250,416,000	630,862,000	3,378,405
2019	464,630	55,487	38.0	66,960	22,556,498	3.6 %	250,005	458,823,000	572	8,829,864,000	785,532,000	4,298,555
2018	460,237	48,996	37.9	66,989	22,549,907	4.2 %	239,119	345,710,000	481	8,531,253,000	779,347,000	4,128,476
2017	459,142	46,315	37.5	63,919	21,265,000	4.0 %	232,719	240,534,583	378	7,989,009,111	805,557,000	3,819,896
2016	451,248	44,687	37.5	63,670	20,165,000	5.9 %	231,570	231,741,537	320	7,550,466,734	789,359,000	3,563,818
2015	441,165	42,967	37.4	63,108	19,077,000	6.4 %	228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
2014	436,647	43,130	37.6	62,986	18,833,000	7.2 %	222,607	225,096,997	120	6,370,684,534	744,962,250	3,312,839
2013	434,120	45,253	37.6	62,424	18,284,145	9.8 %	219,607	126,468,377	74	5,824,726,136	741,038,030	3,514,421

Sources:

- (1) US Census-Nevada, 2011 - 2012. Washoe County Community Development, 2013 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (2) U.S. Department of Commerce, 2008. Washoe County Community Demographic Information 2009 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (3) Center for Regional Studies, University of Nevada, Reno 2011 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (4) Washoe County School District. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (5) State Department of Employment, Training and Rehabilitation (DETR). Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (6) Washoe County Building and Safety. Department. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (7) Nevada State Department of Taxation. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (8) Nevada State Gaming Control Board. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (9) Reno/Tahoe International Airport. (RTIA) Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022

Truckee Meadows Water Authority  
Schedule No. 12 - Principal Employers  
Current and Nine Years Ago

Employer	December, 2021			December, 2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.85 %	7,750	1	3.89 %
University of Nevada - Reno	4,750	2	2.09 %	4,250	2	2.13 %
Renown Medical Center	3,250	3	1.43 %	2,750	3	1.38 %
Washoe County	2,750	4	1.21 %	2,250	4	1.13 %
Peppermill Hotel Casino - Reno	2,500	5	1.10 %	2,250	5	1.13 %
Nugget Casino	2,500	6	1.10 %	—	—	—
Grand Sierra Resort	2,500	7	1.10 %	1,250	9	0.63 %
Harrahs	2,500	8	1.10 %	—	—	—
St. Mary's	2,500	9	1.10 %	—	—	—
Silver Legacy Resort Casino	2,500	10	1.10 %	1,750	7	0.88 %
Eldorado Hotel & Casino	—	—	—	1,250	10	0.63 %
Atlantis Casino Resort	—	—	—	1,750	8	0.88 %
International Game Technology PLC	—	—	—	2,250	6	1.13 %
<b>Total Washoe Covered Employment</b>	<u><u>227,275</u></u>			<u><u>199,079</u></u>		

Note: Each of the years reflect respective 4th quarter calendar year information. Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation outsources the publication of this information to Infogroup. Infogroup publishes employee counts in ranges of 5000. The number of employees are estimated using the midpoint.

Source: Nevadaworkforce.com

Nevada Employment and Unemployment Data (DES and Laus)

Washoe County Schedule 4.2

Truckee Meadows Water Authority  
Schedule No. 13 - Customer and Water Sales by Category  
Last Ten Fiscal Years

2022				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	640	0.47 %	\$ 2,730,559	2.52 %
Residential metered	123,700	91.74 %	77,184,825	71.35 %
Commercial metered	6,967	5.17 %	12,587,162	11.64 %
Other <sup>(2)</sup>	3,535	2.62 %	14,408,203	13.32 %
Wholesale	2	— %	1,262,221	1.17 %
<b>Total</b>	<b>134,844</b>	<b>100.00 %</b>	<b>\$ 108,172,970</b>	<b>100.00 %</b>
2021				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	673	0.51 %	\$ 2,423,033	2.21 %
Residential metered	120,074	91.46 %	79,124,628	72.05 %
Commercial metered	10,545	8.03 %	12,041,548	10.96 %
Other <sup>(2)</sup>	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
<b>Total</b>	<b>131,296</b>	<b>100.00 %</b>	<b>\$ 109,822,836</b>	<b>100.00 %</b>
2020				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	652	0.51 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.41 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other <sup>(2)</sup>	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
<b>Total</b>	<b>127,022</b>	<b>100.00 %</b>	<b>\$ 102,487,078</b>	<b>100.00 %</b>
2019				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	663	0.53 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.32 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other <sup>(2)</sup>	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
<b>Total</b>	<b>124,762</b>	<b>100.00 %</b>	<b>\$ 101,776,649</b>	<b>100.00 %</b>
2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other <sup>(2)</sup>	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
<b>Total</b>	<b>122,677</b>	<b>100.00 %</b>	<b>\$ 95,472,797</b>	<b>100.00 %</b>

**Truckee Meadows Water Authority**  
**Schedule No. 13 - Customer and Water Sales by Category**  
**Last Ten Fiscal Years**

2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other <sup>(2)</sup>	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	<u>120,569</u>	<u>100.00 %</u>	<u>\$ 92,687,260</u>	<u>100.00 %</u>
2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential metered	106,730	89.94 %	60,198,267	68.76 %
Commercial metered	9,873	8.32 %	11,026,132	12.60 %
Other <sup>(2)</sup>	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	<u>118,669</u>	<u>100.00 %</u>	<u>\$ 87,534,332</u>	<u>100.00 %</u>
2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	6,224	5.15 %	\$ 9,366,307	10.87 %
Residential Metered	100,446	83.12 %	51,796,871	60.09 %
Commercial and Irrigation	9,648	7.98 %	11,339,953	13.16 %
Other <sup>(2)</sup>	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
Total	<u>120,848</u>	<u>100.00 %</u>	<u>\$ 86,186,698</u>	<u>100.00 %</u>
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential metered	76,422	79.98 %	44,137,033	55.73 %
Commercial metered	8,743	9.15 %	10,755,824	13.58 %
Other <sup>(2)</sup>	4,008	4.19 %	10,720,156	13.54 %
Wholesale	2	— %	3,845,593	4.86 %
Total	<u>95,554</u>	<u>100.00 %</u>	<u>\$ 79,190,417</u>	<u>100.00 %</u>
2013				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	6,927	7.31 %	\$ 10,288,324	12.87 %
Residential metered	75,113	79.31 %	43,957,551	55.01 %
Commercial metered	8,702	9.19 %	10,885,539	13.62 %
Other <sup>(2)</sup>	3,965	4.19 %	11,031,924	13.81 %
Wholesale	2	— %	3,748,276	4.69 %
Total	<u>94,709</u>	<u>100.00 %</u>	<u>\$ 79,911,614</u>	<u>100.00 %</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

<sup>(1)</sup> Water Revenues are revenues that are billed and estimated for the fiscal year periods. Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

<sup>(2)</sup> Includes non metered private fire protection services located on the premises of commercial and some residential customers.



**Truckee Meadows Water Authority**  
**Schedule No. 14 - Schedule of Insurance Coverage**  
**June 30, 2022**

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2021 to 6/11/2022	Blanket limit of \$250,000,000 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$25,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2021 to 6/11/2022	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000 Inland Marine Physical Damage \$903,431. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2021 to 6/11/2022	First Layer Excess Liability limit of \$10,000,000.
	Travelers Insurance Company	6/11/2021 to 6/11/2022	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2021 to 6/11/2022	Fully insured for statutory limits under Workers' Compensation with no deductible. Policy also provides \$1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/2021 to 6/11/2022	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2021 to 6/11/2022	Employee Theft/Forgery or Alteration Computer Fraud/ Funds Transfer Fraud \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance \$1,000,000.
	Zurich		Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Houston Casualty Company	6/11/2021 to 6/11/2022	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption \$4,000,000. Crisis Management Expenses \$1,000,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2022	Ransom, In-Transit Delivery, Expenses, Judgements, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000

Truckee Meadows Water Authority  
 Schedule No. 15 - Authorized Full-Time Equivalent Employees by Department <sup>(1)</sup>  
 Last Ten Fiscal Years <sup>(2)</sup>

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Administration/IT	38	32	33	30	28	25	28	22	20	18
Supply/Treatment Operations	48	48	48	44	40	40	32	30	31	26
Distribution Maintenance	78	72	71	71	65	65	63	62	48	45
Hydroelectric	8	7	8	7	7	7	6	6	6	7
Customer Service/Conservation	22	23	26	23	23	25	25	24	20	26
Water Planning/Resources	19	19	15	15	15	17	19	19	13	15
Engineering/Construction	31	30	30	31	28	25	24	23	14	15
Total Authorized Employees	<u>244</u>	<u>231</u>	<u>231</u>	<u>221</u>	<u>206</u>	<u>204</u>	<u>197</u>	<u>186</u>	<u>152</u>	<u>152</u>

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

<sup>(1)</sup> Source - Truckee Meadows Water Authority Budget

<sup>(2)</sup> The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions at year-end.

**Truckee Meadows Water Authority**  
**Schedule No. 16 - Current and Historical Water Rates**  
**Last Five Fiscal Years**

Fiscal Year															
2022			2021			2020			2019			2018			
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	

**Customer Charges by Meter Size**

3/4"	20.66	19.42	10.58	20.16	18.95	10.32	19.67	18.49	10.07	19.67	18.49	10.07	19.67	18.49	10.07
1"	22.73	24.99	12.95	22.18	24.38	12.63	21.64	23.79	12.32	21.64	23.79	12.32	21.64	23.79	12.32
1 1/2"	25.86	35.74	18.36	25.23	34.87	17.91	24.61	34.02	17.47	24.61	34.02	17.47	24.61	34.02	17.47
2"	29.98	47.65	n/a	29.25	46.49	n/a	28.54	45.36	n/a	28.54	45.36	n/a	28.54	45.36	n/a
3"	34.10	76.74	n/a	33.27	74.87	n/a	32.46	73.04	n/a	32.46	73.04	n/a	32.46	73.04	n/a
4"	39.23	112.39	n/a	38.27	109.65	n/a	37.34	106.98	n/a	37.34	106.98	n/a	37.34	106.98	n/a
6"	45.47	204.93	n/a	44.36	199.93	n/a	43.28	195.05	n/a	43.28	195.05	n/a	43.28	195.05	n/a

**Commodity Charge (all meter sizes)**

TMWA Tier 1	1.92			1.87			1.82			1.82			1.82		
TMWA Tier 2	3.10			3.02			2.95			2.95			2.95		
TMWA Tier 3	3.63			3.54			3.45			3.45			3.45		
WC Tier 1		2.92			2.85			2.78			2.78			2.78	
WC Tier 2		3.65			3.56			3.47			3.47			3.47	
WC Tier 3		4.38			4.27			4.17			4.17			4.17	
WC Tier 4		5.85			5.71			5.57			5.57			5.57	
STMGID Tier 1			1.52			1.48			1.44			1.44			1.44
STMGID Tier 2			2.01			1.96			1.91			1.91			1.91
STMGID Tier 3			2.46			2.40			2.34			2.34			2.34
STMGID Tier 4			2.88			2.81			2.74			2.74			2.74
STMGID Tier 5			3.04			2.97			2.90			2.90			2.90

*Above rates are for metered single family residential service.*

**Monthly Base Rates Unmetered by Size**

3/4"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
1"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
1 1/2"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
2"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
3"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
4"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*Above rates are for unmetered single family residential service.*

*TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, February 2014, June 2016, May 2017, May 2018, June 2021, and June 2022.*

**Truckee Meadows Water Authority**  
 Schedule No. 17 - Selected Operating and Capital Indicators  
 Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Miles of water mains	2,095	2,064	2,048	2,019	1,986	1,961	1,940	1,915	1,341	1,337
Number of storage tanks	97	96	95	95	93	93	93	93	42	42
Number of finished water storage	2	2	2	2	2	2	2	2	2	2
Number of pump stations	117	115	115	114	113	113	121	112	93	94
Number of wells	100	99	99	100	82	81	79	86	32	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	34.5	34.5	37.5	37.5	37.5
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	90.0	90.0	95.0	95.0	95.0
Longley Lane	3.6	3.6	3.6	3.6	3.6	3.6	3.6	—	—	—
Mt. Rose	4	—	—	—	—	—	—	—	—	—

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Truckee Meadows Water Authority  
Schedule No. 18 - Schedule of Changes in Debt  
Last Ten Fiscal Years

	Final Maturity Date	Authorized	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
			June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 955,680	\$ 1,254,482	\$ 1,543,918	\$ 1,824,283	\$ 2,095,861	\$ 2,358,926	\$ 2,613,744	\$ 2,860,578	\$ 3,099,675	\$ 3,331,277
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	—	—	—	—	—	—	—	890,000	34,795,000	35,620,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	—	—	—	—	—	—	400,000	148,415,000	148,785,000	149,140,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	—	—	—	—	—	—	214,290,000	214,800,000	215,285,000	215,745,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	927,515	1,051,184	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527	1,793,196	1,916,866	2,040,534
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	—	—	9,435,000	19,855,000	28,240,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	2,360,812	2,615,367	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013	3,981,798	4,184,928	4,381,614
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	2,880,336	3,788,098	4,670,879	5,529,367	6,364,231	7,176,120	7,965,667	8,733,487	—	—
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	23,295,000	24,290,000	25,260,000	26,185,000	27,070,000	27,920,000	28,750,000	28,750,000	—	—
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	15,000,000	6,954,935	7,379,340	7,792,841	8,195,717	8,589,045	8,971,562	8,239,034	—	—	—
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	—	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	7/1/2030	147,415,000	126,285,000	136,880,000	147,415,000	147,415,000	147,415,000	147,415,000	—	—	—	—
2018 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	—	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	11,215,000	13,000,000	—	—	—	—	—	—	—	—
Subtotal			338,499,278	353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,469	438,498,425
Less unamortized net bond discount (premium)			(33,350,078)	(37,790,068)	(42,447,151)	(47,320,705)	(52,014,598)	(51,182,862)	(28,441,399)	(3,673,290)	(35,590)	(661,198)
Total debt before tax exempt commercial paper			371,849,356	391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,059	439,159,623
Tax-Exempt Commercial Paper		\$ 53,600,000	—	—	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000	95,000,000	68,000,000	68,000,000
Total Debt			<u>\$ 371,849,356</u>	<u>\$ 391,673,539</u>	<u>\$ 412,791,489</u>	<u>\$ 427,994,101</u>	<u>\$ 441,927,520</u>	<u>\$ 458,315,682</u>	<u>\$ 508,731,384</u>	<u>\$ 518,332,349</u>	<u>\$ 495,957,059</u>	<u>\$ 507,159,623</u>

Truckee Meadows Water Authority  
Schedule No. 19 - Debt by Service Connection  
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Total Debt	\$ 338,499,278	\$ 353,883,471	\$ 354,344,338	\$ 357,173,396	\$ 359,912,922	\$ 323,732,820	\$ 392,489,985	\$ 419,659,060	\$ 427,921,468	\$ 438,498,425
Total Service Connections	131,632	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070	88,268
Debt per Service Connection	<u>\$ 2,572</u>	<u>\$ 2,744</u>	<u>\$ 2,769</u>	<u>\$ 2,837</u>	<u>\$ 2,906</u>	<u>\$ 2,663</u>	<u>\$ 3,277</u>	<u>\$ 3,664</u>	<u>\$ 4,804</u>	<u>\$ 4,968</u>

Note: Service Connections include residential and commercial connections only. Irrigation, fire protection, and wholesale connections have been excluded.

\* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

Compliance Section  
**Truckee Meadows Water Authority**



**Independent Auditor’s Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate remaining fund information of Truckee Meadows Water Authority (TMWA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise TMWA’s basic financial statements, and have issued our report thereon dated December 28, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA’s internal control. Accordingly, we do not express an opinion on the effectiveness of TMWA’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.



**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TMWA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**TMWA's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on TMWA's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. TMWA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
December 28, 2022



**Independent Auditor's Report on Compliance for the Major Federal Program;  
Report on Internal Control Over Compliance**

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Truckee Meadows Water Authority's (TMWA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the TMWA's major federal program for the year ended June 30, 2022. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, TMWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TMWA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of TMWA's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to TMWA's federal program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TMWA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TMWA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TMWA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TMWA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
December 28, 2022



## Auditor's Comments

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2022, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding TMWA's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

### Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

### Progress on Prior Year Statute Compliance

There were no potential statute violations reported in the June 30, 2021 audit report.

### Prior Year Recommendations

There were no findings for the year ended June 30, 2021.

### Current Year Recommendations

Our current year recommendation is included in the schedule of findings and questioned costs.

A handwritten signature in black ink that reads "EideBailly LLP".

Reno, Nevada  
December 28, 2022

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing Number</u>	<u>Award or Pass- Through Entity Identifying Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
<b><u>U.S. Department of Homeland Security (DHS):</u></b>				
Passed through Nevada Department of Public Safety Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TMWAC04	\$ 314,902	\$ —
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TMWAD01v1	1,767,144	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	143060	71,409	—
<b>Total U.S. Department of Homeland Security</b>			<u>2,153,455</u>	<u>—</u>
<b><u>U.S. Environmental Protection Agency (EPA):</u></b>				
Passed through One Truckee River:				
Nonpoint Source Implementation Grants	66.460	DEPS 22-011	11,196	—
<b>Total U.S. Environmental Protection Agency</b>			<u>11,196</u>	<u>—</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,164,651</u>	<u>\$ —</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Truckee Meadows Water Authority (TMWA) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TMWA, it is not intended to and does not present the financial position, changes in net position, or cash flows of TMWA.

**Note 2 - Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

TMWA has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	No

**Identification of Major Program:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



**Section II – Financial Statement Findings:**

**2022-001: Financial Statement and Reconciliation Controls  
Significant Deficiency**

*Criteria:* TMWA is to provide GAAP basis financial data for preparation of the annual financial statement . The Governmental Accounting Standards Board (GASB) Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* provides guidance for the Statement of Cash Flows required to be presented under GAAP.

*Condition:* Based on audit procedures performed, we identified the Statement of Cash Flows has historically been prepared by management to focus on both cash and investments and should only focus on activity that relates to cash and cash equivalents as described in GASB Statement No. 9. This resulted in a restatement to Cash and cash equivalents, July 1, 2020 to restate the amount to only cash and cash equivalents as defined by GASB and remove investment amounts from the total.

*Cause:* TMWA had internal controls over the financial statement reconciliation and based on the nature of their investment policies, all amounts are available on demand and are therefore, classified as cash equivalents. However, the policy did not adequately consider the external financial reporting presentation required by GASB Statement No. 9.

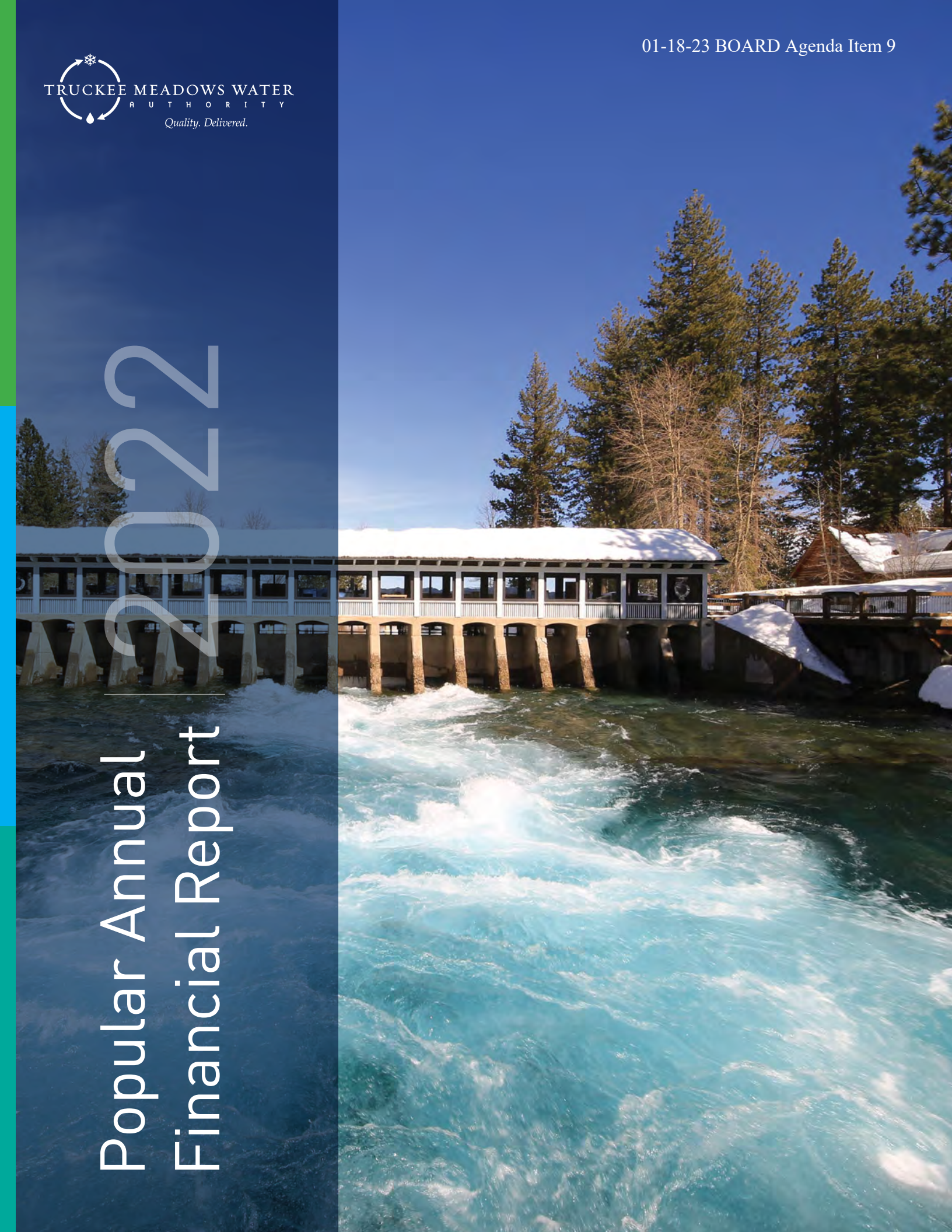
*Effect:* Cash and cash equivalent included investment balances in the statement of cash flows which required a prior period adjustment as of July 1, 2020 to properly reflect the cash and cash equivalent as defined under GASB Statement No. 9.

*Recommendation:* We recommend TMWA revisit how cash and equivalents are defined within policies and financial statement disclosures and to ensure that only cash and cash equivalents are included as the focus of the cash flow statements prepared within the financial statements moving forward.

*Views of Responsible Officials:* TMWA agrees with this finding.

2022

Popular Annual  
Financial Report





*This Popular Annual Financial Report is based on accounting standards and audited information that is fully represented in TMWA's Annual Comprehensive Financial Report, which can be found at [tmwa.com/financial-information](http://tmwa.com/financial-information).*

*Chalk Bluff Water Treatment Plant  
(Cover image: The Truckee River, flowing from the Tahoe Dam)*

## TO OUR CUSTOMERS

TMWA exists to meet the drinking water needs of our community. Created in 2001 through a joint-powers agreement between Reno, Sparks and Washoe County, we are governed by a Board of Directors that has representatives from each entity.

As a community-owned, non-profit utility, we focus on maintaining high levels of efficiency. We strive to keep operating costs low and our production capabilities robust—while keeping the delivery of exceptional water our highest priority.

By reading this report, customers will understand how TMWA accomplishes the goals above from a financial perspective. When economic conditions become challenging, as proven in 2008 and again this year, TMWA's financial approach gets tested.

Currently in the face of inflation and interest rate increases, TMWA remains in a solid financial position. Key shifts were made in recent years to hold only fixed-rate bonds. Additionally, as inflation drove up energy costs (TMWA's largest operating expense), our hydroelectric power generation income buffered the impact. Our customers have helped, too. When costs for paper billing and postage doubled last year, our call for paperless billing resulted in approximately \$183,000 per year saved in postage alone!

In 2022 TMWA's diligent approach to financial management was formally recognized, with the utility earning top-line investment ratings as a AAA agency. More about this significant achievement can be found on page 7, and other national level recognitions TMWA has received can be found on page 8.

This is a summary of a more extensive Annual Comprehensive Financial Report (ACFR), which is externally audited. The ACFR must be approved by the Board of Directors and filed with the Nevada Department of Taxation each year. Access to TMWA's current financial reports can be found at [tmwa.com/financial-information](https://tmwa.com/financial-information).

It's our honor to serve our community with transparency and integrity, and we appreciate your interest in TMWA's finances.



Matt Bowman  
Chief Financial Officer  
Truckee Meadows Water Authority

## TRUCKEE MEADOWS WATER AUTHORITY'S MULTI-JURISDICTIONAL GOVERNING BOARD

Truckee Meadows Water Authority (TMWA) is a not-for-profit, community-owned water utility. Its Board of Directors is comprised of seven elected officials and citizen appointees from Reno, Sparks, and Washoe County. TMWA has no financial interdependence with any of its member agencies.

While representing each jurisdiction, board members collectively make policy decisions and issue directives with a regional perspective. This leadership body oversees TMWA's ongoing mission fulfillment to provide exceptional, high-quality drinking water to residents throughout the Truckee Meadows.



**VAUGHN HARTUNG**  
**Chairman**  
 Washoe County  
 Commissioner



**KRISTOPHER DAHIR**  
**Vice Chairman**  
 Sparks City Council Member



**PAUL ANDERSON**  
**Director**  
 Sparks City Council Member



**JENNY BREKHUS**  
**Director**  
 Reno City Council Member



**NAOMI DUERR**  
**Director**  
 Reno City Council Member



**DEVON REESE**  
**Director**  
 Reno City Council Member



**ALEXIS HILL**  
**Director**  
 Washoe County Commissioner

### SENIOR MANAGEMENT

**JOHN ZIMMERMAN**  
 General Manager

**MATT BOWMAN, CPA**  
 Chief Financial Officer

**ANDY GEBHARDT**  
 Director of Distribution,  
 Maintenance, and Generation

**DANNY ROTTER, PE**  
 Director of Engineering

**JESSICA ATKINSON**  
 Director of Human Resources

**STEFANIE MORRIS, ESQ.**  
 Director of Legal  
 and Regulatory Affairs

**JOHN ENLOE, PE**  
 Director of Natural Resources  
 Planning, and Management

**WILL RAYMOND**  
 Director of Operations  
 and Water Quality

## YOUR WATER AUTHORITY

TMWA provides drinking water to over 440,000 residents in Reno, Sparks, and Washoe County — a service area that stretches 170.9 square miles. The primary source of water is the Truckee River, which flows from Lake Tahoe and other tributaries in the watershed upstream of the Truckee Meadows. The lowest elevation point in TMWA’s distribution infrastructure is 3,983 feet, and the highest point is 6,676 feet, which is above the elevation of Lake Tahoe. Delivering water across this topographic area includes maintaining nearly 280 pressure zones.

### WATER DELIVERY

4

Number of water treatment facilities

187+

Million Gallons per Day (MGD)  
Maximum drinking water production capacity

100%

Safe Drinking Water Act compliance

### WHO WE SERVE

131,632

Customer accounts

440,000+

Residents

170.9 sq.mi.

Service area

### ASSETS

\$780m

Capital asset investment since 2001

2,802

Miles of pressurized mainline

\$1,045m

Total capital assets

### FY 2022 PERFORMANCE

\$114.6m

Operating revenue

\$98.6m

Operating expenses

\$12.0m

Interest expense

### FINANCIAL RATINGS

Aa2

Moody's

AA+

S&P

AAA

Fitch



The Highland Canal

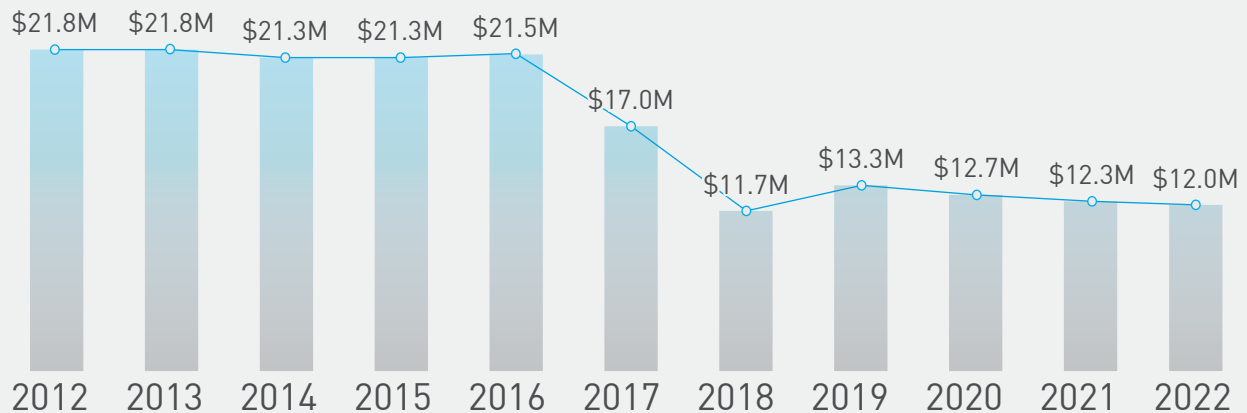
## MEETING OUR OBLIGATIONS

By issuing bonds to purchase Sierra Pacific Power Company's water business in 2001, TMWA became responsible for the debt repayment of \$452 million. This important investment secured local control of our water resources. TMWA's diligent and strategic management of its financial obligations since then is part of the reason Moody's, S&P, and Fitch have upgraded TMWA's ratings over the years.

This disciplined approach has been successful. Over the past decade, TMWA has reduced interest expense by nearly 50% and has paid down its principal by \$137 million. As of June 30, 2022, TMWA's total outstanding debt was \$372 million.

An important aspect of this pay-down strategy has been accomplished through the refunding of older bonds and issuing newer ones with a lower interest rate. Proactive approaches like this have helped strengthen TMWA's financial ratings, while also paying off debt faster.

### TMWA'S REDUCED INTEREST EXPENSE OVER THE PAST 10 YEARS



## TMWA RECEIVES AAA RATING FROM FITCH

Much like a personal credit score, ratings are used to help validate the financial standing and creditworthiness of institutions across the country—including TMWA. These ratings are provided by agencies that are nationally recognized by the US Securities and Exchange Commission. The top three rating agencies in the United States are Moody’s Investors Service, Standard and Poors Global Ratings (S&P) and Fitch Ratings.

While TMWA has enjoyed “high grade” ratings consistently for years, in the last fiscal year the utility was upgraded to the top-tier “AAA” rating from Fitch. According to Fitch’s March 2022 assessment report, **“The upgrade is further supported by the resilience of the service area during the recent economic contraction, which demonstrated an increasingly diversified and much-improved service territory as compared to a decade ago.”**

“Having a AAA bond rating helps TMWA secure lower interest rates, essentially making cash more available and affordable. This helps us fund big projects when needed. It also allows us to have a very proactive approach in doing what’s needed to fund and maintain the infrastructure that serves our community.”

- Matt Bowman, Chief Financial Officer  
Truckee Meadows Water Authority

### THE ‘AAA’ CHECKLIST

With high grade credit ratings, TMWA’s ability to issue ‘investment-grade’ bonds to fund its capital projects is enhanced. At this level investors can look at TMWA with a high level of confidence that they will get their investment back.

The key drivers and profile considerations that were cited when TMWA received its AAA rating from Fitch include:



Very low operating cost burden



Moderate investment needs



Water system treatment capacity



Drought resiliency by combined surface and groundwater supplies



Water rates are kept affordable for the vast majority of customer (based on local income levels)



Practice of a ‘growth pays for growth’ policy



## WHERE TMWA STANDS

TMWA stands tall on the hierarchy of credit ratings categories. The table below demonstrates TMWA’s financial position, according to the top three rating agencies in the United States.

Bond Rating			Rating Category
FITCH	MOODY’S	S&P	
✓ AAA	Aaa	AAA	✓ PRIME
AA+	Aa1	✓ AA+	✓ HIGH GRADE
AA	✓ Aa2	AA	
AA-	Aa3	AA-	UPPER MEDIUM GRADE
A+	A1	A+	
A	A2	A	
A-	A3	B	LOWER MEDIUM GRADE
B +/-	Baa 1 2 3	BBB +/-	

Bond ratings are expressed as letters ranging from “AAA” or “Aaa” which is the highest grade, to “D” (“junk”), which is the lowest grade. Different rating services use the same letter grades but use various combinations of uppercase and lowercase letters to differentiate themselves.

### OTHER NOTABLE AREAS OF TMWA RECOGNITION

**WaterReuse Association – President’s Award**

Joint Recognition with OneWater Nevada, Community Water Champion

**Partnership for Safe Water – President’s Award**

Water Treatment System, Chalk Bluff Water Treatment Plant

**American Public Works Association, Nevada Chapter – Project of the Year**

Historic Restoration / Preservation, Fleish Hydroelectric Power Plant Flume

**American Water Works Association – Exemplary Source Water Protection**

Regional Collaboration, Truckee River Watershed

**Truckee Meadows American Society of Civil Engineers – Project of the Year**

Joint Recognition with OneWater Nevada, Advanced Purified Water Demonstration Project



## ADVANCING TMWA'S CLIMATE RESILIENCY

### Researching Groundwater Capacity at American Flat

Managing groundwater in tandem with surface water has been a key component of TMWA's drought resiliency approach. In fact, through its Aquifer Storage and Recovery program, TMWA adds potable water from the Truckee River and Whites Creek into aquifers at numerous well sites throughout the region.

Since 2017, in collaboration with the City of Reno, Washoe County and the University of Nevada, TMWA has been using A+ Advanced Purified Water to test groundwater storage capabilities at the American Flat aquifer. The "American Flat Injection and Feasibility Study," completed last spring, determined that up to two million gallons of water per day could be recharged into the aquifer. To further this project, TMWA and City of Reno have entered into an Interlocal Agreement to share in the cost of construction, which is expected to happen over the next several years at a cost of approximately \$120m.

Upon development, water storage at American Flat could offer the region an expanded local, reliable, drought-proof source of water. To learn more about American Flat and advanced water purification technologies that could optimize the use of water in our region, go to [onewaternevada.com](http://onewaternevada.com).

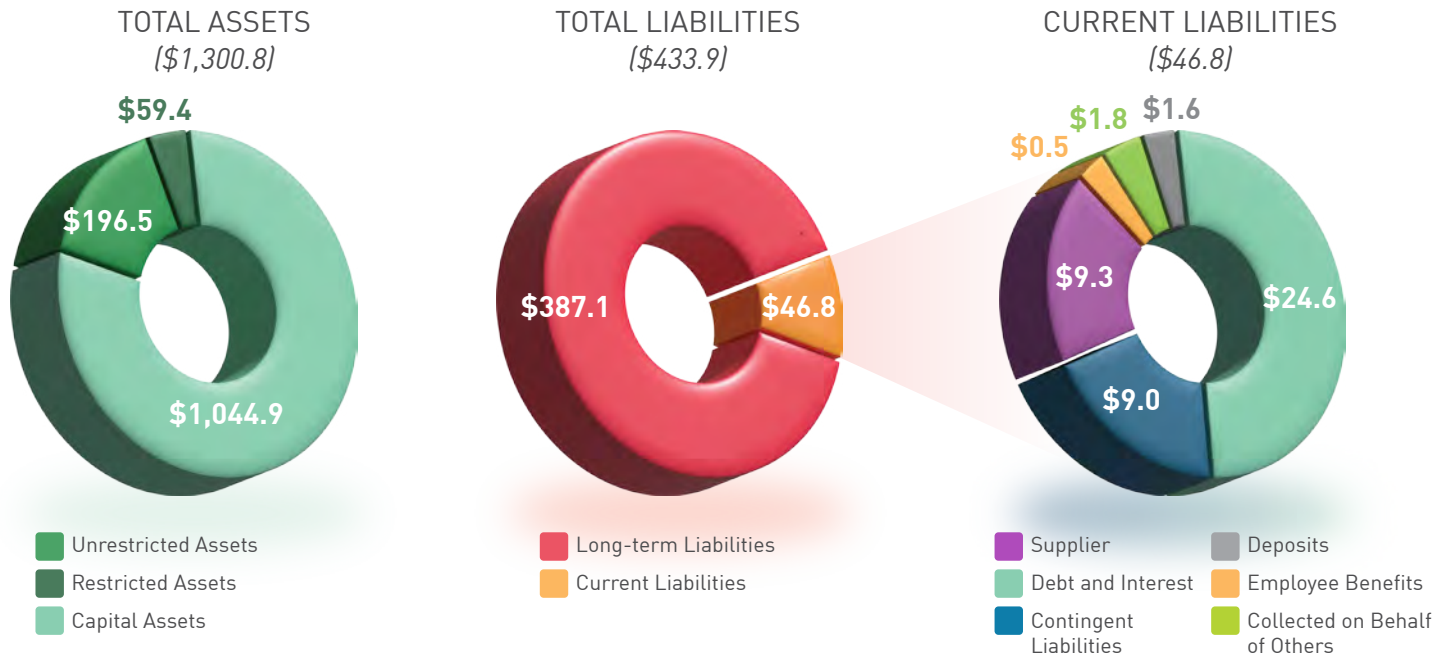


*Drilling at American Flat*

## THE BIG PICTURE ON TMWA'S FINANCIAL POSITION

**Net Position** provides a point-in-time 'snapshot' of the financial status for governmental organizations. Much like a balance sheet, Net Position provides insight into what government agencies own (assets) and what they owe (liabilities) at the end of each fiscal year.

### AT-A-GLANCE *(in millions)*



### STATEMENT OF NET POSITION *(in millions)*

	2022	2021	2020	2019
Unrestricted Current Assets	189.4	192.8	168.7	171.1
Restricted Current Assets	33.3	31.1	27.7	15.7
Long-Term Restricted and Other Assets	26.1	27.3	29.8	29.5
Net OPEB Asset	6.0	3.4	2.3	-
Capital Assets, net	1,052.0	1,027.0	1,007.7	980.7
<b>Total Assets</b>	<b>1,300.8</b>	<b>1,276.9</b>	<b>1,236.2</b>	<b>1,197.0</b>
Deferred Outflow of Resources	22.4	12.8	14.9	14.1
<b>Total Assets and Deferred Outflow of Resources</b>	<b>1,323.3</b>	<b>1,289.2</b>	<b>1,251.1</b>	<b>1,211.1</b>
Total Current Liabilities	46.8	47.2	47.9	47.1
Long Term Debt Outstanding	355.4	376.3	383.3	401.7
Net Pension and Other Current Liabilities	28.6	42.2	43.5	41.6
<b>Total Liabilities</b>	<b>433.9</b>	<b>469.2</b>	<b>474.7</b>	<b>490.4</b>
Deferred Inflow of Resources	29.1	6.4	6.7	2.5
<b>Total Liabilities and Deferred Inflow of Natural Resources</b>	<b>463.0</b>	<b>475.6</b>	<b>481.4</b>	<b>492.9</b>
Net Investment in Capital Assets	693.0	649.1	617.5	573.2
Restricted	52.4	50.7	50.0	37.6
Unrestricted	114.8	114.4	102.2	107.3
<b>Total Net Position</b>	<b>860.3</b>	<b>814.2</b>	<b>769.7</b>	<b>718.1</b>

## CHANGES IN NET POSITION

**Changes in Net Position** (formally, the Statement of Revenues, Expenses and Changes in Net Position) is a financial statement focusing on a particular time period. This statement below covers TMWA's fiscal year from July 1 to June 30. Much like an income statement, it describes four key items—revenue, expenses, gains (through contributions), and losses.

### CHANGES IN NET POSITION *(in millions)*

	2022	2021	2020	2019
Operating Revenues	114.6	115.4	108.1	107.1
Operating Expenses	98.6	98.2	94.1	92.5
<b>Operating Income</b>	<b>16.0</b>	<b>17.2</b>	<b>14.0</b>	<b>14.6</b>
Nonoperating Revenues (Expenses), net	(21.5)	(14.1)	(6.6)	(6.7)
<b>Income before Capital Contributions</b>	<b>(5.5)</b>	<b>3.1</b>	<b>7.4</b>	<b>7.9</b>
Capital Contributions	51.6	41.4	44.2	42.2
<b>Change in Net Position</b>	<b>46.1</b>	<b>44.4</b>	<b>51.6</b>	<b>50.1</b>
Net Position — Beginning of Year	814.2	769.7	718.1	668.0
<b>Net Position — End of Year</b>	<b>860.3</b>	<b>814.2</b>	<b>769.7</b>	<b>718.1</b>



To view TMWA's complete financial statements, visit the Annual Comprehensive Financial Report at [tmwa.com/financial-information](https://tmwa.com/financial-information).

### EXPLANATION OF TERMS

**UNRESTRICTED ASSETS:** Assets such as cash, accounts receivable, deposits, and prepaid expenses that can be used and managed with flexibility.

**RESTRICTED ASSETS:** Assets that must be used for specific purposes, primarily the repayment of debt.

**CAPITAL ASSETS:** Fixed physical assets, such as water mains, treatment plants, pump and pressure regulating stations, water tanks, vehicles, etc.

