



STANDING ADVISORY COMMITTEE

AGENDA

Tuesday, April 2, 2024 at 3:00 p.m.
Truckee Meadows Water Authority
Independence Room, 1355 Capital Blvd., Reno, NV

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 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available on the TMWA website at <http://www.tmwa.com/meeting/> or you can contact Sonia Folsom at (775) 834-8002. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Committee 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.
7. In the event the Chairman and Vice-Chairman are absent, the remaining SAC 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**).

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Approval of the agenda (**For Possible Action**)
4. Approval of the minutes of January 9, 2024 meeting (**For Possible Action**)
5. Water Supply Update — Bill Hauck*
6. Presentation and possible recommendation to the Board, of applications to fill the commercial alternate representative vacancy and other possible vacancies from the following pool of candidates listed in alphabetical order: Ryan Greenhalgh — Sonia Folsom (**For Possible Action**)
7. Discussion and possible amendments to the Standing Advisory Committee Governing Rules — Justina Caviglia (**For Possible Action**)

8. Update on proposed rate adjustment and cash optimization — Matt Bowman*
9. Presentation of Fiscal Year 2024 Q2 Year-to-Date Financial Results — Matt Bowman*
10. Presentation on the TMWA Tentative Budget for the Fiscal Year ending June 30, 2025 and Draft Capital Improvement Plan for Fiscal Years 2025 through 2029 and possible recommendation to the Board — Matt Bowman and David Diegle **(For Possible Action)**
11. Presentation of proposed revisions to the Water System Facility (WSF) Charges Rate Schedule, and possible recommendation to the Board — Danny Rotter and David Kershaw **(For Possible Action)**
12. Overview of TMWA's 2024 Communication Plan — Andy Gebhardt*
13. Discussion and possible direction to staff regarding agenda items for future meetings **(For Possible Action)**
14. Staff Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
15. Committee Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
16. Public Comment — limited to no more than three minutes per speaker*
17. Adjournment **(For Possible Action)**



STANDING ADVISORY COMMITTEE

DRAFT 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 Krmptic 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 Krmptic 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 Krmptic nominated Neil McGuire to be Vice Chair.

Upon motion duly made by Chair Krmptic, 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 Krmptotic 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 _____.

Sonia Folsom, Recording Clerk

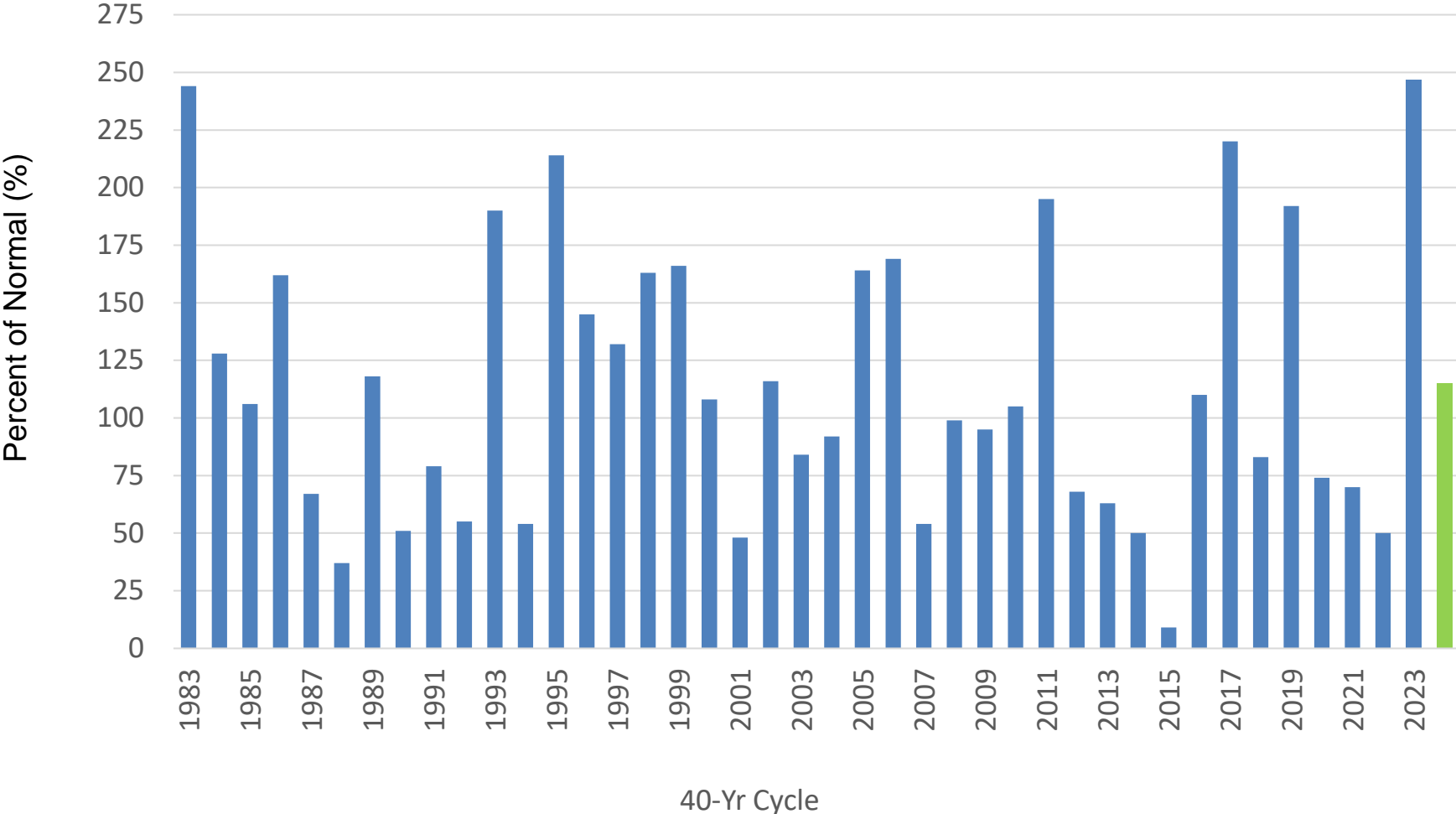


Water Supply Update

Standing Advisory Committee Meeting

April 2, 2024

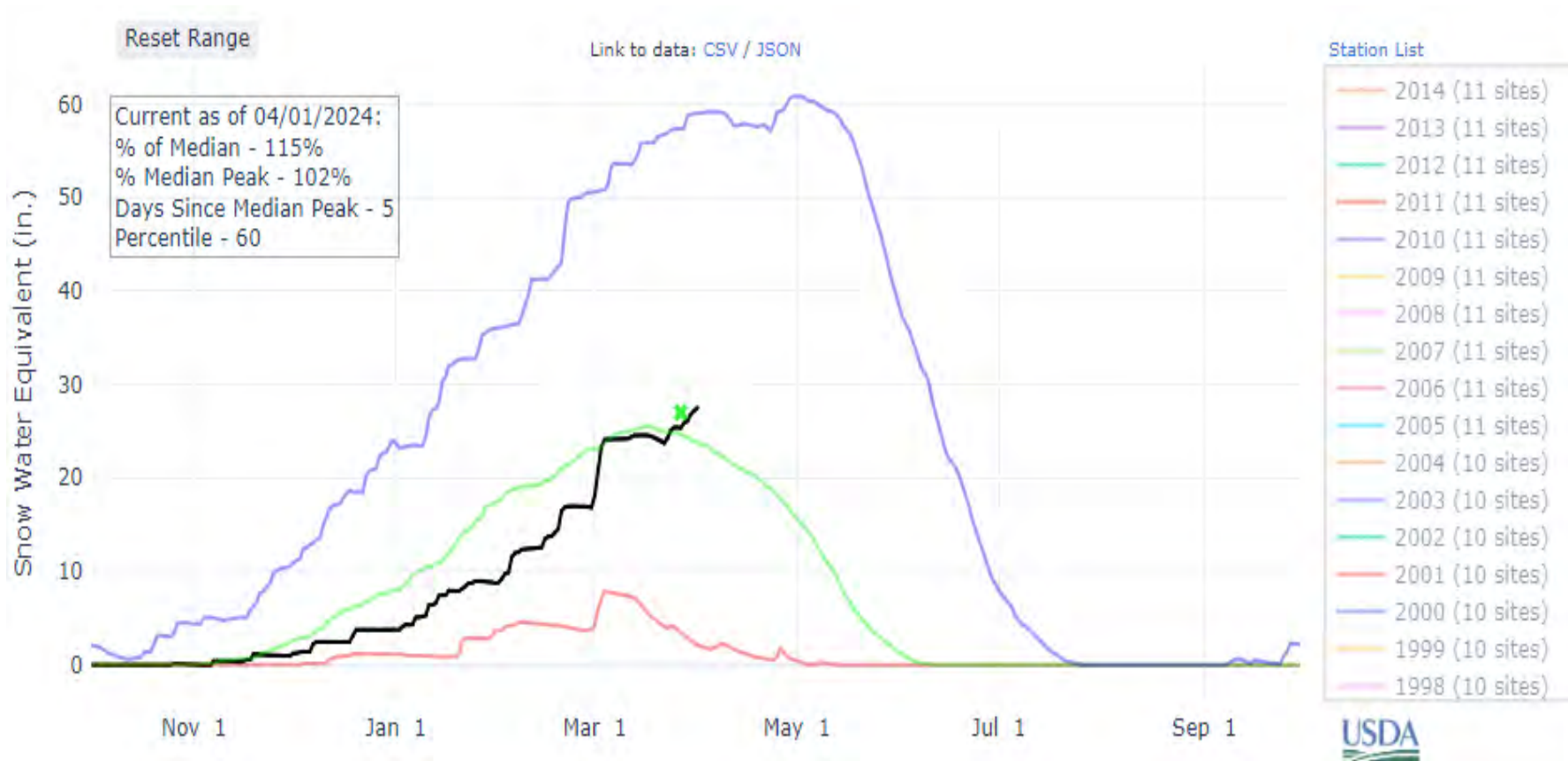
April 1 Lake Tahoe Basin Snowpack





ake PTZ

Lake Tahoe Basin Snowpack Comparison (NRCS)



