



STANDING ADVISORY COMMITTEE
MINUTES
January 9, 2024

The Standing Advisory Committee (SAC) met at TMWA, 1355 Capital Blvd, Reno, NV. Chair McGuire called the meeting to order at 3:02 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Fred Arndt, Brian Bosma, Jordan Hastings, Colin Hayes, John Krmptotic, Neil McGuire, Ken McNeil, Chris Melton, Dale Sanderson, and Alex Talmant.

Alternates Present: Ken Becker and Justin McDougal.

Primary Members and Alternates Absent: Robert Chambers, Connor Naisbitt, Jonnie Pullman, Kevin Ryan, and Jerry Wager.

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

2. PUBLIC COMMENT

Chair McGuire welcomed new Committee Members, Brian Bosma and Justin McDougal. They provided a brief background to the Committee.

3. APPROVAL OF THE AGENDA

Chair McGuire requested to move item #10 to the next meeting since there were a number of Committee Members absent.

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

4. RECOGNITION OF KARL KATT AND JIM SMITH FOR THEIR YEARS SERVING ON THE STANDING ADVISORY COMMITTEE

Chair McGuire thanked Karl Katt and Jim Smith (absent) for their years of service and dedication to provide their expert opinion and support of TMWA and the Committee.

Mr. Katt thanked the Committee and said he has been around for a long time, first as a TMWA employee since inception and then served on the Committee for 11 years. He enjoyed his time and is ready to move on.

5. ELECTION OF CHAIR AND VICE CHAIR FOR 2024

Chair McGuire stated he was stepping down as Chair, but will continue sitting on the Committee representing the Irrigation Customer Class. Chair McGuire nominated Member Krmptotic to be Chair.

Upon motion duly made by Member McGuire, and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved John Krmptotic to be Chair for 2024.

Justina Caviglia, TMWA General Counsel, opened up nominations for Vice Chair.

Vice Chair Hastings stated that he would be moving within the next year or so and could continue to stay on as Vice Chair or step aside for another member to be Vice Chair.

Chair Krmptotic nominated Neil McGuire to be Vice Chair.

Upon motion duly made by Chair Krmptotic, and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approve Neil McGuire to be Vice Chair for 2024.

6. APPROVAL OF THE MINUTES OF OCTOBER 3, 2023 MEETING

Upon motion duly made by Member McNeil, and seconded by Member Arndt, and carried by unanimous consent of the members present, the Committee approved the minutes of October 1, 2023.

7. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, informed the Committee that despite a slow start due to low snowpack levels, there is no reason for alarm as it is still early in the season. Mr. Hauck highlighted that the record snowpack in 2023 ended the three-year drought, all reservoirs on the Truckee River system filled and spilled (Lake Tahoe filled about 90% of capacity), a significant amount of upstream storage carried over into the winter, last year's record snowpack ensures normal river flows into 2025, regardless of how this winter ends, and despite being at 45% of average, the region is still well positioned from a water supply perspective. Also, there is still time for the snowpack to increase in February and/or March.

8. PRESENTATION ON THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR ENDED JUNE 30, 2023

Sophie Cardinal, TMWA Financial Controller, presented the ACFR for fiscal year 2023. The report was audited by Eide Bailly, who gave an unqualified audit opinion, indicating that the financial statements were fairly presented and followed accounting standards. Ms. Cardinal also introduced the fiscal year 2023 Popular Annual Financial Report (PAFR), which is a simplified version of the ACFR, aimed at increasing transparency and accountability.

At this time members of the Committee requested staff to address the different customer classifications during the rate study, and consider possibly having fewer rate categories; distribute the PAFR via social media and press release; and compare TMWA's spending and production with other agencies.

Matt Bowman, TMWA Chief Financial Officer, replied that it is difficult to compare with other agencies due to the geographic region and numerous pressure zones TMWA has, which is costly from an infrastructure and operating standpoint, as well as power costs. Also, TMWA is highly rated by the rating agencies, in part because our rates are still affordable, which allows for flexibility to make rate adjustments.

9. PRESENTATION OF FISCAL YEAR 2024 Q1 YEAR-TO-DATE FINANCIAL RESULTS

Mr. Bowman presented the fiscal year 2024 Q1 financial results, highlighting a net income of \$3.2m less than budget, due to lower water sales in the first quarter, which was attributed to cooler weather with more precipitation. Mr. Bowman also discussed operating and non-operating expenses, noting that salaries, wages and benefits were lower than expected, while costs for electricity and chemicals has increased from the prior year, but remain under budget for FY 2024.