**DEFERRED FLOW OF RESOURCES:** Accounting for revenue or expenses that will occur in the future.

**TOTAL NET POSITION:** Balance of a governmental organization's assets against its liabilities.

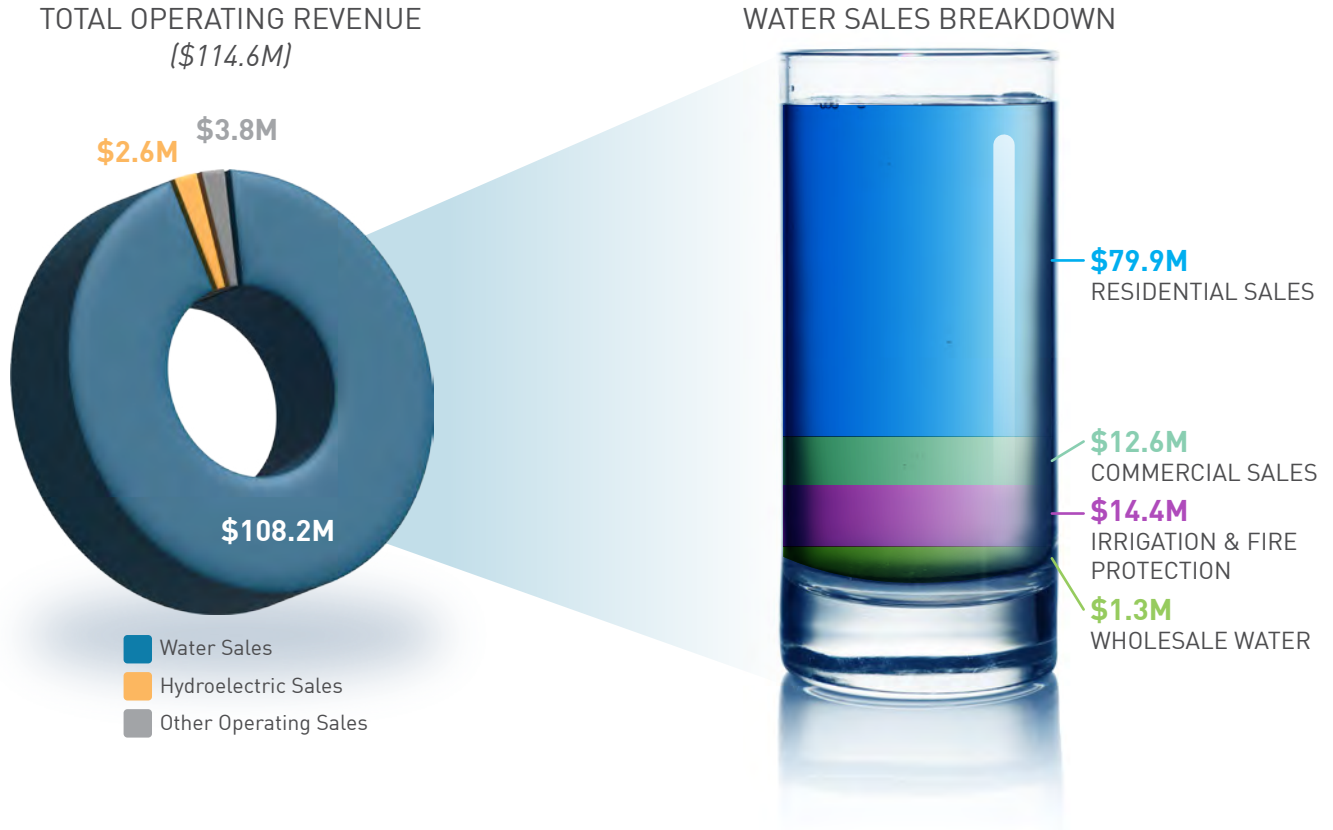
**OPERATING REVENUES:** Money generated from water, hydroelectric, and other operating sales. From this amount, operating expenses are subtracted to determine operating income.

**OPERATING EXPENSES:** Costs that are directly associated with day-to-day operation, such as wages, benefits, and services/supplies.

**NONOPERATING REVENUE OR EXPENSES:** Income or costs that are not directly attributable to core business operations (i.e., interest expense and investment income).

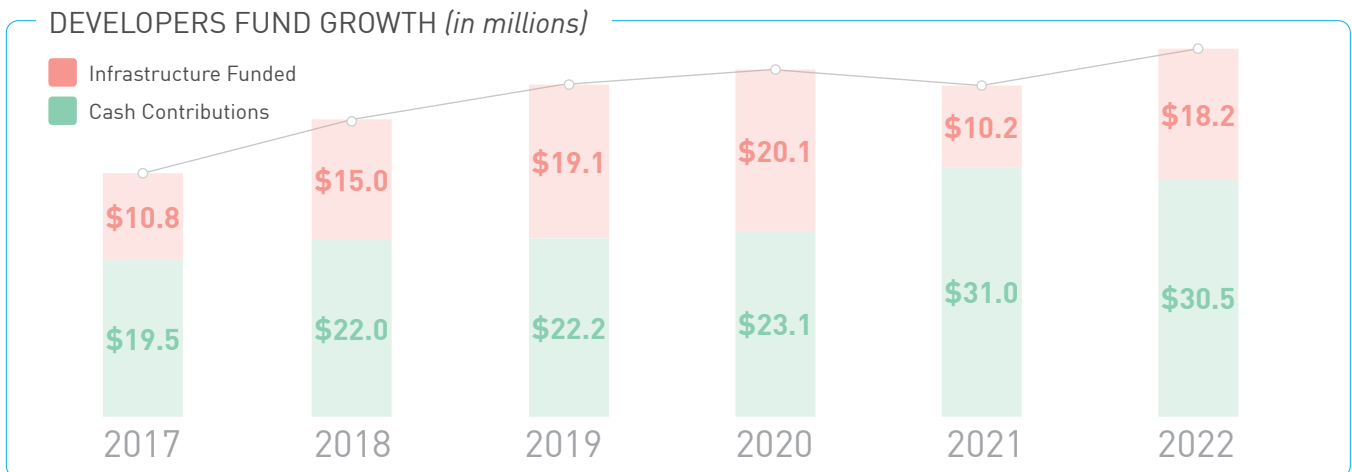
**CAPITAL CONTRIBUTIONS:** Grant proceeds or funds that are invested into TMWA's infrastructure.

## INCOMING: WATER SALES PROVIDE 94% OF TMWA'S OPERATING REVENUE



## GROWTH PAYING FOR GROWTH

Neither TMWA nor its customers underwrite or pay for new infrastructure for residential or commercial development. To protect ratepayers from the short and long-term costs of service-area expansion, cash and infrastructure contributions from developers are required. Over the past six years, total developer contributions for new growth have exceeded \$240 million. New development projects are approved by the county and cities. Water rights must be dedicated to TMWA before building can begin. For each acre-foot of surface water needed to serve new development, an additional 11% of water rights is required and must be dedicated to TMWA for drought storage.



## OUTGOING: HOW TMWA SPENDS BY THE DOLLAR

TMWA'S SPENDING ALLOCATIONS, REPRESENTED AS CENTS ON THE DOLLAR



### EXPLANATION OF EXPENSES

#### SALARIES, WAGES & EMPLOYEE BENEFITS

Compensation paid to our workforce in performing TMWA's day-to-day operations.

#### SERVICES & SUPPLIES

Non-payroll related expenses of day-to-day operations, (i.e., treatment supplies, infrastructure maintenance, distribution, customer service, etc.).

#### PRINCIPAL & INTEREST ON CUSTOMER RELATED DEBT

Principal and interest payments on all loans outstanding except those associated with service territory expansion.

#### REHABILITATIVE CAPITAL SPENDING

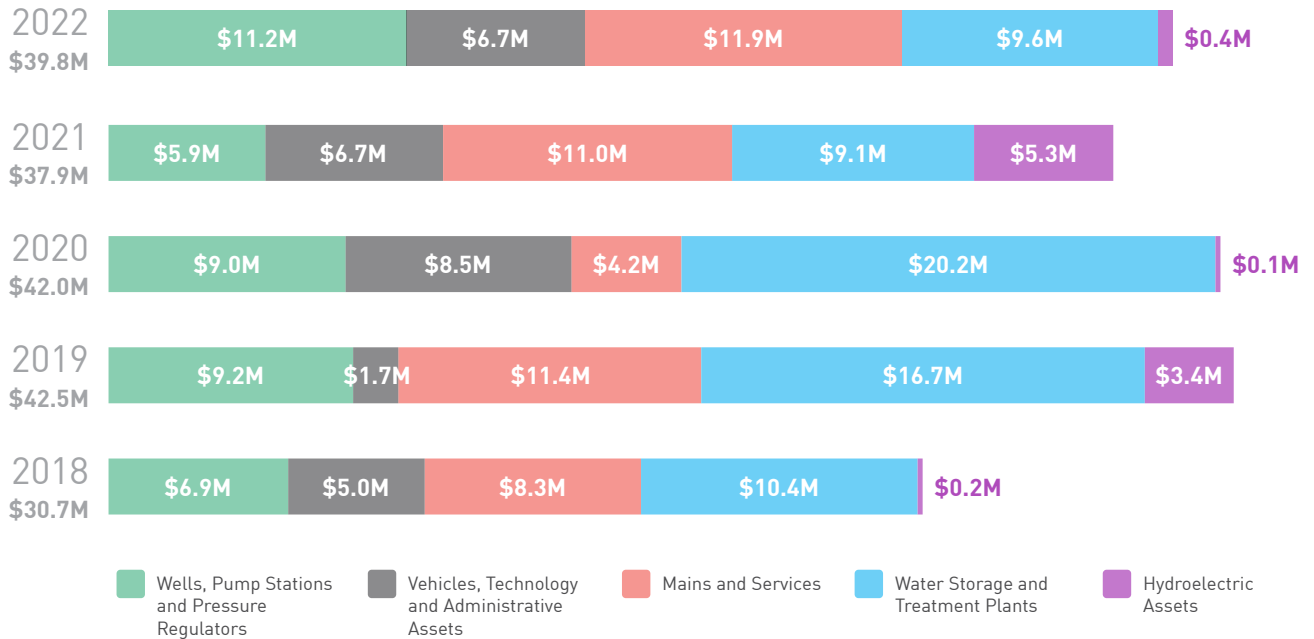
The cost of replacing and maintaining existing capital assets, (i.e., water treatment plants, infrastructure replacements, storage tanks, etc.).

## KEEPING WATER FLOWING

Day or night, when customers turn on their taps, they expect the water to flow. This means 24/7 operations for TMWA. With a system that operates constantly, there is almost always something within our extensive infrastructure that requires maintenance, rehabilitation, or replacement.

Although maintenance needs and planned project expenses can shift each year, TMWA's primary infrastructure investments are typically captured in three categories: 1) Wells, pump stations and pressure regulators; 2) mains and services; and 3) water storage and treatment plants.

### CAPITAL SPENDING BY CATEGORY



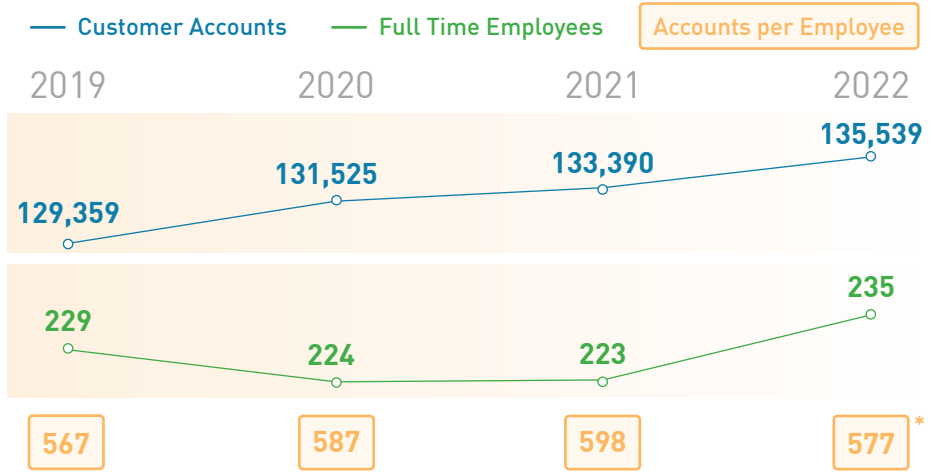
Chalk Bluff Water Treatment Plant

## MEETING NATIONAL BENCHMARKS

Each year, TMWA reviews its operational performance against benchmarking standards defined by the American Water Works Association (AWWA), which has a membership of over 4,300 that represents 80% of the water utility companies in the US. TMWA sets its performance goal targets to meet or exceed AWWA's top quartile benchmarks.

### WORKFORCE EFFICIENCY

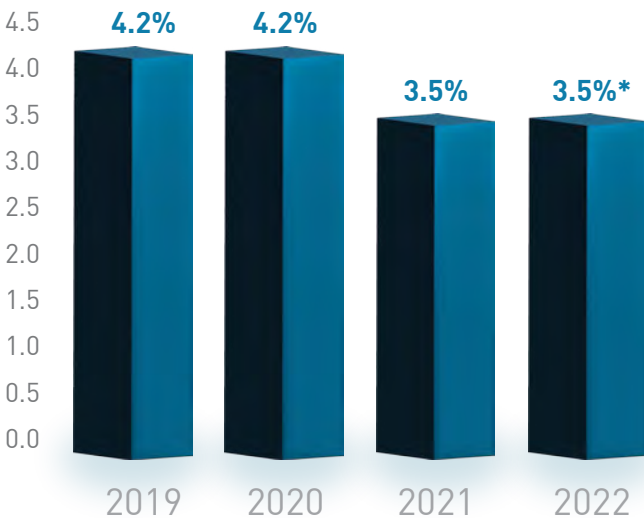
Workforce efficiency is measured by the ratio of customer accounts to employee. Workforce challenges associated with the COVID-19 pandemic can be seen in the reduction of TMWA's workforce in 2020 and 2021 due to retirements and delays in hiring; 2022 represents the correction.



\*2022 AWWA top quartile benchmark is 581

### FINANCIAL EFFECTIVENESS

Financial effectiveness is measured by the change in net position divided by total assets. This demonstrates an organization's ability to use its assets to generate income. When financial effectiveness percentages are positive, an organization is in a strong position to secure capital for major projects. TMWA frequently exceeds AWWA benchmarks for financial effectiveness as demonstrated in the chart below.



\*2022 AWWA top quartile benchmark is 3.5%





## INTEGRATING IT ALL

This document is a high-level overview of **TMWA's Annual Comprehensive Financial Report**, which offers a detailed review of multiple financial statements as well as the policies that guide TMWA's approach to managing funds.

This annual financial report gives insight into the fiscal health of TMWA's operations year after year. Beyond annual financial reporting, TMWA has an integrated planning approach across three areas of focus: Funding, Facilities, and Water Resources.

TMWA's Funding Plan projects into the next five years, whereas the Facility and Water Resource Plans look 20+ years into the future. Although these are three distinct planning efforts, the implementation of the plans is integrated.

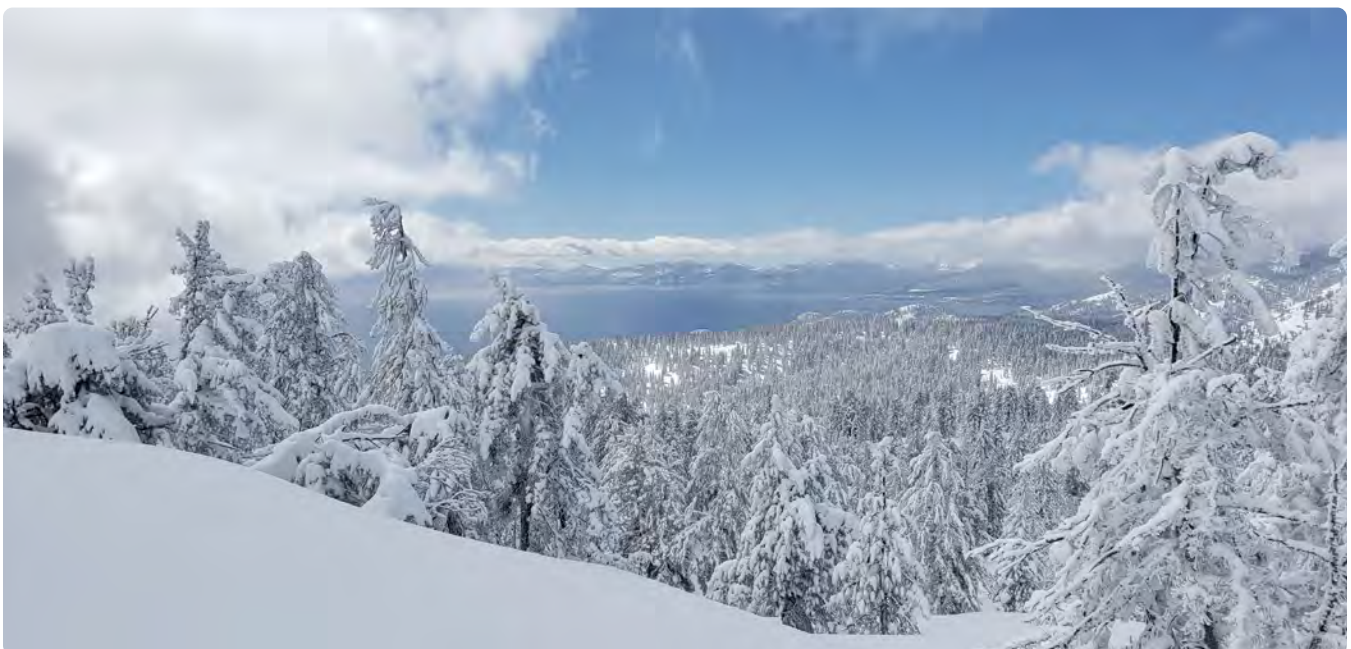
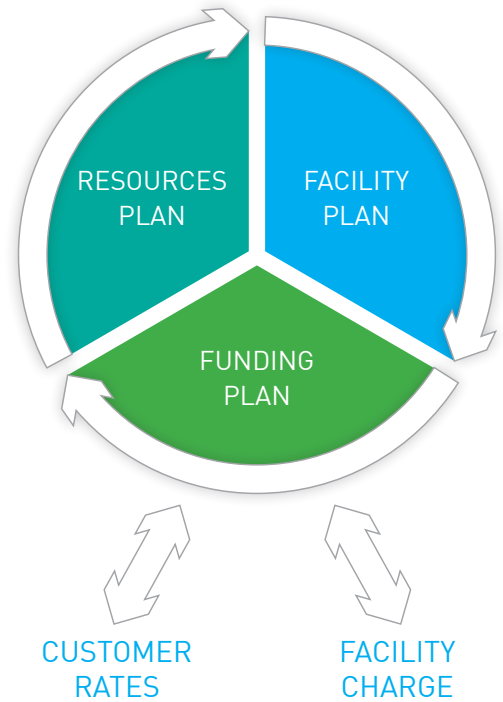
For example:

The **Water Resource Plan** estimates water supply and demand, giving insight into the facility capacity that will be needed for TMWA's future infrastructure.

The **Facility Plan** identifies the condition of TMWA's existing capital assets and project expansions needed to meet future growth, as identified in the Water Resource Plan. Facility charges are calculated based on the Facility Plan and are what builders and developers pay to connect new construction to the water system. This keeps customer rates protected from the cost of new developments, ensuring growth pays for growth.

The **Funding Plan** is a five-year operations plan that also incorporates the Five-Year Capital Improvement Plan. It is a thorough analysis of all revenues and expenses, as well as any capital improvements and infrastructure needed—with an assessment of overall spending and identification of funding options.

This integrated planning approach is how TMWA can both ensure the delivery of high-quality drinking water while keeping customer rates as low as possible for years to come. To see all of TMWA's most recent plans, go to [tmwa.com/planning](https://tmwa.com/planning).



*Winter in the Lake Tahoe Basin*



*Hydroelectric flume along  
the Truckee River*



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Sonia Folsom, Executive Assistant  
**DATE:** January 18, 2023  
**SUBJECT:** **Appointment of Trustee to the Western Regional Water Commission (WRWC) pursuant to Sec.25(4) of the WRWC Act representing TMWA as successor to South Truckee Meadows General Improvement District from the following list of qualified persons to fill the remaining term ending March 31, 2023 vacated by Member Bob Lucey: Meghan Ebert, Miguel Martinez, Devon Reese, Hillary Schieve, Kathleen Taylor, Michael Clark, Jeanne Herman, Mariluz Garcia, Charlene Bybee, Ed Lawson, and Dian VanderWell**

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### RECOMMENDATION

It is recommended that the TMWA Board appoint a member to the Western Regional Water Commission to serve the remaining term ending March 31, 2023 vacated by Commissioner Bob Lucey:

1. One member designated by the TMWA Board as South Truckee Meadows General Improvement District (STMGID) successor.

### DISCUSSION

During the 2007 legislative session, SB487 was enacted to create the Western Regional Water Commission (effective date April 1, 2008), a governing board to oversee water resources planning and management in Washoe County. The Western Regional Water Commission Act, Chapter 531, Statutes of Nevada, Section 25, provides for appointments to the Board of Trustees as follows:

**Sec. 25. 3.** The Board of Directors of the Truckee Meadows Water Authority or its successor shall appoint from its membership, for initial terms of 3 years:

- (a) One trustee who is a member of the City Council of the City of Reno;
- (b) One trustee who is a member of the City Council of the City of Sparks; and
- (c) One trustee who is a member of the Board of County Commissioners of Washoe County.

↪ The trustees appointed pursuant to this subsection must be different persons than those appointed pursuant to subsection 2.

4. The Board of Trustees of the Sun Valley General Improvement District or its successor and the Board of Trustees of the South Truckee Meadows General Improvement District or its successor shall each appoint one trustee for an initial term of 3 years.

5. The owners of the Truckee Meadows Water Reclamation Facility or its successor shall jointly appoint one trustee for an initial term of 2 years.
6. After the initial terms, each trustee who is appointed to the Board serves for a term of 2 years. A trustee may be reappointed.
7. All trustees must be elected officials. No trustee may serve beyond his term of office.
8. The position of a trustee must be considered vacated upon his loss of any of the qualifications required for his appointment, and in such event, the appointing authority shall appoint a successor to fill the remainder of the unexpired term.

The current appointees to the Western Regional Water Commission Board are as follows:

<b>Appointing Body</b>	<b>Trustee</b>
City of Reno	Councilmember Naomi Duerr
City of Sparks	Councilmember Kristopher Dahir
Washoe County	Commissioner Vaughn Hartung
TMWA (Section 3 - from TMWA Board):	Councilmember Paul Anderson (Sparks)
	Councilmember Jenny Brekhus (Reno)
	Commissioner Alexis Hill (Washoe County)
Truckee Meadows Water Reclamation Facility	Councilmember Donald Abbot (Sparks)
Sun Valley General Improvement District	SVGID Trustee Susan Severt
TMWA (Section 4 – as successor to STMGID)	<i>Vacant</i>



## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Stefanie Morris, Director of Legal and Regulatory Affairs  
Heather Edmunson, Lands Administrator  
**DATE:** January 9, 2023  
**SUBJECT:** **Public Hearing, consideration of written bids and consideration of possible oral bids for sale of surplus properties and discussion and possible action regarding approval of sale or other disposition of surplus properties consisting of approximately 4.917 acres in Washoe County, Nevada generally referred to as Assessor's Parcels 016-490-27 and 016-490-32; 016-490-50; and 038-730-37**

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### SUMMARY

On October 19, 2022, the TMWA Board approved Resolutions 309, 310, and 311 to sell surplus properties located at 14746 Pine Knolls Drive (APN:016-490-27), 0 Virginia Foothills Drive (016-490-32), 14785 Pine Knolls Drive (016-490-50) and 0 Cliff View Drive (APN: 038-730-37). The maps are attached as Exhibits 1, 2 & 3 for reference.

### DISCUSSION

In accordance with TMWA's Policy Regarding Disposal of Surplus TMWA Property, the following apply:

- Sealed bids must be opened, examined, and declared by the Board at the meeting;
- Prior to accepting any written bid, the Board must call for oral bids;
- Any responsible person may submit an oral bid on the same terms and conditions as the resolution, provided it exceeds the highest written bid by five percent (5%);
- The bid which is the highest and conforms to the terms and conditions in the resolution shall be accepted, unless a higher bid is received orally at the meeting or the Board rejects all bids; and
- Upon acceptance the bidder must provide a \$10,000 cashier's check made out to Stewart Title Company.

Staff recommends the Board individually identify each property to be sold, open the sealed bids for that property, and inquire if there are any oral bids. The Board can then proceed to name and award the highest bidder for each property and ask for the \$10,000 deposit check to be delivered to the Clerk of the Board. The Clerk will provide the check to the Lands Administrator

who will deposit the funds into an escrow account, provide the contracts for execution, and facilitate the sale.

The minimum bids and possible minimum oral bid for each property are shown below.

Sale No. 1	Parcel Acreage	Minimum Written Bid	*Possible Minimum Oral Bid
14746 Pine Knolls Lane (APN: 016-490-27)	0.29 Acres	\$ 75,000.00	\$78,750.00
0 Virginia Foothills Drive (APN: 016-490-32)	0.19 Acres		

Sale No. 2	Parcel Acreage	Minimum Written Bid	*Possible Minimum Oral Bid
14785 Pine Knolls Lane (APN: 016-490-50)	1.786 Acres	\$175,000.00	\$183,750.00

Sale No. 3	Parcel Acreage	Minimum Written Bid	*Possible Minimum Oral Bid
0 Cliff View Drive (APN: 038-730-37)	2.651 Acres	\$435,000.00	\$456,750.00

**\*Please note that the “Possible Minimum Oral Bid” is based on the Minimum Written Bid shown above and is provided as an example to show that under TMWA’s policy it must be at least 5% higher than the highest written bid. If written bids are higher than shown above, then the minimum oral bids must be increased accordingly.**

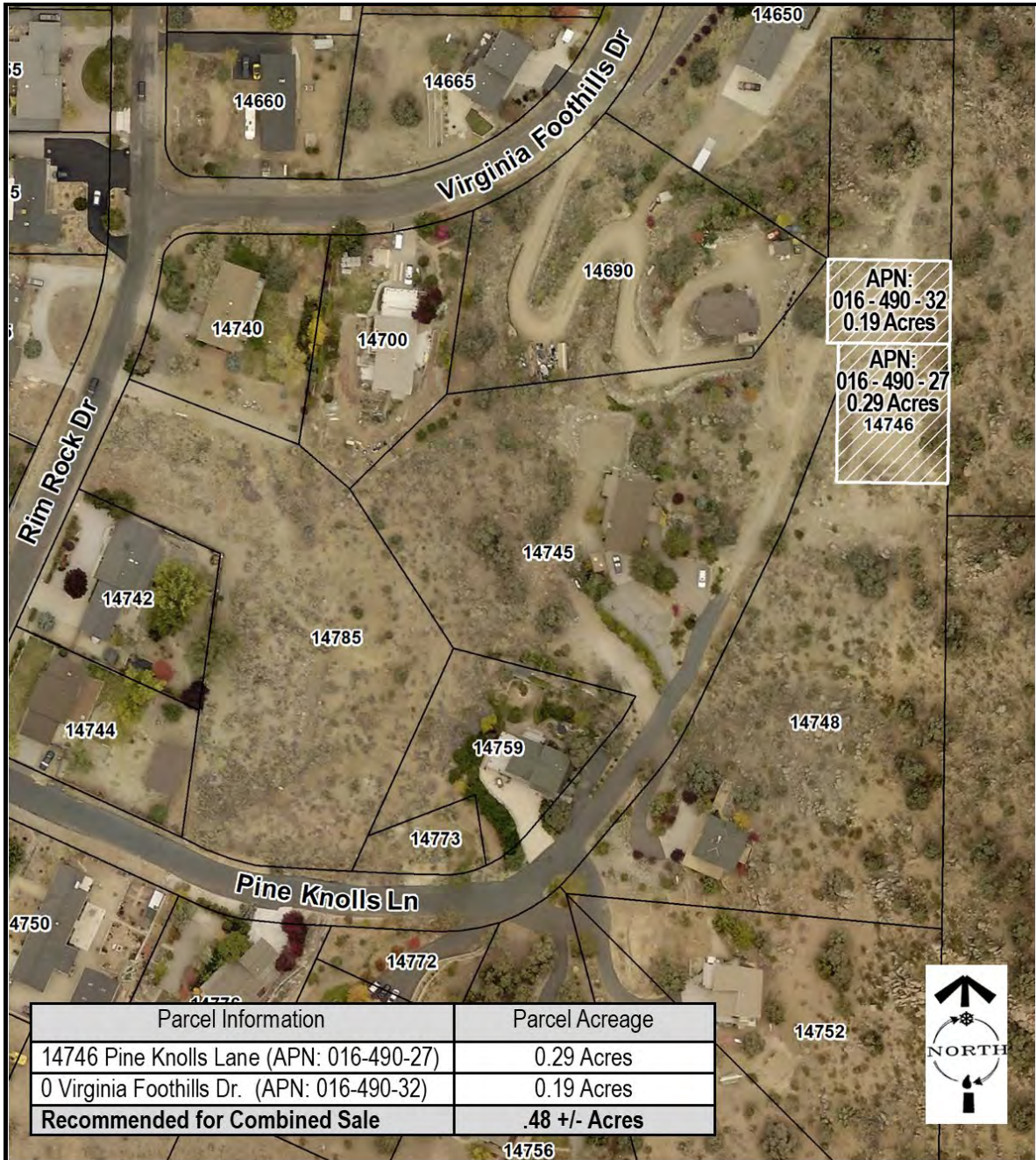
**RECOMMENDATION**

If any of the properties are not sold, staff recommends the property continue to be advertised for sale and be offered a second time at the February Board meeting.

**Attachments:**

Exhibit Maps 1, 2, & 3

*Exhibit 1: Pine Knolls former STMGID tank sites  
 APN: 016-490-27 & 32 (Combined 0.48 +/- Acres)*

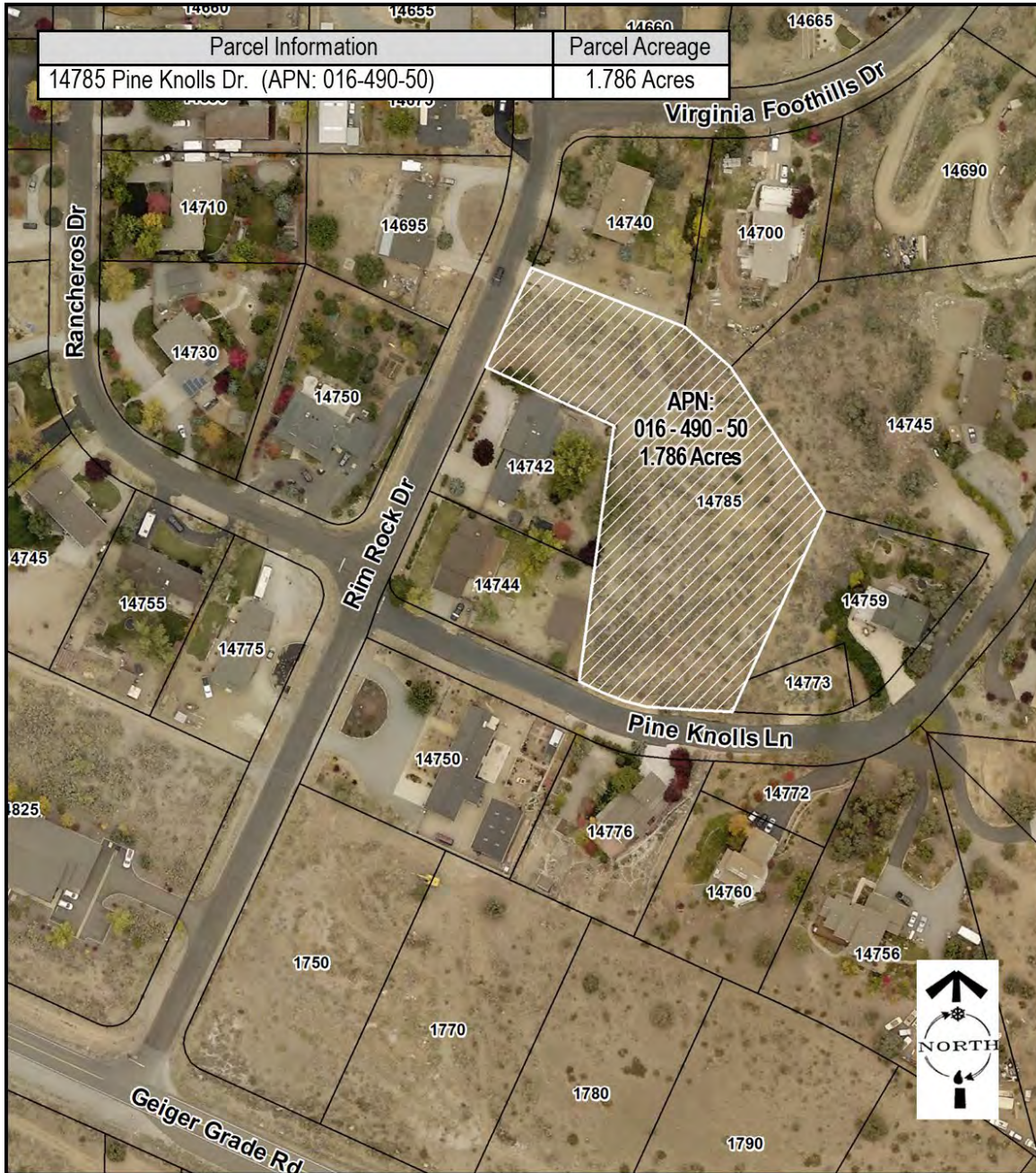


Parcel Information	Parcel Acreage
14746 Pine Knolls Lane (APN: 016-490-27)	0.29 Acres
0 Virginia Foothills Dr. (APN: 016-490-32)	0.19 Acres
<b>Recommended for Combined Sale</b>	<b>.48 +/- Acres</b>



**EXHIBIT 1: SURPLUS PROPERTY EXHIBIT MAP  
 FOR 14746 PINE KNOLLS LANE &  
 0 VIRGINIA FOOTHILLS LANE  
 APN'S: 016-490-27 & 016-490-32**

*Exhibit 2: Pine Knolls – Formerly used for the STMGID tank overflow and drainage  
 APN: 016-490-50 (1.786± Acres)*



**EXHIBIT 2: SURPLUS PROPERTY EXHIBIT MAP  
 14785 PINE KNOLLS DRIVE  
 APN'S: 016-490-50**





Exhibit 3: Cliff View – Mogul Expansion Site-determined not necessary.  
APN: 038-730-37 (2.651± Acres)





## STAFF REPORT

**TO:** Chairman and Board Members  
**FROM:** John R. Zimmerman, General Manager  
**DATE:** January 18, 2023  
**SUBJECT:** Discussion on Board meeting legal representation and possible direction to staff regarding same

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### SUMMARY

In a prior meeting, the Board requested a discussion regarding options for TMWA's legal representation for Board meetings due to Michael Pagni leaving the law firm of McDonald Carano. Below are options for the Board to consider.

### CONTINUE TO USE THE MCDONALD CARANO LAW FIRM

McDonald Carano has served as General Counsel to TMWA since its inception in 2001. Through the years, various McDonald Carano lawyers have represented TMWA at Board, Legislative Subcommittee, and Standing Advisory Committee (SAC) meetings. In April 2016, the TMWA Board reviewed the firm's existing agreement for legal services and considered a request by Member Brekhus to issue a request for qualifications. The Board approved continuing the existing agreement (as modified by an addendum that described how legal conflicts under the Nevada Rules of Professional Conduct would be handled). Several members stated concerns that issuing a request for qualifications was not necessary and would expend undue staff hours and ratepayer money to conduct and that bringing another law firm up-to-speed on TMWA's operations would be time consuming and expensive. The Board report and approved minutes from that meeting are attached.

Mr. Pagni advised the TMWA Board that Lucas Foletta is an experienced utility lawyer with the firm and is competent to represent TMWA at public meetings going forward. Mr. Foletta has represented TMWA on legislative matters related to energy and utility law and before the Public Utilities Commission on NV Energy rate cases. The firm charges TMWA a significantly reduced hourly rate for representation on general matters such as public meeting representation and will continue that practice.

Staff has a good working relationship with lawyers at McDonald Carano and the firm provides TMWA a stable of experienced and qualified lawyers to rely on as the need

arises. This includes the firm's excellent litigation group and significant experience and expertise on legislative matters. Since the firm has represented TMWA for over 20 years it has substantial institutional knowledge that is valuable in helping navigate TMWA through legal issues and improves the efficiency and speed at which those issues are resolved. This relationship also makes TMWA a current client of the firm under the Nevada Rules of Professional Conduct, which means that McDonald Carano must not represent other clients on matters that are directly adverse to TMWA or where there is a significant risk that the representation of another client will be materially limited by its representation of TMWA.

Staff also uses other law firms as necessary for specialized expertise or when a legal conflict arises. Most notably, TMWA relies on Gordon DePaoli for all TROA-related issues and internal lawyers on water law issues. TMWA also uses lawyers with another firm for employment and labor issues and has engaged retired Washoe County deputy district attorney Paul Lipparelli to represent TMWA at Board meetings when there is a legal conflict or absence. Since 2016 TMWA has had internal lawyers that assist with the day-to-day legal needs of TMWA staff and direct and manage all external lawyers.

#### **USE INTERNAL LEGAL COUNSEL**

Stefanie Morris is TMWA's internal general counsel and is a lawyer licensed in Nevada with extensive experience representing boards and agencies as general counsel. Ms. Morris has over 15 years of experience representing public agencies and water districts and working directly with Boards and senior staff. She served as general counsel for the State Water Contractors organization for six years and as interim General Manager for six months. That organization is comprised of 27 water districts throughout the state of California. Ms. Morris also served as general counsel for the Delta Design and Construction Authority, a public agency established by a joint powers agreement charged with the design and construction of a \$16 billion dollar water infrastructure project. Most-recently, Ms. Morris served as Senior Deputy General Counsel for the Metropolitan Water District of Southern California where she spent two years advising the Board, committees, and executive staff on matters related to open meeting law, public records, regulatory and permitting, litigation, and water rights. Accordingly, the Board could choose to use Ms. Morris to represent TMWA at Board meetings. Because Ms. Morris will continue to present matters to the Board as a member of the TMWA staff it may be cumbersome if she is also legal counsel for Board meetings. Staff also recommends that TMWA continue to use external legal counsel for TMWA Legislative Subcommittee and SAC meetings to ensure that Ms. Morris has sufficient time for her current job duties.

#### **ADVERTISE REQUESTS FOR PROPOSALS FOR OTHER LEGAL REPRESENTATION**

The Board could direct staff to seek proposals from local law firms to represent TMWA at Board, Legislative Subcommittee, and SAC meetings. In this scenario, staff would follow the same process as described above regarding use of external legal counsel

and any conflicts would be handled in the same manner and as required by the Rules of Professional Conduct. A potential challenge is that other firms are likely to have significant conflict issues that would require resolution because they do not have an established attorney-client relationship with TMWA.

**RECOMMENDATION**

Staff requests the Board provide direction regarding the preferred option.



## STAFF REPORT

**TO:** Board of Directors  
**FROM:** Mark Foree, General Manager  
**DATE:** March 30, 2016  
**SUBJECT:** **Review of TMWA's current agreement for legal services with the firm of McDonald Carano Wilson (MCW), discussion and possible direction to staff**

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### **Recommendation**

The Board review the existing agreement for legal services with the firm of McDonald Carano Wilson (MCW) and provide direction to staff regarding legal services going forward.

### **Discussion**

In June of 2001, TMWA entered an agreement for legal services with the firm of McDonald Carano Wilson to provide legal services to TMWA – see attached agreement.

At the February 5 Strategic Planning meeting there was a discussion regarding the legal services agreement and whether a Request for Qualifications process should be conducted to select legal services providers in the future. There were also questions regarding how conflicts are handled and a comment that the agreement is outdated. Mike Pagni has provided a proposed addendum to the agreement (attached) that updates the agreement in terms of how conflicts are handled, current hourly charge rates, etc.

The Board should consider the following:

Staff is very happy with the services Mr. Pagni and other staff attorneys at MCW provide. Mike and other MCW attorneys are very knowledgeable regarding all facets of TMWA and TMWA's business in providing these services for nearly 15 years. Staff believes the current charge rates are very reasonable and feel that MCW provides these services very efficiently. Should the Board decide to select a different firm, there will be a significant learning curve to get the new firm up to speed, and this would result in higher costs and more staff time for at least the first few years of a new firm providing these services.

### **Options going forward**

1. Continue the current agreement with MCW
2. Modify the agreement with MCW, and if desired, under what terms
3. Direct staff to issue a Request for Qualifications for legal services
4. Other options that the Board may propose

MCDONALD CARANO WILSON McCUNE  
BERGIN FRANKOVICH & HICKS LLP  
ATTORNEYS AT LAW

Sylvia Harrison, Esq.

Reply to: Reno  
(775) 326-4348

RECEIVED

JUN 9 4 2001

June 4, 2001

CITY MANAGER

Bill Isaeff  
Special Assistant to City Manager  
City of Sparks  
431 Prater Way  
Sparks, Nevada

*(Via hand-delivery)*

**Re: Truckee Meadows Water Authority**

Dear Bill:

Enclosed please find the original Agreement to Engage and Provide Legal Services between Truckee Meadows Water Authority and McDonald Carano Wilson McCune Bergin Frankovich & Hicks LLP which has been signed by Leo P. Bergin, Managing Partner. Also enclosed is the Certificate of Liability Insurance and the Policy Renewal Endorsement. Please do not hesitate to give me a call if you have any questions.

Very truly yours,



Sylvia Harrison

Enclosures

72051.1/SH:cb

241 RIDGE STREET, 4TH FLOOR  
RENO, NEVADA 89501

P.O. BOX 2670, RENO, NEVADA 89505  
(775) 788-2000 • FAX (775) 788-2020

OF COUNSEL  
DONALD L. CARANO  
WILLIAM S. BOYD  
CHARLES E. HUFF  
HON JAMES GUINAN, RET.

2300 WEST SAHARA AVENUE  
NO. 10, SUITE 1000  
LAS VEGAS, NEVADA 89102  
(702) 873-4100  
FAX (702) 873-9966

## Agreement to Engage and Provide Legal Services

This Agreement, made and entered into this 1<sup>st</sup> day of June, 2001 by and between Truckee Meadows Water Authority ("TMWA"), a Joint Powers Authority formed by agreement among the City of Reno, the City of Sparks, and County of Washoe, and the law firm of McDonald, Carano, Wilson, McCune, Bergin, Frankovich & Hicks, LLP ("Lawyers")

This Agreement is made upon the following recitals:

A. TMWA issued a request for proposals to various lawyers and law firms to serve as general counsel;

B. At a meeting of the Board of Directors on May 23, 2001, the Board of Directors, after review of various responses to the request for proposals, selected Lawyers to serve as the general counsel for TMWA;

C. TMWA and Lawyers desire to set forth by written agreement the engagement of Lawyers to provide legal services as general counsel;

NOW, THEREFORE, it is agreed as follows:

1. Engagement of Legal Services TMWA does hereby hire and engage Lawyers, and Lawyers do hereby agree to provide legal services, in the nature of general counsel for TMWA. Lawyers agree to provide legal services by attorneys licensed to practice law in the State of Nevada, and who have competence and expertise in the fields of administrative proceedings before the State Engineer, water rights, Nevada Open Meeting Law, litigation in State and Federal Court, employee/management relations under Chapter 288, Nevada Revised Statutes, the law of eminent domain, real estate law, contracts and agreements, and to provide general legal advice regarding the legal affairs of TMWA. TMWA may in its sole discretion engage other counsel for any or all of the work described above.