2024 2015 2023 1983

Lake Tahoe Basin Snow Water Equivalent Report (NRCS)

California/Nevada SNOTEL Snow/Precipitation Update Report							
Based on Mountain Data from NRCS SNOTEL Sites							
Provisional data, subject to revision							
Data based on the first reading of the day (typically 00:00) for Monday, April 01, 2024							
Basin Site Name	Elev (ft)	Snow Water Equivalent			Water Year-to-Date Precipitation		
		Current (in)	Median (in)	Pct of Median	Current (in)	Median (in)	Pct of Median
LAKE TAHOE							
Mt Rose Ski Area	8801	36.6	34.8	105	42.4	42.0	101
Heavenly Valley	8534	24.8	21.0	118	26.8	23.8	113
Carson Pass	8355	31.7	29.5 ₍₁₆₎	107	28.7	31.2 ₍₁₆₎	92
Palisades Tahoe	8013	33.2	44.2	75	42.1	47.8	88
Marlette Lake	7884	23.8	19.2	124	25.0	23.6	106
Hagans Meadow	7742	19.4	12.2	159	24.0	22.7	106
Echo Peak	7653	41.7	35.6	117	40.8	42.6	96
Rubicon #2	7619	27.7	23.8	116	32.1	29.6	108
Tahoe City Cross	6797	15.0	7.6	197	31.0	28.2	110
Ward Creek #3	6745	44.6	33.8	132	51.2	53.6	96
Fallen Leaf	6242	4.2	1.3	323	22.0	24.8	89
Basin Index (%)		115			99		



March 25, 2024 NRCS Projected Streamflow Forecast

- Lake Tahoe Gates Closed Rise (GCR):

1.78' (153% Avg.) 05% COE (Apr-High)

1.29' (111% Avg.) 50% COE (Apr-High)

0.80' (69% Avg.) 95% COE (Apr-High)

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

305 KAF (136% Avg.) 05% COE (Apr-Jul)

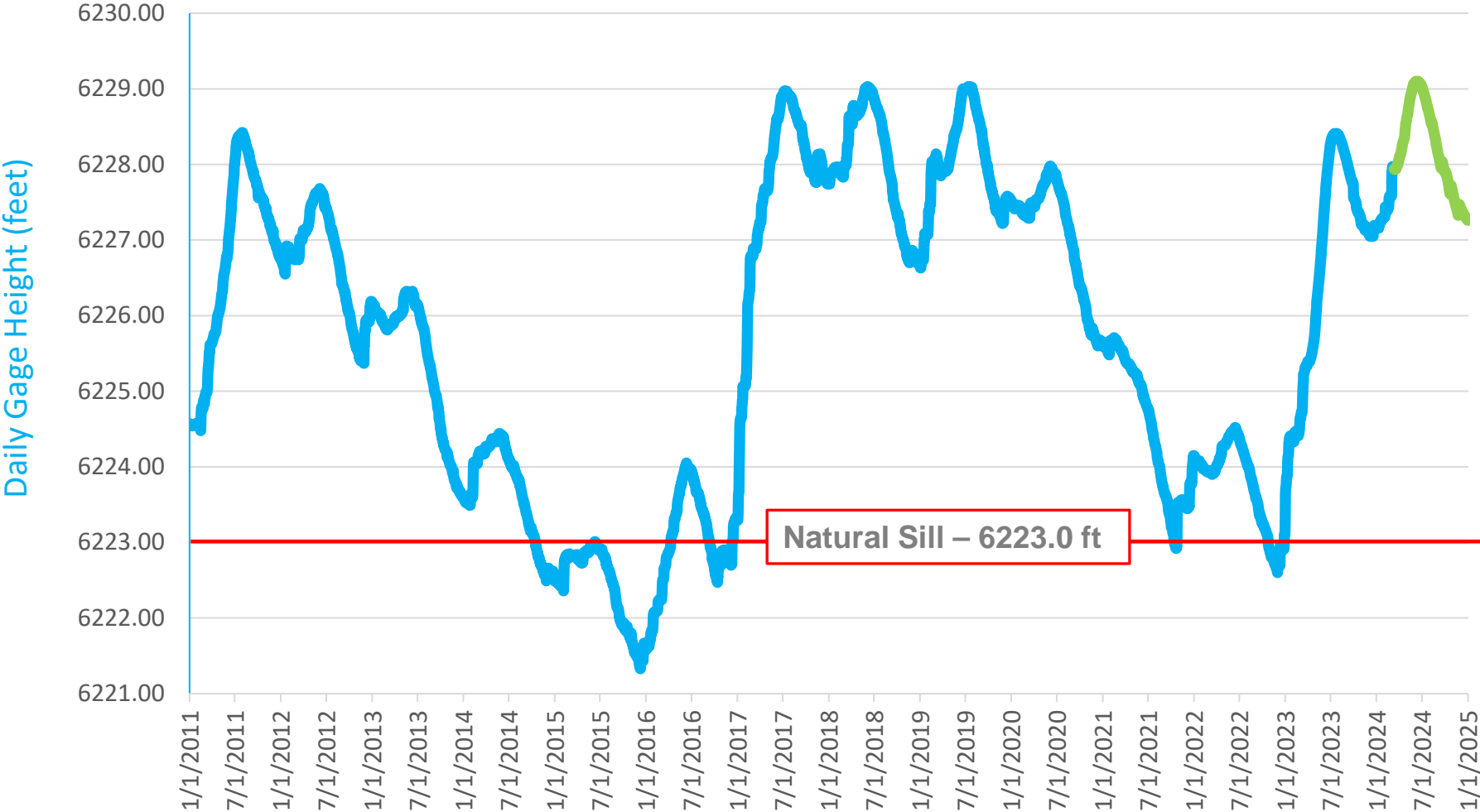
250 KAF (111% Avg.) 50% COE (Apr-Jul)

192 KAF (85% Avg.) 95% COE (Apr-Jul)

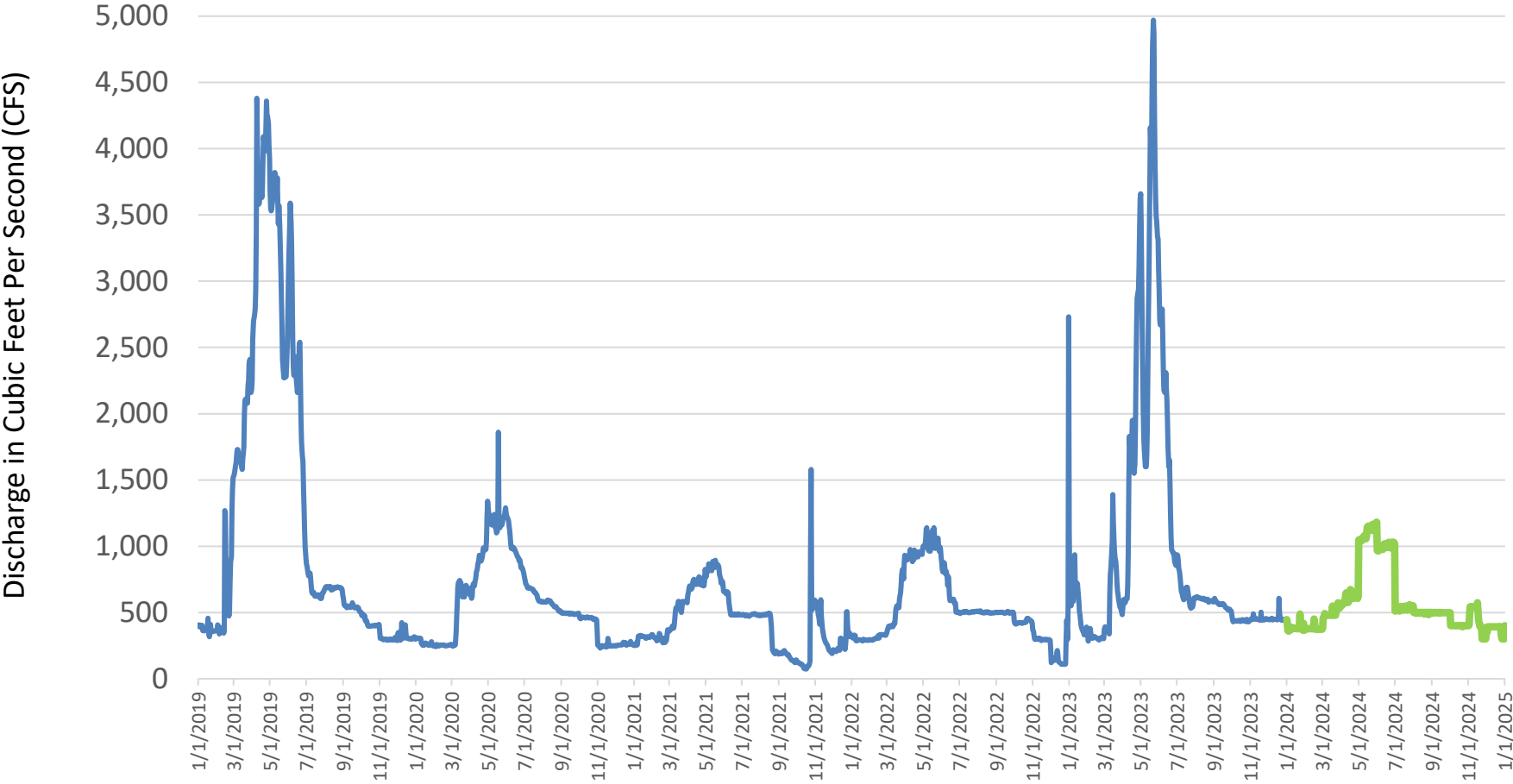
Truckee River System



Lake Tahoe Elevation Actual and Projected (2011-2024)