10. PRESENTATION OF PUBLIC COMMENT REGARDING TMWA PROPOSED RATE INCREASE

Mr. Bowman outlined the next steps, discussed the proposed rate increases over the next three years, including a first reading in January and a second reading in February, with potential rate increases becoming effective in June 2024; the plan includes annual increases beyond the initial three years based on the Consumer Price Index (CPI) with a 4.5% ceiling and 1% floor; the proposed rate increases, will be brought back every year, for the next three years, for final review and approval.

Robert Charpentier, TMWA Communications Specialist, highlighted TMWA's outreach efforts, four public meetings were held, but noted that attendance was low. Mr. Charpentier emphasized the importance of holding the open houses to gain public feedback and comment, which reinforces public confidence in TMWA. Also, another public meeting was held with Nevada Department of Environmental Protection (NDEP) regarding the American Flat project, which was well attended and successful in terms of engagement and clarity. Mr. Bowman added that those who attended the open houses had some questions, but there was no contention.

Member Melton inquired if there was any discussion in the last two years if there will be a ceiling on the CPI. Mr. Bowman replied yes, what staff has proposed is 4.5% ceiling and then a 1%.

Vice Chair McGuire noted that the term “adjustment” is misleading and it’s actually an increase. Andy Gebhardt, TMWA Director of Distribution, replied that the last time TMWA did a rate adjustment, some rates increased and some decreased, which is why they used it again this time. However, this time, it is only an increase.

Member Becker thanked staff for their diligence to hold the public open houses and the key to public acceptance is to have small increases every year.

Chair Krmptic inquired if there is any need or value to hold the public process. Mr. Charpentier yes, it is important.

11. PROPOSED AMENDMENTS TO THE STANDING ADVISORY COMMITTEE GOVERNING RULES

Ms. Caviglia presented the changes to the Governing Rules based on previous discussions and feedback at the last Committee meeting.

Member Becker confirmed that the Chair and Vice Chair have to both be primary members. Ms. Caviglia replied yes.

Member McNeil proposed having all members as primary and doing away with the alternates as well as expressing concerns about maintaining continuity and the challenge of filling open positions.

Vice Chair McGuire confirmed there is enough primary and alternate members attending and changing alternates to primary, could have quorum issues; currently there are six vacancies TMWA has tried to fill. He added that the alternates’ opinions and input are needed and valued.

Member Hayes stated that the proposed changes are equitable.

Member Becker inquired about if everyone was a primary member, how that would affect obtaining a quorum and inquired about the customer classes if they need to be updated and if it needs to be changed.

Mr. Gebhardt stated that the Committee is composed of every customer class, and have more representation in a bigger customer class such as residential. As for the BANN and Chamber, at the time TMWA was formed, the Board directed staff to create a rate making committee, which is the Committees predecessor, and staff wanted to have other community members to participate to provide their feedback and be involved.

Ms. Caviglia informed the Committee that the Board had requested an item on the Committee, which will be brought at the February meeting, to have staff provide an overview of the Committee. The comments made will be included in that summary.

No action taken.

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

Upon motion duly made by Member Hastings and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee approved the request for future agenda items.

Next meeting:

1. Standing Advisory Committee Governing Rules
2. Water Supply Update
3. Tentative FY25 Budget and FY25-29 Capital Improvement Plan
4. Q2 Financial Update
5. Update on proposed rate adjustment and cash optimization

13. STAFF ITEMS

John Zimmerman, TMWA General Manager, introduced Nate Allen, Director of Natural Resources, who started on Jan 8th. Mr. Allen provided a brief background.

Mr. Bowman also updated the Committee on the debt refinancing, which was paused due to rising interest rates, but later re-engaged and ultimately resulted in \$12m in savings.

14. COMMITTEE ITEMS

There were no committee items.

15. PUBLIC COMMENT

Member Becker requested a new Committee roster.

16. ADJOURNMENT

With no further items for discussion, Chair Krmpotic adjourned the meeting at 4:19 p.m.

Approved by the Standing Advisory Committee in session on Tuesday, April 2, 2024.

Sonia Folsom, Recording Clerk