TMWA reserves the right to exclude attorneys from Lawyers from performing legal services under this Agreement. The principal attorney responsible for the legal services provided under this Agreement is Sylvia Harrison.

2. Term of Agreement The term of this Agreement shall commence on May 23, 2001 and terminate as set forth herein. This Agreement may be terminated for cause or without cause by TMWA or the General Manager of TMWA upon 10 days' written notice. If TMWA dismisses Lawyers, Lawyers will deliver to TMWA all documents and papers, etc. belonging to or prepared for TMWA in accordance with NRS 7.055 or other applicable law. TMWA and Lawyers agree to sign a substitution of counsel form for any litigation pending at the time of termination.

Agreement to Engage and  
Provide Legal Services  
Page 2

3. Compensation and Billings Lawyers shall submit to TMWA a monthly itemized statement for legal services rendered on behalf of TMWA. Lawyers are authorized to submit billings for legal services based upon the following hourly rates:

General litigation	\$165-220
Commercial law	\$175-220
Workers compensation	\$165
Water rights	\$165-220
Employment law	\$165-250

Associates will typically be billed at approximately 75% of the above rates.

Paralegals will be billed at rates ranging from \$50-80 per hour.

The foregoing billing rates shall not be increased more often than annually. Lawyers shall endeavor to assign work to individual attorneys who can accomplish a particular task at the lowest billing rate.

The itemized billing shall include a description of the legal services provided, the time expended, the individual attorney performing the service, and the customary billing rate charged by the individual attorney.

Billings shall be submitted no later than the 10th of the month following the month in which legal services are provided. The statement shall be due and payable within 30 days following presentment.

In addition to billing for legal services, Lawyers shall be entitled to be reimbursed for certain out-of-pocket expenses including travel expenses, long distance phone charges, in-house copies, computer-assisted legal research, any outside experts and consultants retained for TMWA projects, and extraordinary costs or temporary staffing where necessary to accomplish an exclusive TMWA project. Charges for computer-assisted legal research, outside experts and consultants, and extraordinary costs and temporary staffing must be approved by the TMWA General Manager before they are incurred.

4. Lawyers are Independent Contractors Nothing in this Agreement shall change the legal relationship of independent contractor between Lawyers and TMWA. It is understood and agreed that Lawyers shall continue to act as a general service law firm providing legal services to the public. It is further understood that as an independent contractor, Lawyers are not entitled to any benefits that may be enjoyed by the employees of TMWA. Lawyers shall be required to provide its own support staff, office space, office equipment, workmen's compensation, and professional liability insurance.



Agreement to Engage and  
Provide Legal Services  
Page 3

5. Assignment The rights, duties, and obligations created by this Agreement are personal in nature and can only be assigned with the written consent of TMWA.

6. Nevada Law This Agreement shall be construed in accordance with the laws of the State of Nevada, and Lawyers shall be bound by all rules of professional conduct established by the Nevada Supreme Court.

7. Hold Harmless Lawyers agree to save and hold harmless and fully indemnify TMWA and all its employees or agents from and against all suits, claims, and demands, including attorney's fees, based upon any alleged damage to property or any alleged injury to persons (including death) which may occur or be alleged to have occurred by or on account of any negligent act or omission on the part of Lawyers or any of their servants, employees, or agents.

8. Insurance Lawyers shall, at their own expense, maintain in effect at all times during the performance of this Agreement at least the following coverage and limits of insurance which shall be maintained with insurers and under forms and policies reasonably satisfactory to TMWA.

a. Professional Liability - \$1,000,000 per claim and \$1,000,000 in aggregate;  
and

b. Workmen's Compensation and Employer's Liability - Lawyers shall furnish to TMWA a certificate which certifies that Lawyers have complied with the worker's compensation provisions of the State of Nevada. It is further required that Lawyers shall procure, pay for, and maintain compensation coverage at their sole cost and expense. No work shall be performed under this Agreement if workmen's compensation is not in full force and effect.

9. Notices Any notice or communication required or permitted to be served on a party hereto may be served by personal delivery to the office of the person or persons identified below. Service may also be effected by registered or certified mail, by placing the notice or communication in an envelope addressed as indicated below, and by depositing said envelope in the United States mail to:

TRUCKEE MEADOWS WATER  
AUTHORITY  
P.O. Box 30013  
Reno, NV 89520-3013

LAWYERS  
McDonald, Carano, Wilson, McCune,  
Bergin, Frankovich & Hicks, LLP  
P.O. Box 2670  
Reno, NV 89505

Agreement to Engage and  
Provide Legal Services  
Page 4

The person to be served and the address shown above may be changed at any time by notice to the other party. Service shall be completed upon personal delivery or three (3) days following the time the notice is deposited by registered or certified mail.

10. Exclusive Agreement There are no verbal agreements, representations, or understandings affecting this Agreement; and all negotiations, representations, and undertakings are set forth herein with the understanding that this Agreement constitutes the entire understanding by and between parties.

11. Amendments No alteration, amendment, or modification of this Agreement shall be effective unless it is in writing and signed by both parties.

12. Attorneys' Fees In the event any party files suit to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs of suit.

13. Regulatory Compliance Lawyers shall comply with all applicable federal, state, and local government laws, regulations, and ordinances.

14. Representation of TMWA Attached hereto and designated Exhibit "A" is a memorandum from Sylvia Harrison to William E. Isaeff dated May 16, 2001, the contents of which are incorporated herein by reference.

Dated: May 23, 2001

TRUCKEE MEADOWS WATER AUTHORITY

By: 

MCDONALD, CARANO, WILSON, MCCUNE,  
BERGIN, FRANKOVICH & HICKS, LLP

By:   
Managing Partner

*McDonald Carano Wilson McCune Bergin*

*Frankovich & Hicks LLP  
241 Ridge Street, 4<sup>th</sup> Floor  
P.O. Box 2670  
Reno, Nevada 89505-2670  
(775) 788-2000  
(775) 788-2020 (fax)*

**MEMORANDUM**

To: William E. Isaeff, Esq. *(Via hand-delivery)*  
From: Sylvia Harrison, Esq.  
Subject: Representation of TMWA  
Date: May 16, 2001

---

You have requested that we conduct further analysis of potential conflicts of interest that may arise in the event the firm is selected to represent the Truckee Meadows Water Authority.

Following are the relevant Nevada Supreme Court Rules pertaining to conflicts of interest in legal representation:

**Rule 157. Conflict of interest: General rule.**

1. A lawyer shall not represent a client if the representation of that client will be directly adverse to another client, unless:

- (a) The lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and
- (b) Each client consents, preferably in writing, after consultation.

2. A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interests, unless:

- (a) The lawyer reasonably believes the representation will not be adversely affected; and
- (b) The client consents, preferably in writing, after consultation.

When representation of multiple clients in a single matter is undertaken, the consultation shall include explanation of the implications of the common representation and the advantages and risks involved.

Memo to William E. Isaeff, Esq.  
May 16, 2001  
Page 2

[Added; effective March 28, 1986.]

**Rule 159. Conflict of interest: Former client.**

Rule 159. Conflict of interest: Former client. A lawyer who has formerly represented a client in a matter shall not thereafter:

1. Represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client consents, preferably in writing, after consultation; or
2. Use information relating to the representation to the disadvantage of the former client except as Rule 156 would permit with respect to a client or when the information has become generally known.

[Added; effective March 28, 1986.]

**Rule 160. Imputed disqualification: General rule.**

Rule 160. Imputed disqualification: General rule.

1. While lawyers are associated in a firm, none of them shall knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Rules 157, 158(3), 159 or 168.
2. When a lawyer becomes associated with a firm, the firm may not knowingly represent a person in the same or a substantially related matter in which that lawyer, or a firm with which the lawyer was associated, had previously represented a client whose interests are materially adverse to that person and about whom the lawyer had acquired information protected by Rules 156 and 159(2) that is material to the matter.
3. When a lawyer has terminated an association with a firm, the firm is not prohibited from thereafter representing a person with interests materially adverse to those of a client represented by the formerly associated lawyer unless:
  - (a) The matter is the same or substantially related to that in which the formerly associated lawyer represented the client; and
  - (b) Any lawyer remaining in the firm has information protected by Rules 156 and 159(2) that is material to the matter.
4. A disqualification prescribed by this Rule may be waived by the affected client under the conditions stated in Rule 157.

[Added; effective March 28, 1986.]

**Rule 161. Successive government and private employment.**

Rule 161. Successive government and private employment.

1. Except as law may otherwise expressly permit, a lawyer shall not represent a private client in connection with a matter in which the lawyer participated personally and substantially as a public officer or employee, unless the appropriate government agency consents after consultation. No lawyer in a firm with which that lawyer is associated may knowingly undertake or continue representation in such a matter unless:
  - (a) The disqualified lawyer is screened from any participation in the matter and is apportioned no part of the fee therefrom; and

Memo to William E. Isaef, Esq.  
 May 16, 2001  
 Page 3

(b) Written notice is promptly given to the appropriate government agency to enable it to ascertain compliance with the provisions of this rule.

2. Except as law may otherwise expressly permit, a lawyer having information that the lawyer knows is confidential government information about a person acquired when the lawyer was a public officer or employee, may not represent a private client whose interests are adverse to that person in a matter in which the information could be used to the material disadvantage of that person. A firm with which that lawyer is associated may undertake or continue representation in the matter only if the disqualified lawyer is screened from any participation in the matter and is apportioned no part of the fee therefrom.

3. Except as law may otherwise expressly permit, a lawyer serving as a public officer or employee shall not:

(a) Participate in a matter in which the lawyer participated personally and substantially while in private practice or nongovernmental employment, unless under applicable law no one is, or by lawful delegation may be, authorized to act in the lawyer's stead in the matter; or

(b) Negotiate for private employment with any person who is involved as a party or as attorney for a party in a matter in which the lawyer is participating personally and substantially.

4. As used in this Rule, the term "matter" includes:

(a) Any judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, investigation, charge, accusation, arrest or other particular matter involving a specific party or parties; and

(b) Any other matter covered by the conflict of interest rules of the appropriate government agency.

5. As used in this Rule, the term "confidential government information" means information which has been obtained under governmental authority and which, at the time this Rule is applied, the government is prohibited by law from disclosing to the public or has a legal privilege not to disclose, and which is not otherwise available to the public.

[Added; effective March 28, 1986.]

#### **Analysis:**

The majority of the Supreme Court rules can be applied objectively and would control resolution of conflicts. Rule 157(2), however, requires some degree of subjective judgment with respect to what constitutes a "material limitation" arising from a potential conflict.

McDonald Carano is unaware of any circumstances in which it represents a client in a matter directly adverse to Sierra Pacific's water division, and thus directly adverse to the Water Authority. We commonly represent clients in matters before the various boards of Reno, Sparks, and Washoe County, in some cases are adverse to these entities, and in some matters, represent them. Our analysis assumes that such matters do not pose a conflict of interest with the Authority, and that our continued representation of other clients in these matters would be unaffected by representing the Authority.

Memo to William E. Isaeff, Esq.  
May 16, 2001  
Page 4

We recognize that TMWA may be assuming contracts and undertaking administrative matters (e.g. water rights protests) that may involve our clients. Once TMWA has provided us a list of contracts, pending administrative cases, and similar matters in which it will be involved, we will analyze these with our conflict system to determine whether potential conflicts may exist.

Following are matters that we have identified in which the firm provides legal services, or in which firm members have personal interests, that merit further analysis with respect to conflicts of interest.

1) The firm represents the Carson-Truckee Water Conservancy District. The District administers, for the U.S. Army Corps of Engineers, certain permits for encroachment in the Truckee River. TMWA may occasionally require such permits. Sierra Pacific is a member of the District, apparently as a result of its interest in hydroelectric power. A memorandum concerning the District and its potential relationship to TMWA is attached.

2) The firm represents Moya Olsen Lear and the Lear Family Trust. These are parties to the Stead Consent Decree, governing clean-up of contamination at the former Stead Air Force Base. Matters related to groundwater contamination at Stead were disclosed to Sierra Pacific prior to and at the time of its purchase of Silver Lake Water Distribution Company, and Sierra Pacific accepted the condition of the water as part of its purchase. The Stead Consent Decree governs and finally resolves issues related to responsibility for the clean-up, and we do not anticipate any future conflicts to arise related to this matter. Sierra Pacific's groundwater injection program at Stead has affected the implementation of the Consent Decree because of possible consequences of the injection on groundwater hydrology and remediation design. Sierra Pacific and the parties to the Consent Decree have cooperated to resolve potential conflicts related to this issue. Although we do not expect any future conflict between TWMA and the Lear interests, in the event such a conflict would arise relating to Stead, this firm would request a waiver from TMWA to allow it to continue to represent the Lear interests, since the firm's history of involvement at Stead gives it irreplaceable institutional knowledge.

3) Members and clients of the firm have interests that will be affected by the final implementation of TROA. James Guidici is a past president of Nevada Water Fowl and personally committed to wetlands preservation in the Stillwater marshes. Larry Hicks represents Stillwater Farms which has a similar interest. We are unaware of any current conflict with Sierra Pacific related to these matters.

Memo to William E. Isaef, Esq.  
May 16, 2001  
Page 5

4) Sylvia Harrison has represented "stakeholders" in the Central Truckee Meadows Remediation District, specifically certain downtown property owners. It is possible that in the future, their interests may not be entirely consistent with TMWA's with respect to all aspects of the implementation of the Remediation District, although we do not expect any direct or actual conflict to arise. Because these clients rely on our institutional knowledge with respect to this matter, we would request that TMWA waive any objection to our continued representation of these clients in conjunction with the Remediation District.

5) The firm represents numerous contractors and developers that may be adversely impacted by actions of TMWA, and thus trigger an analysis for compliance with Rule 157(2). The firm proposes the following guidelines with respect to such representation.

a) TMWA may undertake actions that adversely affect a class of water users, some of which may be current clients of the firm, e.g., rate increases, impact fees. Absent special circumstances, McDonald Carano would represent TMWA in these matters, and does not believe its obligations to current clients would preclude such representation.

b) TMWA becomes directly adverse to a current client in a specific matter, e.g. contract dispute. Absent special circumstances, McDonald Carano would recuse from representing either party.

As noted above, this memorandum does not include a discussion of matters involving the individual governments making up the Authority.

**ALPS**  
**Attorneys Liability Protection Society**  
*A Mutual Risk Retention Group*

P.O. Box 9169, Missoula, MT 59807-9169  
 (406) 728-3113 • (800) FOR-ALPS • Fax: (406) 728-7416  
 www.alpsnet.com

**POLICY RENEWAL ENDORSEMENT - DECLARATIONS FOR POLICY NO. 2ALP1447-11**

**Item 1 - Named Insured:** McDonald Carano Wilson McCune Bergin Frankovich & Hicks, LLP  
**Address:** 241 Ridge Street, 4th Floor  
 P.O. Box 2670  
 Reno, NV 89505

**Item 2 - Name of Each Insured Attorney:**

See attached list

**Item 3 - Policy Period:** Effective Date: 07/25/2000  
 Expiration Date: 07/25/2001  
 Loss Inclusion Date: 07/25/1973

**Item 4 - Limit of Liability:** \$ 10,000,000 Each Claim \*  
 \$ 10,000,000 Aggregate  
 \* This means "all claims arising out of the same, related or continuing professional services".

**Item 5 - Deductible:** \$ 10,000

**Item 6 - Annual Premium:** \$ 87,107

**Item 7 - Riders attached at inception of this policy Attorneys Professional Liability Protection Plan With Enhanced Defender Options PLP002 (12/15/1998):**

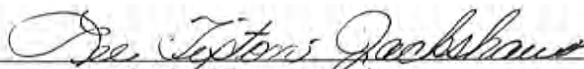
First Dollar Defense Option  
 Optional Extension Rider

NOTICE: This is a Claims Made policy. Except to such extent as may otherwise be provided herein, the coverage of this policy is limited generally to liability for only those claims that are first made against the Insured and reported to the company while this policy is in force. Please review the policy carefully and discuss the coverage thereunder with your insurance advisor.

This policy is issued by your Mutual Risk Retention Group. Your Mutual Risk Retention Group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your Mutual Risk Retention Group.

This renewal endorsement, including all endorsements listed herein, is incorporated in and made a part of the policy to which it applies. It entirely replaces any Declarations page previously issued in connection with any earlier policy year. All initial application forms and all renewal application forms submitted to the Company are made a part of these Declarations and of the policy.

**Countersigned by:** \_\_\_\_\_ **Date:** 07/19/2000

  
 \_\_\_\_\_  
 Authorized Representative



<p><b>ACORD CERTIFICATE OF LIABILITY INSURANCE</b></p> <p>PRODUCER Marsh Advantage America/NV 53-600334-NP-OC-XSA P O Box 33015 San Antonio TX 78265 Phone: 877-616-7474 Fax: 210-738-1743</p>	<p>PP ID G6 MCDO-21</p> <p>DATE (MM/DD/YY) 06/04/01</p> <p><b>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</b></p>
<p>INSURED</p> <p>McDonald Carano Wilson McCune P.O. Box 2670 Reno NV 89505</p>	<p><b>INSURERS AFFORDING COVERAGE</b></p> <p>INSURER A: Twin City Fire Ins Co</p> <p>INSURER B:</p> <p>INSURER C:</p> <p>INSURER D:</p> <p>INSURER E:</p>

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<p>GENERAL LIABILITY</p> <p><input type="checkbox"/> COMMERCIAL GENERAL LIABILITY</p> <p><input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR</p> <p>GEN'L AGGREGATE LIMIT APPLIES PER:</p> <p><input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC</p>				<p>EACH OCCURRENCE \$</p> <p>FIRE DAMAGE (Any one fire) \$</p> <p>MED EXP (Any one person) \$</p> <p>PERSONAL &amp; ADV INJURY \$</p> <p>GENERAL AGGREGATE \$</p> <p>PRODUCTS - COMP/OP AGG \$</p>
	<p>AUTOMOBILE LIABILITY</p> <p><input type="checkbox"/> ANY AUTO</p> <p><input type="checkbox"/> ALL OWNED AUTOS</p> <p><input type="checkbox"/> SCHEDULED AUTOS</p> <p><input type="checkbox"/> HIRED AUTOS</p> <p><input type="checkbox"/> NON-OWNED AUTOS</p>				<p>COMBINED SINGLE LIMIT (Ea accident) \$</p> <p>BODILY INJURY (Per person) \$</p> <p>BODILY INJURY (Per accident) \$</p> <p>PROPERTY DAMAGE (Per accident) \$</p>
	<p>GARAGE LIABILITY</p> <p><input type="checkbox"/> ANY AUTO</p>				<p>AUTO ONLY - EA ACCIDENT \$</p> <p>OTHER THAN AUTO ONLY: EA ACC \$</p> <p>AGG \$</p>
	<p>EXCESS LIABILITY</p> <p><input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE</p> <p>DEDUCTIBLE</p> <p>RETENTION \$</p>				<p>EACH OCCURRENCE \$</p> <p>AGGREGATE \$</p> <p>\$</p> <p>\$</p> <p>\$</p>
A	<p>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</p>	<p>53WECJH8309</p> <p>OFFICERS ARE INCLUDED</p>	07/01/00	07/01/01	<p><input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER</p> <p>E.L. EACH ACCIDENT \$ 100000</p> <p>E.L. DISEASE - EA EMPLOYEE \$ 100000</p> <p>E.L. DISEASE - POLICY LIMIT \$ 500000</p>
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

\*Except for 10 days non-payment. For inquiries call 1-877-616-7474.

<p><b>CERTIFICATE HOLDER</b> <input checked="" type="checkbox"/> ADDITIONAL INSURED; INSURER LETTER: <u>TMWA-02</u></p> <p>TMWA PO Box 30013 Reno NV 89520</p>	<p><b>CANCELLATION</b></p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.</p> <p style="text-align: right;"><i>Rebecca B. [Signature]</i></p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**ACORD**

# CERTIFICATE OF LIABILITY INSURANCE

APP ID G6  
MCDO-21

DATE (MM/DD/YY)  
06/04/01

**PRODUCER**  
Marsh Advantage America/NV  
53-600334-NP-OC-XSA  
P O Box 33015  
San Antonio TX 78265  
Phone: 877-616-7474 Fax: 210-738-1743

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.**

**INSURERS AFFORDING COVERAGE**

**INSURED**  
  
McDonald Carano Wilson McCune  
P.O. Box 2670  
Reno NV 89505

INSURER A: Twin City Fire Ins Co  
INSURER B:  
INSURER C:  
INSURER D:  
INSURER E:

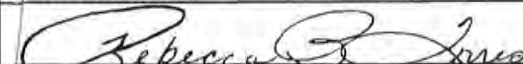
**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	<input type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE	\$
					FIRE DAMAGE (Any one fire)	\$
					MED EXP (Any one person)	\$
					PERSONAL & ADV INJURY	\$
					GENERAL AGGREGATE	\$
					PRODUCTS - COMP/OP AGG	\$
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
					OTHER THAN AUTO ONLY: EA ACC	\$
					AGG	\$
	<input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
					AGGREGATE	\$
						\$
						\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY OFFICERS ARE INCLUDED	53WECJH8309	07/01/01	07/01/02	X WC STATUTORY LIMITS	OTHER
					E.L. EACH ACCIDENT	\$ 100000
					E.L. DISEASE - EA EMPLOYEE	\$ 100000
					E.L. DISEASE - POLICY LIMIT	\$ 500000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

\*Except for 10 days non-payment. For inquiries call 1-877-616-7474.

CERTIFICATE HOLDER	N	ADDITIONAL INSURED; INSURER LETTER: <u>TMWA-02</u>	<b>CANCELLATION</b>
TMWA PO Box 30013 Reno NV 89520			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>*30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.
			

# ACORD CERTIFICATE OF LIABILITY INSURANCE

04-20-16 BOARD Agenda Item 13.1  
 Policy ID G6  
 MCDO-21  
 06/04/01

**PRODUCER**  
 Marsh Advantage America/NV  
 53-600334-NP-OC-XSA  
 P O Box 33015  
 San Antonio TX 78265  
 Phone: 877-616-7474 Fax: 210-738-1743

**INSURED**  
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INSURER A: Twin City Fire Ins Co  
 INSURER B:  
 INSURER C:  
 INSURER D:  
 INSURER E:

## COVERAGES

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	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE	\$
					FIRE DAMAGE (Any one fire)	\$
					MED EXP (Any one person)	\$
					PERSONAL & ADV INJURY	\$
					GENERAL AGGREGATE	\$
					PRODUCTS - COMP/OP AGG	\$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	\$
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					AUTO ONLY: AGG	\$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE	\$
					AGGREGATE	\$
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A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY 53WECJH8309 OFFICERS ARE INCLUDED		07/01/00	07/01/01	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER	
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**CERTIFICATE HOLDER** N ADDITIONAL INSURED; INSURER LETTER: TMWA-02 **CANCELLATION**

TMWA  
 PO Box 30013  
 Reno NV 89520

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL \*30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

*Rebecca D. Jones*



McDONALD·CARANO·WILSON<sup>LLP</sup>

Michael A.T. Pagni  
[mpagni@mcdonaldcarano.com](mailto:mpagni@mcdonaldcarano.com)

Reply to: Reno  
(775) 788-2000

March 22, 2016

*Via Email mforee@tmwa.com*

Mark Foree  
General Manager  
Truckee Meadows Water Authority  
1355 Capital Blvd  
Reno NV 89520-3013

***Re: Addendum to Engagement Agreement***

Dear Mark:

This letter is provided as an update of the June 4, 2001 engagement letter retaining McDonald Carano Wilson LLP (“the Firm”) as counsel for Truckee Meadows Water Authority (“TMWA”), and sets forth additional procedures with respect to handling of potential conflicts of interest if and to the extent such may arise from time to time.

Professional rules for the handling of conflicts of interest are set forth in Nevada Supreme Court Rules 1.7 and 1.8. A concurrent conflict of interest is defined as the representation of one client directly adverse to another client or where there is a significant risk that representation of a client will be materially limited by a lawyer’s responsibilities to another client. Rule 1.7 provides that notwithstanding a concurrent conflict of interest, a lawyer may represent a client if the lawyer reasonably believes it will be able to provide competent and diligent representation to each affected client, the representation does not involve the assertion of a claim by one client against another client, and each affected client consents to such representation in writing.

As we set forth in our original engagement letter, if TMWA becomes directly adverse to a client of the Firm in a specific matter, the Firm will recuse from representing either party absent special circumstances. We recognize that from time to time, TMWA may desire to engage in transactions with clients of the Firm (e.g., for water or real property acquisitions or exchanges). Because of our institutional knowledge with some clients, it may be desirable in some circumstances for our Firm to either jointly represent the parties to facilitate the transaction or it may be desirable for one party to retain separate counsel for the transaction while our Firm continues to represent the other party. In these circumstances, we will consult with you in advance on whether our firm can (or should) engage in a joint representation on the matter, or whether conflict counsel should be retained by TMWA or the other party and will secure written conflict waivers if and when appropriate as in the past. We further agree in any matter in which our Firm is retained in a joint representation or where TMWA retains separate conflict counsel so that we may continue to represent an existing client, if any litigation arises between TMWA

100 WEST LIBERTY ST., 10<sup>TH</sup> FLOOR  
RENO, NEVADA 89501

ATTORNEYS AT LAW



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775-788-2000 • FAX 775-788-2020



Mark Foree  
March 21, 2016  
Page 2

and such client in connection with that TMWA transaction, the Firm would decline any request to represent either party in such litigation.

In addition to the matters set forth in the original engagement, we note that the Firm represents the Washoe County Water Conservation District. The District operates and maintains the Boca Dam and holds the license for water storage in Boca Reservoir. TMWA currently has a representative sitting on the Board of the District. Although we do not expect any future conflict between TMWA and the District's interests, in the event such a conflict would arise the Firm would request a waiver from TMWA to allow the Firm to continue to represent the District interests, since the Firm's history of involvement for the District gives it irreplaceable institutional knowledge.

Finally, this will confirm that since the original engagement in 2001, our hourly rates for general counsel services have been increased to \$275 per hour. This continues to represent a significant discount from our standard hourly rates. As in the past, any litigation or government affairs services will be billed under standard rates agreed upon at the time of the engagement. As requested, we are also attaching below additional information on payments or reimbursement for disbursements and other charges incurred in performing services.

Billing Increments: We charge for our time in minimum units of ¼ hours.

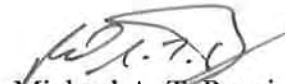
Costs and Expenses.

In-office photocopying	\$ .25 per page
Mileage	\$ .50 per mile
Computerized legal research	\$5.00 per minute

Clerical staff overtime necessary for extraordinary matters will be charged at 1.5 times the base hourly rate. The base hourly rates for clerical personnel presently range between \$15.00 and \$20.00.

If this letter does not accurately reflect your understanding of the terms of our agreement, please call me promptly so that we may discuss it further. As always, we appreciate the continued opportunity to provide legal services to TMWA.

Sincerely yours,

  
Michael A. T. Pagni

12. DISCUSSION AND ACTION ON THE THIRD AMENDMENT TO THE JUNE 19, 2013 CONTRACT FOR THE DELIVERY OF WATER BETWEEN TMWA AND THE RENO-SPARKS INDIAN COLONY

John Erwin, TMWA Director of Natural Resources, reported that TMWA provides water to the Reno-Sparks Indian Colony (RSIC). What is presented to the Board today is an updated schedule of properties, with associated commitments and delivery rates, which are being served within the RSIC boundary.

**Upon motion by Member Hartung, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the third amendment to the June 19, 2013 contract for the delivery of water between TMWA and the Reno-Sparks Indian Colony.**

13. REVIEW OF TMWA'S CURRENT AGREEMENT FOR LEGAL SERVICES WITH THE FIRM OF MCDONALD CARANO WILSON (MCW), DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Mr. Foree noted at the February 5, 2016 Strategic Planning Workshop the Board had discussed the current agreement for legal services and whether a Request for Qualifications ("RFQ") process be conducted to consider alternate legal services providers in the future. Also, questions regarding how conflicts are handled and comments about the outdated agreement were mentioned. Mr. Foree presented the proposed addendum to the agreement, which included an updated agreement in terms of how conflicts are handled, current hourly charge rates, etc. He noted General Counsel provides services to the Board and operational services to staff regarding easements, real property, employment issues, construction and contract issues, etc.; they are cost effective and very efficient. TMWA staff is very happy with MCW services.

Member Duerr recognized the good work provided by Mr. Pagni and MCW, and thanked him for addressing the conflict issue in his addendum. She was pleased with the improvements he had made, particularly since his hourly rates have not increased in 15 years, another reason to review the contract every few years.

Member Hartung also remarked Mr. Pagni and his team does a very good job and sees no reason to send out an RFQ to obtain another firm who would need to be brought up to speed. Mr. Pagni works efficiently and well with the Board and staff. He motioned to continue with the MCW agreement.

Member Brekhus appreciated the addendum and agreed Mr. Pagni provides good services, but requested the Board consider looking around the region and send out an RFQ for services next year. Maybe TMWA is out of sync with not having RFQs for almost two decades.

Chair Martini suggested that may be better recommended under agenda item 19, future requests for Board agenda items.

Member Hartung expressed he has no desire to amend his motion. He stressed to do so would be spending undue staff hours and rate payer money to send out for an RFQ since we have just stated we are happy with the legal services provided; we should only do so if we are unhappy with legal services provided.

Chair Martini agreed with Member Hartung, stating the institutional knowledge Mr. Pagni and MCW has is paramount; to bring another law firm up to speed would be time consuming and expensive. He is very happy and sees no reason to send out an RFQ just to look around.

Member Smith pointed out there is no need to fix what is not broken. Mr. Pagni and MCW are the foremost experts in water in the region and there is no need to change just to change.

**Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved continuing TMWA's agreement (with addendum) for legal services with the firm of McDonald Carano Wilson (MCW).**

14. DISCUSSION AND ACTION ON ADOPTION OF RESOLUTION NO. 240: A RESOLUTION TO APPROVE FUNDING FOR THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

John Enloe, TWMA Director of Natural Resources, reported the Truckee River Fund (TRF) advisors met on February 26 where they reviewed eight proposals, and they are recommending funding approval for six projects for a total of \$203,184. The projects for funding are:

1. **Watershed Education Initiative**  
**Organization:** Sierra Nevada Journeys (SNJ)  
**Amount Recommended:** \$ 33,041, **Organizational Match:** \$ 7,250 (Cash); \$ 10,440 (In-Kind)
2. **Mount Rose Noxious Weed Monitoring and Treatment #4**  
**Organization:** Friends of Nevada Wilderness  
**Amount Recommended:** \$ 21,002, **Organizational Match:** \$ 6,000 (Cash); \$ 8,640 (In-Kind)
3. **Truckee River Cleanup Crew – Year 2**  
**Organization:** City of Reno  
**Amount Recommended:** \$ 47,787, **Organizational Match:** \$ 46,187 (Cash); \$ 22,782 (In-Kind)
4. **Trout Creek Pocket Park & Restoration Initiative**  
**Organization:** Mountain Area Preservation Foundation (MAP)  
**Amount Recommended:** \$ 25,000, **Organizational Match:** \$168,750 (Cash); \$ 5,500 (In-Kind)
5. **Johnson Canyon Westside Restoration – Construction Implementation**  
**Organization:** Truckee River Watershed Council (TRWC)  
**Amount Recommended:** \$ 67,000, **Organizational Match:** \$ 79,000 (Cash); \$ 6,000 (In-Kind)
6. **Take Care – Truckee River**  
**Organization:** Tahoe Fund on behalf of the Lake Tahoe Outreach Committee  
**Amount Recommended:** \$ 9,354, **Organizational Match:** \$ 6,465 (In-Kind)



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John Zimmerman, General Manager  
**FROM:** Jessica Atkinson, Human Resources Director  
**DATE:** January 11, 2023  
**SUBJECT:** Request for Board adoption of updated Administrative Policies and acknowledge changes to the Administrative Directives

---

### Recommendation

Staff recommends the Board adopt the updated Administrative Policies and acknowledge changes to the Administrative Directives both of which are attached to this report. At the Board meeting, staff will review the significant changes from the prior version.

### Discussion

In May 2001, the Board approved a set of Administrative Instructions (AIs) to provide policies and procedures to operate TMWA. In July of 2008, the AIs were updated and presented to the Board for acceptance.

Since nearly 15 years have passed since the 2008 revision, the TMWA leadership team, along with legal counsel, completed a comprehensive review of TMWA's AIs. Additionally, IBEW Local #1245 has agreed to the revisions in the negotiated Progressive Discipline, Drug and Alcohol Free Workplace and the Department of Transportation (DOT) Drug and Alcohol Testing Program policies.

At the May 2002 Board meeting, approval of the changes to TMWA's Administrative Instructions were delegated to the General Manager with direction to provide notice, via email, to the Board. In the updated version of the Administrative Instructions, staff has created a distinction between Administrative Policies and Administrative Directives.

Administrative Policies are rules, procedures or expectations adopted by the Board and have an overarching legal or fiscal impact on the organization. Future changes to the Administrative Policies will be presented to the Board for consideration and adoption. Administrative Directives are rules, procedures or expectations authorized and issued by the General Manager and are operational in nature and often require immediate changes. Consistent with prior authorization, the Board will receive notification of future changes to the Administrative Directives.



The revisions to the AIs are primarily administrative in nature, clarify intent, correct wording or have been revised in an effort to reflect current business practices and legal compliance. Some examples include:

- Updated to reflect changes in protected classes and characteristics.
- Changed Administrative Instruction A-02 from “Americans with Disabilities Act” to “Accommodations Policy” which now includes provisions for Pregnancy Accommodations, Nursing Accommodations, Religious Accommodations, and Domestic Violence Victim Accommodations.
- A-04 “Information Technology and Telecommunications” updated to “Acceptable Use.” This directive now reflects the current business trends related to cybersecurity and technology use.
- A-05 Drug and Alcohol Free Workplace has been updated to account for the legalization of medical marijuana and recreational marijuana decriminalization.
- A-06 has been revised consistent with updates to DOT regulations.
- A-11 has been amended to add Juneteenth as an observed holiday. A provision has been added to provide holiday pay for non-represented employees who work other than the standard Monday through Friday workweek and who are in positions that provide work coverage during observed holidays. Under PTO Leave, the cap on PTO eligible for roll over increased from 160 hours annually 320 hours annually and a provision for school activities leave has been added.
- Administrative Instruction A-14 has been updated to include two voluntary leave donations banks, one for each employment classifications (represented and non-represented).
- Removed Instructions related to Purchasing and Contracts because separate Board adopted policy covering this topic exists.
- Individual Instructions related to Records and Information Management and Job Abandonment were removed and summarized under the rules of conduct.

### **Attachments**

1. TMWA Revised Administrative Instructions Effective 02/01/2023



# Administrative Instructions

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# Overview to Administrative Instructions

## Welcome

**For New Employees:** on behalf of the entire staff, welcome! We are excited you have joined us, and we wish you every success as you embark upon your career at Truckee Meadows Water Authority (TMWA).

At TMWA, our Vision is, “*To enhance the **quality** of life in the Truckee Meadows by **delivering exceptional, customer-focused water services.**”*

To meet this Vision, we focus on the following objectives:

- Providing high quality service 24 hours a day, every day.
- Delivering high quality water in a cost-effective manner.
- Planning, developing, and implementing solutions that increase efficiency and productivity.
- Providing the tools, training, and environment to foster employee growth and achievement.
- Communicating effectively with the public, stakeholders, and employees.
- Managing water resources and plan facilities to meet the community’s water needs.

You were selected because we believe you have the ability and desire to serve our community and contribute directly to our Vision—enhancing the quality of life in the Truckee Meadows.

In addition to delivering exceptional, customer-focused water services, we are committed to creating and maintaining a work environment, which promotes respect, teamwork, effective communications, and opportunities where employees are offered a safe, challenging, and rewarding work experience.

**For Established Employees:** thank you for your past and continued dedicated service!

As always, we extend our best wishes for your success here at TMWA and hope you enjoy a meaningful and rewarding career.

## Introduction

TMWA’s Management Team has developed our Administrative Instructions to help you understand TMWA’s employment policies, directives, and procedures. We ask that you read through these carefully. If you have questions, please direct them to your Immediate Supervisor or the Human Resources Department. Periodically, TMWA may change the policies and directives found in our Administrative Instructions and we will let you know when that happens. **Please note that as a TMWA employee you are solely responsible for reading, understanding, and following these Administrative Instructions.**

It is TMWA’s policy that all employees are employed at the will of both the employee and TMWA. There is no contractual promise or legal requirement by either the employee or TMWA that your employment will continue for any set period of time, or that your employment will be terminated under particular circumstances or with particular notice. Nothing in these Administrative Instructions constitutes an employment contract—express or implied. The policies and directives established in our Administrative Instructions do not modify the at-will nature of your employment with TMWA.

Many of TMWA’s employees work in positions represented by Local Union 1245 of the International Brotherhood of Electrical Workers (“IBEW”). Accordingly, their employment is governed by the terms of the Collective Bargaining Agreement (“CBA”) between TMWA and IBEW in addition to these Administrative Instructions. Where there is a conflict between the Administrative Instructions and the CBA, the terms of the CBA will apply to collective bargaining unit employees.

## Definitions

**Acting Supervisor** – any employee who is designated as a Supervisor in the absence of the Supervisor.

**Administrative Directive** – rules, procedures or expectations authorized and issued by the General Manager. As new Administrative Directives are written and existing Directives are revised, this manual will be updated.

**Administrative Policy** – rules, procedures or expectations adopted by the TMWA Board of Directors. Administrative Policies have general applicability throughout TMWA and help to ensure compliance with legal requirements. As new Administrative Policies are written and existing Policies are revised, this manual will be updated.

**CBA or Collective Bargaining Agreement** – the current Agreement between Truckee Meadows Water Authority and the Local Union 1245 of the International Brotherhood of Electrical Workers.

**Hiring Leader** – the Supervisor who is responsible for the recruitment and hiring for a particular position.

**IBEW, IBEW 1245 or Union** – the Local Union 1245 of the International Brotherhood of Electrical Workers.

**Immediate Supervisor** – the employee to whom you report during or after hours and on the weekends and may include the On-Call Supervisor.

**MPAT Employees** – Management, Professional, Administrative and Technical employees who are not covered by the CBA.

**Management Team or TMWA Management** – TMWA’s management employees, including the General Manager, Directors, Managers and Supervisors.

**On-Call Supervisor** – a member of the TMWA Management Team who is designated to be “On Call” and available to assist in handling escalated operational issues or to provide general direction and guidance.

**PERS** – Public Employee’s Retirement System of Nevada.

**Provisional Employees** – employees hired into positions covered by the CBA and whose employment is intended to last more than six (6) months but less than two (2) calendar years. Provisional employees accrue benefits in accordance with the CBA.

**Regular Full-Time Employees** – for benefit purposes, employees not in a seasonal, temporary, or provisional status and are regularly scheduled to work a minimum of 31 hours per week.

**Regular Part-Time Employees** – for benefit purposes, employees not in a seasonal, temporary, or provisional status and are regularly scheduled to work less than the full-time schedule. Regular Part-Time employees who work at least twenty (20) hours each week, are provided some benefits and leave on a pro-rated basis.

**Seasonal Employees** – Seasonal employees usually work less than six (6) months and may not work greater than 1,039 hours in either a calendar or fiscal year; and are not eligible to receive employment benefits such as paid holidays, paid time off, vacation or sick leave, medical or retirement benefits.

**Temporary Employees** – Temporary employees may not work greater than 1,039 hours in either a calendar or fiscal year and is not eligible to receive employment benefits such as paid holidays, paid time off, vacation or sick leave, medical or retirement benefits.

**TMWA** – Truckee Meadows Water Authority.

**Union Shop Steward** – a representative designated by IBEW under the CBA.

# Administrative Policies

	<b>Administrative Instruction Manual</b> Administrative Policy
<b>Number:</b> A-01	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-01 Equal Employment Opportunity and Non-Discrimination Policy	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version</i>	

**Policy**

TMWA is an equal opportunity employer. It is TMWA’s policy to provide equal employment opportunity to all employees and applicants for employment without regard to race (including traits associated with race, such as hair texture and protective hairstyles), color, gender, religion, age, national origin, social or ethnic origin, sexual orientation, gender identity or expression, marital status, pregnancy, disability, military and/or veteran status or any other characteristic protected by law. TMWA’s commitment to equal opportunity includes all terms, conditions, and privileges of employment, including but not limited to recruiting, hiring, job placement, training, compensation, benefits, discipline, advancement, and termination.

All decisions affecting any terms and conditions of employment, including recruitment, hiring, assignment, training, compensation, promotion, salary, disciplinary action, and an employee’s caregiving responsibilities, will be made without regard to race (including traits associated with race, such as hair texture and protective hairstyles), color, gender, religion, age, national origin, social or ethnic origin, sexual orientation, gender identity or expression, marital status, pregnancy, disability, military and/or veteran status or any other characteristic protected by law.

All employees are expected to adhere to this policy. The exercise of rights protected by applicable federal, state, and local equal employment opportunities laws such as filing complaints and participating in investigations and related administrative proceedings, and lawfully opposing unlawful practices under these laws is protected activity for which harassment, intimidation, threats, coercion, or discrimination will not be tolerated.

This policy also prohibits retaliation against any employee by another employee or by TMWA for reporting, filing, testifying, assisting, or participating in any manner in any investigation, proceeding or hearing conducted by TMWA or a federal or state enforcement agency relating to this policy. Please report any retaliation that is set forth in Administrative Instruction A-03 Prohibited Harassment, Discrimination, and Retaliation. TMWA will investigate and respond to the report of retaliation as set forth in Administrative Instruction A-03.