Actual and Projected Truckee River Flow through 2024 @ CA/NV State Line



U.S. Drought Monitor

West

[Home](#) / [West](#)

Map released: Thurs. March 28, 2024

Data valid: March 26, 2024 at 8 a.m. EDT

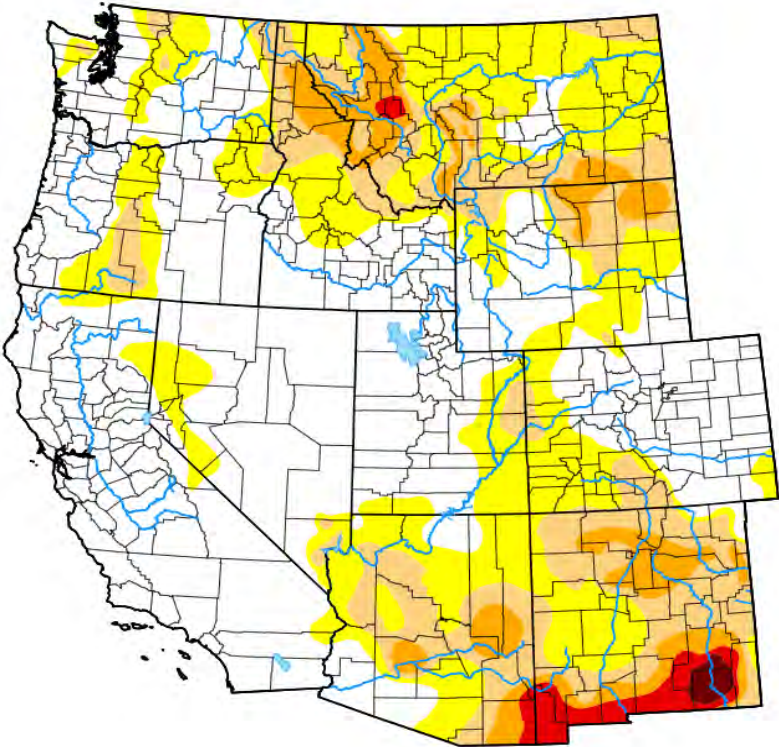
Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Authors

United States and Puerto Rico Author(s):
[Brad Rippey](#), U.S. Department of Agriculture

Pacific Islands and Virgin Islands Author(s):
[Richard Heim](#), NOAA/NCEI








The U.S. Drought Monitor is produced through a partnership between the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture and the National Oceanic and Atmospheric Administration.

National Drought Mitigation Center
University of Nebraska-Lincoln

Key Points

- The Sierra snowpack building season ended on a very positive note after a slow start
- For the second year in a row, the region has ended the season with an AA snowpack
- Lake Tahoe Basin snowpack is 115% of normal as of April 1st
- Above average streamflow runoff is projected for the Truckee River and Lake Tahoe Basin
- All upstream reservoirs (including Lake Tahoe) will completely fill this year
- Normal river flows are projected for at least the next two years (2024 and 2025) and into 2026 based on that fact
- Normal water supply operations once again for TMWA
- There is no drought in the Sierra Nevada Range
- The regional water supply outlook couldn't be any better

Thank you!

Questions?

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



STAFF REPORT

TO: Standing Advisory Committee
FROM: Sonia Folsom, TMWA SAC Liaison
DATE: March 25, 2024
SUBJECT: **Presentation and possible recommendation to the Board, of applications to fill the commercial alternate representative vacancy and other possible vacancies from the following pool of candidates listed in alphabetical order: Ryan Greenhalgh**

Recommendation

Staff is presenting to the Standing Advisory Committee (SAC) for its review, and possible recommendation to the Board, application submitted by a local resident to fill one vacancy.

Background

The SAC was created in 2005 to review budgets, rate proposals and other matters as directed by the Board. In 2016, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocate and replace those with two at-large positions. The committee currently consists of Board-appointed representatives of ten customer classes and four other seats held by representatives of community-interest groups (Attachment 1). TMWA customers interested in becoming a SAC member can submit a letter of interest at any time and will be presented to the SAC when a vacancy opens for consideration.

Discussion

TMWA received one application for:

- Commercial Alternate – 1 Vacancy; 1 Applicant

The applications submitted are compiled in Attachment 2.

TMWA Standing Advisory Committee
Term Appointments
2024-2025 Membership List

Customer Class	Primary Representative	Member Since	Term Ends	Alternate Representative	Member Since	Term Ends
Wholesale (Sun Valley)	Chris Melton	2020	12/31/2025	<i>Vacant</i>		
Irrigation	Neil McGuire	2005	12/31/2024	<i>Vacant</i>		
Multi-family Residential	<i>Vacant</i>			Jonnie Pullman	2012	12/31/2025
Commercial	John Krmptotic	2020	12/31/2025	<i>Vacant</i>		
Senior Citizen	Robert Chambers	2005	12/31/2024	Alex Talmant	2021	12/31/2025
At-Large 1	Ken McNeil	2013	12/31/2024	<i>Vacant</i>		
At-Large 2	Jordan Hastings	2017	12/31/2024	Ken Becker	2017	12/31/2024
Residential:						
Representative 1	Dale Sanderson	2017	12/31/2024	<i>Vacant</i>		
Representative 2	Fred Arndt	2017	12/31/2024	<i>Vacant</i>		
Representative 3	Jerry Wager	2014	12/31/2024	Kevin Ryan	2021	12/31/2025
Appointments:						
BANN	Colin Hayes	2010	12/31/2025	Justin McDougal	2024	12/31/2025
Reno-Sparks Chamber	Brian Bosma	2024	12/31/2025	Conner Naisbitt	2024	12/31/2025



Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, NV 89502

RE: TMWA Strategic Advisory Committee – Commercial Alternate Candidate

To Whom it May Concern,

I am interested in joining the TMWA Strategic Advisory Committee as the Commercial Alternate. I have a civil engineering degree from The University of Nevada, Reno, and I've run a successful construction business focused on public projects. This experience has taught me a lot about how infrastructure and government rules work.

Right now, I'm on the executive board of the Associated General Contractors (AGC), showing my dedication to construction and community involvement. Being part of Last Chance Ditch also shows my interest in water issues, which the SAC deals with.

I believe my education, business experience, AGC role, and involvement in Last Chance Ditch make me a good fit for the Commercial Alternate position. I'm excited to use my skills to help manage water better in our community.

Sincerely,

Ryan Greenhalgh



**TRUCKEE MEADOWS WATER AUTHORITY
STANDING ADVISORY COMMITTEE
GOVERNING RULES**

1. **Members:** Membership in the Standing Advisory Committee (“Committee”) is governed by the Truckee Meadows Water Authority’s Board of Directors (“Board”). Each Member is appointed for a two-year term. Members serve and may be reappointed at the Board’s pleasure. As requested by the Board, the Committee shall take action to make recommendations to the Board regarding membership in the Committee.
2. **Alternates:** In its discretion, the Board may appoint a Member to serve in either a primary (“Primary”) or alternate (“Alternate”) position. When making a recommendation to the Board to fill a Primary position vacancy, the Committee shall give preference to the existing Alternate(s). During the two-year term each Member will alternate between the Primary and Alternate position, rotating each January. If no Alternate Member has been appointed, the Primary Member may stay in the Primary position for a second year.
3. **Participation:** Each Member is expected to attend all Committee meetings and review the agenda and all supporting materials prior to arrival. Failure by a Member to attend more than two meetings in a year may result in the Committee making a recommendation to the Board that the Member be replaced.
4. **Compliance with NRS Chapter 241:** Meetings shall be conducted in compliance with NRS Chapter 241, the Nevada “Open Meeting Law.”
5. **Quorum:** A quorum shall consist of a simple majority of the Primary Members. Members may participate telephonically in meetings, but telephonic participation shall not be considered in establishing a quorum. In the absence of a Primary Member, the Alternate Member for that customer class who is physically present at the meeting may be considered in establishing a quorum.
6. **Action:** For items other than those that constitute recommendations to the Board, an action may be taken by affirmative vote of the majority of Primary Members physically present. For items that constitute recommendations to the Board, an action shall be taken only by an affirmative vote of the majority of ~~the~~ Primary Members ~~hip~~. Each ~~m~~ Primary Member shall have one vote. Members participating telephonically may not vote on action items. An Alternate Member sitting in for an absent Primary Member has all of the voting rights of the absent Primary Member. Otherwise, an Alternate Member has no voting rights.
7. **Agenda Items:** The Committee may, by action at a prior meeting, make suggestions to staff as to items to be placed on a future agenda. Except as otherwise directed by the Board, Staff shall have discretion as to the items that will be placed on the Committee’s agendas.
8. **Officers:** There shall be a Chair and a Vice Chair, elected by the Members. The Chair will conduct the meetings. The Vice Chair or such other Member as the Chair or Vice Chair may designate will conduct the meeting in the absence of the Chair. Or, in the absence of the Chair and Vice Chair, a majority of the Members present may designate an Alternate to conduct the meeting. The Chair and Vice Chair each shall serve for a one-year term, with their terms expiring at the first meeting scheduled following the beginning of the calendar year following their election. The Vice Chair shall automatically succeed to the position of Chair for the subsequent term, unless an alternate action is made by the Members. Officers

