



## STANDING ADVISORY COMMITTEE

### MINUTES

April 4, 2023

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The Standing Advisory Committee (SAC) met at TMWA, 1355 Capital Blvd, Reno, NV. Vice Chair Hastings called the meeting to order at 3:00 p.m.

#### 1. ROLL CALL

**Primary Members and Voting Alternates Present:** Fred Arndt, Jordan Hastings, Colin Hayes, Karl Katt, John Krmpotic, Ken McNeil, Jonnie Pullman, Dale Sanderson, Alex Talmant and Jerry Wager.

**Alternates Present:** Ken Becker, Kevin Ryan, and Jim Smith.

**Primary Members and Alternates Absent:** Robert Chambers, Neil McGuire, Chris Melton, and Ann Silver.

*\*Member Pullman arrived at 3:01 p.m.*

*\*\*Member Krmpotic arrived at 3:02 p.m.*

**Staff Present:** Matt Bowman, John Enloe, Sophie Cardinal, Robert Charpentier, Sonia Folsom, Andy Gebhardt, Bill Hauck, Stefanie Morris, Shawn Stoddard, Sandra Tozi, John Zimmerman, and Legal Counsel Lucas Foletta (McDonald Carano).

#### 2. PUBLIC COMMENT

There was no public comment.

#### 3. APPROVAL OF THE AGENDA

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

#### 4. APPROVAL OF THE MINUTES OF FEBRUARY 14, 2023 MEETING

**Upon motion duly made by Member McNeil and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved the minutes of February 14, 2023.**

## 5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, presented an update on the water supply in the region: snowpack level is over 200% of normal in both Tahoe and Truckee basins; elevation of Lake Tahoe has increased approximately 2.83 feet since December 1, 2022 and is projected to rise at least another 2.9 feet by July; anticipate all lakes and reservoirs to fill with the exception of Lake Tahoe (about 90%); normal river flows are projected for the remainder of 2023 and into 2025; and TMWA's upstream reserve reservoir storage is about 58,000-acre feet (AF).

Discussion followed regarding: TMWA receiving credit water under the Truckee River Operating Agreement (TROA) due to the volume of storage (no, about 30k AF will be turned over to the Pyramid Lake Paiute Tribe (PLPT) as fish credit water and about 9,500 AF will be kept in upstream storage); chance of flooding if there was another major precipitation event (no, there is another two feet of storage at Lake Tahoe); any changes to the aquifer storage recovery program (no); expect any releases from Independence Lake (no, but expect it to fill); and is the Mt. Rose Water Treatment Plant operating (staff expect it to be operational within the next month).

## 6. PRESENTATION ON BILLS IN THE 2023 LEGISLATIVE SESSION

Stefanie Morris, TMWA Director of Legal & Regulatory Affairs, presented the staff report. Ms. Morris informed the Committee bills need to pass out of the first Committee by the April 14<sup>th</sup> deadline otherwise they die, unless they are exempt.

AB 20 (changes expand who is eligible for certain State Revolving Funds) this would give TMWA access to safe drinking water funds, there was no opposition; AB 261 (maximize efficient use of water resources and encourage conservation), there was no opposition; AB 220 (requires residents in Counties with populations of 700,000 or more on septic to connect to the municipal sewer system if within 400 feet and municipal water system if within 1,250 feet), amendments were added to state the changes would apply to counties with a population of 700,000 or more; AB 387 (requires the State Engineer to use best available science in relating to the appropriation of underground water), the bill does not address priority conflicts and views it as a single source; AJR3 (proposes a constitutional amendment to add the public trust doctrine); and SB112, SB113 and SB176 are all Senator Goicoechea bills related to critical management areas allowing senior water rights holders to opt out of groundwater management plans.

## 7. PRESENTATION ON THE TMWA TENTATIVE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2024 AND DRAFT CAPITAL IMPROVEMENT PLAN (CIP) FOR FISCAL YEARS 2024 THROUGH 2028 AND POSSIBLE RECOMMENDATION TO THE BOARD

Matt Bowman, TMWA Chief Financial Officer, presented the tentative FY 2024 budget and thanked Sophie Cardinal, TMWA Financial Controller. Mr. Bowman noted that water sales revenues are project to increase about 3% from FY 20223 which includes the Board approved 2.5% rate increase in June

2023; operating expenses will increase by \$9.4M (8%) from FY 2023 due to salaries and wages, and increase in headcount ( but pushed two full-time employees out another year); services and supplies are expected to increase by 14% due to inflation and rising insurance costs; and cash related developer contributions are expected to decrease from FY 2023 by \$11.1M (32%).

Member Wager inquired about expenses related to PFAS. Mr. Bowman replied no, not at this time, but expect it in about three years.

Mr. Bowman discussed TMWA's debt service coverage ratio (DSC Ratio) is expected to drop below 1.5x (Board policy), but will stay above 1.25x (Board covenant with Rating Agencies).

Member McNeil inquired if it went below 1.25x, would TMWA get downgraded by the rating agencies. Mr. Bowman replied he regularly meets with PFM Financial Advisors and the rating agencies, the latest meeting with Fitch resulted in keeping TMWA's rating the same.

Danny Rotter, TMWA Director of Engineering, presented the and 2024-2028 CIP and thanked Sandra Tozi, TMWA Senior Financial Analyst, and Sonia Folsom, TMWA Executive Assistant, for putting the document together.

Member Pullman thanked staff for a detailed budget and CIP.

Member McNeil inquired about a special assessment district for Verdi. Staff responded that is outside of TMWA's purview.

Member McNeil asked about the cost of \$15M for water main improvements and requiring existing customers to pay for it. Mr. Rotter replied they are upsizing pipes, from 4 inches to 8 inches (standard size), which are planned and fall under customer rates.

Member McNeil expressed concern, but pleased with TMWA's due diligence.

Mr. Bowman added that he recommends cancelling the June 6<sup>th</sup> meeting since he will not have the rate plan ready by then and would like to reschedule it for August 1<sup>st</sup>, ahead of the August 19<sup>th</sup> Board meeting, to allow time for the Committee to provide their recommendation.

**Upon motion duly made by Member Krmptic and seconded by Member Pullman, and carried by unanimous consent of the members present, the Committee approved the TMWA Tentative Budget for the Fiscal Year ending June 30, 2024 and Draft Capital Improvement Plan (CIP) for Fiscal Years 2024 through 2028 to be recommended to the TMWA Board.**

## 8. DISCUSSION AND POSSIBLE REQUESTS FOR AGENDA ITEMS FOR FUTURE MEETINGS

**Upon motion duly made by Member Hayes and seconded by Member Arndt, and carried by unanimous consent of the members present, the Committee approved cancelling and rescheduling the June 6<sup>th</sup> to August 1<sup>st</sup> and the following agenda items for future meetings.**

**Next meeting:**

1. Presentation of proposed rate plan
2. Water supply update
3. Presentation on TMWA's Aquifer Storage Recovery (ASR) program
4. Update on TMWA's reuse projects
5. Q3 Financial Update

9. STAFF ITEMS

Mr. Zimmerman thanked the Committee for attending the meeting and reminded them of Smart About Water Day on Saturday, May 6<sup>th</sup> at the California Building in Idlewild Park.

10. COMMITTEE ITEMS

There were no committee items.

11. PUBLIC COMMENT

There was no public comment

12. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:36 p.m.

Approved by the Standing Advisory Committee in session on August 1, 2023.

Sonia Folsom, Recording Clerk

*\*Member Becker was present for agenda items 3 thru 12 only.*

*\*\*Member Krmptic was present for agenda items 4 thru 12 only.*