This policy serves as the vehicle by which TMWA develops and maintains a work environment that values the dignity of each individual, utilizes human resources to their fullest potential, and ensures a high-quality workforce which reflects the diversity of the community. Employees who believe they are being or have been unlawfully discriminated or retaliated against in violation of this policy or are aware of an incident or conduct in violation of this policy, are strongly encouraged to immediately report the incident to Human Resources and or their Immediate Supervisor. All complaints alleging prohibited harassment, discrimination, or retaliation will be impartially and promptly investigated and appropriate remedial action will be taken within the parameters of applicable federal and state laws and the applicable Collective Bargaining Agreement.

	<p><b>Administrative Instruction Manual</b> Administrative Policy</p>
<p><b>Number:</b> A-02</p>	<p><b>Effective:</b> 02/01/2023</p>
<p><b>Title:</b> A-02 Accommodations Policy</p>	
<p><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

**Policy**

TMWA will provide reasonable accommodations to qualified individuals with known disabilities unless such accommodations would pose an undue hardship to TMWA. Reasonable accommodations will be made to allow individuals to participate in the application process, perform essential job functions, and enjoy equal benefits and privileges of employment. Individuals with disabilities are responsible for requesting reasonable accommodations by informing Human Resources of the need for accommodations and providing medical documentation appropriate to verify the existence of the disabilities and to identify and assess potential reasonable accommodations. Employees are also expected to fully cooperate with TMWA in its efforts to identify potential reasonable accommodations. In some circumstances, subject to applicable law, employees may be asked to undergo fitness for duty examinations.

TMWA generally attempts to make reasonable job modifications/accommodations for employees, regardless of whether they are “disabled” under the law. Thus, TMWA’s engagement in an interactive process and/or the provision or offer of an accommodation or modified duty (including any conduct under this policy or TMWA’s return to work and workers’ compensation policies) does not indicate that TMWA regards the employee as “disabled.”

Any applicant or employee who needs an accommodation should contact Human Resources and request such an accommodation. Employees should not share their medical information or requests for job modifications/accommodations with their manager or supervisor. Both for privacy reasons and to assure a proper response from TMWA, it is important that such information and requests only be shared with Human Resources.

Interactive Process: When making the request for accommodation mentioned above, the individual with a disability should specify what accommodation(s) the individual needs to perform the individual’s job duties. TMWA may require additional information from the employee, their health care provider(s) and/or their own health care advisors in order to determine the appropriate action to take. For example, more information or physical examination(s) may be required in order to determine if the employee is a qualified individual with a disability, to determine the abilities of the employee to safely perform the job functions, with or without an accommodation, or to explore various possible reasonable accommodations. Throughout the process, TMWA will use a problem-solving approach in order to identify and implement an accommodation that is most appropriate for the situation.

During this interactive process, TMWA may implement temporary modifications to the employee’s work duties and/or environment. A temporary modification may involve elimination or modification of an essential function; however, TMWA may determine that such elimination or modification cannot be made permanent. As a result, it is important for employees to keep in mind that all temporary modifications are merely temporary and instituted for the benefit of the employee while the interactive process is completed.

At the end of this information gathering process, TMWA may adopt the requested accommodation, adopt another reasonable accommodation, or make the determination that a reasonable accommodation does not exist. TMWA may also propose and implement an alternative



## *A-02 Accommodations Policy*

accommodation(s). If the accommodation requested or any alternative is reasonable and will not impose an undue hardship, the law allows, and TMWA reserves the right to implement the accommodation of TMWA's choice.

Pregnancy Accommodations: Except where a bona fide occupational qualification otherwise dictates, TMWA will provide reasonable accommodations to female employees or applicants, if requested, for a condition of the employee or applicant related to pregnancy, childbirth, or related medical condition, unless the accommodation would impose an undue burden on TMWA. No adverse actions will be taken against female employees who request or use a reasonable accommodation for a condition of the employee related to pregnancy, childbirth, or a related medical condition. In addition, no qualified female applicant or employee will be denied an employment opportunity based on their need for a reasonable accommodation for a condition related to pregnancy, childbirth, or a related medical condition. Female applicants or employees who are affected by a condition related to pregnancy, childbirth, or a related medical condition will not be required to accept an accommodation that the employee or applicant did not request or chooses not to accept. Further, TMWA will not require a female employee who is affected by a condition related to pregnancy, childbirth, or a related medical condition to take leave from employment if a reasonable accommodation for any such condition of the employee is available that would allow the employee to continue to work.

In the event an employee or an applicant seeks a reasonable pregnancy-related accommodation, TMWA will engage in a timely, good-faith interactive process to attempt to arrive at an effective, reasonable accommodation for the employee. The employee is expected to participate in the process in good faith. Employees should note, however, that TMWA is generally not required to create a new position as an accommodation, to fire another employee, transfer any employee with more seniority, or promote any employee who is not qualified to perform the job. TMWA may require an employee to provide an explanatory statement from the employee's physician concerning the specific accommodation recommended by the physician for the employee.

Nursing Accommodations: TMWA will provide an employee who is a mother of a child under 1 year of age with (1) reasonable break time to express breast milk as needed; and (2) a place (other than a bathroom), which is reasonably free from dirt and pollution, protected from the view of others and free from intrusion by others, where the employee may express breast milk. If TMWA determines that providing reasonable break time and suitable breast milk expression facilities will cause an undue burden on TMWA, the employee and TMWA may meet to agree on a reasonable alternative. If the parties cannot reach an agreement, TMWA may require the employee to accept the reasonable alternative selected by TMWA.

Religious Accommodations: TMWA will make reasonable accommodations for employees' observance of religious holidays and practices, provided that such accommodations do not result in undue hardship to TMWA. An employee who desires a religious accommodation should make the request in writing to their Immediate Supervisor as far in advance as possible. The employee is expected to cooperate with TMWA in seeking and evaluating alternative accommodations.

Domestic Violence Victim Accommodations: TMWA will make reasonable accommodations for an employee who is a victim of domestic violence (or whose family or household member is such a victim), provided such accommodation does not create an undue hardship. Such accommodations may include: (a) a transfer or reassignment; (b) a modified schedule; (c) a new telephone number for work; or (d) any other reasonable accommodation which will not create an undue hardship deemed necessary to ensure the safety of the employee, the workplace, the employer, and other employees. TMWA may require the employee to provide documentation that confirms or supports the need for a reasonable accommodation.

TMWA will not discharge, discipline, discriminate in any manner or deny employment or promotion to, or threaten to take any such action against an employee in any manner for (1) participating as a witness or an interested party in court proceedings related to domestic violence, (2) requesting an

## *A-02 Accommodations Policy*

accommodation for domestic violence, or (3) being subjected to an act of domestic violence at the workplace

Reporting: If you believe you have been subjected to any form of prohibited conduct in violation of this policy, or if you are aware of an incident or conduct in violation of this policy, please follow the reporting procedure set forth in TMWA's Prohibited Harassment, Discrimination, and Retaliation policy (A-03). TMWA will investigate and respond as set forth in A-03.

No Retaliation: TMWA prohibits retaliation against any employee by another employee or by TMWA for exercising any right under this policy. Please report any retaliation in accordance with TMWA's Prohibited Harassment, Discrimination, and Retaliation policy (A-03). TMWA will investigate and respond as set forth in A-03.



**Administrative Instruction Manual**  
Administrative Policy

**Number:** A-03

**Effective:** 05/17/2023

**Title:** A-03 Prohibited Harassment, Discrimination, and Retaliation Policy

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

**Policy**

TMWA is committed to providing a work environment free from prohibited harassment, discrimination, and retaliation. TMWA maintains a strict policy against such conduct, in any form, because of race (including traits associated with race, such as hair texture and protective hairstyles), religion, creed, ethnicity, national origin, ancestry, sex (including pregnancy), gender (including gender nonconformity and status as a transgender individual), gender identity or expression, sexual orientation, age (40 years and above), physical or mental disability, citizenship, genetic information, past, current or prospective service in the uniformed services, marital or domestic partnership status, domestic violence victim status, or any other characteristic protected under applicable federal, state, or local law (the “Protected Categories”).

This policy applies to anyone involved in carrying out TMWA’s business, including a guest, customer, vendor, supplier, independent contractor, auditor, co-worker, supervisor, manager, or elected official. Discrimination, harassment, and/or retaliation in any form (including verbal, physical and/or visual conduct, threats, and/or demands) based on a Protected Category are prohibited.

Employees may be subject to discipline for violating this Policy, even if their conduct does not violate the law (for example, for isolated misconduct). In other words, do not wait until the conduct has become severe or pervasive to report it. This Policy is designed to allow TMWA to stop any prohibited conduct before it becomes severe or pervasive. However, your immediate complaint is a vital component to making this Policy work. Do not assume that TMWA is aware of the problem. If you feel that you or someone else may have been subjected to conduct that violates this Policy, please bring your complaints and concerns to our attention so that we can resolve them. Elected officials, vendors, independent contractors, or customers may also be subject to appropriate sanctions for violating this policy, which may include termination of the relationship or limitations of access, etc., even if their conduct does not violate the law.

In addition to our commitment to providing a workplace free of prohibited discrimination, harassment and retaliation, TMWA proudly recognizes the diversity of our work force. Our employees come from many racial, ethnic, and cultural backgrounds, and we view this diversity as an important and valuable part of our culture. We encourage all employees to make every reasonable effort to respect the different cultural values, customs, experiences, and languages that their co-workers may bring into the workplace. Failure to do so may create an atmosphere of inferiority, isolation, or intimidation and may even create a perception of discrimination, harassment or retaliation.

**VIOLATION OF THESE POLICIES WILL SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION, EVEN FOR A FIRST OCCURANCE.**

**I. Definitions**

**Prohibited Harassment** – unwelcome conduct, whether verbal, physical, or visual, that is based upon a Protected Category or any other protected status. Prohibited harassment does not depend on the victim having suffered an economic or psychological injury as a result of the harasser’s conduct. For example, improper advances which do not result in the loss of

## *A-03 Prohibited Harassment, Discrimination, and Retaliation Policy*

employment or other tangible job benefits may constitute prohibited harassment where they interfere with the victim's work or create a harmful or offensive work environment.

For prohibited harassment to occur, the harasser does not have to be the victim's supervisor. The harasser may also be an agent of the supervisor, a supervisory employee who does not supervise the victim, a non-supervisory employee (co-worker), or a non-employee. The victim does not have to be the person at whom the unwelcome conduct is directed. The victim may also be someone who is affected by such conduct when it is directed toward another person. For example, the prohibited harassment of one employee may create an intimidating, hostile, or offensive working environment for another co-worker or interfere with the co-worker's work performance.

**Prohibited Discrimination** – the taking of a tangible employment action against an employee because of a Protected Category or another protected characteristic. Prohibited discrimination also includes subjecting an employee to different treatment because of a Protected Category, except as otherwise provided by law. Prohibited discrimination may also take the form of prohibited harassment.

**Sexual Harassment** – unwanted or unwelcome conduct based on someone's sex or gender (including pregnancy, sexual orientation, and status as a transgender individual) regardless of the harasser's sex or gender. It includes conduct that is not sexual in nature (for example, offensive remarks), as well as any unwelcome sexual advances, requests for sexual favors, offensive touching, and other verbal, graphic or physical conduct of a sexual nature.

Examples of conduct specifically prohibited under our policy against sexual harassment include but are not limited to:

- Offering or implying an employment-related reward (such as a promotion or raise) in exchange for sexual favors or submission to sexual conduct.
- Threatening to take or taking a negative employment action (such as termination, demotion, denial of a leave of absence) if sexual conduct is rejected.
- Unwelcome sexual advances or repeated flirtations.
- Unwelcome intentional touching of another person or other unwanted intentional physical contact (including patting, pinching, or brushing against another person's body).
- Unwelcome whistling, staring, or leering at another person.
- Asking unwelcome questions or making unwelcome comments about another person's sexual activities, dating, personal intimate relationships, or appearance.
- Unwelcome sexually suggestive or flirtatious gifts.
- Unwelcome sexually suggestive or flirtatious communications such as letters, notes, text messages, e-mail, or voice mail.
- Unwelcome conduct or remarks that are sexually suggestive or that demean or show hostility to a person because of the person's gender (including jokes, pranks, teasing, obscenities, obscene or rude gestures or noises, slurs, epithets, taunts, negative stereotyping, threats, blocking of physical movement).
- Displaying or circulating unwelcome pictures, objects, or written materials (including graffiti, cartoons, photographs, pinups, calendars, magazines, figurines, novelty items) that are sexually suggestive or that demean or show hostility to a person because of the person's gender.

Sexual harassment is not, by definition, limited to prohibited conduct by a male employee toward a female employee. Rather, a man, as well as a woman, may be the victim of sexual harassment, and a woman, as well as a man, may be the harasser. The victim does not have to be the opposite sex from the harasser.

## *A-03 Prohibited Harassment, Discrimination, and Retaliation Policy*

For purposes of clarification, sexual harassment includes but is not limited to the following behaviors:

- Verbal Harassment - Epithets, derogatory comments, propositioning, slurs, or other offensive words or comments on the basis of sexual orientation or gender, whether made in general, directed to an individual, or to a group of people and regardless of whether the behavior was intended to harass. This includes, but is not limited to, inappropriate sexually-oriented comments on appearance, including dress or physical features, sexual rumors, code words, gossips, and stories.
- Physical Harassment - Assault, impeding or blocking movement, leering, or the physical interference with normal work, privacy or movement when directed at an individual on the basis of sexual orientation or gender. This includes pinching, patting, grabbing, inappropriate behavior in or near bathrooms, sleeping facilities and eating areas, or making explicit or implied threats or promises in return for submission to physical acts.
- Visual Forms of Harassment - Derogatory, prejudicial, stereotypical, or otherwise offensive posters, photographs, cartoons, notes, bulletins, drawing, pictures, or articles of clothing, on the basis of sexual orientation or gender. This applies to posted materials, emails, email content, material maintained in or on TMWA equipment, or personal property in the workplace.

No employee, independent contractor, supervisor or other member of management has the authority to suggest to any employee or applicant that the individual's employment, continued employment, future advancement, or any other term or condition of employment will be affected in any way by the individual's entering into (or refusing to enter into) any form of personal relationship with the guest, customer, vendor, supplier, independent contractor, auditor, co-worker, supervisor, or manager. Such conduct is a direct violation of this Policy and will not be tolerated.

### **II. Non-Retaliation**

It is absolutely forbidden for any employee to punish or conduct reprisals against another employee who has conscientiously reported violations of this Policy based upon an objective and subjective good faith belief that the reported conduct violates this Policy. TMWA's prohibition against retaliation includes prohibiting retaliation against any employee for using the complaint procedure set forth in this Policy or for filing, testifying, assisting, or participating in any manner in any investigation, proceeding, or hearing conducted by TMWA under this policy or a governmental enforcement agency, where such participation was done honestly and in a manner consistent with objective and subjective good faith. In addition, TMWA prohibits retaliation against an employee who is closely associated with any employee that engages in any of the protected conduct mentioned above.

### **III. Coverage**

TMWA absolutely prohibits conduct in violation of this Policy during work, during business involving TMWA, in a TMWA vehicle, at a TMWA event, or while on TMWA property by any employee (including supervisors and managers) or by any non-employee (including guests, customers, vendors, suppliers, auditors, and independent contractors).

### **IV. Responsibilities**

The Head of Human Resources (or the General Manager if the Head of Human Resources is the subject of the complaint) is responsible for ensuring the prompt and thorough investigation of complaints of harassment and the preparation of a report of the investigative findings and conclusions.

Each employee is responsible for immediately reporting any conduct that they believe violates this Policy, regardless of whether they are personally involved.

**V. Complaint Procedures**

**A. Notification, Investigation and Disposition**

Any TMWA employee who feels they may have been subjected to a violation of this Policy must immediately notify their Immediate Supervisor, the Head of Human Resources, the General Manager, and/or anyone on TMWA's Management Team. Due to the serious nature of these issues, reporting harassment, discrimination, or retaliation to a co-worker or another person not designated in this Paragraph is not proper—the report should be made to **any** of the people listed above. If any of the individuals referenced above are involved in the discrimination, harassment, or retaliation, including your supervisor, or if you have reported it to one of those positions and they have failed to take appropriate remedial action, then you should alternatively report it to any of the other positions listed above.

It is preferable (though not required) that the notification be in writing. Your complaint should be as detailed as possible, including the names of individuals involved, the names of any witnesses, direct quotations when language is relevant, and any documentary evidence (notes, pictures, cartoons, etc.). TMWA encourages all employees to report any incidents of conduct that is forbidden by this Policy immediately so that complaints can be quickly and fairly resolved, and relevant witnesses can be interviewed while events are still fresh in their memory. Employees are encouraged to report conduct that they believe may violate this Policy (or that, if left unchecked, may rise to the level of a policy violation), even if they are not sure that the conduct violates the Policy.

The Complaint of Discrimination/Harassment/Retaliation form (See Attachment - TMWA Discrimination/Harassment/Retaliation Complaint Form) may be used for reporting violations of this Policy. However, anyone on the Management Team who receives a verbal complaint must document the complaint in writing and deliver to the Head of Human Resources.

Any member of the Management Team who receives any oral or written complaints of violations of this Policy must promptly notify the Head of Human Resources of the complaint. Any member of the Management Team who observes conduct in violation of this Policy must take prompt and appropriate action to stop the violation and then report the conduct to the Head of Human Resources.

Upon receipt of a complaint, the Head of Human Resources (or General Manager if the Head of Human Resources is the subject of the complaint) will promptly determine if the issue implicates this Policy and, if so, designate an investigator. If the complaint is found to be outside the scope of this Policy, the Head of Human Resources shall meet with the employee who filed the complaint to discuss their findings and conclusions.

If, after the initial review, there is indication that the complaint is properly a subject of this Policy, the Head of Human Resources shall ensure prompt and thorough investigation of the complaint, including interviewing the employee who complained, the person against whom the complaint was lodged, and any relevant witnesses.

Upon receipt of a complaint under this policy, TMWA will undertake a prompt, thorough, and impartial investigation and attempt to resolve the situation. If TMWA determines that prohibited conduct has occurred, TMWA will take effective and prompt remedial action commensurate with the circumstances. Appropriate action will also be taken to deter any future prohibited conduct. When the investigation is complete, and as soon as is practical thereafter, the employee who submitted the complaint will be informed whether the complaint was substantiated and that appropriate action(s) were taken; however, employees should be aware that they will not be informed what specific action(s) were taken. If the reported conduct continues or if new violations of this Policy occur, the

## *A-03 Prohibited Harassment, Discrimination, and Retaliation Policy*

employee should report the issue or continued conduct and/or retaliation in accordance with the procedures outlined in this Policy.

### *Special Reporting Channel in Circumstances Involving the General Manager, Assistant General Manager, and/or Human Resources*

In the event an employee's concern is related to believed violations of this Policy by the General Manager, the Assistant General Manager, and/or the Human Resources Department, and the employee does not feel comfortable discussing the situation with any of the positions identified above, the employee may report the issue by contacting TMWA's outside counsel. Updated contact information for TMWA's outside counsel is available in PolicyTech <https://tmwa.policytech.com/dotNet/documents/?docid=1706> (keyword search: "Special Reporting").

### B. Confidentiality

TMWA will make reasonable efforts to avoid disclosure of complaints under this Policy and related investigation. The identity of an individual who submits a report, a witness who provides information regarding a report, the target of the complaint, and information received during the investigation will be kept confidential to the extent possible and permitted by law, consistent with a thorough and impartial investigation. Please be aware that TMWA cannot guarantee complete confidentiality because conducting an effective investigation may and often does require revealing information to the person about whom the complaint was made and/or potential witnesses. However, TMWA will endeavor to disclose such information only to those who need to know about it. TMWA will also endeavor to avoid disclosure of records relating to complaints under this Policy on the same basis.

Attachment A

**TMWA DISCRIMINATION/HARASSMENT/RETALIATION COMPLAINT FORM**

Date: \_\_\_\_\_

Name: \_\_\_\_\_ Employee No: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

- I am personally claiming discrimination/harassment/retaliation
- I am reporting discrimination/harassment/retaliation pertaining to another person

\_\_\_\_\_  
**Name(s) of the Person Committing the Believed Policy Violation**

\_\_\_\_\_  
**Department:**

\_\_\_\_\_  
**Relationship of the Policy Violator to the Complainant (manager, co-worker, contractor, etc.)**

**Basis on which this complaint is filed (check all that apply):**

- Age
- Disability
- Color
- Religion
- Marital or Domestic Partnership Status
- Military/Reserve Status
- National Origin
- Work-related injury
- Retaliation based on \_\_\_\_\_
- Harassment based on \_\_\_\_\_
- Other \_\_\_\_\_
- Pregnancy
- Race (including traits associated with race)
- FMLA
- Gender/Sex
- Sexual Orientation
- Veteran Status
- Whistleblower
- Genetic information
- Domestic violence victim status
- Gender identity and/or expression

**Discrimination/harassment/retaliation is claimed to have occurred in the area/form of (check all that apply):**

- Hiring
- Referral
- Segregated Facilities
- Job Classification
- Termination
- Qualifications/Testing
- Promotion
- Advertising
- Intimidation/Reprisal
- Job Interview
- Assignment of duties
- Training/Apprenticeship



**IMPORTANT!!**

**Please answer the following questions as completely as possible.**

**Use as many additional sheets as necessary.**

1. What is the conduct you believe to be a violation of TMWA's Prohibited Harassment, Discrimination, and Retaliation Policy?

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2. Did the alleged act result in any personal harm to you?  Yes  No

If yes, please describe:

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3. Why do you believe the actions you described in Question #1 are discriminatory, harassing, or retaliatory based on a Protected Category (as outlined in the Policy), protected characteristic, or protected activity?

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4. Who or what do you believe is responsible for the Policy violation(s) you describe?

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*A-03 Prohibited Harassment, Discrimination, and Retaliation Policy*

**5.** Were there any witnesses to the act? If so, give names and contact information where they can be reached.

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**6.** Please specify dates of occurrence for any Policy violations, including when the conduct first started and whether it has stopped.

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**7.** Where did the act(s) occur?

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**8.** How did you react to the situation(s)? Did you take any action to stop the perceived inappropriate behavior?

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9. Did anyone in the department give an explanation for the alleged conduct? What explanation was given?

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10. Have you attempted to resolve your complaint? If so, with whom? What is the status of your complaint?

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11. What would you like to see happen (for you, for others) with respect to the alleged incident(s) and explain why you believe this result is appropriate?

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12. Do you have any documentation that you believe is relevant to your complaint? If so, please indicate below and provide it. Please do not include originals. If you do not have access to a relevant document, please identify the document with as much specificity as you can, so that TMWA can locate and identify a copy of the document.

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I certify the above statements to be true and correct to the best of my knowledge.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

	<b>Administrative Instruction Manual</b> <b>Administrative Policy</b>
<b>Number:</b> A-70	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-70 Open Communication and Complaint Resolution Policy	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

### **Purpose**

TMWA’s open communication and complaint resolution policy reflects our commitment to foster free flow of communication and transparency between employees and management and help resolve work-related problems and disagreements in a timely manner.

### **Scope**

Every employee is encouraged to communicate their work-related ideas, opinions, perspectives, feedback, and/or concerns in a timely manner. Management will make themselves available and work diligently to create an environment where employees’ ideas are welcomed, and issues are addressed quickly.

It is TMWA’s sincere desire to foster a work atmosphere of trust and mutual respect to enhance individual performance, team collaboration, and success.

This Policy does not replace or override any terms of the Collective Bargaining Agreement (CBA) between Truckee Meadows Water Authority (TMWA) and the International Brotherhood of Electrical Workers (IBEW), Local Union 1245. Instead, this Policy clarifies TMWA’s desire to foster a positive workplace through open communication and collaboration with all TMWA employees. Naturally, employees working in positions covered under the CBA have the right to follow the grievance procedures described in Title 21 of the CBA when addressing issues which are subject to the CBA’s grievance procedure (e.g., issues related to the interpretation or application of the terms of the CBA or related to such matters as the alleged discriminatory or arbitrary discharge, discipline or demotion of an individual employee).

### **Policy**

Employees with workplace suggestions, concerns or complaints are encouraged to discuss them as soon as possible after the event causing the employee’s concern. The most satisfactory solution to a workplace problem or concern is usually reached through a prompt discussion between an employee and their Immediate Supervisor, as the supervisor is typically the most direct source of information regarding an employee’s job, departmental policies, and procedures. However, if an employee does not feel comfortable discussing the concern with their Immediate Supervisor or if an employee is not satisfied with their supervisor’s response, they should contact any other member of management with whom they feel comfortable as described in the procedure below.

We cannot guarantee that TMWA will make the suggested changes or resolve all concerns in the way an employee prefers but voicing concerns will allow us to review them and work towards a resolution.

*Please note that concerns involving perceived violations of TMWA’s Prohibited Harassment, Discrimination, and Retaliation policy should be reported as set forth in the A-03 Prohibited Harassment, Discrimination, and Retaliation policy.*

**Non-Retaliation:** TMWA seeks to maintain a spirit of open communication and all employees should feel free to raise issues of concern without fear of reprisal. It is prohibited for any employee

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to punish or conduct reprisals against another employee who has conscientiously reported workplace concerns or violations of TMWA policy.

**Procedure:** To facilitate open communications, employees should raise workplace problems, suggestions, concerns or report potential violations of TMWA's policies or procedures by notifying their immediate supervisor, the Head of Human Resources, the Assistant General Manager, the General Manager, and/or anyone on TMWA's Management team. In the event that any of the individuals referenced above are subjects of the concern or complaint, or if the employee has reported it to one of these positions and they have failed to take appropriate action, the employee should then alternatively report it to any of the other positions listed above.

The employee will be asked to provide specific information, including but not limited to names of witnesses, date and time of occurrence(s), identification of pertinent documents (regardless of whether or not they are in the employee's possession), and any other relevant information necessary to understand the basis for the concern and to assist in taking appropriate follow up action.

**Special Procedure:** In the event an employee's concern is related to believed inappropriate, unethical, or illegal behavior by the General Manager, the Assistant General Manager, and/or the Human Resources Department, and the employee does not feel comfortable discussing the situation with any of the positions identified above, the employee may report the issue by contacting TMWA's outside counsel. Updated contact information for TMWA's outside counsel is available in PolicyTech <https://tmwa.policytech.com/dotNet/documents/?docid=1706> (keyword search "Special Reporting"). All communications will be treated as confidential to the extent possible, consistent with applicable law.

	<b>Administrative Instruction Manual</b> <b>Administrative Policy</b>
<b>Number:</b> A-05	<b>Effective:</b> 02/01/2023
<b>Title: A-05 Drug and Alcohol Free Workplace Policy</b>	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

### **Purpose**

TMWA and IBEW 1245 have a vital interest in maintaining safe, healthful, and efficient working conditions for TMWA’s customers and employees. Using or being under the influence of drugs or alcohol on the job can pose serious safety and health risks not only for the user but also to the public and all those who work with the user. The possession, use or sale of an illegal drug or controlled substance can also pose unacceptable risks to safe, healthful and efficient operations. Violation of the Drug and Alcohol Free Workplace policy will result in disciplinary action, up to and including termination; however, TMWA may offer the employee an opportunity to seek chemical dependency treatment services in conjunction with disciplinary action. Additionally, employees may also elect to voluntarily seek treatment under the Voluntary Admittance program set forth in this policy.

### **Policy**

- I. TMWA and IBEW 1245 maintain a strong commitment to provide a safe, efficient, and productive work environment. Employee involvement with alcohol or drugs can be extremely disruptive and harmful to the workplace. It can adversely affect the quality of work and the performance of employees, pose serious safety and health risks to the user, co-workers and the public, and have a negative impact on work efficiency and productivity. TMWA seeks to ensure that employees are in a condition to perform their duties safely and efficiently, in the interests of fellow workers and the public, as well as themselves. It is the purpose of this policy to eliminate substance abuse and its effects in the workplace.  
  
TMWA considers this policy to be part of its fitness for duty expectations.
- II. Alcohol. The use of alcohol or being in a state of intoxication or impairment from alcohol during normal business hours, while performing TMWA business, while on TMWA premises, or while operating a TMWA vehicle at any time, is prohibited. A Failed Alcohol Test is grounds for disciplinary action, up to and including termination. This policy will not be construed to prohibit the use of alcohol at social or business functions sponsored by TMWA where alcohol is served. Employees choosing to consume alcohol at social functions sponsored by TMWA must conduct themselves properly at all times and should ensure that they do not become Impaired or reach a State of Intoxication. TMWA does not and will not assume responsibility for the safety and/or transportation of employees who consume alcoholic beverages at such functions.
- III. Illegal Drugs. Except as otherwise provided by law, TMWA strictly prohibits the use of Illegal Drugs, or being under the influence of, or being Impaired by, Illegal Drugs. Additionally, TMWA prohibits the sale, attempted sale, transfer, distribution, manufacture, attempted manufacture, purchase, attempted purchase, possession or cultivation of Illegal Drugs at any time and in any amount. TMWA also strictly prohibits the use, sale, attempted sale, transfer, distribution, manufacture, attempted manufacture, purchase, attempted purchase, or possession of Contraband on TMWA Property, while doing TMWA business, while driving any TMWA vehicle regardless of the employee’s work status, or at any TMWA event or activity. A Failed Drug Test is grounds for disciplinary action, up to and including termination.

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- IV. Legal Drugs. TMWA prohibits being under the influence of, or being Impaired by a Legal Drug, during normal business hours, while performing TMWA business, while on TMWA premises, or while operating a TMWA vehicle at any time, unless it has been approved by TMWA as a reasonable accommodation. An employee using a Legal Drug has an obligation to inquire (including, where appropriate, confer with the employee's medical provider) and determine whether the legal drug the employee is taking may or will affect the employee's ability to safely and efficiently perform the employee's job duties.

If the inquiry indicates that an employee may be Impaired or the employee feels they will be Impaired by or becomes impaired after taking a legally prescribed drug, they are required to inform Human Resources, prior to starting work. To be clear, the employee is not required to disclose the name of the Legal Drug they are taking, or the particulars of the underlying condition for which the Legal Drug is being taken. Instead, the employee is expected to disclose the functional limitations that the employee may be experiencing as a result of taking the Legal Drug, so that appropriate measures to ensure safety can be taken.

Employees may be eligible for certain accommodations, including possible assignment to other appropriate work or placed on a leave of absence until the employee no longer requires the Legal Drug. An employee taking over-the-counter medications contrary to instructions provided by the provider, manufacturer, or their healthcare provider may be subject to disciplinary action, up to and including termination and appropriate legal action.

- V. Medical Marijuana. For purposes of this policy, marijuana is in a unique class because it is legal under Nevada law, but remains unlawful under current federal law. However, under any circumstance, marijuana is still considered an Illegal Drug to the extent it is not obtained pursuant to a valid registry identification card or when it is lawfully obtained but not used in the appropriate time, manner, place, combination, or quantity. The use of Medical Marijuana during an employee's scheduled shift or other work hours, while performing TMWA business, while on TMWA premises, or while operating a TMWA vehicle at any time, is prohibited regardless of the possession of a valid registry marijuana card. In the event an employee fails a drug test due to Medical Marijuana, TMWA will evaluate an accommodation, on a case-by-case basis, under TMWA's Accommodation policy.
- VI. The Drug and Alcohol Free Workplace policy applies to all employees, including full-time, part-time, seasonal, temporary, and provisional employees of TMWA. Certain employees may also be covered under the DOT Drug and Alcohol Testing Program as set forth in Administrative Instruction A-06.
- VII. Violation of the Drug and Alcohol Free Workplace policy will result in disciplinary action up to and including termination; however, TMWA may offer the employee an opportunity to seek chemical dependency treatment services in conjunction with disciplinary action. In these cases, TMWA will attempt to hold an employee's same or similar job position open for the length of the treatment program and pending successful completion of the treatment program, subject to return-to-duty requirements, job availability and existing Americans with Disabilities Act (ADA) requirements. Cost of treatment is the responsibility of the employee. However, health insurance offered by TMWA may help to offset the cost of treatment. Refer to the insurance summary plan for a description of covered benefits. Participation in treatment is voluntary and strictly confidential. No information regarding the employee's chemical dependency problem will be placed in the employee's personnel file, but the testing results will be kept in a separate medical file and may be discussed with the employee's Immediate Supervisor only on a need-to-know basis.
- VIII. As a recipient of federal grants and/or contracts, it is TMWA's policy to comply with the requirements of the Drug-Free Workplace Act of 1988.

## Definitions

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**Illegal Drugs** – any controlled substance or drug, the sale, possession or consumption of which is illegal under federal, state or local law. The term includes prescription drugs not legally obtained or not being used in the manner, combination or quantity for which they were prescribed. Illegal Drugs includes items that are prohibited by the 2012 Federal Synthetic Drug Abuse Prevention Act, which prohibits the distribution, dispensation, possession, or use of synthetic drug derivatives (bath salts, K2, spice, pep, genie, etc.). Although certain marijuana possession, cultivation, and consumption is no longer criminally prosecuted under Nevada state law, for purposes of this policy (except as otherwise provided in this policy below), Illegal Drugs also includes marijuana.

**Legal Drugs** – include prescription drugs and over-the-counter drugs which have been legally obtained and are being used in the manner, combination or quantity for which they were prescribed or manufactured. Legal Drugs, for purposes of this policy only, includes “Medical Marijuana” unless the employee is regulated by the United States Department of Transportation (“DOT”) regulations or another law that mandates zero tolerance for marijuana consumption (medical or recreational). For such legally regulated employees, “Medical Marijuana” remains an Illegal Drug for purposes of this policy.

**Medical Marijuana** – marijuana (as defined by NRS 453.096), edible marijuana products (as defined by NRS 678A.070), and marijuana-infused products (as defined by NRS 678A.050) obtained pursuant to a valid recommendation and valid registry identification card as defined in NRS Chapter 678C and obtained, used, and possessed in a manner considered lawful by the State of Nevada.

**Failed Alcohol/Drug Test** – for the purpose of this policy: (1) the employee's drug threshold level is above the Federal Department of Health and Human Services (DHHS) guidelines; or (2) the employee has a blood alcohol level that exceeds 0.04. Failed Alcohol/Drug Test also means any of the following: (1) submission or attempted submission of an altered, adulterated, substituted, diluted or tampered with sample; (2) any effort to evade the testing process (including failure to report an accident or injury); (3) refusal to comply with this policy, execute any consent/release required or to take a drug/alcohol test or release the results when requested and under the terms requested by TMWA; or (4) a confirmed positive drug/alcohol test showing (a) a state of intoxication from alcohol, (b) the presence of an Illegal Drug or its metabolite in the tested individual's test sample, (c) that the employee was under the influence of an Illegal Drug, or (d) the presence of a Legal Drug in an amount that causes an Impairment.

**Reasonable Suspicion** – (1) the employee has been involved in a workplace accident or a workplace incident resulting in personal injury or property damage, or workplace circumstances which could have resulted in personal injury or property damage, or a Supervisor has reasonable suspicion to believe that the employee's acts or omissions contributed to the occurrence or severity of the accident, incident or circumstances; (2) behavioral conduct of an employee currently affected by alcohol, drugs or a controlled substance, based upon specific personal observations of the Supervisor concerning behavior, appearance, speech, or body odors; (3) circumstances which could indicate that the employee is reporting to work in other than a sober and reliable state, free from the effects of alcohol or drugs; or (4) evidence of other specific contemporaneous physical, behavioral or performance indicators of probable substance abuse or circumstances. Whenever possible, two management personnel, both of whom are trained in detecting the indicators of substance abuse, shall substantiate and concur in the decision to test. Bargaining unit employees will be informed that they are entitled to representation by a Union Shop Steward during the reasonable suspicion interview process.

**Company Property** – all real or personal property owned, leased or otherwise under the control of TMWA. This includes, but is not limited to, buildings, facilities, vehicles, offices, parking lots, desks, cabinets, lockers, closets, etc.

**Contraband** – illegal drugs and any unauthorized item related to drugs or alcohol such as drug paraphernalia or other related items, including those items whose possession is prohibited by Nevada Revised Statute 453.554.



**Motor Vehicle** – every vehicle which is self-propelled but not operated upon rails.

**Investigative Suspension** – an unpaid leave pending the results of the drug or alcohol test.

**Treatment** – the application of remedies with the object of affecting a cure.

**“State of Intoxication”** – the level of alcohol in the employee’s system meets or exceeds a concentration of alcohol of 0.04 or more.

**“Under the Influence”** – the employee has an amount of a controlled or prohibited substance in their system that: (1) is equal to or greater than the limits set forth in subsections 3 and 4 of NRS 484C.110 or the limits set forth by the Department of Transportation (or any other government agency regulating the employee), whichever is less, or (2) negatively affects their performance; or (3) poses a threat to safety or risks property damage.

**“Impairment”** – the presence of any Legal Drug or Illegal Drug in a person’s system where the level or amount may be reasonably anticipated to: (1) pose a threat of harm or danger to persons or property; or (2) adversely affect the employee’s job performance, or (3) adversely affect the safety of other employees, or (4) prohibit the employee from fulfilling any or all of their job responsibilities. Impairment is determined by TMWA in its discretion.

**Medical Review Officer** – a licensed medical practitioner who has been selected by TMWA to administer the drug and alcohol testing.

## **Procedures**

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### **I. Drug and Alcohol Testing**

#### **A. Types of Testing**

TMWA conducts the following types of drug testing: 1) pre-employment testing; 2) reasonable suspicion testing; 3) post-accident testing; and 4) return to duty testing.

##### **1. Pre-Employment Testing**

- a. An offer of employment with TMWA is contingent upon the applicant's ability to pass a pre-employment drug test (subject to special rules for marijuana articulated below).
- b. Before an applicant who has tested positive for any legal prescription drug can be hired, the applicant must provide proof that the prescription drug was legally obtained (i.e., a prescription, prescription bottle or container) and, where appropriate, a doctor's statement of any potential work-related restrictions caused by the medication.
- c. An applicant who refuses to take a pre-employment drug test will not be eligible for hire. However, any explanation given or statements made by the applicant regarding their refusal to take a pre-employment drug test should be reported to Human Resources. For example, if a job applicant claims they are a recovering drug abuser or if the applicant cannot be tested for religious or other reasons, Human Resources must be consulted before any further action may be taken on the applicant.
- d. Special Rules Related to Drug Screening Before Employment Begins and Within the First 30 Days of Employment

Notwithstanding anything else in this Policy, subject to the exceptions below, TMWA will not fail or refuse to hire a prospective employee because the prospective employee submitted to a screening test and the results of the screening test indicate the presence of marijuana, unless the prospective employee is applying for one or more of the following: (a) a position that requires the employee to operate a motor vehicle and for which federal or state

## *A-05 Drug and Alcohol Free Policy*

law mandates that the employee submit to screening tests; (b) a position that, in TMWA's determination, could adversely affect the safety of others; or (c) a position that is funded by a federal grant. In addition, TMWA will not hire a prospective employee who tests positive for marijuana to the extent this would be inconsistent or conflict with the provisions of an employment contract, a collective bargaining agreement, or federal law.

During employment, however, TMWA reserves the right to administer and enforce its Drug and Alcohol Free Workplace Policy as indicated above and is not legally required to excuse positive marijuana tests by employees resulting from recreational marijuana use. Positive marijuana tests resulting from Medical Marijuana use will be evaluated on a case-by-case basis.

If TMWA requires an employee to submit to a screening test (for marijuana or another controlled substance or drug) within the initial thirty (30) days of employment, the employee has the right to submit to an additional screening test (at the employee's expense) to rebut the results of the initial test. TMWA will accept and give appropriate consideration to the results of the second test. Matters to be considered include but are not limited to: (i) the substance for which the employee tested positive; (ii) the types of screening tests administered (both the first and the second); (iii) the applicable window of detection; (iv) how much time has elapsed between the first and second tests, and the employee's duties for TMWA. There is no guarantee that a negative second test will excuse an initial positive test.

### 2. Reasonable Suspicion Testing

TMWA may require employees to submit to a drug and/or alcohol test when a Supervisor, who is trained, meeting at least the requirements set forth under 49 CFR §382.603 has reason to believe there is Reasonable Suspicion that the employee may be using or under the influence of Illegal or Legal Drugs in violation of this policy and/or in a state of intoxication from alcohol, or is otherwise in violation of this policy. Bargaining unit employees will be informed that they are entitled to representation by a Union Shop Steward during the reasonable suspicion interview process. A Union Shop Steward must be available to attend the reasonable suspicion interview within forty-five (45) minutes after being notified.

### 3. Post-Accident Testing

An employee will be tested for prohibited drug and alcohol use as soon as possible after one of the following situations occurs but no later than thirty-two (32) hours for prohibited drugs and no later than eight (8) hours for alcohol use after the occurrence :

- a. An employee was involved in any preventable motor vehicle accident with a TMWA vehicle and/or an accident resulting in TMWA property damage of \$1,000 or greater. An employee in an accident that is classified as non-preventable, will still be subject to DOT compliance pursuant to Administrative Instruction A-06, if applicable.
- b. An employee who is involved in a preventable accident causing property damage to third-party property or an injury to a third party.
- c. An employee who is involved in a preventable workplace accident that qualifies as OSHA-recordable. OSHA-recordable accidents are typically those accidents that result in: medical treatment other than first-aid treatment, loss of consciousness, days away from work, restriction of work or motion, or a transfer to another job.

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d. Drug testing will be provided upon the employee's request.

### 4. Return-to-Duty Testing

All employees in violation of the Drug and Alcohol Free Workplace policy who receive an assessment and/or treatment option will be subject to return-to-duty testing and ongoing testing after returning to duty as a condition of continued employment.

## **II. Testing Guidelines**

TMWA will follow federal testing guidelines and procedures as set forth in 49 CFR, Part 40 and summarized in Administrative Instruction A-06. A certified Medical Review Officer will review all positive drug test results. For purposes of this policy, any employee who has an alcohol level of 0.04 or more when arriving at work or anytime during their working hours is considered to be in violation of the policy. Submission of an altered or adulterated specimen or the substitution of a specimen by the employee will result in disciplinary action, up to and including termination. A TMWA representative and a Union Shop Steward (if requested) will arrange transportation and accompany the employee to a designated health care facility whenever a reasonable suspicion alcohol and drug test is required per TMWA policy. TMWA will bear the cost for post-accident and reasonable suspicion drug or alcohol testing. The employee will be responsible for the cost of return to duty testing.