- may be reelected. The Chair or the Chair's designee is the only Member who may speak on behalf of the Committee to the Board, to any member of the Board, or to the public.
9. **Conflicts of Interest:** Members shall disclose conflicts of interest regarding any decisions of the Committee and shall disclose any financial interest in Committee decisions and in organizations affected by Committee action, other than the financial interest that derives from being a TMWA customer. Members who will receive a direct financial benefit from any action taken by the Committee, other than a financial interest that derives from being a TMWA customer, shall abstain from voting on such action. In the event that a Member presents an idea to the Committee for consideration on behalf of another individual or entity, said Member shall disclose to the Committee the identity of said individual or entity.
 10. **Uses of staff:** Staff will provide reasonable assistance to facilitate meetings and provide readily available information to the Committee to carry out its functions. The Committee shall reasonably limit its demands on staff time, and any demands made in excess of what staff deems reasonable shall require Board approval. No Member may request the use of staff time without approval of the Committee.
 11. **Amendment of Rules:** Any amendments to these Rules shall require an affirmative vote of the majority of the Primary Members.

As amended, ~~February 7, 2017~~ April 2, 2024.



TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, Chief Financial Officer
DATE: February 12, 2024
SUBJECT: Presentation of Fiscal Year 2024 Q2 Year-to-Date Financial Results

Summary

Please refer to Attachments A-1 and A-2 for full Statements of Revenues, Expenses and Changes in Net Position for both actual to budget and year-over-year comparisons as discussed in the report below.

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 37,082,463	\$ 32,576,203	\$ 4,506,260	14 %

Change in net position was \$4.5m or 14% higher than budget through the first half of fiscal year 2024. This was driven by higher operating income due to lower operating expenses, higher unrealized investment earnings and grant revenue received in Q2 2023.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 37,082,463	\$ 36,328,976	\$ 753,487	2 %

Change in net position was \$0.8m or 2% higher than the prior year. This was due to higher investment earnings offset by lower operating income and capital contributions.

Revenue

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	65,942,274	70,549,197	(4,606,923)	(7)%
Hydroelectric Sales	2,105,271	1,683,554	421,717	25 %
Other Operating Sales	2,623,421	1,661,013	962,408	58 %
Total Operating Revenues	70,670,966	73,893,764	(3,222,798)	(4)%

Operating revenue was \$3.2m or 4% lower than budget through Q2 2024. This was mostly driven by lower water sales. Water consumption was significantly lower than budget due to high precipitation through the summer and into fall with lower temperatures. Although the variance in water sales remains significant, there was a slight improvement from Q1, which was 8% lower than budget. TMWA's hydroelectric sales remain strong with the Hydro teams achieving record revenue in the first half of the fiscal year.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	65,942,274	66,864,446	(922,172)	(1)%
Hydroelectric Sales	2,105,271	1,363,273	741,998	54 %
Other Operating Sales	2,623,421	1,782,890	840,531	47 %
Total Operating Revenues	70,670,966	70,010,609	660,357	1 %

Total operating revenues were higher than prior year by \$0.7m or 1% due to slightly lower water sales offset by higher hydroelectric sales and other operating sales.

Operating Expenses

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	15,140,153	16,421,964	(1,281,811)	(8)%
Employee Benefits	6,575,265	7,398,829	(823,564)	(11)%
Services and Supplies	20,980,150	23,321,245	(2,341,095)	(10)%
Total Operating Expenses Before Depreciation	42,695,568	47,142,038	(4,446,470)	(9)%
Depreciation	17,757,478	17,730,304	27,174	— %
Total Operating Expenses	60,453,046	64,872,342	(4,419,296)	(7)%

Total operating expenses were \$4.4m or 7% lower than budget through Q2 2024. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies were \$2.3m or 10% lower than budget. This was mostly due to lower chemical costs of approximately \$0.7m due to lower pricing, less turbidity events and improved operating efficiency. There are various other categories of services and supplies expenses which are lower than budget. These are offset by an increase of \$0.6m in electric power costs.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	15,140,153	14,001,994	1,138,159	8 %
Employee Benefits	6,575,265	5,861,127	714,138	12 %
Services and Supplies	20,980,150	20,146,435	833,715	4 %
Total Operating Expenses Before Depreciation	42,695,568	40,009,556	2,686,012	7 %
Depreciation	17,757,478	17,210,268	547,210	3 %
Total Operating Expenses	60,453,046	57,219,824	3,233,222	6 %

Year over year operating expenses were \$3.2m or 6% higher compared to the prior year. Salaries and wages and benefits are higher than prior year to due to Labor Market Index (LMI) increases, step increases, and additions to staff during FY 2024. Services and supplies expenses are higher due to increase in costs primarily in chemicals and electric power costs.

Non-Operating Expenses

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	(1,417,432)	2,226,961	(3,644,393)	(164)%
Net Increase (Decrease) in FV of Investments	6,713,533	—	6,713,533	— %
Gain (Loss) on Disposal of Assets	(38,154)	(821,500)	783,346	(95)%
Amortization of Bond/note Issuance Costs	(72,000)	—	(72,000)	— %
Interest Expense	(5,548,208)	(5,514,360)	(33,848)	1 %
Total Nonoperating Revenues (Expenses)	(362,261)	(4,108,899)	3,746,638	(91)%

Nonoperating expenses were \$3.7m or 91% lower than budgeted than in 2024. As part of the cash optimization financing which was finalized in January 2024, TMWA liquidated investments resulting in a realized loss of approximately \$3.2m. However, the reinvested proceeds from the 2024 Series bonds are expected to earn approximately \$3.7m over two years. The unrealized gain was recognized as market rates dropped sharply in November and December 2023.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	(1,417,432)	1,488,405	(2,905,837)	(195)%
Net Increase (Decrease) in FV of Investments	6,713,533	(2,973,676)	9,687,209	(326)%
Gain (Loss) on Disposal of Assets	(38,154)	3,802	(41,956)	(1,104)%
Amortization of Bond/note Issuance Costs	(72,000)	—	(72,000)	— %
Interest Expense	(5,548,208)	(5,760,507)	212,299	(4)%
Total Nonoperating Revenues (Expenses)	(362,261)	(7,241,976)	6,879,715	(95)%

Nonoperating expenses were lower than prior year by \$6.9m or 95%, primarily due a net increase in fair value of investments compared to a net loss in the prior year. In the fourth quarter, interest rates dropped sharply leading to unrealized gains in TMWA's investment portfolio.

Capital Contributions

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	7,043,551	1,343,850	5,699,701	424 %
Water Resource Sustainability Program	486,816	564,164	(77,348)	(14)%
Developer Infrastructure Contributions	5,389,519	7,672,396	(2,282,877)	(30)%
Developer Will-serve Contributions (Net of Refunds)	2,626,671	2,607,000	19,671	1 %
Developer Capital Contributions - Other	3,404,611	—	3,404,611	— %
Developer Facility Charges (Net of Refunds)	6,452,103	8,426,270	(1,974,167)	(23)%
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,823,533	7,050,000	(5,226,467)	(74)%
Net Capital Contributions	27,226,804	27,663,680	(436,876)	(2)%

Capital contributions were \$0.4m or 2% lower than budget. During the quarter, TMWA recognized \$7.0m in grant revenue related to the Advanced Meter Infrastructure project. The total grant awarded TMWA through the Nevada Water Conservation Infrastructure Initiative was \$9.5m. TMWA expects to spend the remaining funds in the next year.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	7,043,551	—	7,043,551	— %
Water Resource Sustainability Program	486,816	631,684	(144,868)	(23)%
Developer Infrastructure Contributions	5,389,519	15,758,860	(10,369,341)	(66)%
Developer Will-serve Contributions (Net of Refunds)	2,626,671	2,911,172	(284,501)	(10)%
Developer Capital Contributions - Other	3,404,611	6,431,179	(3,026,568)	(47)%
Developer Facility Charges (Net of Refunds)	6,452,103	4,543,022	1,909,081	42 %
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,823,533	504,250	1,319,283	262 %
Net Capital Contributions	27,226,804	30,780,167	(3,553,363)	(12)%

Year over year, capital contributions are \$3.6m or 12% lower than the prior year primarily due to lower developer infrastructure contributions discussed above, developer capital contributions paid to TMWA in advance for construction offset by an increase in grants as mentioned above.

Capital Spending

Cash spent on capital outlays and construction projects through Q2 2024 was approximately \$27.5m. Total budgeted capital spend for fiscal year 2024 is \$103.7m, which includes \$20.0m and \$19.8m for the American Flat APW facility and Orr Ditch pump station and hydro facility, respectively. Spending on the top three projects is listed below:

American Flat APW facility	\$1.8m
Orr Ditch pump station and hydro facility	\$1.5m
Spring Creek South Zone Conversion	\$1.1m

Cash Position

At December 31, 2023 total cash and investments was \$129.1m or \$78.2m lower than at the beginning of the fiscal year, primarily due to the timing of the cash optimization financing. TMWA issued the 2024 Series bonds in January 2024 which replenished TMWA's cash reserves. Of the total cash and investments, \$72.1m was unrestricted to be used to meet upcoming and future operating and maintenance expenses, principal and interest payments and construction project payments. The remaining \$57.1m was restricted to pay for scheduled bond principal and interest payments as well as maintaining required reserves as stipulated in our bond covenants.

