



STANDING ADVISORY COMMITTEE

MINUTES

August 1, 2023

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 Krmptic, Ken McNeil, Chris Melton, 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, and Ann Silver.

Staff Present: Matt Bowman, John Enloe, Sophie Cardinal, Robert Charpentier, Andy Gebhardt, David Kershaw, Gina Martin, Eddie Quaglieri, Shawn Stoddard, Sandra Tozi, John Zimmerman, and Legal Counsel Justina Caviglia (PBL).

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF APRIL 4, 2023 MEETING

Upon motion duly made by Member Hayes and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved the minutes of April 4, 2023.

5. PRESENTATION OF FISCAL YEAR 2023 Q3 YEAR TO DATE FINANCIAL RESULTS

Matt Bowman, TMWA Chief Financial Officer, presented the Q3 financials for fiscal year 2023: the change in net position was \$26.3m (45%) lower than budget which was driven by lower operating revenues and lower connection fees; operating revenue was \$2.0m (2%) lower than budget which was driven by lower water sales; operating expenses were \$2.1m (2%) lower than the augmented budget; nonoperating expenses were \$0.7m (10%) lower than budgeted related to loss on disposal of assets; and capital contributions were \$27.0m (45%) lower than budget driven by lower contributions from connection fees and other governments related to the American Flat Advanced Purified Water project.

6. PRESENTATION ON THE FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2024 AND THE 2024-2028 FIVE-YEAR CAPITAL IMPROVEMENT PLAN (CIP)

Mr. Bowman and Danny Rotter, TMWA Director of Engineering, presented the FY 2024 Budget and FY2024-2028 CIP, which was presented to the Board and approved in May.

7. DISCUSSION AND ACTION, AND POSSIBLE RECOMMENDATION TO THE TMWA BOARD REGARDING FUNDING PLAN AND PROPOSED RATE ADJUSTMENTS

Mr. Bowman presented the 10-year funding plan and proposed rate adjustments, and rate structure study which will be conducted over the next 12 months. Working with PFM, TMWA's financial advisors, Mr. Bowman outlined all the data and financials that went into developing the funding plan and proposed scenarios for the rate adjustments as well as the public workshop/open houses schedule to be conducted if the Board gave the approval to proceed.

The Committee discussed the long-term outlook, TMWA's financial stability, the possibility of skipping a year if the rate increase is not necessary (similar to pushing out increases in the past), and using a Consumer Price Index (CPI) base for rate increases (with a cap) after the first three years in order to keep up with inflation..

Upon motion duly made by Member Krmptic and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved recommending scenario 2 – 4.5%, 4% and 3.5% increases in FYs 2024, 2025 and 2026, and CPI based increases thereafter, to the TMWA Board.

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

No motion taken.

Next meeting:

1. Preliminary FY2023 financial results
2. Funding Plan & Proposed Rate Adjustments
3. Presentation on TMWA's Aquifer Storage Recovery (ASR) program
4. Water supply update

9. STAFF ITEMS

Andy Gebhardt, TMWA Director of Distribution, reminded the Committee of the picnic on Saturday, August 12th at the Verdi Hydro Plant and welcomed the SAC members to attend.

John Zimmerman, TMWA General Manager, introduced Justina Caviglia, TMWA's new Board Counsel, from Parsons, Behle & Latimer (PBL).

10. COMMITTEE ITEMS

There were no committee items.

11. PUBLIC COMMENT

There was no public comment.

12. ADJOURNMENT

With no further items for discussion, Vice Chair Hastings adjourned the meeting at 4:25 p.m.

Approved by the Standing Advisory Committee in session on October 3, 2023.

Sonia Folsom, Recording Clerk