## **III. Test Validity**

No later than seventy-two (72) hours after receipt of a positive drug test, the employee may obtain an independent analysis of the same sample at their expense. TMWA shall not have the requested test performed unless the employee first pays in advance all costs of the second test. Upon request, the Medical Review Officer will authorize the laboratory holding the employee's sample to release to a laboratory approved by the Department of Health and Human Services a sufficient quantity of the sample to allow a second laboratory to conduct a drug testing analysis. Because some analytes deteriorate or are lost during freezing and/or storage, the sample to be retested may not provide data sufficient to confirm the presence of the drug or metabolite. By requesting a second analysis, the employee authorizes TMWA to obtain a copy of any test results determined by the second laboratory. The laboratory conducting the analysis will verify the accuracy of the test results. If the second test is positive, then the Drug and Alcohol Free Workplace Policy will apply. If the second test is negative, then the original test shall be disregarded and the cost of the second test shall be refunded.

## **IV. Notice of Conviction of Criminal Drug Violation in the Workplace**

As previously stated, as a recipient of federal grants and/or contracts, TMWA is required to comply with the Drug-Free Workplace Act of 1988. This Act requires that as a condition of TMWA employment on a federal contract or grant, employees must notify TMWA of any conviction of a criminal drug violation in the workplace within five (5) days from the conviction. Such notice should be given in writing to Human Resources.

## **V. Collection Site/Medical Review Officer Services**

TMWA will designate collection sites and the Medical Review Officer on a periodic basis. Such information may be modified from time to time.

## **VI. Employee Consent**

An employee's consent to a medical examination and drug and alcohol testing is required as a condition of employment and an employee's refusal to consent will result in disciplinary action, up to and including termination. Consent to a medical examination and testing includes an employee's obligation to fully cooperate. Upon TMWA's request, an employee must promptly complete any required forms and releases and promptly provide a sample for testing.

**VII. Disciplinary Action**

Violation of this policy will result in disciplinary action, up to and including termination. The decision to implement disciplinary action and the type of discipline will be consistent with TMWA policy and the CBA.

For a reasonable suspicion test, the employee shall be placed on an investigative suspension without pay, pending the results of the drug or alcohol test. If the test results are negative, an employee who was suspended without pay will be reinstated and compensated for wages and benefits lost during the suspension period.

For a post-accident test where the employee is not displaying behavior, speech, body odor, or appearance suggesting that the employee is currently impaired, in a state of intoxication, or under the influence of alcohol, drugs or a controlled substance, the employee may be asked to take an instant/rapid screening test and, if the screening results are negative, return to duty pending the results of the laboratory-based drug or alcohol test. If the instant/rapid test yields a positive result, the employee will be placed on an investigative suspension without pay, pending the results of the laboratory-based drug or alcohol test. If the laboratory-based test results are negative, an employee who was suspended without pay will be reinstated and compensated for wages and benefits lost during the suspension period.

For a confirmed positive test, an employee who is not terminated will be suspended immediately without pay for fourteen (14) calendar days and may only return to work after the suspension ends and the Medical Review Officer or a substance abuse professional approves return to work and negative return-to-work drug and alcohol tests have been achieved. TMWA reserves discretion to determine the appropriate level of disciplinary action to be imposed upon an employee who violates this Policy, which may not be limited to a suspension but may include other actions, up to and including termination. If not terminated, the employee will be asked to sign a last change agreement, subjecting the employee to random follow-up testing for no less than two (2) years.

A refusal to provide either a specimen or consent form will constitute a policy violation, and the employee will be subject to disciplinary action, up to and including termination. Employees must abide by this policy as a condition of continued employment.

Any time off from work taken by an employee to enter an alcohol or drug rehabilitation program shall be without pay, except that an employee may use any previously accumulated personal or sick leave for such time after the fourteen (14) calendar day suspension.

**VIII. Voluntary Admittance to a Treatment Program**

Employees voluntarily seeking treatment for alcoholism or drug addiction are requested to notify Human Resources in advance of their treatment admittance, when possible. Any time off taken by the employee to enter an alcohol or drug rehabilitation program shall be without pay, except that an employee may use any previously accumulated personal leave or any previously accumulated sick leave (with a doctor's excuse). All information regarding the employee's participation in treatment will be treated as confidential; however, (i) supervisors and managers may be informed regarding necessary accommodations or necessary restrictions on the work or duties of the employee; and (ii) information may be disclosed as provided by law. Upon returning to work, the employee will be required to sign return-to-duty guidelines and will generally be subject to random follow-up drug or alcohol testing for a period of at least two (2) years. The employee will be asked to sign a release of information form allowing the Safety Coordinator to confer with the treatment provider to monitor ongoing

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compliance with their recommendations and will be expected to follow all recommendations given by the treatment provider.

### **IX. Confidentiality**

The Safety Coordinator will maintain all records and reports on drug and alcohol testing. Test results may be disclosed to another member of the Management Team on a need-to-know basis and to the employee upon request. Disclosures, without the employee's consent, may also occur when: the information is compelled by law or judicial or administrative process; the information has been placed at issue in a formal dispute between TMWA and the employee or job applicant; the information is used in administering an employee benefit plan or other insurance program; the information is needed by first-aid, safety, or medical personnel for the diagnosis or treatment of an employee who is unable/unwilling to authorize disclosure; for review by the State Worker's Compensation Board or the State Unemployment Security Division in determining a pending claim; or the information is compelled by federal officials investigating compliance with any violation of federal law.

### **X. Policy Training**

The Management Team will receive additional periodic training on recognizing performance indicators of probable drug or alcohol abuse and how to effectively apply the policy.

All employees shall participate in a TMWA-sponsored alcohol and drug awareness program. The program shall provide employees with information regarding: TMWA's Drug and Alcohol-Free Workplace policy; available counseling, referral agencies and rehabilitation; and the penalties imposed upon employees for violations of this policy.

### **XI. Temporary Agency Employment Services**

Any temporary agency employee assigned to any TMWA workplace shall be subject to the same rules of employee conduct relating to alcohol and drug use that are applicable to employees of TMWA.

### **XII. Contractors and Vendors**

Contractors and vendors shall be required to act in accordance with this policy in order to achieve a drug and alcohol free workplace. Violation of these provisions or refusal to cooperate with the policy requirements can result in TMWA barring contractor and vendor personnel from all TMWA facilities and/or participation in operations and will constitute a breach of contract.

### **XIII. Post-Accident Overtime**

- A. Employees will be compensated if a call-out or prearranged overtime is missed during the post-accident test-waiting period if the following conditions are met:
  - 1. Employee has no doctor's restrictions due to the injury and could have responded to the call-out or pre-arranged overtime; and
  - 2. The post-accident test result is negative.
  - 3. Employees will also be compensated if the above conditions have been met and one of the following situations arises:
    - a. TMWA has not received the test results after 32 hours have elapsed from the time the post-accident test is administered; and/or
    - b. TMWA has received the results but fails to immediately notify the Immediate Supervisor and employee

	<p align="center"><b>Administrative Instruction Manual</b> Administrative Policy</p>
<p align="center"><b>Number:</b> A-06</p>	<p align="center"><b>Effective:</b> 02/01/2023</p>
<p align="center"><b>Title:</b> A-06 DOT Drug and Alcohol Testing Policy</p>	
<p align="center"><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

**Purpose**

TMWA maintains a strong commitment to provide a safe, efficient, and productive work environment. Driver involvement with alcohol and/or controlled substances can be extremely disruptive and harmful to the workplace. It can adversely affect the quality of work and the performance of drivers, pose serious safety and health risks to the user, co-workers and the public, and have a negative impact on work efficiency and productivity.

TMWA is concerned that drivers are in a condition to perform their duties safely and efficiently, in the interests of our fellow workers, the public as well as themselves. It is the purpose of this policy to eliminate substance abuse and its effects in the workplace.

TMWA is also required to comply with Federal regulations pertaining to the attainment and maintenance of an Alcohol and Controlled Substances-Free Workplace. These requirements are outlined by the U.S. Department of Transportation (DOT), Federal Motor Carrier Safety Administration (FMCSA), under Title 49 CFR Part 382 and Part 40. The purpose of this program is to reduce accidents that result from the use of alcohol and/or controlled substances, thereby reducing fatalities, injuries and property damage.

**Drivers Subject to Alcohol and Controlled Substances Testing**

The alcohol and controlled substances testing program applies to all TMWA drivers who are licensed to operate a commercial vehicle that:

- Has a gross combination weight rating of 26,001 or more pounds inclusive of a towed unit with a gross vehicle weight of more than 10,000 pounds;
- Has a gross vehicle weight rating of 26,001 or more pounds;
- Is designed to transport sixteen (16) or more passengers; or
- Is of any size that is used to transport hazardous material which require the vehicle to be placarded under the hazardous materials regulations.

This includes, but is not limited to, full-time drivers; casual, intermittent or occasional drivers; leased drivers and independent owner-operator contractors. This program shall not apply to drivers who are granted a Federal or State waiver (i.e. emergency response vehicles) as outlined in Part 382.103.

**Safety Sensitive Functions**

A driver shall not use alcohol when performing safety-sensitive functions or perform safety-sensitive functions within four hours of using alcohol. A driver shall not report for duty or remain on-duty when their job requires performing safety-sensitive functions if they have been using controlled substances or have tested positive for controlled substances use.

A driver is performing a safety-sensitive function when:

- All times at an employer terminal, facility, or other property, or on any public property, waiting to be dispatched, unless the driver has been relieved from duty by the employer;
- All time performing pre-trip inspections, general inspections, servicing, or conditioning any commercial motor vehicle at any time;
- All time spent at the driving controls of a commercial motor vehicle in operation;

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- All time, other than driving time, in or upon any commercial motor vehicle, except time spent resting in a qualified sleeper berth;
- All time loading or unloading the vehicle, supervising, or assisting the loading, attending a vehicle being loaded or unloaded, remaining in readiness to operate the motor vehicle, or in giving or receiving receipts for shipments loaded and unloaded;
- All time repairing, obtaining assistance, or remaining in attendance upon a disabled vehicle.

### ***Prohibited Conduct***

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The following shall be considered "prohibited conduct" for purposes of this program:

- No driver shall report for duty or remain on duty requiring the performance of safety-sensitive functions while having an alcohol concentration of 0.04 or greater. No employer having actual knowledge that a driver has an alcohol concentration of 0.04 or greater shall permit the driver to perform or continue to perform safety-sensitive functions.
- No driver shall use alcohol while performing safety-sensitive functions. No employer having actual knowledge that a driver is using alcohol while performing safety-sensitive functions shall permit the driver to perform or continue to perform safety-sensitive functions.
- No driver shall perform safety-sensitive functions within four (4) hours after using alcohol. No employer having actual knowledge that a driver has used alcohol within four (4) hours shall permit a driver to perform or continue to perform safety-sensitive functions.
- No driver required to take a post-accident alcohol test shall use alcohol for eight (8) hours following the accident, or until they undergo a post-accident alcohol test, whichever occurs first.
- No driver shall refuse to submit to a post-accident alcohol or controlled substances test, a random alcohol or controlled substances test, a reasonable suspicion alcohol or controlled substances test, or a follow-up alcohol or controlled substances test. No employer shall permit a driver who refuses to submit to such tests to perform or to continue to perform safety-sensitive functions.
- No driver shall report for duty or remain on duty requiring the performance of safety-sensitive functions when the driver uses any controlled substance, except when use is pursuant to the instructions of a licensed medical practitioner (49 CFR § 382.107) who has advised the driver that the substance will not adversely affect the driver's ability to safely operate a commercial motor vehicle. No employer having actual knowledge that a driver has used a controlled substance shall permit the driver to perform or continue to perform a safety-sensitive function.
- No driver shall report for duty, remain on duty or perform a safety-sensitive function if the driver tests positive or has adulterated or substituted a test specimen for controlled substances. No employer having actual knowledge that a driver has tested positive or has adulterated or substituted a test specimen for controlled substances shall permit the driver to perform or continue to perform safety-sensitive functions.

### ***Driver Voluntary Self-Identification Program***

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TMWA is supportive of drivers who come forward voluntarily to seek assistance for alcohol misuse or controlled substance use. Drivers who admit to alcohol misuse or controlled substance use will not be subject to the referral, evaluation and treatment requirements as outlined in 49 CFR Part 382 and Part 40 provided that: the driver does not self-identify in order to avoid testing under the requirements; the driver makes the admission of alcohol misuse or controlled substance use before performing safety-sensitive functions; and the driver does not perform a safety-sensitive function until TMWA is satisfied that the employee has been evaluated and has successfully completed education or treatment requirements as determined by a controlled substance and alcohol evaluation expert. The employee must also provide a negative controlled substance test and/or an alcohol test result of less than 0.02 before participating in a safety-sensitive function. No adverse action will be taken against a driver making a voluntary admission of alcohol misuse or controlled substance use as long as they comply fully with the requirements of the self-identification program.

## **Alcohol and Controlled Substances Testing**

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Pursuant to regulations promulgated by the Department of Transportation, drivers will be subject to the following types of controlled substances testing: 1) pre-employment testing, 2) reasonable suspicion testing, 3) post-accident testing, 4) random testing, 5) return to duty testing, and 6) follow-up testing.

### 1. Pre-Employment

Prior to the first time a driver performs safety-sensitive functions, the driver shall undergo testing for controlled substances as a condition of employment. The driver will not be allowed to perform safety-sensitive functions until TMWA has received a verified negative controlled substance test from the Medical Review Officer (MRO). TMWA may choose not to require a driver applicant to submit to a pre-employment test if TMWA can verify that the driver has participated in a valid controlled substances testing program within the preceding thirty (30) days and while participating in that program was either tested within the past six (6) months (from the date of application) with their previous employer or participated in a random controlled substances selection program for the previous twelve (12) months (from the date of application) with their previous employer. TMWA will verify that no prior employer of the driver has records indicating a violation of any DOT rule pertaining to controlled substances use. All pre-employment drug tests will be conducted only after a contingent offer of employment is made.

### 2. Reasonable Suspicion Testing

A driver shall be required to submit to an alcohol and/or controlled substances test when TMWA has reasonable suspicion to believe that the driver has violated the prohibitions of the alcohol and controlled substances program. TMWA's determination that reasonable suspicion exists to require the driver to undergo testing will be based on specific, contemporaneous, articulable observations concerning the appearance, behavior, speech or body odors of the driver. The observations may include the indications of the chronic and withdrawal effects of alcohol/controlled substances. The required observations for alcohol and/or controlled substances testing shall be made by a supervisor who is trained in accordance with 49 CFR § 382.603. A driver may be directed by TMWA to only undergo reasonable suspicion alcohol testing while the driver is performing safety-sensitive functions, just before the driver is to perform safety-sensitive functions, or just after the driver has ceased performing such functions. A driver may be directed by TMWA to undergo reasonable suspicion controlled substances testing at any time during work hours. If a reasonable suspicion alcohol test is not administered within two (2) hours TMWA shall prepare and maintain on file a record stating the reasons the alcohol test was not promptly administered. If a reasonable suspicion alcohol test is not administered within eight hours TMWA shall cease attempts to administer an alcohol test and shall state in the record the reasons for not administering the test. The supervisor who makes the determination that reasonable suspicion exists will not conduct the driver's breath alcohol test.

A written record shall be made of the observations leading to a reasonable suspicion controlled substances and/or alcohol test, and signed by the supervisor who made the observations, within twenty-four (24) hours of the observed behavior or before the results of the test are released, whichever is earlier. A driver who has been requested to submit to reasonable suspicion testing will be placed on administrative leave pending receipt of the test results.

### 3. Post-Accident Testing

Federal regulations require that, as soon as practicable following an occurrence involving a commercial motor vehicle operating on a public road in commerce, a driver shall submit to controlled substances and alcohol testing under the following circumstances: any time a fatality occurs as a result of the accident; anytime a driver receives a citation under State or local law for a moving violation as a result of the accident and the accident involves an injury to anyone which requires immediate medical treatment away from the scene; or anytime a driver receives a citation for a moving violation as a result of the accident and the accident involves disabling



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damage to any of the vehicles. Disabling damage means one or more vehicles had to be towed away or cannot be driven from the scene.

TMWA will require each driver to complete a post-accident report form that provides instructions to follow in completing any required alcohol and controlled substances testing. Drivers are then obligated to follow the instructions and ensure that the tests are conducted. Any driver subject to post-accident testing who leaves the scene of an accident before a test is administered other than for the period necessary to obtain assistance in responding to the accident or to obtain necessary medical care or who fails to remain readily available for testing may be deemed by TMWA to have refused to submit to testing.

In the event that Federal, State or local officials conduct a breath or blood test for the use of alcohol and/or urine tests for the use of controlled substances following an accident, these tests shall be considered to meet the DOT requirements, provided the tests conform to applicable Federal, State or local requirements. The employee will be required to sign a release allowing TMWA to obtain the test results from such officials.

If an alcohol test is not administered within two hours following the accident, TMWA shall prepare and maintain on file a record stating the reasons the test was not promptly administered. If an alcohol test is not administered within eight (8) hours following the accident, TMWA shall cease attempts to administer an alcohol test and shall prepare and maintain the same record. Records shall be submitted to the FMCSA upon request of the Associate Administrator. If the alcohol test is not completed in the required time frames, the driver cannot perform a safety-sensitive function until twenty-four (24) hours have elapsed following determination that reasonable suspicion existed and that the driver may have violated the prohibition or an alcohol test is administered with a result of less than 0.02.

If a controlled substances test is not administered within thirty-two (32) hours following the accident, TMWA shall cease attempts to administer a controlled substances test and prepare and maintain on file a record stating the reasons the test was not promptly administered. Records shall be submitted to the FMCSA upon request of the Associate Administrator.

#### 4. Random Testing

All drivers will be subject to random alcohol and controlled substances testing. The selection of drivers for random alcohol and controlled substances testing shall be made from a computer-based random number generator that is matched with the driver's computer-based code number. The random selection system provides an equal chance for each driver to be selected each time random selection occurs. Random selections will be unannounced and spread reasonably throughout the year. Random selection, by its very nature, may result in drivers being selected in successive selections or more than once in a calendar year. Alternatively, some drivers may not be selected in a calendar year. TMWA will conduct controlled substances test, at a minimum, twenty-five (25) percent of the average number of driver positions in each calendar year. Random controlled substances testing may be performed at any time while the driver is at work for the employer. TMWA will select, at a minimum, ten (10) percent of the average number of driver positions for random alcohol testing. Random alcohol testing will be limited to the time period surrounding the performance of safety-related functions. A driver will only be tested immediately before, during, or just after the driver has ceased performing such functions. If a driver is selected at random, the Designated Employer Representative (DER) (defined below) will notify the driver. Once notified, the driver must take action intended to lead to an immediate collection. If the driver engages in conduct which does not lead to a collection shall immediately proceed to the testing facility after notification, such conduct may be considered a refusal to test.

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### 5. Return-to-Duty Testing

Each driver who has engaged in prohibited conduct shall be advised by TMWA of the resources available to the driver in evaluating and resolving problems associated with the misuse of alcohol and controlled substances, including the names, addresses, and telephone numbers of substance abuse professionals and treatment programs. TMWA's responsibility is limited only to making a driver referral for assistance.

Per DOT requirements, each driver who engages in prohibited conduct shall be evaluated by a substance abuse professional who shall determine what assistance the driver needs in resolving problems associated with alcohol misuse and controlled substances use. Before a driver returns to duty requiring the performance of a safety-sensitive function after engaging in prohibited conduct, the driver shall undergo a return-to-duty alcohol test with an alcohol concentration of less than 0.02 if the conduct involved alcohol, or a controlled substances test with a verified negative result if the conduct involved a controlled substance and be subject to follow-up testing.

### 6. Follow-Up Testing

Per DOT requirements, each driver identified as needing assistance in resolving problems associated with alcohol misuse or controlled substances use shall be evaluated by a Substance Abuse Professional (SAP) to determine that the driver has properly followed any rehabilitation program, and shall be subject to unannounced follow-up alcohol and controlled substances tests administered by TMWA following the driver's return to duty. The number and frequency of such follow-up testing shall be as directed by the substance abuse professional and consist of at least six (6) tests in the first twelve (12) months following the driver's return to duty. Any such testing shall be performed in accordance with the requirements of 49 CFR Part 40. Follow-up testing shall not exceed sixty (60) months from the date of the driver's return to duty. The substance abuse professional may terminate the requirement for follow-up testing at any time after the first six (6) tests have been administered, if the substance abuse professional determines that such testing is no longer necessary.

## **Testing Guidelines**

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### **Alcohol Testing**

Alcohol testing is done by testing breath, because breath is the most easily obtained bodily substance and the results are known within minutes of testing. The testing device is called an Evidential Breath Testing Device (EBT). The EBT is a scientific instrument which determines the concentration of alcohol expressed as "percent by weight". The weight of alcohol in the breath sample is determined and the quantity of the alcohol converted to its equivalent value in blood. A blood alcohol concentration (BAC) of 0.04 means one twenty-fifth of a gram of alcohol per 210 liters of breath. The EBT will print three (3) copies of each test result and the test results are numbered. When the initial test results shows a reading of 0.02 BAC or greater, a confirmation test is conducted. Before the confirmation test, a fifteen (15) minute waiting period will occur for the purpose of ensuring that the presence of mouth alcohol from recent use of food, tobacco, or hygiene products does not artificially raise the test result. The confirmation test is done on the same EBT as the first test. When the confirmation result is different from the initial test, the confirmation test result will always be used to determine driver consequences. The driver will be given a copy of the breath alcohol testing form. The EBT approved devices are listed on the Office of Drug and Alcohol Policy and Compliance (ODAPC) website.

### **Controlled Substances Testing**

The controlled substances testing program required by the regulations is limited to five controlled substances types: (1) Marijuana, (2) Cocaine, (3) Opioids, (4) Amphetamines and (5) Phencyclidine (PCP).

As set forth in 49 CFR Part 40, all controlled substances testing is done from urine specimens collected under highly controlled conditions. The driver provides a urine specimen in a location that affords privacy and the "collector" seals and labels the specimen, completes a chain of custody document and prepares

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the specimen and accompanying paper work for shipment to a controlled substances testing laboratory. The specimen collection procedures and chain of custody ensure that the specimen's security, proper identification and integrity are not compromised.

Driver protection is also built into the testing procedures. In order to meet the Federal requirements, the only laboratories that can be used for testing are those certified by the Federal Department of Health and Human Services. The initial test of any specimen will be an immunoassay which meets the requirement of the Food and Drug Administration for commercial distribution. All specimens identified as positive will be further confirmed using gas chromatography/mass spectrometry techniques. Before a laboratory is certified to conduct controlled substances testing, it is subject to a rigorous testing and inspection by the Department of Health and Human Services (DHHS). This testing and inspection includes the submission of test samples to the laboratory for analysis during three test cycles over a period of three months. If these test samples are correctly analyzed a team of qualified inspectors conduct an on-site inspection prior to certification of the lab. Continuing evaluation of the performance of certified laboratories by the Department of Health and Human Services includes the submission of performance test specimens every other month and an on-site inspection at least twice a year.

The laboratory must report test results to TMWA's designated Medical Review Officer within an average of five (5) working days after the receipt of the specimen by the laboratory. Test results must be certified accurate. The report must identify the controlled substances, metabolites tested for, whether the results are positive, adulterated, substituted or negative, the specimen identification number assigned to the driver, and the controlled substances testing laboratory specimen identification number. The laboratory must also provide to TMWA a bi-annual statistical summary of urinalysis testing of drivers, which shall not include any personal identity information. The laboratory will retain samples that yield confirmed positive test results for one (1) year in secured frozen storage. Because it is possible that some analytes may deteriorate during storage, the results of the re-test are to be reported as confirmation of the original test results if the detected level of the controlled substance is below the DOT established limits and equal to or greater than the sensitivity of the test.

### **Collection Sites**

The DER will maintain a list of sites for sample collection. The driver will not be allowed to transport themselves to or from the collection site in the event of a reasonable suspicion test or post-accident test request. The DER will arrange transportation for the driver at all times and will ensure the driver reports directly to the collection site once properly notified.

### **The Role of the Medical Review Officer**

The Medical Review Officer (MRO) is a licensed, nationally certified physician who is knowledgeable in the medical use of prescription controlled substances and the pharmacology and toxicology of illicit controlled substances. The primary responsibility of the MRO is to review and interpret positive, adulterated, substituted or invalid test results obtained through TMWA's controlled substances testing program. Alcohol testing is not subject to medical review given the evidentiary nature of its results.

In terms of controlled substances testing, it is important to understand that a positive, adulterated, substituted or invalid test result does not automatically identify an individual as an illegal controlled substances user. The MRO must evaluate the alternative medical explanations that could account for a positive, adulterated, substituted or invalid test result.

The review of a positive, adulterated, substituted or invalid test result is initiated immediately upon receipt and is ordinarily completed within two working days after receipt of all information pertinent to the review. No information about the test result shall be given to TMWA during this period. In addition to information provided by the driver, this review will include considerations of chain of custody documents prepared at the time of collection and, in connection with the laboratory, processing of the specimen. This review must also include review of the chain of custody process. If the MRO is unable to contact the driver directly, the MRO will contact TMWA's DER, who shall in turn contact the driver and direct the driver to contact the MRO immediately, but no later than seventy-two (72) hours as required by the regulations. The DER will inform the driver of the consequences of failing to contact the MRO as outlined in the regulations. During

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this time, TMWA will not stand-down the driver from performing safety-sensitive functions based only on a request by the MRO to talk with the driver regarding the pending test result. However, TMWA reserves the right to petition the Department of Transportation for a waiver of the stand-down provision if TMWA determines that standing-down a driver is necessary for safety and TMWA can provide data on safety problems or incidents that could have been prevented if a stand-down procedure were in place.

During the review of the laboratory results, the MRO will conduct a medical interview with the driver, review the driver's medical history, or review other biomedical factors. This interview may be conducted by telephone. The MRO must review all medical records that the tested driver submits when a confirmed positive, adulterated, substituted or invalid test result could have resulted from legally prescribed medication.

If any questions arise about the accuracy or validity of a positive, adulterated, substituted or invalid test result, the MRO should review the laboratory records to determine whether the required procedures were followed. This will require collaboration with the laboratory director, the analysts, and expert consultants. If necessary, the MRO may request the sample be reanalyzed to determine the accuracy of the test result.

The MRO shall not disclose to any third party medical information provided by the individual to the MRO as part of the testing verification process with the following exceptions: the MRO may disclose such information to TMWA, DOT or any other Federal safety agency, or a physician responsible for determining the medical qualification of the driver when an applicable DOT regulation permits or requires such disclosure; in the MRO's reasonable medical judgement, the information could result in the driver being determined to be medically unqualified under an applicable DOT agency rule; or in the MRO's reasonable medical judgement, the information indicates that continued performance by the driver of their covered function could pose a significant safety risk.

At this point, the MRO makes a determination as to whether the result is scientifically sufficient to take further action. However, if the records from the collection site or laboratory raise doubts about the handling of the sample, the MRO may decide the urinary evidence is insufficient and no further actions would be taken. In these cases, the MRO shall note the possible errors in laboratory analysis or chain of custody procedures and shall notify the proper officials.

If it is determined with reasonable certainty that there is a legitimate medical or other reason to account for a positive, adulterated, substituted or invalid laboratory test result, the report will be reclassified as a negative test result. The notice to TMWA will indicate that the test result was negative. Any medical information obtained by the MRO will be treated as confidential.

If there is no medical or other reason to account for a positive, adulterated, substituted or invalid test result, the verified positive, adulterated, substituted or invalid test result will be disclosed to TMWA as required by the program. Any medical information acquired that is not specifically related to illegal controlled substances use will be treated as confidential and not disclosed.

No later than seventy-two (72) hours after receipt of a confirmed positive, adulterated or substituted test result, a driver may submit a written request to the MRO for retesting of the specimen producing the positive, adulterated or substituted test result. The MRO must honor the request. Each driver may have one written request that the sample of the specimen be provided to the original or another DHHS-certified laboratory for testing. Per DOT requirements, TMWA must ensure that the test takes place and that the employee is not required to pay for the test from their own funds before the test takes place. TMWA reserves the right to seek reimbursement from the driver for the cost of the test once the test is completed.

In summary, the MRO determines whether there is some reason other than illegal controlled substances use to explain a positive, adulterated, substituted or invalid urine controlled substances test. If illegal controlled substances use is verified, the MRO will inform the DER of the identification of the controlled substances found in a positive test. The driver shall then be notified of the results of the random, reasonable suspicion and post-accident controlled substances test if the test results are verified as positive, adulterated or substituted. The driver will also be informed as to which controlled substances(s) were verified as positive. TMWA shall notify a driver applicant of the results of a pre-employment controlled substances test if the driver requests such information within sixty (60) days of

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being notified of the disposition of their employment application. MRO must communicate in compliance with 49CFR Part 40.327.

### **Driver Consent**

Per TMWA policy, a driver's consent to a medical examination and alcohol and controlled substances testing is required as a condition of employment and a driver's refusal to consent may result in disciplinary action, up to and including termination. A driver who refuses to test under DOT regulations shall not be permitted to perform in a safety-sensitive position. Refusal shall be treated as a positive test for purposes of the regulations and will result in disciplinary action up to and including termination, per company policy.

Consent to a medical examination and testing includes a driver's obligation to fully cooperate. Upon request, a driver must promptly complete any required forms and releases and promptly provide a sample for alcohol and controlled substances testing.

### **Refusal to Submit to a Test**

DOT regulations provide that a driver shall not refuse to submit to a required alcohol and/or controlled substances test. Refusal to submit to an alcohol or controlled substances test means that a driver:

- Fails to appear for any test within a reasonable time after being directed to do so by the employer or to remain at the testing site until the testing process is complete. This includes the failure of an employee/owner-operator to appear for a test when called by their testing consortium. An employee who leaves the testing site before the testing process commences for a pre-employment test is deemed to have refused to test;
- Fails to provide a urine/saliva/breath specimen for alcohol and/or controlled substances testing after they have received notice of the requirement for testing. An employee who does not provide an adequate amount of urine/saliva/breath because they left the testing site before the testing process commences for a pre-employment test is deemed to have refused to test;
- In the case of a directly observed or monitored collection of a controlled substances test, the driver fails to permit the observation or monitoring of the provision of a specimen;
- Fails to provide a sufficient amount of urine when directed and a physician has determined, through a required medical evaluation, that there was no adequate medical explanation for the failure;
- Fails to provide a sufficient breath specimen and a physician has determined, through a required medical evaluation, that there was no adequate medical explanation for the failure;
- Fails or declines to take a second test, following a negative dilute result, when required by the employer;
- Fails to undergo an additional medical examination or evaluation, as directed by the Medical Review Officer (MRO) as part of the verification process, or as directed by the DER concerning the evaluation as part of the "shy bladder" or "insufficient breath" procedures in Part 40. In the case of a pre-employment controlled substance test, the employee is deemed to have refused to test on this basis only if the pre-employment test is conducted following a contingent offer of employment. If there was no contingent offer of employment, the MRO will cancel the test;
- Is reported by the MRO as having a verified adulterated or substituted test result.
- Fails to cooperate with any part of the testing process (e.g. refuse to empty pockets when directed by the collector, behave in a confrontational way that disrupts the collection process or fails to wash hands after being directed to do so by the collector).
- For an observed collection, fails to follow the observer's instruction to raise clothing above the waist, lower clothing and underpants and to turn around to permit the observer to determine if the individual has any type of prosthetic or other device that could be used to interfere with the collection process.
- Possess or wear a prosthetic or other device that could be used to interfere with the collection process.
- Admits to the collector or MRO that they adulterated or substituted the sample.

### **Consequences of a Positive Test**

Per DOT requirements no driver who is found to have a BAC of 0.02 or greater but less than 0.04 shall perform safety sensitive functions until the start of the driver's next scheduled duty period, but not less than twenty-four (24) hours following the test. Per TMWA policy the driver may also be subject to disciplinary action up to and including termination. A driver testing positive for a prohibited controlled substances or found to have an alcohol concentration of 0.04 or greater will be subject to disciplinary action up to and including termination. At the sole discretion of TMWA, a driver may be offered an opportunity to return to duty once they become medically requalified and follow all requirements as outlined in Part 382.605.

### **Designated Employer Representative**

The Designated Employer Representative (DER) is an employee authorized by TMWA to take immediate action(s) to remove employees from safety-sensitive duties and to make required decisions in the testing and evaluation processes. The DER also receives test results and other communications for TMWA consistent with the requirements outlined in the regulations. The DER is also responsible for answering any questions a driver may have regarding the alcohol and controlled substances testing program. The DERs for TMWA are as follows:

Jessica Atkinson or Kevin Compel  
P.O. Box 30013  
Reno, NV 89520  
(775) 834-8031 or 775-834-8036

### **Confidentiality of Records**

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The release of individual alcohol and/or controlled substances test records is permitted only with the specific written consent of the driver with the following exceptions:

- When requested by the Department of Transportation, TMWA shall make available copies of all alcohol and/or controlled substances program name-specific records and reports, files, materials, data, documentation, agreements, contracts, policies and statements that are required under 49 CFR Part 382 and Part 40.
- When requested by Federal, state or local safety agency with regulatory authority, TMWA must provide controlled substances and alcohol test records concerning the driver.
- When requested by the National Transportation Safety Board as part of an accident investigation, TMWA shall disclose information related to the administration of a post-accident alcohol and/or controlled substances test administered following the accident under investigation.
- Records shall be made available to a subsequent employer upon receipt of a written request from a driver. Disclosure by the subsequent employer is permitted only as expressly authorized by the terms of the driver's request.
- TMWA may disclose information required to be maintained under this part pertaining to a driver, to the decision maker in a lawsuit, grievance, or other administrative proceedings brought by or on behalf of the driver and resulting from a positive alcohol and/or controlled substances test, or a refusal to test (including, but not limited to, adulterated or substituted test results). These proceedings also include a criminal or civil action resulting from an employee's performance of safety-sensitive duties, in which a court of competent jurisdiction determines that the controlled substance or alcohol test information sought is relevant to the case and issues an order directing TMWA to produce the information. TMWA may release the information only with a binding stipulation that the decision maker to whom it is released will make it available only to parties in the proceeding. Upon written request, a driver shall receive copies of any records pertaining to their alcohol or controlled substances test results.

### **Release of Alcohol and Controlled Substances Test Information by Previous Employers**

TMWA shall obtain, pursuant to a driver's written consent, information on the driver's alcohol tests with a concentration result of 0.04 or greater, positive controlled substances test results, refusals to be tested (including adulterated and substituted test results), and any other violations of the FMCSA alcohol and controlled substance testing regulations within the preceding three (3) years, which are maintained by the driver's previous employers. This information must be obtained and received by TMWA as soon as possible, but no later than thirty (30) calendar days after the first time a driver performs safety-sensitive functions. If it is not feasible to obtain the information prior to the driver performing safety-sensitive functions, TMWA will not permit a driver to perform safety-sensitive functions after thirty (30) days without obtaining the information. If the driver stops performing safety-sensitive functions for TMWA before expiration of the thirty (30) day period or before TMWA has obtained this information, TMWA must still obtain these records. TMWA will provide to each of the driver's employers within the three (3) preceding years the driver's specific, written authorization for release of the information. The release of any information under this part may take the form of personal interviews, telephone interview, letters, or any other method of obtaining information that ensures confidentiality. TMWA will maintain a written, confidential record with respect to each past employer contacted.

TMWA must ask an applicant whether they have tested positive or refused to test on any pre-employment controlled substance test administered by an employer to which the employee applied for, but did not obtain, safety-sensitive transportation work covered by DOT agency controlled substance and alcohol testing rules during the past three (3) years. If the applicant admits to a positive test or refusal to test, TMWA will not use the applicant until the applicant documents successful completion of the DOT return-to-duty testing rules.

### **Driver Assistance Training Program**

In accordance with 49 CFR §382.603, TMWA shall require supervisors designated to determine whether reasonable suspicion exists to require a driver to undergo testing, to receive at least sixty (60) minutes of training on alcohol misuse and receive at least an additional sixty (60) minutes of training on controlled substances use. The training shall cover the physical, behavioral, speech, and performance indicators of probable alcohol and controlled substances misuse.

TMWA will ensure all drivers receive information concerning the effects of alcohol and controlled substances use on an individual's health, work and personal life; signs and symptoms of an alcohol or a controlled substances problem (the driver's or a coworker's); and available methods of intervening when an alcohol or a controlled substances problem is suspected, including confrontation, referral to any employee assistance program and or referral to management. The Designated Employer Representative will maintain a list of community treatment resources for drivers in need of assistance.

### **Severability**

If any part or provision of this policy, or the application thereof to any person or circumstance, should be held invalid by operation of law or by any tribunal of competent jurisdiction, or if compliance with or enforcement of any part of this provision is restrained by such tribunal pending a final determination as to its validity, the remainder of this policy, or the application of such part of provision to other persons or circumstances, shall not be affected and shall continue in full force and effect.

### **Drug and Alcohol Clearinghouse**

Commercial driver's license Drug and Alcohol Clearinghouse (Clearinghouse) means the FMCSA database that subpart G of 49 CFR Part 382.701-727 requires employers and service agents to report information to and to query regarding drivers who are subject to the DOT controlled substance and alcohol testing regulations. The FMCSA has established a mandatory database and the following personal information collected and maintained under this part shall be reported to the Clearinghouse:

- (1) A verified positive, adulterated, or substituted drug test result;
- (2) An alcohol confirmation test with a concentration of 0.04 or higher;
- (3) A refusal to submit to any test required by subpart C of this part;
- (4) An employer's report of actual knowledge, as defined at § 382.107;
- (5) On duty alcohol use pursuant to § 382.205;
- (6) Pre-duty alcohol use pursuant to § 382.207;
- (7) Alcohol use following an accident pursuant to § 382.209; and
- (8) Controlled substance use pursuant to § 382.213;
- (9) A substance abuse professional (SAP as defined in § 40.3 of this title) report of the successful completion of the return-to-duty process;
- (10) A negative return-to-duty test; and
- (11) An employer's report of completion of follow-up testing.

Employers must not employ a driver subject to controlled substances and alcohol testing to perform a safety-sensitive function without first conducting a query of the Clearinghouse to obtain information about whether the driver has a verified positive, adulterated, or substituted controlled substances test result; has an alcohol confirmation test with a concentration of 0.04 or higher; has refused to submit a test; or that an employer has reported actual knowledge that the driver used alcohol on duty, used alcohol before duty, used alcohol following an accident, or used a controlled substance.

Employers must conduct a query of the Clearinghouse at least once per year for information to determine whether information exists in the Clearinghouse about those employees. In lieu of a full query, an employer may obtain the individual driver's consent to conduct a limited query to satisfy the annual query requirement. The limited query will tell the employer whether there is information about the individual driver in the Clearinghouse, but will not release that information to the employer. The individual driver may give consent to conduct limited queries that is effective for more than one (1) year. If the limited query shows that information exists in the Clearinghouse about the individual driver, the employer must conduct a full query, within twenty-four (24) hours of conducting the limited query. If the employer fails to conduct a full query within twenty-four (24) hours, the employer must not allow the driver to continue to perform any safety-sensitive function until the employer conducts the full query and the results confirm that the driver's Clearinghouse record contains no prohibitions.

No employer may allow a driver to perform any safety-sensitive function if the results of a Clearinghouse query demonstrate that the driver has a verified positive, adulterated, or substituted controlled substances test result; has an alcohol confirmation test with a concentration of 0.04 or higher; has refused to submit to a test; or that an employer has reported actual knowledge that the driver used alcohol on duty, used alcohol before duty, used alcohol following an accident, or used a controlled substance, except where a query of the Clearinghouse demonstrates: (1) That the driver has successfully completed the SAP evaluation, referral, and education/treatment process set forth in part 40, subpart O, of this title; achieves a negative return-to-duty test result; and completes the follow-up testing plan prescribed by the SAP. (2) That, if the driver has not completed all follow-up tests as prescribed by the SAP and specified in the SAP report the driver has completed the SAP evaluation, referral, and education/treatment process and achieves a negative return-to-duty test result, and the employer assumes the responsibility for managing the follow-up testing process associated with the testing violation. Refer to regulation 382.701-382.705 for further information.

Employers must report the following information about a driver to the Clearinghouse by the close of the third business day following the date on which they obtained that information:

- (i) An alcohol confirmation test result with an alcohol concentration of 0.04 or greater;



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- (ii) A negative return-to-duty test result;
- (iii) A refusal to take an alcohol test;
- (iv) A refusal to test determination, but in the case of a refusal to test, the employer may report only those admissions made to the specimen collector; and
- (v) A report that the driver has successfully completed all follow-up tests as prescribed in the SAP report.

The information required to be reported must include, as applicable:

- (i) Reason for the test;
- (ii) Driver's name, date of birth, and CDL number and State of issuance;
- (iii) Employer name, address, and USDOT number;
- (iv) Date of the test;
- (v) Date the result was reported; and
- (vi) Test result.

The test result must be one of the following:

- (i) Negative (only required for return-to-duty tests administered);
- (ii) Positive; or refusal to take a test.



**Administrative Instruction Manual**  
Administrative Policy

**Number:** A-11

**Effective:** 02/01/2023

**Title:** A-11 Leave Policy

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

**Purpose**

To outline procedures for various types of leaves that are provided to TMWA employees. The types of leave covered under this policy are holidays, paid time off (“PTO”), bereavement leave, unpaid leave of absence, jury duty and witness appearance, and worker’s compensation leave. Collective bargaining unit employees should refer to the CBA for the types of leave applicable to them.

**Policy**

It is the policy of TMWA to provide various types of leaves to employees. Although the list below is not intended to cover every conceivable circumstance in which an employee may be entitled to leave, some of the most commonly encountered leave requests are outlined below. If an employee believes that they may be entitled to leave which is not listed below, the employee should contact Human Resources.

**I. Holidays**

- A. All regular full-time employees shall be entitled to the following paid holidays and any legal holiday, as set out within NRS 236.015, which has been declared by the Governor, or the United States Congress (excluding holidays declared by the President through an executive order).