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the second quarter ended December 31, 2023

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 65,942,274	\$ 70,549,197	\$ (4,606,923)	(7)%
Hydroelectric Sales	2,105,271	1,683,554	421,717	25 %
Other Operating Sales	2,623,421	1,661,013	962,408	58 %
Total Operating Revenues	70,670,966	73,893,764	(3,222,798)	(4)%
OPERATING EXPENSES				
Salaries and Wages	15,140,153	16,421,964	(1,281,811)	(8)%
Employee Benefits	6,575,265	7,398,829	(823,564)	(11)%
Services and Supplies	20,980,150	23,321,245	(2,341,095)	(10)%
Total Operating Expenses Before Depreciation	42,695,568	47,142,038	(4,446,470)	(9)%
Depreciation	17,757,478	17,730,304	27,174	— %
Total Operating Expenses	60,453,046	64,872,342	(4,419,296)	(7)%
OPERATING INCOME	10,217,920	9,021,422	1,196,498	13 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	(1,417,432)	2,226,961	(3,644,393)	(164)%
Net Increase (Decrease) in FV of Investments	6,713,533	—	6,713,533	— %
Gain (Loss) on Disposal of Assets	(38,154)	(821,500)	783,346	(95)%
Amortization of Bond/note Issuance Costs	(72,000)	—	(72,000)	— %
Interest Expense	(5,548,208)	(5,514,360)	(33,848)	1 %
Total Nonoperating Revenues (Expenses)	(362,261)	(4,108,899)	3,746,638	(91)%
Gain (Loss) Before Capital Contributions	9,855,659	4,912,523	4,943,136	101 %
CAPITAL CONTRIBUTIONS				
Grants	7,043,551	1,343,850	5,699,701	424 %
Water Resource Sustainability Program	486,816	564,164	(77,348)	(14)%
Developer Infrastructure Contributions	5,389,519	7,672,396	(2,282,877)	(30)%
Developer Will-serve Contributions (Net of Refunds)	2,626,671	2,607,000	19,671	1 %
Developer Capital Contributions - Other	3,404,611	—	3,404,611	— %
Developer Facility Charges (Net of Refunds)	6,452,103	8,426,270	(1,974,167)	(23)%
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,823,533	7,050,000	(5,226,467)	(74)%
Net Capital Contributions	27,226,804	27,663,680	(436,876)	(2)%
CHANGE IN NET POSITION	\$ 37,082,463	\$ 32,576,203	\$ 4,506,260	14 %

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the second quarter ended December 31, 2023

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 65,942,274	\$ 66,864,446	\$ (922,172)	(1)%
Hydroelectric Sales	2,105,271	1,363,273	741,998	54 %
Other Operating Sales	2,623,421	1,782,890	840,531	47 %
Total Operating Revenues	70,670,966	70,010,609	660,357	1 %
OPERATING EXPENSES				
Salaries and Wages	15,140,153	14,001,994	1,138,159	8 %
Employee Benefits	6,575,265	5,861,127	714,138	12 %
Services and Supplies	20,980,150	20,146,435	833,715	4 %
Total Operating Expenses Before Depreciation	42,695,568	40,009,556	2,686,012	7 %
Depreciation	17,757,478	17,210,268	547,210	3 %
Total Operating Expenses	60,453,046	57,219,824	3,233,222	6 %
OPERATING INCOME	10,217,920	12,790,785	(2,572,865)	(20)%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	(1,417,432)	1,488,405	(2,905,837)	(195)%
Net Increase (Decrease) in FV of Investments	6,713,533	(2,973,676)	9,687,209	(326)%
Gain (Loss) on Disposal of Assets	(38,154)	3,802	(41,956)	(1,104)%
Amortization of Bond/note Issuance Costs	(72,000)	—	(72,000)	— %
Interest Expense	(5,548,208)	(5,760,507)	212,299	(4)%
Total Nonoperating Revenues (Expenses)	(362,261)	(7,241,976)	6,879,715	(95)%
Gain (Loss) Before Capital Contributions	9,855,659	5,548,809	4,306,850	78 %
CAPITAL CONTRIBUTIONS				
Grants	7,043,551	—	7,043,551	— %
Water Resource Sustainability Program	486,816	631,684	(144,868)	(23)%
Developer Infrastructure Contributions	5,389,519	15,758,860	(10,369,341)	(66)%
Developer Will-serve Contributions (Net of Refunds)	2,626,671	2,911,172	(284,501)	(10)%
Developer Capital Contributions - Other	3,404,611	6,431,179	(3,026,568)	(47)%
Developer Facility Charges (Net of Refunds)	6,452,103	4,543,022	1,909,081	42 %
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,823,533	504,250	1,319,283	262 %
Net Capital Contributions	27,226,804	30,780,167	(3,553,363)	(12)%
CHANGE IN NET POSITION	\$ 37,082,463	\$ 36,328,976	\$ 753,487	2 %



STAFF REPORT

TO: TMWA Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, Chief Financial Officer
David Diegle, Engineering Manager
DATE: March 12, 2024
SUBJECT: Discussion and possible action on the TMWA Tentative Budget for the Fiscal Year ending June 30, 2025 and Draft Capital Improvement Plan for Fiscal Years 2025 through 2029

Recommendation

Staff recommends the TMWA Board and customer Standing Advisory Committee (SAC) review the tentative budget report for the fiscal year ending June 30, 2025 and preliminary Five-Year Capital Improvement Plan 2025-2029 (CIP). This allows the Board and SAC to provide input and direction to TMWA management in advance of the public hearing on the budget and CIP at the May 2024 Board meeting. The tentative budget will be filed with the Nevada Department of Taxation by April 15, 2024 in compliance with statutory requirements.

Schedule of Revenues, Expenses and Changes in Net Position- See Attachment A

Operating Revenues

Water demands have been projected based on historical average water usage per service type and by service size. This methodology projects water sales revenue at \$123.7 million for FY 2025. This is an increase from the FY 2024 budget of \$7.1 million or 6%. The FY 2025 water sales includes the Board approved 4.5% rate increase in June 2024. The increase scheduled for June 2024 was presented to the Board along with the five-year funding plan at the September 2023 Board meeting. The FY 2025 budget anticipates an increase in service connections of approximately 1.3%.

Hydroelectric revenues are expected to be \$3.0 million in FY 2025. This is a decrease from the FY 2024 budget of approximately \$0.4 million or 12%. Based on the current snowpack we expect normal river flows during the year, allowing for continuous hydroelectric power generation. The decrease in revenues from prior year are due to periods of downtime planned during the year for maintenance on and improvements to the facilities.

Other operating revenues are estimated at \$3.6 million. This line item primarily consists of new business inspection services, late payment fees, turn-on and turn-off fees, construction water sales, and cell phone tower lease revenues. Depending on the pace of residential/commercial

construction there could be higher or lower construction water and inspection fees than projected. The FY 2025 budget is approximately \$0.3 million higher than FY 2024 due to an Interlocal Agreement with City of Reno for return flow management (agreement signed in FY 2022) and higher projected construction water sales.

Operating Expenses

Total operating expenses are expected to increase by \$7.6 million or 6% from the FY 2024 budget. This change consists of an increase of \$7.4 million in operating expenses before depreciation, and a \$0.2 million increase in depreciation. Comprising the change from the FY 2024 budget in operating expenses before depreciation, is an increase in salaries and wages of \$3.4 million (11%), employee benefits of \$1.9 million (14%), and services and supplies of \$2.1 million (5%).

Salaries and wages expense is expected to increase by \$3.4 million or 11% from the FY24 budget. Total headcount is budgeted to increase to 291 employees. TMWA leaders are challenged to operate their departments in the most efficient way possible, with minimum headcount. Staff additions are only made when necessary. There are five positions added to the Operations Maintenance department which will provide an advanced and aggressive approach to preventative maintenance of TMWA's assets. An additional six positions will be added to the Distribution and Administrative Departments to continue to advance TMWA's ability to provide customers with quality water by improving efficiencies and ensuring excellent service.

Employee benefits are expected to increase by \$1.9 million or 14% from the FY 2024 budget. This increase in employee benefits is slightly more than the increase in salaries and wages due to the increase in PERS contribution rate which was effective in FY 2024.

Services and supplies are increasing by approximately \$2.1 million or 5% from the FY 2024 budget. Most of this increase is due to an increase in electric power costs of \$1.3m. Although rates have decreased recently, over the last 24 months, TMWA's cost per KWh has increased by approximately 30%. In fiscal year 2024, NV Energy has advised the Base Tariff Energy Rate (BTER) and Deferred Energy Accounting Adjustment (DEAA) rates will decrease as a result of lower fuel and energy costs. However, this will be offset by a 9% increase in NV Energy's general rates. Other services and supplies costs are expected to increase as a result of inflation. A summary of costs by expense item is included at ***Attachment C***, where the most notable changes are discussed.

Nonoperating Revenues and Expenses

Investment income is expected to increase by \$0.3 million due to higher returns following continued increases in interest rates.