New Year’s Day	January 1
Martin Luther King’s Birthday	Third Monday in January
Presidents’ Day	Third Monday in February
Memorial Day	Last Monday in May
Juneteenth	June 19
Independence Day	July 4
Labor Day	First Monday in September
Nevada Admission Day	As recognized by the State of Nevada
Veterans Day	November 11
Thanksgiving Day	Fourth Thursday in November
Day After Thanksgiving	Day after Thanksgiving Day
Christmas Day	December 25

- B. Regular part-time employees shall receive holiday pay pro-rated based upon their part-time status (i.e., half-time, three-quarter time).
- C. To be eligible for holiday pay, an employee must be on the active payroll of TMWA and must have worked their full regularly scheduled workday before and after the observed holiday, unless approved by their Immediate Supervisor.
- D. The above holidays, if scheduled for Saturday, will be honored on the preceding Friday. Holidays that fall on a Sunday will be observed on the following Monday.

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- E. Employees working other than the standard Monday through Friday workweek and who are in positions that provide work coverage during observed holidays are entitled to the same number of paid holidays as employees working a standard Monday through Friday work week.

A holiday under this section begins at 12:00 am and ends at 11:59 pm of the observed holiday except New Year's Day (January 1), Juneteenth (June 19), July 4, Veteran's Day (November 11) and Christmas Day (December 25) will be observed on the actual day of the holiday.

1. Holiday Pay: For purposes of section E of this Administrative Instruction, "holiday pay" will be paid at the employees regular, straight time hourly pay rate for the actual number of hours worked during the observed holiday with a minimum of eight (8) hours of "holiday pay" and a maximum number of "holiday pay" hours not to exceed the number of hours the employee is regularly scheduled to work. (Overtime is addressed below.)
2. Holiday Off: If an employee does not work at all during the hours of the observed holiday as defined in this Administrative Instruction, then the employee shall receive eight (8) hours of holiday pay, taken as cash only, at their regular, straight time hourly pay rate. These holiday pay hours do not count as hours worked towards the forty (40) hour workweek for overtime purposes.
3. Holiday Worked (Non-Overtime Hours): If an employee works on a holiday, as defined by this Administrative Instruction, the employee shall be compensated for working non-overtime hours on the holiday by receiving 1.5 times their regular, hourly pay rate for each hour worked on that holiday up to the amount of hours the employee is regularly scheduled to work, in addition to receiving holiday pay, as described in 1 above.
4. Holiday Overtime: If a full-time employee works over the maximum of their regularly scheduled shift on a holiday as defined under this Administrative Instruction, the employee shall be compensated by receiving 2.5 times the employee's regular, straight time hourly payrate for each overtime hour worked. If the employee works only a partial shift, and that partial shift constitutes overtime, the employee will be paid 2.5 times the employee's regular, straight time hourly payrate for the actual overtime hours worked. For the remainder of the day, the employee will be paid their regular, straight time hourly pay for up to eight (8) total hours for that day. (Example: An employee who works a 4/10 Monday through Thursday schedule is called to work on Friday during an observed holiday and works four (4) hours. The employee will receive 2.5 times the employee's regular, straight time hourly payrate for the four (4) hours of overtime actually worked on Friday, and their regular, straight time hourly payrate for the remaining four (4) hours of the day, even though the employee did not work the rest of the day.) The decision as to whether compensation for "holiday overtime" hours shall be in case and/or compensatory time shall be made at the time it is worked and shall be solely the decision of the employee.
5. Holiday During Leave: If a holiday, as defined by this Administrative Instruction, occurs during an employee's scheduled paid time off (PTO), compensatory, personal, or other paid leave, that holiday shall be charged as "holiday pay" and not be charged against paid leave banks.

**II. PTO Leave**

**A. Accrual of PTO Leave**

The earned PTO for all regular full-time non-represented employees shall be based upon years of service as a regular full-time employee with TMWA and shall be as follows:

1. 128 hours plus  $.58 \times \text{years of service} \times 8$ , based on years of service completed during the plan year:  $(128 + ((.58 \times \text{yos}) \times 8))$ .
2. PTO credits can be carried over annually at the beginning of each calendar year, at the employee's election, in incremental amounts of 80 hours up to 320 hours for full time employees and in incremental amounts of 40 hours up to 160 hours for part time employees.
3. TMWA believes that employees should have opportunities to enjoy time away from work to help balance their lives and recognizes that employees have diverse needs for time off from work. Although TMWA encourages employees to take time off away from work in order to have a more balanced lifestyle, TMWA does offer a PTO cash out option for eligible employees. This option is intended to provide more flexibility in utilizing time-off benefits. For more information, please refer to the Paid Time Off Cash Out Option Standard Operating Procedure.

B. Regular part-time employees shall receive PTO pro-rated based upon their part-time status:  $(\text{annual part-time hours} / 2,080) \times (128 + ((.58 \times \text{yos}) \times 8))$ .

C. Banked vacation will be treated as PTO, except it may only be cashed out at the time of termination of employment.

**III. Scheduling PTO Leave**

A. Prior notice and authorization is required before PTO can be taken. PTO must be requested by following the prescribed process, which may include electronic submission. Such request shall be given to the employee's Immediate Supervisor for approval. For circumstances out of the ordinary, the employee may receive verbal authorization until such time that documented approval can be secured. The decision whether to grant PTO is dictated by TMWA's business needs and is within the Supervisor's discretion.

B. If unforeseen circumstances, such as illness or injury, prevent requesting PTO in advance, the employee will notify their Immediate Supervisor or Acting Supervisor as soon as possible, before the start of the employee's normal work hours, in a manner consistent with their department's notification requirements.

C. Employees who have exhausted their PTO but nevertheless choose to take unpaid leave without prior approval, depending on the circumstances, may be subject to disciplinary action, up to and including termination.

D. Employees must use available PTO, unless they have obtained advanced approval for unpaid leave. Depending upon the circumstances, the employee may be subject to disciplinary action, up to and including termination, for excessive absences and performance deficiencies.

E. Exempt employees will not be required to record or charge partial day absences of four (4) hours or less which occur on a sporadic basis. All absences of greater than four (4) hours will be recorded and charged against the appropriate accumulated leave bank, except as otherwise authorized by the General Manager, Director or Manager based upon the employee's extraordinary commitment to a project(s) or emergency response(s) above and beyond the employee's normal job duties.

**IV. Absences Due to Illness**

All employees, including represented employees, who are absent due to illness or injury may be required to provide a physician's verification at the request of the employee's Immediate Supervisor. After absence of more than three (3) days due to illness or injury, an employee's leave may be designated as leave under the Family and Medical Leave Act (FMLA). TMWA will supply the employee with the requisite FMLA paperwork, and where an employee qualifies for FMLA, TMWA may require medical certification from the employee's medical provider pursuant to the FMLA. When an employee who has been absent for more than three (3) days wishes to return to work, TMWA may require the employee to supply a medical release to return to work (with or without restrictions) from the employee's medical provider.

**V. On-call Rotation**

A. MPAT employees in an on-call rotation group will receive additional PTO annually based on the size of the on-call group:

1 - 2	Employees	15 Days
3 - 5	Employees	10 Days
6	Employees	9 Days
7	Employees	8 Days
8	Employees	7 Days
9	Employees	6 Days
10	Employees	5 Days
11	Employees	4 Days
12	Employees	3 Days
13	Employees	2 Days
14	Employees	1 Day

Each day is equivalent to eight (8) PTO hours

- B. Directors and managers should establish reasonable maximum response times for their departments for both responding to the call and for showing up at a reporting location. Time spent in an on-call status is not considered time worked.
- C. When a non-exempt employee is called back to work outside of the employee's normal work schedule, the employee will be paid for the time worked (plus forty-five (45) minutes of travel time). Time worked while on-call will be calculated at the employee's regular rate of pay. Overtime compensation is applicable only when the total hours worked exceed forty (40) hours in the workweek.

**VI. Bereavement Leave**

- A. In the event of a death in the immediate family, a regular full-time employee will be granted Bereavement Leave to attend the funeral service and handle matters related to the death of the employee's family member. Bereavement Leave is paid leave that is not deducted from an employee's PTO or accrued sick leave bank. Immediate family includes spouse or registered domestic partner, children (including foster and/or step), parents, parents-in-law, brothers, sisters, brothers-in-law, sisters-in-law, grandparents, and grandchildren.
- B. If attending services for immediate family within a one hundred (100) mile radius of Reno, Nevada, an employee may take up to three (3) days of Bereavement Leave. If attending services for immediate family outside the Reno Metro Area (outside the one hundred (100) mile radius), an employee will receive three (3) work days of Bereavement Leave, and will also be pre-authorized to take an additional two (2) days of leave, charged at the employee's direction to their PTO or accrued sick leave bank.

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- C. In the event of a death for other than immediate family, Bereavement Leave for regular full-time employees will be limited to twenty-four (24) working hours annually and may be taken in increments of not more than eight (8) hours per occurrence.
- D. Regular part-time employees working a regular work schedule of at least twenty (20) hours per week shall be granted bereavement leave in accordance with the rates established above for full-time employees to be prorated based on the relationship between the employee's regular approved work schedule and the standard work schedule for full-time employees.

### **VII. Unpaid Leave of Absence**

- A. Employees may request an unpaid leave of absence by contacting Human Resources.
- B. Employees requesting unpaid leaves of absence must submit a written request for leave to Human Resources. Written requests must be submitted as far in advance of the requested leave as possible. However, where the need for leave is related to injury, illness, or unforeseen emergency, requests must be submitted as soon as practicable after the employee discovers the need for the leave of absence. If the leave of absence is not approved, the employee may appeal to the General Manager, whose decision is final.
- C. Leaves of absence that are covered under TMWA's FMLA Policy or TMWA's Accommodation Policy should be submitted pursuant to the Administrative Instructions containing those policies. Unpaid leaves of absence that are not otherwise covered by other Administrative Instructions may be granted depending upon TMWA's business needs and based on a case-by-case review of the situation presented by the employee. TMWA may request documentation confirming the need for leave.
- D. Except as otherwise required by law, TMWA does not in any way guarantee that the employee will be returned to the same position at the same rate of pay following an unpaid leave of absence. However, any conditions of such leave will be determined before leave is taken.

### **VIII. Unapproved Leave**

In instances of unauthorized or unapproved absences of two (2) or more consecutive working days, the employee will be considered to have abandoned their position and voluntarily resigned from TMWA employment. Unauthorized or unapproved absences of less than two (2) days may be subject to disciplinary action, up to and including termination.

### **IX. Voting Leave**

If it is impractical for an employee to vote before or after working hours in statewide public elections, then employees may take time off, as provided herein, to go to the polls. Such time off is paid. However, TMWA may require the employee to show proof establishing the location of their polling site and proof that they voted. Leave will be provided as follows:

- A. If an employee's polling place is:
  - 1. Within two (2) miles of TMWA, TMWA will provide one (1) hour of paid leave during an employee's regularly scheduled workday to provide the employee an opportunity to vote.
  - 2. More than two (2) miles, but less than ten (10) miles, from TMWA, TMWA will provide up to two (2) hours of paid leave during an employee's regularly scheduled workday to provide the employee an opportunity to vote.
  - 3. Ten (10) or more miles from TMWA, TMWA will provide up to three (3) hours of paid leave during an employee's regularly scheduled workday to provide the employee an opportunity to vote.

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4. Employees must give reasonable notice of the need to have time off to vote, giving at least three (3) days' notice when three (3) days' notice is possible.

### X. Jury Duty and Witness Appearance

- A. Any employee required by legal process to serve on any jury or to appear for jury selection during an employee's regular work hours, will be allowed time off to attend jury selection or to serve on a jury. Employee's serving on a jury or appearing for jury selection will receive their regular wages, for up to a maximum of twenty (20) working days per calendar year. Employees are required to submit compensation received for serving on a jury to TMWA as TMWA is paying their regular wages for the duration of their jury duty. Time spent on jury related leave will not be considered time worked for the purpose of overtime calculations.
  1. Any employee appearing for jury service shall have the jury service time counted as time worked on that workday; however, employee will not be paid overtime if the jury service exceeds eight (8) hours per day.
  2. Employees receiving summons for jury service must immediately notify their Immediate Supervisor, but in no event shall notice be less than three (3) days, to allow sufficient time for the necessary scheduling changes. Employees will be required to provide written verification from the court clerk of having served.
  3. Employees will not be required to work eight (8) hours before they have to appear for jury duty.
  4. If the employee is released from jury service and four (4) or more hours are remaining on the employee's regular work schedule, they shall report back to their department to resume work for the remainder of their regular work schedule, although the employee may request that time off as PTO or vacation. However, if the employee's jury duty service has lasted at least four (4) hours (including the time going to and returning from the place where the court is held), the employee will not be required to report back to work between 5:00 p.m. on the day of their appearance for jury duty and 3:00 a.m. the following day.
- B. Witness Appearance. An employee ordered by legal process to appear as a witness in court, or at another judicial or administrative tribunal, shall be subject to the following procedures:
  1. If called as a witness for any proceeding which arises out of the employee's work duties performed on behalf of TMWA or to testify on behalf of TMWA, the employee shall receive their regular wages for all hours involved in responding to and being available for the witness service, and for all time spent in actual testimony.
  2. If called as a witness in any other proceedings not related to TMWA's business, the employee may utilize PTO, vacation or unpaid leave subject to the terms of this policy.
- C. With respect to both Jury Duty and Witness Appearances, the Immediate Supervisor and the employee will cooperate to utilize flexible hours, temporary shift changes and other techniques to facilitate the employee's appearance and minimize the employee's inconvenience.

### XI. Worker's Compensation Leave

Whenever an MPAT employee suffers an injury while on duty with TMWA that is determined by TMWA's worker's compensation carrier to be compensable and the injury prevents the employee from working, TMWA shall pay the employee's salary during the approved worker's compensation leave up to eighty-five (85) percent of the employee's basic daily wages less the sum of any payments to which they may receive by the worker's compensation carrier.

- A. During this leave, the employee shall not forfeit any accrued PTO.

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- B. To be entitled to the benefits of this policy, the employee shall return to TMWA all disability payments made by TMWA's worker's compensation carrier covering the applicable period(s) of their compensable injury as provided above. When receiving disability benefits from TMWA's worker's compensation carrier, after six (6) months off on total temporary disability, an employee shall no longer continue to accrue PTO.
- C. Whenever medically and administratively feasible, TMWA will provide light duty work.
  - 1. TMWA may send, at TMWA's expense, an injured worker to a physician of TMWA's choice to determine the employee's physical limitations to enable TMWA to assign light duty work.
  - 2. The employee has the right to seek, at the employee's expense, a second opinion if the employee disagrees with the findings of TMWA's selected physician.

### **XII. Leave of Absence for Emergency Management**


NRS 281.147 and 281.149 provide that employees who are classified as a "disaster technician" or an "emergency communications technician" may be given up to fifteen (15) working days of paid leave in a calendar year for the purpose of assisting with emergency or disaster management. TMWA intends to fully comply with the requirements of NRS 281.147 and 281.149. Accordingly, if an employee falls within the classifications identified in these statutes and requires leave, the employee should notify Human Resources.

### **XIII. School Activities Leave**

An employee who is the parent, guardian, or custodian of a child may take up to 4 hours of leave per school year, and per child, to attend parent-teacher conferences, school-related activities during regular school hours, volunteering or involvement at school, and attendance at other school related events. This leave must be taken in increments of one (1) hour or more and must be requested at least five (5) school days prior to the date of the event by contacting Human Resources. Employees may be required to provide information confirming their attendance at the school-related activity. Leave will be arranged at a time mutually agreed upon by TMWA and the employee. The leave is unpaid, but the employee may use paid time off concurrently with such leave.

Employees will not be discharged or discriminated against for attending or participating in school activities covered by this policy



	<b>Administrative Instruction Manual</b> <b>Administrative Policy</b>
<b>Number:</b> A-12	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-12 Family and Medical Leave Policy	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

### **Purpose**

To outline procedures for use of leave under the Family and Medical Leave Act (“FMLA”) for birth or care of a newborn, adoption or foster care placement of a child or care for a child after adoption, care of a family member with a serious health condition, care of the employee’s own serious health condition, qualifying exigencies related to a family member being called to active military service, or care of a family member injured during active military duty.

### **Policy**

TMWA will grant unpaid FMLA in accordance with the requirements of applicable state, federal and local law in effect at the time the leave is granted. No greater or lesser leave benefits will be granted than those set forth in any applicable state, federal or local laws. In certain situations, the federal law requires that provisions of state law apply. In such a case, employees will be eligible for the most generous benefits available under either law.

### **Procedures**

Eligible employees may request FMLA leave for certain qualifying events, which are more fully identified under the Leave Entitlement section below.

#### I. Employee Eligibility

To be eligible, employees must have worked with TMWA a total of at least twelve (12) months and must have worked at least 1,250 hours during the twelve (12) month period immediately preceding the beginning of the leave. These hours do not include PTO, vacation, sick leave or any other paid time off.

#### II. Request for Leave, Application and Approval

##### A. Application/Request

Employees must complete a Leave of Absence Request and return the completed application to Human Resources. Employees should provide thirty (30) day advance notice when the need for the leave is foreseeable. If thirty (30) days notice is not both possible and practical under the circumstances, notice must be given as soon as practical. In most cases, it should be both possible and practical for an employee to provide notice either the same or the next business day after they learn about the need for FMLA leave. When planning medical treatment, you must consult with TMWA and make a reasonable effort to schedule the treatment so as not to unduly disrupt TMWA’s operations. For example, when leave is needed to care for an immediate family member or an employee’s own serious health condition, and is for a planned medical treatment, the employee must try to schedule treatment so as not to unduly disrupt TMWA’s operation and must provide TMWA thirty (30) days notice of the need to take leave because the employee knows about the need in advance.

If the need for leave is unforeseeable (such as emergencies), notice must be given as soon as possible.

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### B. Approval

All FMLA leaves must be approved by Human Resources. TMWA retains at all times the final authority to designate any leave that qualifies as a FMLA leave regardless of whether the employee has elected to designate it as FMLA leave.

### III. Types of Leave Entitlement

Eligible employees may take up to a total of twelve (12) weeks of leave during any 12-month period for any one or more of the following qualifying events: (1) to care for a child upon birth or upon placement for adoption or foster care, within the twelve (12) months following birth or placement; (2) to care for a family member with a serious health condition; (3) when the employee is unable to work because of the employee's own serious health condition; or (4) because of a qualifying exigency arising out of the fact that a qualifying family member has been or is on active military duty. The twelve (12) month period is a rolling twelve (12) month period measured backward from the date an employee uses any FMLA leave.

In addition, eligible employees are entitled to up to twenty-six (26)-weeks of leave to care for a covered servicemember with a serious injury or illness if the employee is the spouse, son, daughter, parent, or next of kin of the servicemember.

Family members consist of the employee's spouse, parent (the employee's biological, adoptive, step or foster father or mother, or any other individual who stood in loco parentis to the employee), and child (including biological, step, foster or adopted child, a legal ward, or a child of a person standing in loco parentis who is either under age 18, or age 18 or older and incapable of self-care because of a mental or physical disability).

#### A. Medical Leave Due to a Serious Health Condition

Under the FMLA, a "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves: (1) in-patient care (i.e., an overnight stay), including any period of incapacity or any subsequent treatment in connection with the in-patient care; or (2) "continuing treatment" by a health care provider. A serious health condition involving "continuing treatment" by a health care provider includes any one or more of the following: (a) a period of incapacity of more than three (3) consecutive calendar days and related treatment as outlined in the FMLA regulations; (b) any period of incapacity due to pregnancy or prenatal care; (c) any period of incapacity or treatment for such incapacity due to a chronic serious health condition (i.e., asthma, diabetes or epilepsy); (d) a period of incapacity which is permanent or long-term due to the condition for which treatment may not be effective (i.e., Alzheimer's or a severe stroke); or (e) any period of absence to receive multiple treatments either for restorative surgery after an accident or other injury or for a condition that would likely result in a period of incapacity of more than three (3) consecutive calendar days in the absence of a medical treatment (i.e., physical therapy, chemotherapy or dialysis).

#### B. Birth/Placement Leave

FMLA leave for birth or placement for adoption or foster care must conclude within twelve (12) months of the birth or placement.

#### C. Active Duty Leave

Eligible employees who are the spouse, son, daughter or parent of a servicemember who has been notified of an impending call or order to active military duty, or who is already on active military duty, are entitled to FMLA leave for any qualifying exigency arising out of the fact that the spouse, son, daughter, or parent of the employee is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation.

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### D. Military Caregiver Leave

Eligible employees who are the spouse, son, daughter, parent, or next-of-kin of a servicemember who is seriously injured or ill, or who is recovering from a serious injury or illness, suffered while on active military duty may take up to twenty-six (26) weeks of leave in a single twelve (12) month period.

### IV. Limitations on Leave

The twelve (12) month periods described above for all FMLA-qualifying leaves, except for military caregiver leave, are rolling periods measured backward from the date an employee uses any FMLA leave. If the employee is requesting leave in advance of an anticipated absence, the amount of leave available at the time for the expected leave is determined by subtracting the amount of leave taken during the twelve (12) months prior to the date the leave is scheduled to commence. For example, if an employee begins their leave in November and takes a full twelve (12) weeks, or twenty-six (26) week leave, they will not qualify for another twelve (12) week leave until November of the following year.

The twelve (12) month period during which an employee may take up to twenty-six (26) workweeks of FMLA leave to care for a covered servicemember with a serious injury or illness begins on the first day the eligible employee takes FMLA leave and ends twelve (12) months after that date.

The total FMLA leave available to employees within a twelve (12) month period through any combination of STD, PTO, family sick leave, sick leave, vacation and unpaid leave is twelve (12) weeks, or twenty-six (26) weeks in the case of military caregiver leave.

A married couple who are both employed by TMWA are limited to a combined total leave of twelve (12) weeks of leave for the birth or placement of a child for adoption or foster care, and to care for a parent who has a serious health condition; and (2) twenty-six (26) weeks of military caregiver leave.

### V. Intermittent/Reduced Leave

Eligible employees may take FMLA leave intermittently or reduce a regular work schedule unless the reason for the leave is to care for a child after birth or placement for adoption or foster care. If an employee's request for leave is due to the medical condition of the employee or the employee's family member, leave may only be taken on an intermittent or reduced leave schedule when medically necessary and the employee must give TMWA reasonable notice and make a reasonable effort to schedule the leave so as to not unduly disrupt TMWA's operations.

Intermittent or reduced regular work schedule may be granted at TMWA's discretion if the reason for the leave is to care for a healthy child after birth or placement for adoption or foster care.

### VI. Recording of Leave Time

FMLA leave, paid or unpaid, must be properly documented on employees' time allocation records. Employees granted FMLA leave must contact Human Resources for instruction on the proper procedure for documenting the leave.

### VII. Certification

Employees who are requesting leave for their own or a family member's serious health condition must provide medical certification from a health care provider of the serious health condition. Employees should contact Human Resources to obtain the applicable medical certification forms. If the medical certification is not provided to TMWA within sixteen (16) calendar days from the time TMWA provided the certification forms to the employee who requested the certification, leave may be delayed until appropriate certification is provided.

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TMWA may also deny leave if an employee fails to provide the requested medical certification within the time line allowed by TMWA, which will be at least sixteen (16) calendar days.

If TMWA has a reason to doubt the validity of a medical certification, TMWA may require the employee to obtain the opinion of a second health care provider designated and paid for by TMWA. In the event of a conflict between the first and second medical opinions, TMWA may, at its own expense, obtain a third opinion from a health care provider approved jointly by the employee and TMWA. The third opinion will be binding. TMWA may also require periodic recertification of the serious health condition and, when leave is a result of the employee's own serious health condition, a return to work release (with or without restrictions).

TMWA reserves the right to request medical certification from a health care provider in connection with any request for leave related to the care of a family member or next-of-kin injured during active military duty.

### VIII. Compensation During Leave

FMLA leave is unpaid. Unless otherwise provided by applicable law, eligible employees must first use family sick leave, sick leave, vacation, PTO or Short Term Disability ("STD") as permitted by law to cover some or all of FMLA leave taken as a result of the employee's own serious health condition or the serious health condition of a family member. Employees must first use PTO, or vacation to cover leave for the other FMLA qualifying events. Paid leave will run concurrently with FMLA leave. No two paid leaves will run concurrently, but the employee and TMWA may agree to supplement the employee's pay during leave to one hundred (100) percent where appropriate. The use of paid time off will not extend the length of FMLA leave (including leave due to active duty and to care for a servicemember)

### IX. Retention of Accrued Benefits

Employees retain their accrued benefits while on unpaid FMLA leave; however, they are not entitled to accrue service time or any other employment benefits during any period of unpaid leave. Use of FMLA leave will not result in the loss of any employment benefit that accrued prior to the start of the employee's leave.

### X. Continuation of Insurance Coverage

Employees' health insurance benefits will continue as if the employee was working during the period of the FMLA leave as long as the employee returns to work at the expiration of the approved leave. If the employee fails to return to work after the unpaid FMLA leave, TMWA may bill the employee for the cost of health insurance premiums during the period of unpaid leave, unless the reason for the employee's failure to return to work is related to circumstances beyond the employee's control or certain other qualifying reasons

Moreover, to continue insurance coverage while on an FMLA leave, employees must pay directly to Human Resources their share of the insurance premiums that would have otherwise been deducted from their paycheck. For employees who are receiving compensation via sick time, vacation or PTO, these deductions will be taken out of the employee's paycheck in accordance with TMWA's normal payroll procedures. Such premiums must be paid according to the same schedule current premiums are deducted from their paycheck (bi-weekly) or no later than thirty (30) days from the last premium deducted from their paycheck. If payment is not made within thirty (30) days, coverage may be cancelled. This thirty (30) day schedule of payments must be maintained during the FMLA leave. Employees whose coverage is discontinued for failure to pay premiums will get their coverage reinstated upon their return from FMLA leave. These premium payment requirements apply to both health and supplemental insurance.

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### XI. Return to Work

#### A. Request for Additional Leave

An employee on an FMLA leave is expected to return at the end of the approved leave. To obtain additional leave, the employee must notify Human Resources at least two (2) days before the approved FMLA leave expires.

#### B. Medical Clearance

An employee on a medical leave for their own serious health condition must secure medical clearance before resuming their job by presenting to their supervisor a release for duty (with or without restrictions), signed by their medical provider.

#### C. Failure to Return

An employee who fails to return to work at the expiration of the approved FMLA leave or to request an extension of the FMLA leave by contacting Human Resources will be deemed to have voluntarily quit.

#### D. Return from FMLA Leave

Employees returning from an FMLA leave have the right to be returned to the position held when they went on leave or may be placed in an equivalent position with equivalent pay, benefits and other employment terms and conditions. However, an employee on an FMLA leave does not have any greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the FMLA leave period.

### XII. Key Employees


Certain key employees also may be denied reinstatement when necessary to prevent “substantial and grievous economic injury” to TMWA’s operations. A “key” employee is a salaried FMLA-eligible employee who is among the highest paid ten (10) percent of all employees employed by TMWA within seventy-five (75) miles of the employee’s worksite. Employees will be notified of their status as a key employee, when applicable, after they request FMLA leave.

### XIII. FMLA and Worker’s Compensation Leave

For those employees who are absent as a result of a work-related injury that is covered under TMWA’s worker’s compensation insurance, TMWA will designate such absence as FMLA leave. Employees may elect to use their available accrued leave time in conjunction with what they receive in worker’s compensation benefits up to one hundred (100) percent of their normal base pay when on Total Temporary Disability (TTD).

### XIV. Performance Evaluations

Employees who are on FMLA leave will receive their performance appraisal upon their return from leave. However, any applicable pay increases will be processed as scheduled without delay.

	<p align="center"><b>Administrative Instruction Manual</b> Administrative Policy</p>
<p align="center"><b>Number:</b> A-13</p>	<p align="center"><b>Effective:</b> 02/01/2023</p>
<p align="center"><b>Title:</b> A-13 Military Leave Policy</p>	
<p align="center"><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

### **Purpose**

To provide guidelines and information relating to military leave in compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”) and state law.

### **Policy**

It is the policy of TMWA to provide military leave in compliance with USERRA and state law.

### **Employee Rights**

- I. No person who is a member of, performs, has performed, applies to perform, or has an obligation to perform service in the uniformed services (as defined under USERRA and its applicable regulations) shall be discriminated against or otherwise prohibited from applying to TMWA for initial employment, reemployment, retention in employment, promotion, or any benefit of employment.
- II. Employees in good and honorable military standing who are absent for military duty up to five (5) years in cumulative length (subject to an extension in special circumstances) are eligible to return to the job that they would have attained had they not been absent for military service (or a comparable one depending on the length of military service in accordance with USERRA), with the same seniority, status, pay and all other rights and benefits determined by seniority. These employees are also eligible for the same non-seniority based benefits as are given to other similarly situated employees, including employees on any other comparable leaves of absences.
- III. As with other leaves of absence, failure to return to work or to reapply within applicable time limits may result in termination of employment. If an employee is not aware of the applicable time limits, it is the employee’s obligation to consult Human Resources at the time the employee requests leave to determine these time limits.
- IV. Employees who are members of the United States National Guard or Reserve will be allowed to attend military training, whether voluntary or mandatory. Bargaining unit employees should refer to the CBA to determine the number of annual training days with pay they are authorized to take. Employees will not be required to use annual leave for training days.
- V. Employees who are called to service in the uniformed services or to state active duty, as defined by 38 USC Chapter 43-§-4303 or in accordance with NRS Chapter 281 will continue to receive their base salary, or for hourly employees their bi-weekly earnings based upon a forty (40) hour work week, for up to twenty (20) working days per calendar year. Benefits will also be continued during this period. The employee will return their military remuneration to TMWA during this period to the extent such military earnings are less than the employee’s regular earnings at TMWA. After this period, employees are treated as if they are on an unpaid leave, except as provided for in this policy.

## A-13 Military Leave Policy


However, in that event, employees may elect to substitute PTO or vacation for their unpaid leave.

- VI. Any employee who is an active member of the United States Army Reserve, the United States Naval Reserve, the United States Marine Corps Reserve, the United States Coast Guard Reserve, the United States Air Force Reserve, or the Nevada National Guard will be relieved from duties, upon the employee's request, to serve under orders without loss of the employee's regular compensation for a period of not more than twenty (20) working days per calendar year. Such absence will not be a part of the employee's annual vacation or PTO.
- VII. Employees performing military duty may elect to continue coverage of TMWA's group health insurance for up to twenty-four (24) months. Employees who are on military leave for fewer than thirty-one (31) days will not be required to pay more than the employee's regular contribution, if any, for group health plan coverage. However, employees performing military duty for more than thirty-one (31) days will be required to pay up to one hundred and two (102) percent of the full premium. Employees performing military service who do not elect to continue coverage still have the right to be reinstated in TMWA's group health insurance upon reemployment without waiting periods or exclusions, except for service-related illnesses or injuries.
- VIII. Employees performing military duty shall continue to accrue PERS service time while on military duty.

### **Employer Rights**

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- I. Except where notice is prevented by military necessity, or is otherwise impossible or unreasonable under the circumstances, employees having a military obligation during the year are requested to provide an annual schedule to their Immediate Supervisor as soon as it is available (usually in October).
- II. TMWA is not required to reemploy an employee who has been absent due to Military Leave if TMWA's circumstances have changed to make reemployment impossible, unreasonable, or assisting the employee to become qualified for reemployment would impose an undue hardship on TMWA.
- III. If the employment from which the employee leaves for military service is for a brief, non-recurrent period and there is no reasonable expectation that the employment will continue indefinitely or for a significant period (i.e., temporary employees), TMWA is not required to reemploy the employee upon their return from military service.
- IV. The priority of reemployment and seniority of two or more persons who leave for military service will be governed by the provisions of USERRA.
- V. Reemployment and seniority of an employee who is disabled during military leave shall be governed by the provisions of USERRA.
- VI. Employees who are on approved Military Leave will receive their performance appraisal upon their return from Military Leave. However, any applicable pay increases will be processed as scheduled without delay.

	<p align="center"><b>Administrative Instruction Manual</b> Administrative Policy</p>
<p align="center"><b>Number:</b> A-15</p>	<p align="center"><b>Effective:</b> 02/01/2023</p>
<p align="center"><b>Title:</b> A-15 Outside Employment and Incompatible Activities Policy</p>	
<p align="center"><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

**Purpose**

To establish a policy governing outside employment and incompatible activities by TMWA employees.

**Policy**

Employees will not engage in any employment, activity or enterprise which is inconsistent, incompatible or in conflict or create the appearance of a conflict with their duties as TMWA employees. Each employee will, during work hours, devote full time attention and efforts to TWMA.

- I. No employee may, in any manner, directly or indirectly, receive any commission, personal profit or compensation of any kind resulting from any contract or other significant transaction in which TMWA is in any way directly interested or affected.
- II. No employee may seek or accept any gift, service, favor, employment, engagement, wage, or economic opportunity that would tend to improperly influence a reasonable person to depart from the faithful and impartial discharge of public duties.
- III. No employee may use their position with TMWA to secure or grant unwarranted privileges, preferences, exemptions or advantages for themselves, any other person or business entity.
- IV. An employee will not enter into a private contract with TMWA in any capacity that may be construed as an extension of duties or responsibilities to TMWA.
- V. If an employee acquires, through public duties or relationships, any information which by law or practice is not at the time available to people generally, the employee may not use the information to further the economic interests of the employee or any other person or business entity.
- VI. No employee may suppress any governmental report or other document because it might tend to affect unfavorably their private financial interest.

**Procedures**

- I. Outside Employment
 

Outside employment will be permitted as long as it does not interfere with or present a conflict of interest with the employee’s employment with TMWA. The hours of outside employment will not overlap those of TMWA employment or be so excessive as to impair attendance or efficiency as a TMWA employee. The Human Resources Department must be advised, in writing, within seven (7) business days any new outside employment. Failure to do so may result in disciplinary action, up to and including termination.




## *A-15 Outside Employment and Incompatible Activities Policy*

### II. Political Activity

Employees who engage in any political activities should keep in mind that they are doing so in their individual capacity and not as a representative of TMWA. Moreover, no employee will:

- A. Directly or indirectly solicit or receive or be in any manner concerned in soliciting or receiving, any assessment subscription, monetary or non-monetary contribution for a political purpose during working time.
- B. Engage in political activity while working.
- C. Use any TMWA-owned or supplied equipment, systems (including email), service, or supplies for any personal political or campaign purpose.

	<b>Administrative Instruction Manual</b> <b>Administrative Policy</b>
<b>Number:</b> A-16	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-16 Anti-Nepotism Policy	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

***Purpose***

To provide guidance in the hiring of employees and their subsequent employment to avoid the appearance of favoritism or special treatment that may be viewed as destructive to the work environment or employee morale.

***Policy***

TMWA may hire relatives of persons currently employed only if:

- The relative of the employee has specific skills, experience, and qualifications that are not possessed by the other candidates for the position, and
- Relatives (as defined below) will not work in any positions in which TMWA believes an inherent conflict of interest may exist; and
- Relatives will not occupy a position in the same “direct line of authority” such that one Relative’s work responsibilities, performance reviews, compensation, benefits, leave requests, or career development could be influenced by the Relative. (“Direct line of authority” means the employee’s immediate supervisor and each subsequent level of supervision through the employee’s chain of command to the Department Director.)


Employees are responsible for reporting any changes in relationship to other employees (such as when two employees become Relatives). If an employee, after employment or change in employment becomes a Relative of another TMWA employee, both parties are required to notify the Head of Human Resources within seven (7) business days, so the matter can be evaluated. In cases where the relationship could violate this policy, TMWA reserves discretion to reassign one or both individuals, change reporting relationships, or, if no other reasonable alternative would prevent a policy violation, ask an affected employee to resign.

To avoid the appearance of favoritism and other undesirable consequences, supervisors may not establish or maintain a romantic relationship with employees whom they directly supervise.

Any employment of Relatives of current TMWA employees will require the written consent of the General Manager.

***Definition***

Relatives, as used in this policy, means the employee’s spouse, significant other, parent, child, sibling, grandparent, great grandparent, grandchild, great grandchild, aunt, great aunt, uncle, great uncle, niece, nephew, first cousin, or corresponding in-law, adoption, or step relation. Relatives also includes persons in a “dating relationship.” “Dating relationship” means an intimate association primarily characterized by the expectation of affectional involvement, not including a casual relationship or an ordinary association between persons in a business or social context.

	<p><b>Administrative Instruction Manual</b> Administrative Policy</p>
<p><b>Number:</b> A-20</p>	<p><b>Effective:</b> 02/01/2023</p>
<p><b>Title: A-20 Tuition Reimbursement Policy</b></p>	
<p><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

**Policy**

It is the policy of TMWA to assist MPAT employees wishing to improve their job knowledge by attending classes at accredited academic institutions.

**Procedures**

Approval for tuition reimbursement must be received prior to the beginning of the class. Applications for tuition reimbursement should be submitted to Human Resources.


Tuition reimbursement shall be granted for courses taken that are job-related or degree-related in the field in which the employee is employed and that will improve the employee's ability to perform at TMWA.

An employee will be reimbursed for educational training courses taken subsequent to approval of the employee's Director/Manager pursuant to the following:

- I. The training must be directly related to the required skill or education for the employee's current position or another relevant TMWA position.
- II. An employee who has been employed for at least six (6) months shall be eligible for tuition reimbursement. Further, eligibility will be determined by their Director/Manager. The employee must be employed by TMWA throughout the duration of the course.
- III. TMWA will reimburse an eligible employee up to a maximum \$4,000 (pro-rated for part-time employees) per fiscal year for tuition, fees, books, and electronic resources.
- IV. Reimbursement expenses shall be restricted to tuition, course fees, required textbooks and electronic book resources. While courses should normally be taken on the employee's own time, exceptions may be granted by their Immediate Supervisor, in which case hours away from work must be deducted from PTO per TMWA's Administrative Instruction on Work Time Schedules and Approvals or be recorded as unpaid, unless arrangements have been made for the employee to work an alternative work schedule.
- V. To obtain reimbursement, a course must be taken from a recognized and accredited school/institution or recognized professional association. On recommendation of the Director/Manager, a course may be taken from a school that is not accredited.
- VI. Reimbursement will be processed upon presentation of evidence to substantiate the expense and evidence of a passing grade of C or better upon completion of the course.

**Appeals**

Appeals may be made to Human Resources within fifteen (15) calendar days of notification of denial. All decisions are final.

	<b>Administrative Instruction Manual</b> <b>Administrative Policy</b>
<b>Number:</b> A-35	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-35 Workplace Violence Prevention Policy	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

### **Purpose**

TMWA will not tolerate violence in the workplace, whether by employees or members of the public. The prevention of potential workplace violence is the responsibility of every employee. TMWA prohibits violence and strives to maintain a safe workplace.

### **Policy**

All employees are expected to meet TMWA standards of professionalism and to demonstrate courtesy to customers, co-workers at every level, and members of the public. Each employee shares the responsibility for preventing and reporting possible workplace violence. Prohibited conduct on/at TMWA premises, parking areas, functions, work-sites, and in TMWA vehicles or while conducting TMWA business includes, but is not limited to:

- The threat or use of force or violence to restrain, coerce, or intimidate employees, customers, co-workers, or members of the public.
- Provocation or harassment of co-workers, customers, or members of the public.
- The presence of guns, clubs, dangerous lethal weapons, and other instruments that may be used to harm others is strictly prohibited on/at TMWA premises, parking areas, functions, worksites, and in TMWA vehicles or while conducting TMWA business. This restriction supersedes any and all permits obtained from any issuing authority, which allow private citizens to possess, carry or conceal guns or other weapons. However, the employee's Director/Manager may authorize the use of air propelled projectile firearms for the sole purpose of TMWA pest control.
- Engaging in behavior that creates a reasonable fear of injury in another person.

### **Procedures**


#### I. Reporting of Possible Violence

Employees who observe or are made aware of any behavior described above must report such conduct to their Supervisor and/or the Head of Human Resources. If there is a possibility that any person may be subject to immediate harm, then employees should first contact 9-1-1 and then also contact the Security Department.

#### II. TMWA Response to Possible Violence

If TMWA determines that an employee has exhibited or may exhibit the behavior described above, then aside from any appropriate disciplinary actions, it may refer the employee to its Employee Assistance Program, and/or require the employee to obtain/receive counseling and/or require the employee to be evaluated by an appropriate professional

## **Administrative Directives**

	<p><b>Administrative Instruction Manual</b> Administrative Directive</p>
<p><b>Number:</b> A-04</p>	<p><b>Effective:</b> 02/01/2023</p>
<p><b>Title:</b> A-04 Acceptable Use Directive</p>	
<p><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

### **Purpose**

TMWA provides many business tools to its employees and contractors to enhance their productivity and jobs. These tools include computers, software, communication tools (email, chat), access to internal networks (intranet), access to external networks (internet), as well as telephone systems, voice mail, fax, photocopiers, etc. TMWA requires that these systems be used in a responsible way, ethically, and in compliance with all legislation and other TMWA policies and procedures. Noncompliance could have a severe, negative impact on TMWA, its employees, and its customers. This directive does not attempt to anticipate every situation that may arise and does not relieve anyone accessing the systems and or any of these tools of their obligation to use common sense and good judgment.

Individuals at TMWA are encouraged to use the corporate systems and resources to further the business goals and objectives of the organization. The types of activities that are encouraged include:

- Communicating with fellow employees, business partners, and customers within the context of an individual’s assigned responsibilities.
- Acquiring or sharing information necessary or related to the performance of an individual’s assigned responsibilities.
- Participating in educational or professional development activities.

### **Scope**

TMWA assets and systems are TMWA’s property. Users must not expect that information contained in these systems is private. TMWA reserves the right, from time to time, for legal, or otherwise valid reasons, to read, monitor, control, and access user files and messages created, saved, transmitted, or received. In the event of intercepted illegal activity, TMWA may notify the appropriate authority without prior notification to the sender or receiver.

This directive is applicable to all employees of TMWA, seasonal, temporary and provisional and temporary employees; contractors; students; and interns. The requirements defined in this directive are applicable to all data, systems, and services owned and/or managed by TMWA.

### **Definitions**

**Assets** – Include, but are not limited to, physical equipment, such as desktop computers, servers, printers, laptops, telephones, mobile devices, and removable media (such as USB flash drives), as well as systems and services, such as the organizational network, internet, voicemail, and more. Organizational data is also considered to be an asset. All devices and systems are property of TMWA, and all use must be in accordance with policies, standards, and guidelines.

**Malware** – A program that is inserted into a system, usually covertly, with the intent of compromising the confidentiality, integrity, or availability of the victim’s data, applications, or operating system, or of otherwise annoying or disrupting the victim.

**Removable Media** – Any type of storage device that can be removed from a computer while the system is running. Examples include USB flash/thumb drives, memory cards, CDs/DVDs, external hard drives, or mobile devices used for storage purposes such as MP3 players or smartphones. While

there are business purposes for these devices, they are also known to be common sources of malware infections and susceptible to loss or theft, leading to breaches of sensitive information.

### **Acceptable Use**

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#### **I. General Requirements**

- A. TMWA allows limited use of the network, systems, and devices for personal reasons (personal correspondences, online banking, etc.), but personal use must not be abused. Personal use is acceptable if it is limited to the following considerations:
  - 1. It does not have a negative impact on overall employee productivity.
  - 2. It does not cause additional expense to TMWA.
  - 3. It does not compromise TMWA in any way.
  - 4. It does not disrupt the network performance in any way.
  - 5. It does not contradict any other TMWA policies in any way.
- B. TMWA assets and systems (including electronic communication systems and Internet) are provided in order for employees to perform their job duties. The use is a privilege, not a right, and therefore must be used with respect and common sense. TMWA assets and systems may not be used for illegal or unlawful purposes, including copyright infringement, obscenity, personal gain, libel, slander, fraud, defamation, plagiarism, intimidation, forgery, impersonation, illegal gambling, soliciting for pyramid schemes, and computer tampering (e.g. spreading computer viruses).
- C. Users should not access and/or purchase technology, devices, applications, software, or services that are not formally authorized and approved by IT. This includes software or applications and downloads that are free of charge.
  - 1. Users should never accept an End User License Agreement (EULA) in the name of TMWA without written consent from IT Management.
- D. IT assets, such as laptops and mobile devices, are intended to be used only by the people to whom they have been issued. If another employee is using the device, the use should be monitored to ensure that no sensitive data is accessed by the unauthorized party. Non-employees (e.g., family member) are not permitted to use the device. The person to whom the device was issued is ultimately responsible for any actions performed with the device.
- E. Users must take additional precautions when traveling outside of the United States (US). The likelihood of being compromised is increased when traveling outside of the US and especially high when traveling to locations where governments operate and manage the internet. Users should not take TMWA devices or personal devices with access to TMWA systems (including email exchange) outside of the US without approval by the IT Department. When traveling outside the US, users must provide IT with at least seven (7) days' notice prior to travel. The IT department will work with the user to:
  - 1. Identify the dates of travel and if necessary, disable accounts until the user returns from travel;
  - 2. Provide authorization if necessary for the user to take any TMWA owned devices; and,
  - 3. Remove TMWA data (Email, OneDrive, etc.,) from phones or devices prior to leaving, if necessary.
- F. Users will maintain the confidentiality, integrity, and availability of organizational data by:
  - 1. Taking reasonable precautions to keep all data secure.
  - 2. Only accessing data provided to them for duties in connection with their employment or engagement.
  - 3. Ensuring data is extracted, manipulated, or reported on for business purposes only.

## *A-04 Acceptable Use Directive*

4. Obtaining authorization before viewing, copying, altering, or destroying data, software, documentation, or data communications belonging to TMWA or another individual.
  5. Following company-sanctioned data removal procedures to permanently erase data from devices once its use is no longer required.
- G. Users must protect all corporate-managed IT assets, keeping them physically and logically secured and under the control of the user, including but not limited to:
1. Ensuring the workstation is locked (screen/keyboard) whenever walking away from it.
- H. Access to TMWA systems and devices is controlled through individual accounts and passwords. Individual passwords must not be shared with others. Attempting to obtain another user's account password is prohibited.
1. Users must not use corporate passwords for other services. In the event other services are compromised, it could leave corporate accounts compromised as well.
  2. Password complexity will be enforced by IT through system-enforced rules to ensure strong passwords and proper password hygiene.
  3. Users are prohibited from using accounts that do not belong to them and are prohibited from using platforms to impersonate others or give the impression that they are representing or providing opinions on behalf of TMWA, unless authorized to do so.
- I. Users must report any actual or suspected security incidents to the IT Department, including but not limited to lost/stolen equipment and mobile devices, suspected malware infection, compromised credentials, and any other possible compromises of TMWA systems and or data.
- J. Users must cooperate with IT incident response processes, to include the forfeiting of equipment for the purposes of investigating whether the equipment has been compromised.
- K. Removable media, such as USB flash drives, CDs, etc., may be used for business purposes. Users should ensure:
1. IT has scanned the removable media prior to use to ensure no malware or other unauthorized software is introduced into the TMWA environment.
  2. Mobile devices (e.g., smartphones, tablets) are not used as removable media to transfer or store any business or customer data.
  3. Report unknown removable media that is found unattended to the IT Department and NOT insert unapproved removable media into any TMWA asset.
  4. TMWA issued removable media is not used on external or non-company-issued assets.
  5. All removable media is turned in to the IT Department for proper disposal when no longer required for business use.

## **II. Electronic Communication and Internet Use Standards**

- A. The email systems and other messaging services used at TMWA are owned by TMWA and are therefore its property. This gives TMWA the right to monitor any and all email traffic passing through its email system. This monitoring may include, but is not limited to, inadvertent reading by IT staff during the normal course of managing the email system, review by the HR and legal team during the email discovery phase of litigation, and observation by management in cases of suspected abuse or employee inefficiency.
- B. When sending sensitive information or communications containing personally identifiable information, users must ensure the information is appropriately protected (encrypted). (Appropriate means of protection include but are not limited to OneDrive or encrypted attachments through email.)



## A-04 Acceptable Use Directive

1. Sensitive material that is emailed, must include the following in the subject line followed by a space and then the subject of your email: **ENCRYPTEDMESSAGE subject**
- C. Email users are responsible for mailbox management, including organization and cleaning. If a user subscribes to a mailing list, they must be aware of how to unsubscribe from the list and is responsible for doing so if their current email address changes.
  1. Archival and backup copies of email messages may exist, despite user deletion.
- D. Users should not open message attachments or click on hyperlinks sent from unknown or unsigned sources through any platform (email, instant message, social media, etc.). Attachments/links are the primary source of malware and social engineering and should be treated with utmost caution.
- E. Unless preapproved by TMWA, the use of email or other messaging platforms for mass unsolicited mailings is prohibited.
- F. Any allegations of misuse should be promptly reported to the IT Department. If you receive an offensive or suspicious email, do not forward, or reply to the message. Instead, report it directly to the IT Department.
- G. Users may be permitted to remotely access the corporate network while offsite and must use the approved virtual private network and multifactor authentication service(s).
- H. The use of and access to TMWA's social media accounts is permitted for business purposes only and by those whose positions require such access. Use must be in accordance with all acceptable use standards. TMWA social media accounts, content and passwords belong to and are considered property of TMWA. Individuals shall not use personal social media accounts to conduct TMWA business and TMWA social media accounts shall not be used for personal purposes.
- I. Email access will be terminated upon separation from TMWA, unless other arrangements are made and TMWA is under no obligation to store or forward an individual's email contents.

### III. Mobile Device Use

- A. IT must inspect and approve all devices attempting to connect to the corporate network. IT may refuse the ability to connect mobile devices to corporate and corporate-connected infrastructure and will engage in such action if equipment is being used in a way that puts the organization's systems, data, users, and clients at risk.
- B. It is the responsibility of any employee of TMWA who uses a mobile device to access corporate resources to ensure that all security protocols normally used in the management of data on conventional storage infrastructure are also applied. It is imperative that any mobile device that is used to conduct TMWA business be used appropriately, responsibly, and ethically.
- C. Sensitive data and passwords must not be stored on mobile devices.

### Unacceptable Uses

- I. Users may not attempt to contravene, circumvent, or bypass IT security protocols and must not introduce malicious programs into the network or a system (e.g., viruses, worms, Trojan horses, email bombs, etc.).
- II. Users must not introduce or contribute to security breaches or disruptions of network communication.
- III. Users must not execute any form of network monitoring or port scanning unless this activity is part of the employee's normal job/duty.

	<p><b>Administrative Instruction Manual</b> Administrative Directive</p>
<p><b>Number:</b> A-07</p>	<p><b>Effective:</b> 02/01/2023</p>
<p><b>Title:</b> A-07 Recruitment and Selection Directive</p>	
<p><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

**Purpose**

To provide recruitment and selection guidelines for TMWA employment.

**Directive**

TMWA is committed to employ, in its best judgment, the best qualified candidates for approved positions while engaging in recruitment and selection practices that are in compliance with all applicable laws. It is the policy of TMWA to provide equal employment opportunity to all applicants and employees.

The appropriate authorization is required to initiate any action for an open position including any recruitment efforts, advertising and offers of employment. Recruitment for all open positions must go through the process described in this directive.

**Guidelines**

**I. Recruitment For Vacant Positions**

A. Types of Recruitment

The Hiring Leader, in consultation with Human Resources, will designate the type of recruitment desired. There are two types:

1. Internal Recruitment – Jobs must be posted for a minimum of five (5) working days and any eligible employee may apply.
2. External Recruitment – Jobs must be posted for a minimum of five (5) working days and applications will be accepted from all interested persons.

Vacant positions may be concurrently advertised internally and externally.

B. Recruiting Methods

Human Resources, in consultation with the Hiring Leader, will be responsible for the recruiting methods utilized, including the placement of advertisements. Ultimate authority for recruitment expenditures rests with Human Resources.

**II. Internal Transfers**

TMWA seeks to provide its employees with opportunities to effectively develop their skills and advance at TMWA. To be eligible for a transfer, employees (1) must have been in their current position for at least ninety (90) days and (2) must not have any disciplinary action on file during the six (6) months prior to the transfer request, unless an exception is granted by the employee’s Immediate Supervisor and the Hiring Leader. TMWA encourages all eligible employees who wish to transfer to a vacant position to apply.

**III. Application Forms**

**A. Applications Required**

All internal and external applicants who are interested in applying for an open position must complete a TMWA employment application.

**B. Submission of Application**

Applications must be submitted and received by Human Resources by the deadline established in the recruitment announcement.

**IV. Employment Verifications/Background Checks**

Employment verifications from previous employers are required for all candidates hired. Conditional job offers can be made prior to the verifications being complete.

**Criminal Background Checks** – A criminal background will be completed for every new employee. Conditional job offers may be made prior to the background check being completed. Criminal background checks will not, however, be conducted before an applicant's final interview, except as otherwise allowed by law.

**V. Finalization of Recruitment**

When an applicant has been selected, the Hiring Leader will notify Human Resources who will assist in drafting the offer letter. Job offers will be extended by the Hiring Leader and are contingent upon:

- A. Successful completion of employment verification and background checks;
- B. Compliant Pre-Employment Drug Screen (except as otherwise provided in NRS 613.132);
- C. Verification of any professional licensure, certification or registration as required by the position description.

Applicants who are not selected will be notified by Human Resources or the Hiring Leader.

**VI. Conviction Records**

TMWA requires candidates for employment to undergo a criminal background investigation in keeping with TMWA's policy of providing a violence-free workplace and to hire employees who are able to perform their job duties. The existence of a criminal record does not automatically disqualify a candidate for employment. The Hiring Leader must consult with Human Resources regarding an applicant with a criminal record, so the record's significance can be evaluated in light of various factors, such as the nature and severity of the conviction, the relevance of the conviction to the candidate's position, the time that has passed since the conviction, and other relevant factors.

**VII. Employment Age**

Applicants must be at least eighteen (18) years of age in order to be eligible for employment.

**VIII. Re-employment**

Individuals who have previously worked for TMWA and are re-hired should consult Human Resources regarding their prior employment and its impact on the individual's dates of service and related benefits.

Employees who resign and request re-employment will be considered as new applicants.

The hiring of former TMWA employees will be subject to internal review. Before extending an offer of employment to any former employee, the Hiring Leader should consult with the former employee's Supervisor, or the Human Resources Department.

	<p align="center"><b>Administrative Instruction Manual</b> Administrative Directive</p>
<p align="center"><b>Number:</b> A-08</p>	<p align="center"><b>Effective:</b> 02/01/2023</p>
<p align="center"><b>Title:</b> A-08 Employment Eligibility Verification Directive</p>	
<p align="center"><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

### ***Purpose***

To ensure that applicants who are offered employment can satisfactorily establish their identity and authorization to work in the United States of America.

### ***Directive***

TMWA hires and employs only individuals who are legally authorized to work in the United States of America.

### ***Procedures***

- I. During the post-employment processing, all employees are required to present to Human Resources, documents specified by the Department of Homeland Security as meeting Immigration Reform and Control Act requirements.
- II. An individual who cannot provide all required documents as of the date of hire because they have been lost, stolen, or damaged must present to Human Resources a receipt, within three (3) business days of hire, showing that they have applied for the missing document. The individual then can work but must present the required documents within ninety (90) days of hire, at which time the I-9 form will be updated. Failure to provide the required document within this ninety (90) day period will result in employment termination.
- III. Any employee whose legal authorization to work is subject to periodic renewal must timely provide the updated information to Human Resources so that the I-9 form may be updated.

	<p><b>Administrative Instruction Manual</b> Administrative Directive</p>
<p><b>Number:</b> A-09</p>	<p><b>Effective:</b> 02/01/2023</p>
<p><b>Title:</b> A-09 Identification Card and Company Key Control Directive</p>	
<p><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

***Purpose***

This directive, which accompanies TMWA’s Security Management Program Sections 4 and 5 is intended to ensure business continuity by protecting equipment, data, facilities, and operations through access control.

TMWA facilities and systems are assessed for the risks associated with access (authorized and unauthorized). Through the issuance of identification (ID) badges and keys, TMWA can apply the right controls for each facility. At TMWA we use the principle of least privilege when establishing access controls. This is a security best practice that allows only enough access necessary to perform the duties specific to an employee’s role at TMWA.

***Directive***

It is TMWA's expectation that individuals on TMWA property including employees, contractors, and guests, wear a TMWA issued ID badge in plain sight when accessing secured areas. ID badges are issued and programmed by the security department.


Employees may also be issued keys to access padlocks, buildings, or offices on TMWA properties.

Employees should take care to ensure ID badges are safeguarded and ensure that keys are not transferred or loaned to another employee or individual.

Lost ID badges or keys should be immediately reported to the employee’s Immediate Supervisor or the Security Department.

Employees who experience difficulties accessing systems or facilities necessary to perform their job duties, should contact their Immediate Supervisor or the security department so that permissions can be assessed and updated if necessary.

For more information on procedures related to the use of ID badges and TMWA issued keys, please refer to TMWA’s Security Management Program Sections 4 and 5.

	<b>Administrative Instruction Manual</b> <b>Administrative Directive</b>
<b>Number:</b> A-10	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-10 Work Time Schedules, Compensation and Approval Directive	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

### **Purpose**

To provide guidelines and procedures for work hour and schedules, recording of work time and approval of variations in employees’ work hours, including but not limited to, overtime, leave time, and alternative work schedules.

### **Directive**

TMWA complies with federal and state laws that require an accurate record of time worked to assure that employees are compensated for the hours worked. TMWA’s payroll system is designed and intended to operate to meet many levels of accountability. Reporting of employee time is a crucial component of this system and necessary to assure that employees are compensated appropriately and timely. Accurate reporting requires active participation on the part of each employee and their Supervisor.

Employees must report any and all time worked before, during or after the regularly scheduled shift, on scheduled days off, or during scheduled meal or break periods. Working “off the clock” for any reason is considered a violation of this directive and is expressly prohibited. No TMWA employee (including supervisors and managers) has the authority to direct another TMWA employee to work “off the clock,” and any such attempted directives must be immediately reported to Human Resources. If an employee believes that time records are not accurate, the employee must notify their Supervisor immediately, so the time can be accurately recorded for payroll purposes.

Altering, falsifying, tampering or improperly recording time on the employee’s own or on another employee’s time records will result in disciplinary action, up to and including termination. Failing to accurately record all time worked and/or claiming time not actually worked (i.e. stealing time) are considered falsification of records, which may be grounds for corrective action up to and including termination. Managers who knowingly approve falsified time records will also be subject to corrective action up to and including termination. Please contact Human Resources with any questions regarding time records.

If an employee believes they are being encouraged or instructed to falsify time records in any manner, such as failing to record all time actually worked, the employee must contact Human Resources immediately. No employee will suffer any adverse actions by TMWA for reporting any such instances of perceived falsification of time records.

### **Definitions**

**Exempt Employee** – An employee who has been determined to be exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA) and, as such, is not eligible for overtime compensation.

**Non-exempt Employee** – An employee who has been determined to be covered by the minimum wage and overtime provisions of the FLSA and, as such, is eligible for overtime compensation.

## **Responsibilities**

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### **I. All TMWA employees are responsible for:**

- A. Ensuring that work time, leave taken, special pay earned, and other pay exceptions are recorded on the time record accurately, including using the proper project and time or pay codes.
- B. Ensuring that time records are provided within the timelines established by TMWA.
- C. TMWA Non-Exempt employees are also responsible for:
  - 1. Recording overtime worked on the time record for the pay period in which the overtime was worked and having their Immediate Supervisor or Acting Supervisor knowledgeable of the work and time requirements approve it in accordance with the requirements of this directive.

### **II. Employees' Immediate Supervisors and Acting Supervisors are responsible for:**

- A. Managing the time worked by their employees;
- B. Reviewing and certifying the accuracy of all work time, leave taken, special pay earned, and other pay exceptions recorded by the employee, including reconciling the time record to the required leave requests;
- C. When it becomes necessary to change information reported on an employee's time record, the employee's Immediate Supervisor shall ensure that the change is clearly indicated on the record and acknowledged by the person making the change; after the change is made, the Immediate Supervisor shall ensure that the employee is notified in writing of the change and the reason why the change was necessary; and
- D. Submission of timekeeping records to Payroll in accordance with the timelines established by TMWA.

### **III. Directors, Managers and Supervisors are responsible for:**

- A. Taking appropriate corrective actions when violations of this directive are brought to their attention.

### **IV. The Finance Department is responsible for:**

- A. Signing and attesting to the accuracy of TMWA's payroll records for each pay period, after certification by the designated payroll representative(s).

## **Procedures**

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### **I. Payroll Cycle**

Wages and salaries for all TMWA employees will be paid on a biweekly basis.

### **II. Standard Work Week**

Except as may otherwise be established by TMWA or defined by the CBA, TMWA's standard work week begins Monday morning at 12:01 a.m. and concludes Sunday night at midnight.

### **III. Normal Work Hours**

In general, employee's normal work hours are established by the Immediate Supervisor. Represented employee's work hours are determined by the CBA.

### **IV. Variations in Normal Work Hours**

The employee's Immediate Supervisor must approve variations in the employee's normal work hours that occur on a non-routine basis, including flexibility within the employee's established schedule and variations on the start/end times within the workday or the workdays within the workweek, in advance.

**V. Overtime**

Exempt employees are not eligible for overtime compensation. Employees holding exempt positions are paid on a salaried basis and in the interest of ensuring smooth operation of TMWA may be required to devote extended hours to fulfill the demands of the organization.

Overtime compensation required under the provisions of the FLSA will be paid to non-exempt employees at the rate of one and one-half times the employee's regular rate of pay for each hour worked in excess of forty (40) hours per work week. In addition to the above, non-exempt employees may be eligible for additional overtime compensation based on the terms of the CBA or as established by the General Manager, whichever is appropriate.

Prior notice and authorization for overtime is required as more specifically set out below:

- A. When the employee's Immediate Supervisor or Acting Supervisor deems overtime work is necessary and in the best interest of TMWA, overtime may be authorized.
- B. Overtime must be approved in advance by a Supervisor. If extraordinary circumstances prevent prior approval, the employee will record the overtime on their time card and obtain formal approval as soon as possible following the overtime worked.
- C. As much advance notice as possible will be given to the employee when a Supervisor determines overtime will be required. Likewise, as much advance notice as possible will be given to the Supervisor when an employee seeks authorization to work overtime.

**VI. Compensatory Time**

Non-exempt MPAT employees will receive compensatory time off in lieu of being paid overtime, unless the employee elects to receive the compensation as a cash payment. Compensatory time off is paid time off which is earned and accrued by an employee in lieu of immediate cash payment for hours worked in excess of forty (40) hours per workweek. Compensatory time will be earned at time and a half, similar to the employee's overtime rate.

Non-exempt employees agree to earn compensatory time off in lieu of cash payments. If non-exempt employees wish to change this agreement after performing work to receive a cash payment for overtime hours worked instead, non-exempt MPAT employees must submit their time allocation sheet requesting cash payment instead of compensatory time.

Employees may not accrue more than two-hundred forty (240) hours of compensatory time off, which is one-hundred sixty (160) regular hours of overtime worked. After two-hundred forty (240) hours of compensatory time off is accrued, a non-exempt employee will receive cash payment for overtime worked.

Earned unused compensatory time off may be cashed out by the employee. TMWA may also elect to substitute payment for compensatory time off. Any payment for accrued compensatory time will be made at the regular rate earned by the employee at the time the employee receives such payment.

An employee who has accrued compensatory time off will be paid for any unused compensatory time off at a rate of compensation not less than (1) the average regular rate received by the employee during the last three (3) years of employment or (2) the final regular rate of pay received by the employee, whichever is higher.

Employees who have earned compensatory time will be allowed to use such time upon request for time off if the use of the compensatory time does not unduly disrupt the operations of TMWA.



**VII. Leave Time**

Please refer to the procedures for leave as set forth in Administrative Instruction A-13.

**VIII. Non-Compensatory Travel and Training Time**

Employees will not be compensated for time spent in travel and training (1) under TMWA's tuition reimbursement program; (2) where attendance at the training is voluntary and the time occurs outside of the employee's regular working hours; (3) where attendance at the training is voluntary and the time spent was not specifically approved for compensation.

**IX. Volunteer Work**

Employees may elect to do volunteer work, which is work that is not part of the employee's normal job duties or work that they regularly do. Non-exempt employees who volunteer to do work other than what they regularly do for TMWA (i.e., work performed for public service, religious or humanitarian reasons) do not have to be compensated, including applicable overtime. Participation in volunteer work is completely within the employee's discretion. TMWA will not reward employees for participating in volunteer work.

**X. Alternative Work Arrangements**

This directive is designed to provide flexibility to both TMWA and the employees in balancing personal and work responsibilities by offering opportunities for MPAT employees to request alternative work schedules. Alternative work arrangements may be available for MPAT employees where job responsibilities, employee performance and business requirements permit. Bargaining unit/represented employees are subject to the provisions of the CBA.

Except where approved as a reasonable accommodation, the opportunity for an alternative work arrangement is a privilege, not an entitlement. It may not be appropriate for every work unit, every individual or every position. Specific conditions of the work arrangement are determined based on business needs within each department, office, or work unit and require the approval of the employee's Immediate Supervisor. Circumstances under which alternative work arrangements may be authorized include the following:

- The business need, the employee's work performance and the uniqueness of the position, which justifies allowing an employee to work under alternative work arrangements.
- Medical releases for an employee to work under an alternative work arrangement, if necessary, to reasonably accommodate the employee.

The Immediate Supervisor, after consulting with Human Resources must issue written authorization for the alternative work arrangement, including, for example, the expected schedule, the job duties and responsibilities that will be performed, how performance will be monitored (i.e. productivity measures, frequency of contact with the office, availability by phone) and the minimum number of hours per week. Employees working alternative work schedules must recognize that they will occasionally be required to be present during planned out of the office times, and this requirement will not create a "credit." In other words, they will not be allowed to automatically take time off the following week to make up for having worked beyond their alternative work schedules. The Immediate Supervisor may require the employee to return to a standard work schedule and/or work location at any time and for any reason.

Examples of alternative work arrangements are the use of flextime, telecommuting, part-time work, compressed workweek, job sharing and alternative staffing arrangements to support seasonal work.

Any questions regarding the administration of a specific alternative work arrangement should be referred to the Immediate Supervisor or Human Resources. Employees who need an alternative work arrangement as a medical or religious accommodation should contact Human Resources.

**XI. Payroll Deductions**

The law requires TMWA to make certain deductions from every employee's paycheck. Among these are applicable federal, state and local income taxes. TMWA may also be required to deduct social security taxes on each employee's earnings up to a specific limit called the social security "wage base".

Occasionally, TMWA is court-ordered to make deductions from an employee's pay, usually for Internal Revenue Service (IRS), child support, or to satisfy unpaid debts or judgments. TMWA will comply with applicable state and federal laws regarding garnishment and assignment of wages. Your paycheck stub or other documentation, where authorized by state or local law, will generally itemize amounts that have been withheld. It is important you keep this information for tax purposes. If you have questions concerning deductions made from your paycheck or how they were calculated, the Human Resources or the payroll department will assist in having your questions answered.

**XII. Pay Deductions for Exempt Employees**

In addition to the general rules for legally required or authorized deductions, some additional rules apply to deductions from exempt employees pay. In general, exempt employees will receive their salary for any week in which the employee performs any work. As a result, exempt employees' pay will not be "docked," or subject to deductions, in violation of salary pay rules established by the Fair Labor Standards Act and applicable law and shall be construed in accordance with the applicable law(s); however, TMWA may make deductions from employees' salaries in any way that is permitted under federal and state wage and hour rules. Employees will be reimbursed in full for any isolated, inadvertent, or improper deductions, as defined by law.

For example, exempt employees pay may be subject to salary deductions for the following reasons:

- Absences of one or more full days for personal reasons, other than sickness or disability. Thus, deductions may be made for negative paid-time-off balances, in whole-day increments only;
- Absences of one or more full days due to sickness or disability, if there is a plan, directive, or practice providing replacement compensation for such absences, including State disability insurance plans or State workers' compensation plans;
- Absences of one or more full days before eligibility under such a plan, directive or practice or after replacement compensation for such absences has been exhausted;
- Suspensions for violations of safety rules of major significance, including those related to the prevention of serious danger;
- Good faith suspensions of one or more full days for violations of any written workplace conduct rules or policies applicable to all employees, such as rules against sexual harassment and workplace violence;
- Payment of actual time worked in the first and last weeks of employment, resulting in a proportional rate of an employee's full salary;
- Any unpaid leave taken under the Family and Medical Leave Act; or
- An offset may be made for absences occasioned by jury duty, attendance as a witness or temporary military leave.

If concerns about any salary pay deductions arise, employees may discuss and resolve them with the Head of Human Resources.

	<b>Administrative Instruction Manual</b> <b>Administrative Directive</b>
<b>Number:</b> A-14	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-14 Voluntary Leave Transfer Program Directive	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

### **Purpose**

Employees of Truckee Meadows Water Authority (“TMWA”) have historically joined together to help their fellow employees in times of crisis. Medical emergencies can create a serious financial hardship for employees and their families when the employee has exhausted all accumulated leave time on the books, but remains off work due to a medical emergency. Thus, the purpose for creating a leave donation program is to provide an opportunity for employees to donate leave time to assist co-workers facing leave-without-pay status in the event of a medical emergency, and to provide an opportunity for eligible employees to receive the donated leave when facing a medical emergency.

### **Directive**

TMWA shall establish two (2) Leave Donation Banks (“Banks” or “Bank”) to which eligible employees may donate earned and unused paid time off. There will be one (1) Bank for MPAT employees and one (1) Bank for bargaining unit employees. Employees may only donate to and request donations from their respective Bank. Donations made to each of the Banks shall be confidential, strictly voluntary and are **irrevocable**. A donation to either Bank shall be a general donation and shall not be donated to a specific employee for their exclusive use. Donation guidelines, recipient qualifications and procedures for requesting leave are provided in this directive.

### **Acronyms & Definitions**

**Medical Emergency:** “Medical Emergency” is defined as a serious illness or injury of a regular employee or a family member of the employee which is life threatening or will require a continuous prolonged absence of greater than fourteen (14) consecutive days of the employee from their position and will result in a substantial loss of income to the employee because the employee will have exhausted all paid leave availability apart from leave available from the Bank.

**Eligible Family:** For purposes of this Directive, the employee’s eligible family shall consist of spouse or registered domestic partner, child(ren) of any age (including stepchildren), and parents.

**Leave:** “Leave” that may be donated to the Leave Donation bank includes: paid time off (PTO), vacation and sick leave where the sick leave balance is greater than seven-hundred (700) hours.

### **Procedures**

#### **I. Donor Qualifications**

An employee must meet all of the following qualifications in order to make an irrevocable donation to the Bank:

- A. Both full and part-time regular employees may donate.
- B. Regular employees must have been employed by TMWA for a minimum of one (1) continuous year prior to making a donation to the Bank.
- C. Regular Employees must maintain a minimum of at least forty (40) hours of accrued paid time off or vacation time after donating leave time.

**II. Minimum / Maximum Donation**

- A. Leave must be donated in minimum increments of one (1) hour.
- B. Leave donations can be made from an employee's PTO, vacation and or sick banks.
- C. Sick leave donations may only be made if the donating employee has a personal bank of unused accrued sick leave in excess of seven-hundred (700) hours and the sick leave donation may not exceed forty-eight (48) hours in a payroll year. Combined, sick leave donations and cash out of sick leave may not exceed forty-eight (48) hours in a payroll year.
- D. An employee may not donate more than fifty (50) percent of their accrued balance and must have a minimum balance of at least forty (40) hours of accrued paid time off remaining after the donation.

**III. Donation to the Bank**

- A. Employees may donate to the Bank at any time during the year.
- B. At a minimum TMWA will announce a donation drive during January of every calendar year..

**IV. Conversion of Leave**

- A. Leave donations will be converted based on the donor's rate of pay at the time of donation, and the Bank will be maintained based on the monetary value of hours donated. For example, if an employee who makes \$50/hour donates one (1) hour of leave, an employee who makes \$25/hour can receive two (2) hours of leave from the value of the donation.
- B. All donations to the Bank shall remain confidential, are strictly voluntary, and are irrevocable.

**V. Recipient Qualifications**

- A. Any Regular Employee suffering from a Medical Emergency, or whose Eligible Family Member is suffering from a Medical Emergency, is eligible to apply for Leave from the Bank to provide a source of wage replacement during an approved leave of absence. Eligibility to receive Leave Bank hours for wage replacement, however, does not guarantee or entitle any employee to an approved or job protected leave of absence.
- B. The employee must have been employed by TMWA for a minimum of one (1) continuous year prior to the first use of donated leave.
- C. The employee must have exhausted all of their accrued leave and or front-loaded PTO leave in order to be eligible to receive donated Leave.
- D. The employee must use all paid time off that they continue to accrue on a per pay period basis before receiving Leave hours that have been donated to the Bank. Donated Leave hours are paid at the recipient employee's regular rate of pay.
- E. The employee must be out on an approved continuous leave of absence.
- F. Leave requests must be in minimum blocks of forty (40) hours. Leave requests up to one-hundred sixty (160) hours may be approved at any one time. Any employee approved for Leave Bank donations is eligible to reapply for additional time should they exhaust their approved amount of time and continue to be out on approved leave. An employee who requests donated leave time may receive no more than one-thousand forty (1,040) hours within a rolling twelve (12) month period, or if applicable, no more than the hours required to bridge the waiting period for long-term disability.

- G. Regular part-time employees may only receive Leave donations on a pro-rated basis not to exceed a weekly amount equal to their regularly scheduled hours.
- H. Any employee requesting Leave must provide TMWA with written verification of the Medical Emergency from a health care provider that includes the following: (1) verification of the Medical Emergency of the employee or eligible Family Member, (2) the degree of the disability; and (3) the anticipated length of the disability.

**VI. Approval of Leave Donation**

- A. All requests for donated Leave shall be presented to the Head of Human Resources. All requests shall remain confidential. TMWA shall provide all eligible employees with a copy of this directive.
- B. An employee's request for donated Leave benefits shall be reviewed and approved or disapproved by a committee comprised of the Head of Human Resources (or designee) and a Director (outside of the requesting employee's reporting chain), and a decision regarding approval shall be issued within seven (7) business days of receipt of the individuals' completed leave request form. Decisions will be made using all relevant facts. The employee will be notified in writing of the determination.
- C. The Committee's decision to deny an employee's request for Leave benefits is final and not subject to an appeal or grievance procedure.
- D. This directive does not guarantee payment in any amount nor may it be relied on to establish any claim against TMWA for any reason whatsoever.
- E. The criteria used for making the decision will be based on the definitions in this directive. For example, open heart surgery, cancer, massive injuries requiring long recuperation, or an injury or illness that prevents the employee from performing their usual and customary job duties for an extended period of time (greater than 14 consecutive days) as a direct result of the injury or illness would be considered a medical emergency.
- F. The Committee shall not grant any hours or leave from the Bank after: (1) the need ceases to exist, (2) in amounts greater than one-hundred sixty (160) hours for any single request, (3) once the employee becomes eligible to receive long-term disability; or, (4) the employee who is receiving the leave resigns or the employee's employment with TMWA is terminated.
- G. Employees donating, requesting or receiving Leave benefits under this directive shall hold TMWA harmless from any and all claims, attorney's fees, judgements, costs or settlements arising from the administration of this section.

**VII. Returning Excess Leave/Extension of Absence**

- A. If an employee does not use the entire amount of donated leave for a Medical Emergency prior to returning to work, the remaining donated Leave will be returned to the Bank and not retained by the employee.
- B. An employee should notify TMWA as soon as possible if they feel they will not be able to return as scheduled from leave. Additional leave options will be explored with the employee.



**Administrative Instruction Manual**  
Administrative Directive

**Number:** A-17

**Effective:** 02/01/2023

**Title:** A-17 Workplace Searches and Inspection Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

***Directive***

In an effort to monitor compliance with policies, directives, procedures, and expectations TMWA reserves the right to conduct inspections or searches of its properties, and facilities including but not limited to offices, desks, files, lockers, computers, and TMWA vehicles. In this connection, it should be noted that, whether secured or unsecured, all TMWA offices (or any other area on TMWA's premises), desks, files, lockers, computers, and TMWA vehicles are the property of TMWA and are issued for TMWA's business and any limited authorized personal use. Inspections of these areas/items may be conducted at any time with or without notice by Management.

Further, to monitor compliance with rules concerning workplace violence, safety of employees, security of company and individual property, drugs and alcohol, or possession of other prohibited items, with or without prior notice, when there is reasonable basis for doing so, TMWA reserves the right but not the duty to inspect any packages, parcels, purses, handbags, briefcases, lunchboxes, or any other possessions or articles including vehicles brought on TMWA's property.

Except for restrooms and changing areas (if any), employees have no expectation of privacy on TMWA premises.

Employees who refuse to cooperate in an inspection may be subject to disciplinary action, up to and including termination.

	<b>Administrative Instruction Manual</b> Administrative Directive
<b>Number:</b> A-18	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-18 Press and Media Relations Directive	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

***Purpose***

To provide factual, accurate, and timely information, recognizing that residents and customers depend on the news media for information.

***Directive***

Only media trained employees are authorized to communicate with the media on behalf of TMWA, in written and/or oral format. All other employees who are contacted by representatives of the media, seeking comment or a statement by TMWA, shall refer them to a Manager, Director or the General Manager.

Directors and Managers are authorized to, when necessary, issue written press releases on items they believe require publication. However, they should work in conjunction with TMWA's designated public relations contact. When employees are contacted by the media to conduct an interview on behalf of TMWA, they should inform the General Manager or a member of the communications team of the content of that interview prior to engaging in the interview.

Press releases generally do not have to be approved in advance by the General Manager. As a general principle and courtesy, press releases should be timed so the General Manager receives a copy prior to publication.



## Administrative Instruction Manual Administrative Directive

**Number:** A-24

**Effective:** 02/01/2023

**Title:** A-24 Wireless Communication Devices Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

### **Directive**

TMWA will provide wireless communication devices (“WCD”) or a monthly reimbursement allowance to TMWA employees in those instances where their use has been determined by the employee’s Manager to be an efficient and necessary means of conducting TMWA business.

The assignment of a TMWA-owned WCD does not confer automatic on-call or standby status to the employee.

### **Responsibilities**

The IT Department, in conjunction with the Finance Department, is responsible for the centralized administration and coordination of this directive.

### **Procedures**

#### **I. Assignment of TMWA-Owned WCD**

Assignment of a TMWA-owned WCD shall be based on a determination by the employee’s Manager that use of a WCD is an efficient and necessary means of conducting TMWA business. When a position with an assigned WCD becomes vacant, or when circumstances change relative to the need for a WCD, the Manager will evaluate whether to continue the assignment.

#### **II. Use of TMWA-Owned WCD**

TMWA Owned WCD are for TMWA business purposes and employees should make every effort to minimize WCD expenses when less costly and safe alternatives are more efficient and practical (e.g., radios, conventional telephones). Employees are responsible for the WCD issued to them.

#### **III. WCD Allowance**

An employee’s Manager may authorize a monthly reimbursement allowance in accordance with the reimbursement schedule established by TMWA for WCD in lieu of a TMWA-issued WCD. In instances where this allowance is applied, it shall be considered full reimbursement for the expenses associated with the initial acquisition, ongoing maintenance, use and replacement of a personal WCD for TMWA-related business. The employee’s WCD must meet specifications as prescribed by the authorizing Manager and the IT department and shall have the WCD in operational condition and in their possession during their regular working hours or during hours specified by their Manager.

Managers will evaluate whether to continue the allowance when a position with a WCD allowance becomes vacant, or when circumstances change relative to the need for a WCD.





**Administrative Instruction Manual**  
Administrative Directive

**Number:** A-25

**Effective:** 02/01/2023

**Title:** A-25 Vehicle Use Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

**Purpose**

To provide a standard for the assignment and use of TMWA vehicles used on TMWA business. All TMWA-owned or leased vehicles shall be used only for authorized TMWA business and be driven by qualified personnel in a safe, careful, and respectful manner.

**Directive**

TMWA will provide for: 1) the most economical utilization of TMWA-owned or leased vehicles, 2) a ready means of transportation for employees on TMWA business, and 3) reduction of the need for private vehicles on TMWA business.

Violation of this directive, including neglect, careless, or unlawful operation of a vehicle while on TMWA business, may result in disciplinary action, up to and including termination.

**Responsibilities**

- I. TMWA performs a driver's license check for all employees at the time of hire and as TMWA deems necessary thereafter. Employees are required to provide written authorization for TMWA to perform such checks.
- II. Employee drivers are responsible for:
  - A. Maintaining a valid driver's license for the class of vehicle driven.
  - B. Operating vehicles only for the purpose and in the manner for which they are designed, including operating the vehicle within its designed limits, per TMWA's Safety Handbook.
  - C. Operating vehicles in a safe manner to avoid injuries and property damage and complying with all appropriate traffic laws and regulations, including use of seat belts. Employees' first priority while operating a motor vehicle is safety.
    1. TMWA prohibits employees from placing or receiving mobile radio or phone calls, or otherwise conducting TMWA business, while in the process of operating a motor vehicle, unless the operation is hands-free. However, TMWA does not require employees to place or receive calls while operating a TMWA vehicle.
    2. In the event that a situation arises where an employee needs to place or receive a mobile radio or phone call while operating a motor vehicle, the employee should, to the extent practical, park their vehicle in a safe location before placing or receiving the mobile radio or phone call. If parking the vehicle is not practical, the employee must use a hands-free device to place or receive the call.
    3. Employees should avoid engaging in mobile radio or phone conversations which may divert the employee's attention from safe driving.
  - D. Properly securing and locking vehicles and equipment when parked to prevent theft and unauthorized use.

## A-25 Vehicle Use Directive

- E. Securing Supervisor or Manager approval prior to travel outside of the employee's normal job duties or business area.
- F. Notifying their Supervisor immediately of a citation, conviction, license suspension, revocation, expiration.
- G. Notify their Supervisor or the Acting Supervisor immediately of any accident.
- H. Refrain from tampering or disabling any TMWA installed equipment in TMWA's vehicles.
- I. Refrain from placing any stickers, magnets, logos or emblems on TMWA vehicles, unless directed by Management to do so.
- J. Refrain from joyriding in a TMWA vehicle, or otherwise operating such vehicles inefficiently by taking inefficient routes to work sites. Instead, employees should take the most direct route to and from work sites but may take into account traffic patterns and weather conditions to select the most expeditious route under the circumstances.

### **Procedures**

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#### **I. TMWA-Owned or Leased Vehicles**

- A. All TMWA owned or leased vehicles may be subject to searches per TMWA's Administrative Instruction on Workplace Searches.
- B. Daily Vehicle Assignments - In instances where an employee is required, as a normal part of their job duties, to travel to and from different job sites or locations, transport tools and equipment, or otherwise perform work which requires the regular use of a vehicle, the Manager may authorize assignment of a TMWA-owned or leased vehicle for that purpose. All TMWA owned or leased vehicles may be installed with a tracking device.
- C. Take Home Vehicles - For the convenience and benefit of TMWA for after-hours and/or emergency response, employees may be authorized to take home a specified TMWA vehicle.
  - 1. TMWA vehicles must be stored at the employee's home and must be parked in a driveway or garage and not on a public street, unless no off-street parking is available or as otherwise authorized by the employee's Immediate Supervisor.
  - 2. When an employee who takes a TMWA vehicle home will be absent for more than four (4) working days due to vacation, sick leave or any other reason, they shall make arrangements to leave the TMWA vehicle and keys at their reporting place or with their Supervisor. This will enable TMWA to maximize the use of vehicles when employees are absent. The employee will be responsible for their own transportation when dropping off and picking up the vehicle from their reporting site.
  - 2. When a position with an auto allowance, permanently assigned vehicle, or take home vehicle becomes vacant, or when circumstances change relative to vehicle use, the Immediate Supervisor will evaluate, and recommend to their Manager or Director, the need to continue such usage.