Interest expense is expected to decrease by \$2.1 million in FY 2025 due to principal reductions in debt. During FY 2024 TMWA will have reduced outstanding debt principal by \$25.5 million, of which \$17.2 million was through scheduled principal payments and \$8.3 million was through the cash optimization refinancing completed in January 2024. In FY 2025, as shown in ***Attachment B***, we expect to pay down \$18.0 million of total debt. TMWA's total debt outstanding as of June 30, 2025 is expected to be \$278.5 million, excluding bond issue premiums.

Capital Contributions

Grant revenue of \$3.1 million consists of two grants from the EPA, one from FEMA and one from Department of the Treasury projects. One of the EPA grants is \$0.5 million proceeds related to the Spanish Springs Nitrate Facility (total grant is \$3.0 million) and the other is \$0.9 million for the American Flat Advanced Purified Water (APW) Facility (total grant is \$1.4 million, TMWA's portion is 30%, per ILA with City of Reno). The FEMA grant is \$0.08 million for Cybersecurity program for the Field Site Network Resiliency and Monitoring project. The Department of the Treasury grant is \$1.6 million for COVID-19 Recovery Funds for the Advanced Meter Infrastructure Project.

Cash related developer contributions are expected to decrease from the FY 2024 budget by \$0.9 million or 4.0%. These projections assume a stabilization of construction in TMWA's service territory. However, the pace of development is difficult to predict and is contingent on external factors such as the broader economy, including interest rates, cost of construction, etc.

Contributions from other governments includes City of Reno's contributions towards the expected construction of the American Flat APW facility. These contributions may vary depending on timing and progress of construction in FY 2025. The related capital assets are included in TMWA's 2025-2029 Capital Improvement Plan.

Cash Position and Coverage Ratios

TMWA expects to begin FY 2025 with approximately \$204.3 million in total cash and investments and end the fiscal year with \$182.0 million, for an estimated cash decrease of \$22.3 million. These projections can be found in *Attachment B*.

To begin FY 2025, TMWA's Rate Stabilization Reserve will be \$7.3 million which is partially funded at 3% of three years' expected revenue. TMWA's financial goals adopted in August 2003 established a senior lien debt coverage goal of approximately 1.50x (excluding developer fees). As presented in the latest funding plan, the reserve is partially funded because approximately \$3.7 million of Rate Stabilization Reserve will be used in FY 2024 to maintain debt service coverage of 1.50x as required by TMWA's financial policy.

TMWA's senior lien debt coverage ratio, excluding system development charges, is estimated to be 1.40x by the end of FY 2025. TMWA's senior lien bond covenants require a minimum coverage ratio of 1.25x. As part of the funding plan, TMWA planned for use of the Rate Stabilization Fund to meet the financial goal of 1.5x coverage.

TMWA has maintained its credit ratings from Standard and Poor's of AA+, outlook Stable, Moody's Aa2, outlook Stable, and Fitch AAA, outlook Positive.

Draft Capital Improvement Plan for Fiscal Years 2025-2029

TMWA plans to spend \$625.0 million over the next five years on a variety of construction projects and capital outlays of which \$105.7 million is planned in fiscal year 2025 and \$171.5 million in fiscal year 2026. Rate funded capital spending is within 2% of the amount presented in the most recent funding plan.

Of the total \$105.7 million in capital spending in fiscal year 2025, Raw Water accounts for \$10.1 million (9.6%) with \$8.0 million for the American Flat APW facility. In accordance with an Interlocal Agreement with City of Reno (approved by the TMWA board in December 2021), it is expected that the project will move forward in which City of Reno will be contributing 70% of the total project costs. The full cost of the project is included in TMWA's CIP as TMWA will ultimately own most of the assets. Treatment Plant Improvements account for \$16.7 million (15.8%) with \$11.0 million comprising the construction phase of the Orr Ditch Pump Station Rehab and Hydroelectric facility.

Pressure Improvements account for \$22.5 million (21.3%) with \$3.7 million and \$3.0 million comprising of Santerra Quilici 1 Booster Pump Station and 7th Street High & Low Booster Pump Station Replacement, respectively.

Water Main Distribution System Improvements are \$18.6 million (17.6%), comprising several distribution system improvements, including Yori & E. University Main replacements totaling \$2.2 million to replace approximately 5,000 linear feet of water main; West 4th Street Main Replacement totaling \$2.1 million to replace approximately 3,400 linear feet of water main and South Virginia Rapid Transit Main Replacement totaling \$2.0 million to replace approximately 2,200 linear feet of water main.

Potable Water Storage Improvements are \$17.5 million (16.5%) with \$10.1 million for storage tank recoats.

Customer Service Outlays account for \$3.2 million (3.0%) with \$2.7 million for the installation of Automated Meter Infrastructure.

Administrative Outlays account for \$4.4 million (4.1%) with \$1.5 million for new crew trucks and vehicles.

Increases in this year's CIP from prior year are driven primarily by increased spending on main replacements, storage tank improvements and increased costs for the Orr Ditch booster pump station.

Recommended Motion

Move to approve the Tentative Budget for the fiscal year ending June 30, 2025, and Draft Capital Improvement Plan for fiscal years 2025 through 2029.

TRUCKEE MEADOWS WATER AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 Tentative Budget

	Tent. Budget FY 2025	Final Budget FY 2024	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 123,715,379	\$ 116,653,419	\$ 7,061,960	6%
Hydroelectric Sales	2,963,889	3,355,681	(391,792)	-12%
Other Operating Sales	3,600,377	3,322,025	278,352	8%
Total Operating Revenues	130,279,645	123,331,125	6,948,520	6%
OPERATING EXPENSES				
Salaries and Wages	35,083,573	31,654,292	3,429,282	11%
Employee Benefits	15,835,901	13,865,891	1,970,010	14%
Services and Supplies	46,074,717	44,029,570	2,045,147	5%
Total Operating Expenses Before Depreciation	96,994,191	89,549,753	7,444,438	8%
Depreciation	35,590,563	35,460,610	129,953	0%
Total Operating Expenses	132,584,754	125,010,363	7,574,391	6%
OPERATING INCOME	(2,305,110)	(1,679,238)	(625,872)	37%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	5,103,838	4,870,030	233,808	5%
Loss on Disposal of Assets	(1,442,800)	(1,643,000)	200,200	-12%
Interest Expense	(8,878,315)	(11,028,721)	2,150,406	-19%
Total Nonoperating Revenues (Expenses)	(5,217,277)	(7,801,691)	2,584,414	-33%
Gain (Loss) Before Capital Contributions	(7,522,386)	(9,480,929)	1,958,543	-21%
CAPITAL CONTRIBUTIONS				
Grants	3,098,500	2,687,700	410,800	15%
Water Resource Sustainability Program	969,677	1,128,328	(158,651)	-14%
Developer Infrastructure Contributions	14,819,179	15,344,792	(525,613)	-3%
Developer Will-serve Contributions (Net of Refunds)	5,232,000	5,214,000	18,000	0%
Developer Capital Contributions - Other	-	-	-	0%
Developer Facility Charges (Net of Refunds)	16,106,141	16,852,540	(746,399)	-4%
Contributions from Others	65,845	-	65,845	0%
Contributions from Other Governments	5,700,000	14,100,000	(8,400,000)	-60%
Net Capital Contributions	45,991,341	55,327,360	(9,336,019)	-17%
CHANGE IN NET POSITION	38,468,955	45,846,431	(7,377,476)	-16%

TRUCKEE MEADOWS WATER AUTHORITY

Statements of Cash Flows

Tentative Budget

	Tent. Budget FY 2025	Final Budget FY 2024	Variance \$	Variance %
OPERATING ACTIVITIES				
Cash Received From Customers	\$ 130,279,645	\$ 123,331,125	\$ 6,948,520	6%
Cash Paid to Employees	(50,919,474)	(45,520,183)	(5,399,291)	12%
Cash Paid to Suppliers	(46,074,717)	(44,029,570)	(2,045,147)	5%
Net Cash From Operating Activities	33,285,454	33,781,372	(495,918)	-1%
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition & Construction of Capital Assets	(61,074,000)	(69,634,000)	8,560,000	-12%
Interest Paid on Financing	(13,830,452)	(15,149,934)	1,319,482	-9%
Principal Paid on Financing	(17,958,730)	(17,200,578)	(758,152)	4%
Grants	4,067,300	3,002,600	1,064,700	35%
Contributions for Water Resource Sustainability Program	969,677	1,128,328	(158,651)	-14%
Contributions From Developers-Will-Serve Letters	5,232,000	5,214,000	18,000	0%
Contributions from Developers - Facility Charges	16,106,141	16,852,540	(746,399)	-4%
Contributions from Others	65,845	-	65,845	0%
Contributions from Other Governments	5,700,000	14,100,000	(8,400,000)	-60%
Net Cash Used For Capital & Relating Financing Activities	(60,722,220)	(61,687,044)	964,824	-2%
INVESTING ACTIVITIES				
Interest Received	5,103,838	4,870,030	233,808	5%
Net Cash From Investing Activities	5,103,838	4,870,030	233,808	5%
NET CHANGE IN CASH AND CASH EQUIVALENTS	(22,332,928)	(23,035,642)	702,714	-3%
CASH AND CASH EQUIVALENTS, BEGINNING PERIOD	204,292,100	219,800,000	(15,507,900)	-7%
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 181,959,172	\$ 196,764,358	\$ (14,805,186)	-8%

TRUCKEE MEADOWS WATER AUTHORITY
 FY25 vs FY24 Budget ~ Changes by Expense Element