#### **II. Use of Personal Vehicles**

- A. When a TMWA vehicle is not available at the employee's work complex, the Immediate Supervisor may authorize the use of an employee's personal vehicle for TMWA-related business. Employees who do not receive an automobile allowance shall be entitled to reimbursement for TMWA business mileage at the rate equal to the mileage allowance for State employees.
- B. Employees using their personal vehicle for the purpose of TMWA business, regardless of whether they are under an automobile allowance or a mileage reimbursement system, shall do so with the understanding that any liability resulting from any incident or accident involving

## *A-25 Vehicle Use Directive*

that vehicle shall be the vehicle owner's responsibility. Employees using their personal vehicle to transport business-related guests shall do so at their own risk.

### **III. General Vehicle Use Criteria**

- A. Users – Only TMWA employees/officials may drive TMWA owned or leased vehicles. Business-related guests may be transported in TMWA owned or leased vehicles.
- B. Fines – Drivers will be responsible for the payment of all fines imposed for driving and parking violations. TMWA will not reimburse employees for such fines.
- C. Fuel – When using a TMWA-owned, rented or leased vehicle, the driver shall use authorized TMWA fuel facilities; if necessary, the driver may refuel at commercial gas stations using “self service” pumps only. Fuel receipts may be submitted for reimbursement in accordance with finance directives.
- D. Loss of Personal Property – TMWA shall not be responsible for the replacement or reimbursement for any loss of or damage to any personal property left in a vehicle used for TMWA business.
- E. Lunch Time Use – TMWA-owned or leased vehicles may be used for transportation to and from lunch when on business or in a location where driving to the employee's personal vehicle would result in unnecessary expenditure of time and money. When traveling to and from lunch, lunch sites must be located along or adjacent to the most direct route between the last worksite and the next worksite (route deviations greater than 2.5 miles require supervisor approval).
- F. Personal Use – TMWA-owned and leased vehicles can only be used for official TMWA business in a manner consistent with this directive. Use of TMWA-owned or leased vehicles for other purposes is prohibited. Personal trips are not allowed even during lunch and break periods without supervisor approval.
- G. Tobacco, Vaping and Smoking – No tobacco use, vaping or smoking is allowed in any TMWA-owned or leased vehicle.
- H. Firearms – Firearms are not allowed in TMWA vehicles, or in personal vehicles while in use for TMWA business
- I. Parking – Drivers should use discretion when parking TMWA vehicles (e.g., vehicles should be legally parked and not in areas that would tend to raise public concern) unless conducting official TMWA business and no other alternatives are available.

### **IV. Insurance**

- A. TMWA Vehicles – TMWA is insured for liability and physical damage on all TMWA owned and leased vehicles.
- B. Personal Vehicles
  - 1. Employees authorized to use their personal vehicle for TMWA business shall secure and maintain liability insurance coverage as required by state law.
  - 2. Employees may elect not to purchase comprehensive and collision coverage for their personal vehicle with the full knowledge and understanding that TMWA will not provide repair or replacement of the employee's vehicle.
- C. Rental Vehicles
  - 1. Employees authorized to use a rental vehicle must purchase additional liability and collision insurance.

## *A-25 Vehicle Use Directive*

### **V. Safety Belts**

Employees must wear safety belts while operating TMWA vehicles and equipment, or personal vehicles being used for TMWA business, when the vehicle or equipment is in motion. Employees must ensure that all vehicle occupants do the same.

### **VI. Discipline**

Violation of TMWA's vehicle use directive may result in disciplinary action, up to and including termination.



## Administrative Instruction Manual Administrative Directive

**Number:** A-26

**Effective:** 02/01/2023

**Title:** A-26 Vehicle Accident Prevention Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

### **Purpose**

To provide employees with guidelines to prevent vehicle accidents. Reductions in vehicle accidents will result in the primary benefit of reducing the exposure of employees to injury, and an added benefit of reducing overall operating costs.

### **Directive**

This directive applies to all employees who drive a TMWA vehicle for TMWA business, or are approved to use a personal vehicle for TMWA business. TMWA vehicles include vehicles owned, rented, or leased by TMWA, as well as TMWA's material handling equipment and any other vehicle or related equipment.

### **Responsibilities**

#### **I. Operator's Responsibilities**

It is the responsibility of the vehicle operator to be knowledgeable of, and comply with, all applicable federal, state, local, and TMWA rules concerning the vehicles and equipment that they operate.

It is also required that the operator demonstrates the highest standards of safety, responsibility, and courtesy consistent with the goals and objectives of TMWA in all vehicle and equipment operations. Operators are expected to use vehicles and equipment in a manner that protects the safety of the employee and the public, as well as TMWA's investment in both the equipment and its public image.

Personal vehicles used for TMWA business are required to maintain the required state minimum insurance coverage.

In addition, each employee shall:

- A. Operate vehicles and any related equipment in a safe manner;
- B. Follow all applicable rules and regulations pertaining to operation of the vehicle or equipment;
- C. Report accidents immediately;
- D. Attend training as required in the safe operation of the vehicle or equipment; and
- E. Follow all TMWA policies and procedures, including policies relating to drug and alcohol, where applicable.

#### **II. Supervisor's Responsibilities**

A. Immediate Supervisors shall ensure that all employees under their responsibility:

- A. Operate vehicles and any related equipment in a safe manner;
- B. Follow all applicable rules and regulations pertaining to operation of the vehicle or equipment;
- C. Report accidents immediately;

## *A-26 Vehicle Accident Prevention Directive*

- D. Provide training in the safe operation of the vehicle or equipment; and
- E. Follow all TMWA rules and procedures, including policies relating to drug and alcohol, where applicable.

### **III. Licensing Requirements**

All employees who operate a vehicle for TMWA business must have a current valid operator's license of the state in which they reside

The operator's license must be appropriate for the vehicle being driven.

### **IV. Citations, Suspensions, Revocations**

Employees who receive traffic citations while driving TMWA vehicles shall report such citations to their Immediate Supervisor immediately. Additionally, when employees receive traffic citations which limit their ability to drive for TMWA, they must immediately report the situation to their Immediate Supervisor. Disciplinary action, if necessary, shall be determined on a case-by-case basis.

### **V. Training and Education**

TMWA will provide appropriate training for employees who are required to operate vehicles in the performance of their jobs. Equipment-specific training, where necessary, will also be provided.

### **VI. Accident Reporting**

Vehicle accidents are defined as any incidents involving injury, or damage to property or equipment resulting from the operation of a vehicle and/or any related equipment.

The first priority in any accident situation is to provide first aid and ensure adequate medical care is available to any injured person(s).

Any employee who is involved in an accident while operating a TMWA vehicle must immediately notify their Immediate Supervisor. The Employee will document the accident using the "Vehicle Accident Reporting Procedure".

The employee must remain at the scene unless released by law enforcement and/or their Immediate Supervisor, regardless whether the other party remains or leaves.

The employee shall complete the Auto Accident Checklist while at the scene of the incident. If the checklist is missing from the vehicle, the employee must obtain as much information as possible about the other driver and vehicle, then obtain a checklist from the Safety Coordinator and complete it. The Immediate Supervisor shall forward the checklist to the Safety Coordinator within forty-eight (48) hours of the incident, if possible.

Employees involved in vehicle accidents will be subject to post-accident drug & alcohol testing as outlined in other applicable Administrative Instructions.

### **VII. Safe Vehicle Operations**

Employees who operate vehicles shall be thoroughly familiar with and follow these rules, as well as the applicable federal, state, and local regulations.

- A. Before moving or backing a parked vehicle, the driver shall do a circle of safety around (360 walkaround) the vehicle.
- B. The use of safety belts by all occupants is mandatory at all times that a vehicle is in motion.
- C. The vehicle operator is not required to use cellular telephones or other wireless communication devices while the vehicle is in motion.
- D. Posted speed limits shall be observed at all times. Speed shall be adjusted for adverse conditions, such as bad weather, poor visibility, heavy traffic, or bad road conditions.

## *A-26 Vehicle Accident Prevention Directive*

- E. No person(s) are permitted to operate or to be transported in TMWA vehicles and equipment for purposes other than TMWA business, unless approved by the Immediate Supervisor.
- F. Tobacco use, including, but not limited to: cigarettes (including e-cigarettes and vaping), cigars, pipes and pipe tobacco, and chewing tobacco, is prohibited in TMWA vehicles.
- G. Passengers must ride in TMWA vehicles equipped with appropriate seats and passive restraints. Riding on forklifts, in the back of pick-ups, on running boards, on trailers, etc. is not permitted.
- H. When “designated vehicles” must be parked in an area where other traffic is present (such as streets, intersections, highways, etc.), warning devices, such as reflectors or cones, shall be displayed at both the front and rear of the vehicle. The list of “designated vehicles” will be posted on the Intranet and may be obtained from the Fleet Services Coordinator.
- I. Unattended vehicles shall not be left running at any time. Where a vehicle must be running in order to supply power for other tasks and the driver will not be in the cab, such as a boom truck, the parking brake shall be set, the transmission shall be in park, outriggers shall be properly placed, and/or the wheels shall be properly chocked.
- J. When parking TMWA vehicles, the placement of cones or chocks is required. All “designated vehicles” shall have their wheels chocked at all times when parked on inclines.
  - 1. TMWA vehicles should be parked in a designated parking spot or street side with the flow of traffic, unless operational, repair, or safety requirements require otherwise. When the situation necessitates parking in intersections or against the flow of traffic, drivers shall ensure proper traffic controls and warning lights are used.
- K. All TMWA vehicles and equipment must be inspected prior to operation at the beginning of each shift to ensure safe and efficient operation. The items requiring inspection depend on the equipment type, but will include such items as: brakes, steering, lights, mirrors, tires, fluids, fire extinguishers, and first aid kit. This inspection is the responsibility of the operator.
- L. If a TMWA vehicle or equipment deficiency is found or develops during its operation, it must be properly assessed, reported, and put out of service immediately if necessary.
- M. TMWA vehicle repairs shall not be performed by the operator (except changing flat tires). When a problem is found, contact the Fleet Services Coordinator for assistance.
- N. All vehicle and equipment fueling shall be done with the engine off.
- O. Whenever possible, vehicles shall be operated or parked to avoid the need for backing. When vehicles must be backed, a spotter must be used when present if visibility is limited due to the type of vehicle, or the surrounding area, the driver must check around the vehicle to make sure the area is clear before proceeding.
- P. Drivers shall not coast with the transmission in neutral.
- Q. Vehicles with booms, ladders, and lifts shall not be driven with such equipment in the elevated position.
- R. Available footing for truck wheels and outriggers with pads shall be examined carefully to be assured of a stable set up.
- S. All personnel who will operate specialized vehicles (ATV’s, Snow-Cats, snowmobiles, etc.) must be trained prior to operating such a vehicle.
- T. Employee shall be certified if operating a forklift.
- U. Employees shall not operate a vehicle on behalf of TMWA, including personal vehicles and TMWA vehicles and equipment in violation of TMWA’s Drug & Alcohol Free Workplace directive.

## ***Discipline***

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TMWA vehicles are provided as a means of assisting employees in the efficient operation of TMWA business. As such, employees are expected to operate TMWA vehicles in a prudent and safe manner and to comply with TMWA policies, directives, rules, and applicable law. There is no minimum number of vehicular accidents acceptable to TMWA. TMWA recognizes, however, that violations and accidents may occur and that issues relative to the preventability and seriousness of the violation must be assessed, and corrective action must be administered.

Progressive discipline will be practiced in most cases. This means that continued infractions will generally result in increasingly serious discipline and will lead to termination if the employee fails to improve behavior.

However, some infractions are so serious that a letter of reprimand, suspension, or termination may be warranted for a first offense. Such violations may include, but are not limited to, serious injury to employees or the public resulting from gross misconduct or knowingly reckless operation of a vehicle, or valid reports detailing careless, reckless, or willful illegal acts, which may lead to vehicle or property damage.

In all cases, the Drug & Alcohol-Free Workplace Policy and/or DOT Drug and Alcohol Testing Policy shall be followed, either for post-accident testing or reasonable suspicion situations.

Whenever violations, accidents or serious incidents occur, a TMWA Accident Review Team will meet to review the applicable information relative to the incident and recommend appropriate follow up and disciplinary action. The following factors shall be considered in determining discipline:

- Preventability of the incident
- Seriousness of the infraction (injuries and degree of damage)
- Previous infractions
- Length of service
- Traffic citations (moving violations related to the incident)
- Driving record
- Other extenuating circumstances

Disciplinary action, if deemed appropriate, will be administered as soon as possible following the incident or completion of the Accident Review Team's investigation. In most cases, an employee will be allowed to work pending the Accident Review Team decision. However, an employee may be suspended pending results if the employee's presence in the work area is deemed to be disruptive or may endanger persons or property, or suspension pending results may be administered according to the requirements of the Drug & Alcohol-Free Workplace Policy and/or DOT Drug and Alcohol Testing Policy.

Because there are many variables involved in each situation, it is impossible for disciplinary action to be defined explicitly and definitively. However, all situations will be dealt with fairly, considering all relevant information. It is important to note that the purpose of discipline is not to punish, but to correct behavior and heighten an employee's awareness of areas where improvement or correction is needed.





## Administrative Instruction Manual Administrative Directive

**Number:** A-27

**Effective:** 02/01/2023

**Title:** A-27 Loss of Job Required Driver's License or Certification Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

### **Purpose**

To outline procedures for maintaining any job required license, certification or registration, including but not limited to driver's license and professional license, that is required for the employee's position.

### **Directive**

Each Supervisor, Manager or Director shall be responsible for adherence to the procedures established in this directive when an employee's job-required driver's license, or professional license, certification or registration is suspended or revoked.

### **Procedures**

#### **I. Employee Responsibility**

Employees are responsible for maintaining job-required driver's license, or professional license, certification or registration.

Upon hire and upon renewal (prior to expiration) of the job-required license or certification, the employee is required to provide a copy of the license or certification to their Immediate Supervisor.

Employees must immediately notify their Immediate Supervisor upon receipt of notice that their job-required driver's license, professional license, certification or registration is suspended, revoked, or placed in an inactive status.

#### **II. Failure to Maintain License/Certification**

If an employee loses their job-required license, certification or registration, and as a result cannot perform their assigned job duties, the Immediate Supervisor may provide alternative work while the employee obtains a valid license, certification or registration. If alternative work is not assigned or is unavailable, the employee will be required to use earned PTO or vacation to cover any period in which they are rendered ineligible to work due to the lack of a required license, certification, or registration. Should the employee exhaust their accrued PTO/vacation and still has not obtained the job-required license, certification, or registration, the employee may be subject to termination.


Employees who fail to report the suspension or revocation of their job-required license or certification, or fail to renew job-required licenses, certifications or registrations, will be subject to disciplinary action up to and including termination.

#### **III. Employees on Leave of Absence**

Employees on a leave of absence whose job-required license expires will be required to submit proof of their current license upon returning to work.

#### **IV. Supervisor's Responsibilities**

- A. Supervisors should immediately notify Human Resources upon learning that an employee has lost their job-required license, certification or registration.
- B. Supervisors should forward copies of updated licensure, certification, or registration to Human Resources.

	<b>Administrative Instruction Manual</b> <b>Administrative Directive</b>
<b>Number:</b> A-28	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-28 Criminal Convictions and Reporting Criminal Convictions Directive	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

**Purpose**

The purpose of this directive is to protect TMWA, our employees and our customers.

**Directive**

TMWA requires candidates for employment to submit to a background investigation prior to commencing work. Additionally, the background of current employees may be periodically checked.

Employees must notify the Head of Human Resources anytime criminal charges are pending or when a conviction has occurred for the following types of offenses:

- Offense involving violent, sexual, fraudulent, or dishonest conduct, or moral turpitude, including theft and embezzlement.
- Driving offenses including driving under the influence when the employee’s job requires driving.
- Offense related to the unlawful manufacture, distribution, prescription or dispensing of a controlled substance.
- Any crime for conduct while on or off the job, where the crime bears a relationship to the employee’s work or that is of such serious nature as to bring disruption to TMWA if the employee’s employment were to continue or which would, in the opinion of the Management Team, adversely affect TMWA’s reputation in the community, customers or staff morale.

Employees must report the above identified offenses within seventy-two (72) hours from notification of the pending criminal charge and within five (5) calendar days from conviction.

TMWA may take disciplinary action, up to and including termination, depending on the nature of the employee’s pending criminal charge or conviction.

	<b>Administrative Instruction Manual</b> <b>Administrative Directive</b>
<b>Number:</b> A-29	<b>Effective:</b> 02/01/2023
<b>Title: A-29 Safety Directive</b>	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	


**Directive**

TMWA strives to maintain a safe working environment for employees and the public by complying with all health and safety laws applicable to our business. To this end, we must rely upon employees to ensure that work areas are kept safe and free of hazardous conditions. Employees are expected to obey safety laws and regulations and to be conscientious about workplace safety exercising caution in all work activities, including proper operating methods. Employees should recognize dangerous conditions or hazards and immediately report any unsafe conditions or potential hazards to their Immediate Supervisor, even if the problem appears to be corrected.

TMWA has adopted a comprehensive written safety program as described in the Safety Handbook to provide direction for employees in the proper methods of performing their duties in a safe manner, and for handling emergencies quickly and safely. Periodically, TMWA may revise or issue rules and guidelines governing workplace safety and health. All employees should familiarize themselves with these rules and guidelines, as strict compliance will be expected.

TMWA is committed to providing employees education, training, personal protective equipment, and the proper equipment reasonably necessary for safe performance of job duties.

Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy, such situations, will be subject to disciplinary action up to and including termination.

	<b>Administrative Instruction Manual</b> Administrative Directive
<b>Number:</b> A-30	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-30 On the Job Accidents and Injuries Directive	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	


***Directive***

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All TMWA employees are covered by State Workers’ Compensation laws. Employees who are injured at work or because of work, must report all injuries (whether they seek medical attention or not) to the Immediate Supervisor as soon as possible but not later than eight (8) hours after the occurrence. Prompt reporting ensures that employees will receive adequate medical attention and that other applicable benefits are not delayed.

Employees reporting a work-related injury must complete a workers’ compensation claim form and submit it to the Safety Coordinator within twenty-four (24) hours of the injury or accident. Any lost time taken in connection with an on-the-job injury shall be indicated on the employee’s time allocation sheet. Employees may be required to seek medical attention in such situations.

All worker compensation checks paid to full-time employees as compensation for time off work for which regular compensation has been paid by TMWA to the employee will be endorsed by the employee and returned to the payroll department. Temporary employees will be entitled to keep all monies received from worker compensation for on-the-job injuries or accidents as they are not entitled to regular compensation.

	<b>Administrative Instruction Manual</b> Administrative Directive
<b>Number:</b> A-34	<b>Effective:</b> 02/01/2023
<b>Title:</b> A-34 Notification of Updated Personal Information Directive	
<i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i>	

***Directive***

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Employees are required to notify the Human Resources Department of any personal changes that may impact pay, benefits, or personnel file management. Examples include changes to any required licensing or certifications, marital or dependent changes, address, phone and emergency contact changes, addition of outside employment, changes to relationships (such as when two employees become relatives, or other examples outlined in A-16 Anti-Nepotism Policy), etc. If you fail to report demographic changes, you may not receive important and timely information regarding your employment and health benefits, and we may be limited in our ability to reach your designated contacts in the event of an emergency.

	<p align="center"><b>Administrative Instruction Manual</b> Administrative Directive</p>
<p align="center"><b>Number:</b> A-37</p>	<p align="center"><b>Effective:</b> 02/01/2023</p>
<p><b>Title:</b> A-37 Rules of Conduct and Delegation of Disciplinary Authority Directive</p>	
<p align="center"><i>Printed copies are for reference only. Please refer to the electronic copy for the latest version.</i></p>	

**Purpose**

To provide employees with clear guidance as to the standard of conduct expected of all TMWA employees, and to provide notice that consequences will follow failure to abide by this directive. In addition, this directive serves to delegate to Directors, Managers and Supervisors the authority to bring corrective or disciplinary action against employees in their respective departments.

**Directive**

TMWA sets standards for employee performance and conduct that reflect the value TMWA places on ethics, professionalism, responsibility, and accountability. Established rules of performance and conduct ensure orderly operations, provide the best possible work environment for employees, and protect the interests of TMWA, employees and the public.

Infractions of these rules will subject the employee to corrective or disciplinary action, up to and including termination. Termination can occur even for a single or first offense of a particularly serious nature. No directive can be all-inclusive or address every eventuality. Therefore, TMWA reserves the right to take corrective and/or disciplinary action whenever management deems it necessary and appropriate.

TMWA delegates to Directors, Managers and Supervisors the authority to impose corrective or disciplinary action

**Procedures**

**I. Rules of Conduct**

While it is not possible to list all the forms of performance or conduct that are considered unacceptable in the workplace, the following are examples of infractions that will subject an employee to corrective action/discipline, up to and including termination.

- A. Unauthorized removal and/or use of TMWA property - Theft and unauthorized removal and/or use of TMWA property, regardless of its value and/or whether it has been designated or appears to be intended for disposal.
- B. Insubordination - Failure or refusal to follow lawful directions issued by the General Manager, any Director, Manager, Supervisor or their designee, except where carrying out the order would unreasonably endanger the employee’s health or safety or the health or safety of members of the public.
- C. Unsatisfactory work performance - Negligence, inattention to or simple disregard of established procedures, work methods and production standards. Note: This rule addresses only those aspects of unsatisfactory work performance that result from an employee’s “choice” and therefore can be attributed to employee “fault”, incompetence and lack of ability, although of a different nature, also present cause for corrective action/discipline. Job performance difficulties resulting from an employee’s disability will be handled according to federal and state laws and must be approved by the Head of Human Resources.

## *A-37 Rules of Conduct and Delegation of Disciplinary Authority Directive*

- D. Unauthorized release of information - Unauthorized disclosure or distribution of information, including information which may be part of the public record, or unauthorized withholding of information.
- E. Falsification of Information and Data - Making false statements in connection with TMWA records and information, including misstatements and omissions on employment forms and applications, work records, time records, pay records, and in connection with any workplace investigation.
- F. Unexcused absence - Failing to report to work as scheduled, or leaving work before end of scheduled shift without prior approval (not including legally protected absences).
- G. Tardiness - Failure to report to work on time at the time of the assigned shift, or when returning from rest or meal breaks (not including legally protected absences).
- H. Excessive absenteeism (not including legally protected absences).
- I. Job Abandonment (walking off the job or “no call, no show” for two (2) consecutive days) will be considered voluntary resignation of employment.
- J. Fighting or Violence - Threatening or physically assaulting another employee or a member of the public during work time or on TMWA property, including striking, pushing, shoving, and/or grabbing; or any other attempt to physically injure another person.
- K. Rude or discourteous conduct - Abusive language and/or defiant and disrespectful conduct directed toward co-workers, Supervisors, other employees, or the public, which strains workplace relationships, creates public embarrassment, and/or undermines employee respect for management’s authority.
- L. Violation of health or safety rules or regulations - Negligence, inattention to, or simple disregard for established safety and health rules, regulations, procedures, standards, or precautions.
- M. Falsification of timekeeping records.
- N. Working under the influence of illicit drugs or alcohol, or possessing, manufacturing, distributing, dispensing, selling, transferring, or consuming alcohol or illicit drugs while in the workplace, on duty, or on standby status.
- O. Prohibited harassment, discrimination, retaliation, or stalking.
- P. Boisterous or disruptive activity in the workplace.
- Q. Negligence or improper conduct leading to damage of TMWA-owned or controlled property.
- R. Smoking, including the use of electronic cigarettes and vaping within any TMWA facility or vehicle or in non-designated areas. Smoking is limited to designated outdoor areas only.
- S. Possession of dangerous and unauthorized materials, such as weapons, explosives, hazardous materials, etc., in the workplace unless specifically authorized to possess such items.
- T. Violation of any TMWA policy, directive, rule, or procedure.
- U. Secret audio, video or photo recording of conversations, including telephone conversations, or workplace conduct or activities (except as otherwise provided by law).
- V. An act or acts that would tend to embarrass or discredit TMWA, whether such acts were committed while on or off duty, except as otherwise provided by law.
- W. Unauthorized destruction of TMWA records.
- X. Failure to comply with TMWA’s procurement policies, directives and processes.

- Y. Failure to comply with TMWA's records and information management departmental policies, directives and processes.

## **II. Principles of Conduct**

The following principles of conduct set forth TMWA's core values and provide employees a map by which to clearly and consciously choose appropriate actions. They do not provide a guarantee that employees' actions will never be misunderstood by others, but if followed, these principles can give TMWA the knowledge that employees have fulfilled TMWA's responsibility of public stewardship.

In making decisions and choosing actions, every individual employee has the opportunity and the responsibility to reflect the principles of positivity, respect, integrity, dedication, and excellence.

### **A. Positivity**

A core attribute of a great attitude is how positive you are. Being positive is a choice that comes from within. Being positive includes being open-minded and optimistic in all situations, often encouraging those who may be struggling. A positive person is friendly to others and responsive to their needs, expressing kindness, care, and compassion. Positive people are motivational, have a can-do attitude, support all team members, and strive to find solutions for difficult situations. Have a great attitude...be positive!

### **B. Respect**

To show respect is to acknowledge the dignity and worth of others. Respect is shown through courteous, polite behavior, by actively listening and honoring and considering the needs and perspectives of others. Respectful people exhibit humility and treat others as they want to be treated. Care about others...show respect!

### **C. Integrity**

A person of integrity demonstrates character qualities such as honesty, sincerity, and being straightforward. A person with these qualities accepts responsibility for their mistakes and takes initiative to find resolution. A person of integrity is one who can be relied upon to be accountable and trustworthy. Do the right thing...demonstrate integrity!

### **D. Dedicated**

Dedicated people are focused, rise to the challenge, and work hard to accomplish the task at hand. A dedicated person is recognized as one who does not give up when the going gets tough – they are available, loyal and reliable. Dedicated people are committed to the success of their co-workers, their organization and their community. Commit to success...be dedicated!

### **E. Excellence**

Excellence is what separates the ordinary from the extraordinary. People who achieve excellence go above and beyond expectations. They consistently seek opportunities to improve and grow and inspire others to do the same. The pursuit of excellence is about being professional, embracing change, having expertise, and managing resources to produce superior results. Pursue greatness...achieve excellence!

Our community and our co-workers rely upon each individual employee of TMWA to strive to embody these principles each and every day.





**Administrative Instruction Manual**  
Administrative Directive

**Number:** A-38

**Effective:** 02/01/2023

**Title:** A-38 Corrective Actions and Progressive Discipline Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

**Purpose**

To provide a consistent and equitable methodology for administering corrective action or progressive discipline in cases of unsatisfactory performance or conduct in the workplace. Such corrective or disciplinary action is intended as a means to correct the problem, prevent its recurrence and prepare the employee for satisfactory service in the future.

**Directive**

This directive does not change the at will status of TMWA employees. However, in an attempt to correct poor employee performance and/or misconduct, TMWA has implemented a system of corrective action/progressive discipline that is prompt, consistent, objective, and reasonably related to the nature of the offense.

TMWA will administer corrective action or progressive discipline when appropriate. By doing so, TMWA strives to ensure that employees are aware of the infraction for which they are being disciplined as well as what action they must take to satisfactorily correct the problem before more severe action is taken. This directive does not require that every instance of disciplinary action begin with the lowest level of discipline. Directors, Managers and Supervisors have discretion to initiate the disciplinary process at the level most reasonably related to the nature of the infraction, up to and including termination for a single or first offense.

All reprimands shall remain permanent documents in the employee's personnel file. Verbal or written reprimands must be documented in writing and may include language that specifically states that the reprimand is valid for a period of one (1) year or more. Verbal and written reprimands may also be covered by a letter from the issuing management employee stating that the reprimand is no longer valid after a minimum period of one (1) year.

**Definitions**

**Administrative Leave with Pay** – removal of an employee from the workplace without loss of pay during the time necessary to conduct an investigation of an instance of suspected misconduct or unsatisfactory performance by an employee. The employee's home is designated as their workstation while on administrative leave with pay. The Immediate Supervisor may place an employee on administrative leave with pay for the remainder of the day of the alleged incident; the Director or Manager must approve administrative leave with pay for any period beyond the remainder of the day of the alleged incident.

**Corrective Action** – a directed action, resulting from a completed investigation documenting an act of misconduct or unsatisfactory performance by an employee.

**Verbal Counseling** – a timely, private discussion between a Supervisor and an employee (which may include witnesses and a Union Shop Steward) regarding performance problems and/or violations of policy, directives or procedures during which the employee is given clear direction as to what and when corrective action is required as well as an opportunity to present their view of the situation.

## *A-38 Corrective Actions and Progressive Discipline*

**Written reprimand** – a timely, written notification by a Supervisor advising an employee of performance problems and/or violations of policy, directives, or procedures.

**Suspension** – an uncompensated period of time during which the employee is prohibited from TMWA's premises.

**Termination** – termination of employment with TMWA.

### ***Responsibilities***

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- I. The General Manager is responsible for developing and disseminating disciplinary guidelines for use by Directors, Managers and Supervisors and to monitor actions taken under this directive to ensure consistency in their application throughout the organization.
- II. Directors, Managers and Supervisors are responsible for administering corrective or disciplinary action in accordance with the principles established by this directive.

### ***Procedures***

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- I. A Supervisor may place an employee on administrative leave with pay for the remainder of the work day after an incident of suspected misconduct or unsatisfactory performance in order to conduct an investigation. The Supervisor must immediately inform their Manager or Director, who must approve any continuation of administrative leave with pay pending the conclusion of the investigation. The Supervisor must also immediately inform Human Resources.
- II. Progressive Disciplinary Steps
  - A. Verbal reprimand is typically appropriate for first offenses of a less serious nature. A written record must be made of the verbal reprimand.
  - B. Written reprimand is typically appropriate when verbal counseling has not resulted in correction of a problem or where the infraction is of a more serious nature.
  - C. Suspension is typically appropriate when verbal counseling and written reprimands have failed to correct the problem or in cases of egregious infractions of policies or procedures.
- III. Termination is typically appropriate when other measures have failed to correct the problem or for particularly significant and egregious offenses. In the latter circumstance, termination may result for a single or first offense without applying progressive disciplinary steps. Records of verbal and written reprimands and suspension and termination notices will be given to the employee and Human Resources, who will ensure all records are placed in the employee's file.
- IV. The level of discipline issued will be commensurate with the severity of the underlying misconduct, and shall be determined at TMWA's discretion. While TMWA will strive to apply disciplinary action for minor and repetitive infractions in accordance with the Progressive Disciplinary Steps set out in this directive, TMWA is not required to comply with this order where the facts and circumstances dictate a higher level of disciplinary action is warranted.



## Administrative Instruction Manual Administrative Directive

**Number:** A-41

**Effective:** 02/01/2023

**Title:** A-41 Employment Termination Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

### **Purpose**

To outline the procedures for termination of employment.

### **Directive**

All employees of TMWA are employed at-will. This means TMWA may terminate employment at any time with or without notice for any reason as long as the reason is not illegal or in conflict with the CBA. Similarly, employees may quit at any time for any reason with or without notice.

### **Procedures**

#### **I. Voluntary Termination**

- A. Employees who wish to resign should submit a written notice of voluntary resignation to the employee's Immediate Supervisor. The notice should include the effective date of resignation.
- B. The last paycheck will be made available to the employee on the next regular pay day. This last paycheck will reflect adjustments for any accrued unused leave, or unearned but used leave.
- C. On or before the last day of employment, the employee must meet with their Immediate Supervisor to return TMWA's property, including, but not limited to, keys, identification badge, computer equipment, WCD (i.e., cell phones, PDA, pagers, satellite phones), vehicles, policy manuals, tools or other property that may have been used by the employee and/or borrowed from TMWA.

#### **III. Involuntary Termination**

- A. The employee's Immediate Supervisor, Manager or Director in consultation with Human Resources may recommend termination of employment.
  1. When a regular full or part-time employee's Immediate Supervisor, Manager or Director has recommended termination, a pre-disciplinary meeting will be scheduled, and the employee will be notified in writing at least three (3) working days prior to the meeting. Working days are defined as Monday through Friday, excluding TMWA observed holidays.
  2. At the pre-disciplinary meeting, the Immediate Supervisor, Manager or Director will explain the allegations and findings. The employee will have an opportunity to offer any contrary evidence, explanation and or comments regarding the allegations and recommended action.
  3. After the pre-disciplinary meeting and before proceeding with a termination decision, the Immediate Supervisor must receive the approval of their Director and the Head of Human Resources.

## *A-41 Employment Termination Directive*

- B. The affected employee will be informed of the termination decision, including the reason for the termination and the effective date of termination.
- C. The affected employee may appeal the termination to the General Manager. Such appeal must be made within five (5) calendar days from the date the employee was informed of the termination.
- D. A copy of the termination document will be provided to the employee and Human Resources, who will ensure that the termination document is placed in the employee's official personnel file.
- E. Final paycheck will be made available no later than seventy-two (72) hours from termination. This last paycheck will reflect any leave adjustments.
- F. The employee's Immediate Supervisor will meet with the employee to collect TMWA's property, including, but not limited to, keys, identification badge, computer equipment, wireless communication devices (i.e., cell phones, PDA, pagers, satellite phones), vehicles, policy manuals, tools or other property that may have been used by the employee and/or borrowed from TMWA.



**Administrative Instruction Manual**  
Administrative Directive

**Number:** A-42

**Effective:** 02/01/2023

**Title:** A-42 Employment Reference and Verification Directive

*Printed copies are for reference only. Please refer to the electronic copy for the latest version.*

***Purpose***

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To outline the procedures for providing employment references for current or former employees.

***Directive***

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TMWA's directive is to provide a neutral employment reference for current or past employees. However, individual supervisors may, in their private capacity, provide a letter of reference if they want to.

***Procedures***

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- I. All inquiries, whether oral or written, relating to former employees must be directed to payroll department for response. Only payroll or Human Resources has the authority to respond to employment inquiries on behalf of TMWA.
- II. When an employment verification is requested, only the position/job held and dates of employment will be provided.



## STAFF REPORT

**TO:** Board of Directors  
**FROM:** John R. Zimmerman, General Manager  
**DATE:** January 9, 2023  
**SUBJECT:** **General Manager's Report**

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Attached please find the written reports from the Management team including the Operations Report (*Attachment A*), the Water Resource and the Annexation Activity Report (*Attachment B*), and the Customer Services Report (*Attachment C*).

Included in your agenda packet are press clippings from November 30, 2022 through, January 12, 2023.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** John Enloe, Director Natural Resources  
**BY:** Bill Hauck, Water Supply Supervisor  
**DATE:** January 10, 2023  
**SUBJECT:** **January 2023 Water Operations Report**

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### SUMMARY

- Lake Tahoe storage is at 17% of capacity, and is 1.03 feet above the rim
- Total, combined Truckee River reservoir storage is ~25% of capacity
- TMWA's upstream reserve storage is still in solid shape between Donner and Independence reservoirs, and water stored under the terms of TROA (~58,389 AF)
- Snowpack in both basins is now more than 200% of normal for this time of the year
- Customer demand averaged 38 MGD over the last full week of December
- Estimated hydroelectric generation in December was only 29 MWh (projected revenue of \$2,138) because flow in the river was too low to run the plants

#### **(A) Water Supply**

- **River Flows** - Truckee River discharge at the CA/NV state line was about 1,000 cubic feet per second (CFS) this morning. This is above normal for this time of the year, as the 114-year median flow for this day at Farad is 402 CFS.
- **Reservoir Storage** - Overall Truckee River reservoir storage is ~25% of capacity. The elevation of Lake Tahoe is 6224.03 feet (1.03' above the rim). Storage values for each reservoir as of January 10<sup>th</sup> are as follows:

<b>Reservoir</b>	<b>Current Storage (Acre-Feet)</b>	<b>% Capacity (Percent)</b>
Tahoe	123,800	17%
Boca	14,152	35%
Stampede	99,268	44%
Prosser	9,652	32%
Donner	4,225	44%
Independence	14,130	81%

In addition to the 18,355 acre-feet of storage between Donner and Independence reservoirs, TMWA also has 40,034 acre-feet of water stored in Stampede reservoir under the terms of TROA. TMWA’s total combined upstream reservoir storage as of this writing is 58,389 acre-feet.

- **Snowpack** - This snowpack building season is off to a terrific start. Snow water content is currently 233% of normal in the Lake Tahoe Basin, and 222% of normal in the Truckee River Basin, respectfully.
- **Outlook** - A third of the way through the snowpack building season and things are really looking good. Both the Lake Tahoe and Truckee Basin snowpacks are well over 200% of normal, and with additional storms projected over the next 7 days that number will only improve. Upstream reservoir storage has improved as well, most notably at Lake Tahoe which has risen over 1.2 feet during the last two weeks (the lake is now 1.03’ above the rim). Over the next couple of months, more winter storms will be necessary to help overcome the reservoir storage deficit that the Truckee River system has accrued over the last three years. Truckee River flows are up now and should stay high enough for limited hydro generation to resume. The amount of snowpack we get this winter will determine what river flows look like for the rest of this year and into the next.

**(B) Water Production**

- **Demand** - TMWA’s customer demand averaged thirty-eight (38) million gallons per day (MGD) over the last full week of December. Surface water made up 72% of the supply and groundwater the other 28%. Recharge averaged ~ 1.4 MGD.

**(C) Hydro Production**

**Generation** - Truckee River flows at Farad (CA/NV state line) during the month of December were below the minimum required for generation. Flows dropped off on December 1<sup>st</sup> and the Fleish and Verdi hydro plants were taken off-line at that time. And the Washoe Hydro plant which was taken off-line on November 3<sup>rd</sup>, remained idle as well during the month and did not run. River flows began increasing on December 31<sup>st</sup> due to flooding, but were unavailable for generation purposes.

Statistics for the month are as follows:



<b>Plant</b>	<b>Generation Days</b>	<b>% Availability</b>	<b>Generation (Megawatt Hours)</b>	<b>Revenue (Dollars)</b>	<b>Revenue (Dollars/Day)</b>
Fleish	1	N/A	18	\$ 1,325	N/A
Verdi	1	N/A	11	\$ 813	N/A
Washoe	0	N/A	0	\$ 0	N/A
<b>Totals</b>	<b>2</b>	<b>-</b>	<b>29</b>	<b>\$ 2,138</b>	<b>-</b>



**STAFF REPORT**

**TO:** Chairman and Board Members  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Stefanie Morris, Director, Legal and Regulatory Affairs  
**DATE:** January 9, 2023  
**SUBJECT:** Report Water Resources and Annexation Activity

**RULE 7**

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance		2,953.44 AF
Purchases of water rights	0.00 AF	
Refunds	0.08 AF	
Sales	-36.57 AF	
Adjustments	0.00 AF	
Ending Balance		2,916.95 AF

Price per acre foot at report date: \$7,800

**FISH SPRINGS RANCH, LLC GROUNDWATER RESOURCES**

Through the merger of Washoe County’s water utility, TMWA assumed a Water Banking and Trust Agreement with Fish Springs Ranch, LLC, a subsidiary of Vidler. Under the Agreement, TMWA holds record title to the groundwater rights for the benefit of Fish Springs. Fish Springs may sell and assign its interest in these groundwater rights to third parties for dedication to TMWA for a will-serve commitment in Areas where TMWA can deliver groundwater from the Fish Springs groundwater basin. Currently, TMWA can deliver Fish Springs groundwater to Area 10 only (Stead-Silver Lake-Lemmon Valley). The following is a summary of Fish Springs’ resources.

Beginning Balance		7,506.87 AF
Committed water rights	– 0.0 AF	
Ending Balance		7,506.87 AF

Price per acre foot at report date: \$45,753.75 (SFR and MFR); \$39,690 (for all other services)<sup>1</sup>

<sup>1</sup> Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.

**WATER SERVICE AREA ANNEXATIONS**

Since the date of the last report, there have been no properties annexed into TMWA's service area.

**INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE**

No new ILVNPS customers have been added during this reporting period.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Marci Westlake, Manager Customer Service  
**DATE:** January 18, 2023  
**SUBJECT:** **November/December Customer Service Report**

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The following is a summary of Customer Service activity for November/December 2022.

### **Ombudsman**

- 12/22/22 call from a customer regarding water main replacement that collapsed a sewer lateral, gave customer information for our claims department.
- 12/27/22 Wants direction on installation of backflow (BF) device. Using TMWA recommended contractor. Tried to work out issues with them and Backflow Administrator. Now unable to get health permit, and unable to get resolution from Backflow Administrator.

### **Communications- Public Outreach**

- 11/3/22 John Enloe had a presentation for Terrasante Well Conditional Use Permit discussion of Mt Rose area water issues, history, well mitigation and Mt. Rose Water Treatment Plant and 15 people attended.
- 11/9/22 John Enloe had a presentation at the Franktown Estates HOA for the update on Franktown Estates water issues, water quality, and use per customer and 10 people attended.
- 11/10/22 Will Raymond/Darrin Garland had a presentation at Sparks Rotary for TMWA Operations and 20 people attended.
- 11/19/22 Will Raymond had a presentation for Washoe Mavericks-Community Emergency Response regarding Water Treatment and Resiliency and 30 people attended.
- 12/15/22 Darrin Garland had a presentation at Chalk Bluff for City of Reno for Water Treatment and 8 people attended.
- 12/20/22 Kevin McGuire/James Bryant had a presentation at Chalk Bluff for Washoe County Health for Water Treatment and 12 people attended.

### **Conservation (2022 Calendar year)**

- 1,617 Water Usage Reviews
- 7,640 Water Watcher Contacts

**Customer Calls – November/December**

- 12,204 phone calls handled
- Average handling time 4 minutes 46 seconds per call.
- Average speed of answer :21 seconds per call.

**Billing – November/December**

- 271,372 bills issued.
- 44,142 customers (32%) have signed up for paperless billing to date.

**Remittance – November/December**

- 34,135 Mailed-in payments
- 49,265 Electronic payments
- 102,078 Payments via AutoPay (EFT)
- 32,298 One-time bank account payments
- 227 Store payments
- 1,140 Pay by Text
- 9,001 IVR Payments
- 1,281 Reno office Payments
- 95 Kiosk Payments

**Collections – November/December**

- 29,454 accounts received a late charge
- 6,965 Mailed delinquent notices, 0.03% of accounts
- 1,016 accounts eligible for disconnect
- 856 accounts were disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- .19 % write-off to revenue

**Meter Statistics – Fiscal Year to Date**

- 3,894 Meter exchanges completed
- 1,048 New business meter sets completed
- 134,854 Meters currently installed