Expense Element	FY25	FY24	Variance \$	Variance %
Contracted Services	\$ 10,693,160	\$ 9,110,750	\$ 1,582,410	17%
Electric Power	9,898,830	8,594,900	1,303,930	15%
Supplies/Equipment Rental	5,650,690	5,088,400	562,290	11%
Resource Fees	1,291,500	1,049,000	242,500	23%
Insurance/Claims	1,891,851	1,655,372	236,479	14%
Land/Leases/Permitting	1,117,883	1,034,700	83,183	8%
Postage/Printing	889,075	841,251	47,824	6%
Professional Services	3,695,800	3,652,530	43,270	1%
Employee Related/Training	797,700	776,710	20,990	3%
Hardware/Software	2,986,705	2,966,573	20,132	1%
Miscellaneous Expenses	23,700	6,500	17,200	265%
Bank/Investment Fees	29,000	29,000	-	0%
Street Repairs	315,000	350,000	(35,000)	-10%
Internet/Other Utility	922,630	967,500	(44,870)	-5%
Property Taxes	752,500	802,500	(50,000)	-6%
Overhead Allocations	(762,305)	(692,985)	(69,320)	10%
Agency Reimbursements	(407,500)	(261,419)	(146,081)	56%
Sponsorships/Community	980,500	1,261,300	(280,800)	-22%
Project Related	1,231,000	1,875,000	(644,000)	-34%
Chemicals	4,076,998	4,921,988	(844,990)	-17%
Total	\$ 46,074,717	\$ 44,029,570	\$ 2,045,147	5%
	\$ -	\$ -		

Notes:

A - The increase in budget noted here is due to several factors. Primarily, service costs have increased due to price increases across nearly all departments. Additionally, TMWA plans to increase the rate of preventative maintenance across most categories of assets which will increase the volume of contracted services related to equipment repair.

B - The increase in electric power is due to increased rates over the last 12-24 months. Although rates have decreased recently, over the last 24 months, TMWA's cost per KWh has increased by approximately 30%. In fiscal year 2024, NV Energy has advised the BTER and DEAA rates will decrease as a result of lower fuel and energy costs. However, this will be offset by a 9% increase in NV Energy's general rates.

C - Supplies and equipment rental costs are increased due to TMWA's plans to increase the rate of preventative maintenance along with continued inflationary price increases.

D - Resource fees are increased due to higher TROA administration expenses and USGS Joint Funding Agreement expenses related to flow monitoring and data collection sites. TMWA plans to add two sites in FY 2025.

E - Increase in this line item is mostly due to an increase in property insurance premiums. Over the last five years, the property insurance market has experienced significant losses which has driven premiums up across the country.

Truckee Meadows Water Authority									
Five Year Capital Improvement Plan									
Fiscal Year 2025-2029									
				FY	FY	FY	FY	FY	Five Year
TMWA 5 Year Draft Capital Plan Summary				2025	2026	2027	2028	2029	CIP Total
Line	Priority	Funding Source	Raw Water Supply Improvements						
1	3	Customer Rates	Highland Canal-Upgrades-Downstream	225	225	225	225	225	1,125
2	1	Customer Rates	Highland Canal-Upgrades-Diversion to Chalk Bluff	1,200	3,400	3,100	1,100	100	8,900
3	3	Customer Rates	TROA Drought Storage / Implementation	100	100	100	100	100	500
4	2	Customer Rates	Donner Lake Outlet Improvements Phase 2	-	300	-	-	-	300
5	1	Developer Fees / Sustainability Fees / Grants/ Reimbursements	Advanced Purified Water Facility at American Flat	8,000	82,000	85,000	37,000	-	212,000
6	1	Customer Rates	South Truckee Meadows Recharge Valve	250	-	-	-	-	250
7	3	Customer Rates	Washoe Lake System Improvements	250	250	250	250	250	1,250
8	1	Customer Rates	Independence Lake Communication Improvements	100	-	-	-	-	100
9			Total Raw Water	10,125	86,275	88,675	38,675	675	224,425
10			Ground Water Supply Improvements						
11	2	Customer Rates	Well Rehabilitation Improvements	200	200	200	200	200	1,000
12	2	Developer Fees	Double Diamond #5 and Equipping	-	-	-	-	80	80
13	2	Developer Fees	Callamont Well South Equipping	-	-	-	100	1,900	2,000
14	2	Customer Rates	Air Guard Well Replacement Equipping	-	-	-	-	2,000	2,000
15	2	Customer Rates	Lemmon Valley Well #8 Replacement	-	800	2,500	-	-	3,300
16	2	Customer Rates	Well Fix & Finish	350	350	350	350	350	1,750
17	1	Customer Rates	Brush Well Replacement	1,200	-	-	-	-	1,200
18	2	Customer Rates	Spring Creek 8 Well Equipping	-	-	-	1,000	1,000	2,000
19	2	Customer Rates / Sustainability Fees	Well Head TTHM Mitigation	500	-	500	-	500	1,500
20	2	Developer Fees	Callamont Well North Equipping	-	-	100	1,900	-	2,000
21	1	Developer Fees	Spring Creek Well #10 - Donovan	1,500	1,000	-	-	-	2,500
22	1	Customer Rates	Fish Springs Ranch TDS Monitoring Wells	250	-	-	-	-	250
23	2	Customer Rates/Reimbursements	Fish Springs Ranch Geophysics/Drilling Project	300	-	-	-	-	300
24	1	Customer Rates	Spring Creek Well 9 (Spring Creek 4 Replacement)	1,700	1,500	1,000	-	-	4,200
25	1	Customer Rates	STMGID Well #1 Re-Drill and Equipping	1,200	500	1,500	500	-	3,700
26	1	Customer Rates	Boomtown 13 Well	-	500	-	2,000	-	2,500
27	1	Customer Rates	Spring Creek 2 Re-drill	-	-	800	-	2,000	2,800
28	1	Customer Rates	Lightning W2 Re-drill	-	-	800	-	2,000	2,800
29	1	Customer Rates	Desert Springs 5 Production Well	-	-	-	800	-	800
30	1	Customer Rates	Desert Springs 6 Exploration Well and Testing	-	-	-	350	750	1,100
31			Total Ground Water	7,200	4,850	7,750	7,200	10,780	37,780
32			Treatment Plant Improvements						
33	1	Customer Rates	Chalk Bluff Treatment Plant Improvements	360	350	525	425	425	2,085
34	2	Customer Rates	Chalk Bluff Sedimentation Rehab	-	-	700	-	-	700
35	1	Customer Rates	Chalk Bluff Clearwell 1 Rehab	300	-	-	-	-	300
36	1	Customer Rates	Chalk Bluff Clearwell 2 Rehab	200	1,500	-	-	-	1,700
37	1	Customer Rates	Chalk Bluff HVAC Improvements	75	1,000	-	-	-	1,075
38	1	Customer Rates	Chalk Bluff 25K Power Reliability and Safety Improvements	100	650	-	-	-	750
39	2	Customer Rates	Chalk Bluff Soda Ash Reliability Upgrade	50	-	350	-	-	400
40	1	Customer Rates	Glendale Treatment Plant Improvements	375	325	405	360	455	1,920
41	1	Customer Rates	Glendale HVAC Improvements	250	-	-	-	-	250
42	2	Customer Rates	Mt Rose Treatment Plant Efficiency Improvements	450	-	-	-	-	450
43	1	Customer Rates	Chalk Bluff Filter Underdrains	1,200	-	-	-	-	1,200
44	2	Customer Rates	Glendale Filter Underdrains	-	500	3,500	-	-	4,000
45	1	Customer Rates	Orr Ditch Pump Station Rehab and Hydro Facility	11,000	-	-	-	-	11,000
46	1	Customer Rates	Truckee Canyon Water Treatment Improvements	100	20	10	20	10	160
47	1	Customer Rates	Lightning W Treatment Improvements	20	150	10	10	10	200
48	1	Customer Rates	SCADA Rehab / Plant Operating Software	1,000	1,000	750	750	750	4,250
49	2	Customer Rates	Longley Water Treatment Plant Retrofit	-	250	500	3,500	1,500	5,750
50	2	Customer Rates/Grants	Spanish Springs Nitrate Treatment Facility	500	500	15,000	14,000	5,000	35,000
51	2	Customer Rates	Glendale Sand Yard Improvements	430	-	-	-	-	430
52	1	Customer Rates	Chalk Bluff Effluent Reservoir Outlet Repairs	100	700	-	-	-	800
53	1	Customer Rates	Chalk Bluff Screening Facility Rehab and Upgrades	200	1,000	-	-	-	1,200
54	1	Customer Rates	Chalk Bluff Electrical System Upgrades	-	-	250	-	-	250
55			Total Treatment Plant Improvements	16,710	7,945	22,000	19,065	8,150	73,870

TMWA 5 Year Draft Capital Plan Summary				FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Five Year CIP Total
56			Pressure Improvements						
57	1	Customer Rates	Pressure Regulators Rehabilitation	2,000	1,200	750	750	750	5,450
58	2	Customer Rates	Land Acquisitions	150	150	150	250	250	950
59	2	Customer Rates	Desert Fox Standby Generator	-	-	150	-	-	150
60	2	Developer Fees	Longley Booster Pump Station / Double R Capacity Increase	-	250	1,500	-	-	1,750
61	3	Customer Rates	Pump Station Oversizing	250	250	250	250	250	1,250
62	3	Customer Rates	Pump Station Rebuilds, Rehabilitations	150	150	150	250	250	950
63	2	Customer Rates / Developer Fees	Sullivan #2 Booster Pump Station Replacement	-	-	250	2,750	-	3,000
64	3	Customer Rates	Mount Rose Well #3 Pump Station Improvements	-	-	-	250	800	1,050
65	3	Customer Rates	Standby Generator Improvements	100	100	100	150	150	600
66	1	Customer Rates	PSOM Standby Generator Additions	1,100	2,100	1,000	-	-	4,200
67	1	Customer Rates	Idlewild Booster Pump Station Improvements	-	-	400	1,200	1,800	3,400
68	2	Developer Fees	Raleigh to Fish Springs Booster Pump Station	-	-	-	300	2,750	3,050
69	2	Customer Rates / Developer Fees	South-West Pump Zone Consolidation Phase 1	400	-	-	330	3,660	4,390
70	2	Developer Fees	STMGID Tank #4 Booster Pump Station / Transmission Line	-	250	100	250	100	700
71	2	Developer Fees	Wildwood 2 Pressure Regulating Station SCADA Control	-	100	-	-	-	100
72	2	Customer Rates / Developer Fees	South-West Pump Zone Consolidation Phase 2	-	-	-	50	990	1,040
73	2	Customer Rates	Sierra Summit-Kohl's Zone Consolidation	-	-	400	400	-	800
74	2	Customer Rates	Wild Mustang Regulated Pressure Zone	-	-	50	400	-	450
75	2	Customer Rates	Thomas Creek #4 PRS	-	300	-	-	-	300
76	2	Customer Rates	Kings Row 2 Booster Pump Station	-	-	200	500	2,300	3,000
77	2	Developer Fees	Spring Creek Tanks #3&4 Booster Pump Station Modifications	-	300	1,000	-	-	1,300
78	1	Developer Fees	Lazy 5 Low Head Pump Station & Mains	2,500	500	-	-	-	3,000
79	1	Customer Rates	South Hills BPS Replacement	70	2,750	1,500	-	-	4,320
80	2	Customer Rates	Sierra Highlands PRS	-	250	-	-	-	250
81	1	Customer Rates	7th Street High & Low BPS Replacement	3,000	-	-	-	-	3,000
82	1	Customer Rates	STMGID NAC Deficiencies - Upper Toll	-	-	600	2,500	-	3,100
83	1	Reimbursements	Verdi 1 BPS	2,500	500	-	-	-	3,000
84	1	Reimbursements	Santerra Quilici 1 BPS	3,700	-	-	-	-	3,700
85	1	Reimbursements	Santerra Quilici 2 BPS	-	-	200	3,000	-	3,200
86	1	Reimbursements	Silver Hills BPS	-	3,000	-	-	-	3,000
87	1	Reimbursements	Ascente BPS	2,500	-	-	-	-	2,500
88	1	Reimbursements	Talus Valley Booster Pump Station	2,900	800	-	-	-	3,700
89	2	Customer Rates	Tappan 2 PRS	-	300	-	-	-	300
90	1	Customer Rates	Caughlin Train A Improvements	1,000	-	-	-	-	1,000
91	1	Reimbursements	Idlewild Irrigation Pump Station Improvements and Repair	170	200	-	-	-	370
92	2	Customer Rates	Off River Supply Redundancy Improvements STM and NVS	-	500	-	1,000	-	1,500
93			Total Pressure Improvements	22,490	13,950	8,750	14,580	14,050	73,820
94			Water Main-Distribution-Service Line Improvements						
95	1	Customer Rates	Street & Highway Main Replacements	4,000	5,000	5,000	5,000	5,000	24,000
96	1	Customer Rates	Golden Parkway Main & Check Valve Tie	40	150	-	-	-	190
97	1	Customer Rates	Yori & E. University Main Replacement	2,200	-	-	-	-	2,200
98	1	Customer Rates	Kate Smith Water Main Replacement PH 1-3	1,900	2,800	200	-	-	4,900
99	1	Customer Rates	Kate Smith Sparks Feeder Main-36"	100	3,800	-	-	-	3,900
100	1	Customer Rates	Thomas Jefferson Area Main Replacements	1,800	2,000	-	-	-	3,800
101	1	Customer Rates	S. Virginia Rapid Transit Main Replacement	2,000	-	-	-	-	2,000
102	2	Developer Fees	North-East Sparks Tank Feeder Main Relocation	-	975	-	-	-	975
103	2	Developer Fees	Trademark 14" Main Tie	-	470	-	-	-	470
104	2	Customer Rates	Mount Rose Tank 1 Fire Flow Improvements	-	400	570	-	-	970
105	2	Customer Rates / Developer Fees	Stead Golf Course Main Replacement	-	-	200	2,400	-	2,600
106	1	Developer Fees	North-East Sparks Feeder Main Ph. 8	10	50	2,050	-	-	2,110
107	2	Developer Fees	Goldenrod Main	1,800	-	-	-	-	1,800
108	1	Developer Fees	Boomtown Water System Improvements	1,500	1,500	-	-	-	3,000
109	2	Customer Rates / Developer Fees	Sullivan #1 Main Tie & PRS	-	-	100	650	-	750
110	2	Customer Rates	Montreux High Pressure ACP Replacement	100	1,000	1,200	-	-	2,300
111	2	Customer Rates	2nd Galena Creek Main Crossing	-	40	560	-	-	600
112	2	Customer Rates	Off-River Supply Improvements - South Truckee Meadows	-	-	50	1,050	-	1,100
113	2	Customer Rates	Off-River Supply Improvements - North Virginia-Stead Pump Station	-	400	-	-	-	400
114	2	Customer Rates	Somerset #6 Main Tie & PRS	280	-	-	-	-	280
115	1	Customer Rates	2025 Fire Flow Improvements - Gravity <1,000 GPM	-	-	550	-	-	550
116	1	Customer Rates	2025 Fire Flow Improvements - North Valleys <1,000 GPM	-	-	950	-	-	950
117	2	Developer Fees	Deluchi to Airway Main Tie	-	-	450	-	-	450
118	1	Developer Fees	South-East Sparks Feeder Main Phase 1	-	-	-	50	4,450	4,500
119	1	Developer Fees	South Truckee Meadows Capacity Improvements	800	-	-	-	-	800
120	1	Customer Rates	West 4th Street Main Replacement	2,100	-	-	-	-	2,100

TMWA 5 Year Draft Capital Plan Summary				FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Five Year CIP Total
121	1	Customer Rates	Mill St CP Improvements	-	300	-	-	-	300
122			Total Water Main-Distribution-Service Line Improvements	18,630	18,885	11,880	9,150	9,450	67,995
123			Potable Water Storage Improvements						
124	1	Customer Rates / Developer Fees	Sun Valley #2 Tank	420	2,980	-	-	-	3,400
125	2	Developer Fees	Fish Springs Terminal Tank #2	-	-	-	40	2,160	2,200
126	1	Customer Rates	Storage Tank Rehabilitation and Improvements	10,100	4,500	5,000	5,000	5,000	29,600
127	1	Customer Rates / Developer Fees	Boomtown System Improvements Ph 4 - Boomtown Tank	1,000	-	-	-	-	1,000
128	1	Customer Rates	Caughlin 2 Tanks	500	1,000	1,500	-	-	3,000
129	2	Customer Rates / Developer Fees	Highland Reservoir Tank	-	2,000	5,000	-	-	7,000
130	1	Customer Rates / Developer Fees	STMGID Tank East Zone 11 Tank	-	175	2,900	-	-	3,075
131	1	Customer Rates / Reimbursements / Developer Fees	US 40 Tank & Feeder Main	3,500	1,000	-	-	-	4,500
132	2	Customer Rates / Developer Fees	Spanish Springs Altitude Valves (SC6 & DS3)	-	-	300	-	-	300
133	2	Customer Rates	Hidden Valley Tank Altitude Valve	-	-	350	-	-	350
134	1	Customer Rates	Lemmon Valley Tank #1 Replacement and Patrician PRS	1,500	-	-	-	-	1,500
135	1	Customer Rates	Hidden Valley Tank #4 Outage Improvements	250	1,500	-	-	-	1,750
136	2	Customer Rates	Hunter Creek Reservoir Rehab	75	-	100	3,000	1,500	4,675
137	1	Customer Rates	Terminal Tank CO2 Delivery Road Improvements	100	-	-	-	-	100
138	2	Customer Rates	STMGID 6 New Tank	20	-	-	400	-	420
139	2	Customer Rates	Rattle Snake Tank Replacement	-	-	500	3,000	3,000	6,500
140	2	Customer Rates	Pyramid Tank Cathodic Protection Investigation	-	15	-	100	-	115
141	3	Customer Rates	Double Diamond Tank Overflow and Drain Improvements	-	-	100	-	-	100
142			Total Potable Water Storage Improvements	17,465	13,170	15,750	11,540	11,660	69,585
143			Hydroelectric Improvements						
144	2	Hydroelectric	Forebay, Diversion, and Canal Improvements	100	105	110	115	120	550
145	3	Hydroelectric	Flume Rehabilitation	150	160	165	175	180	830
146	3	Hydroelectric	Fleish Plant Improvements	-	600	10,000	-	-	10,600
147	1	Hydroelectric	Verdi Sandgate Improvements	500	-	-	-	-	500
148	1	Hydroelectric	Verdi Bypass Valve Improvements	850	-	-	-	-	850
149	2	Hydroelectric	Washoe Plant Improvements	400	11,000	-	-	-	11,400
150			Total Hydroelectric Improvements	2,000	11,865	10,275	290	300	24,730
151			Customer Service Outlays						
152	3	Customer Rates	Meter Reading Equipment	75	-	-	-	-	75
153	2	Developer Fees	New Business Meters	100	100	100	100	100	500
154	1	Customer Rates	Mueller Pit Replacements former Washoe County	125	125	125	125	125	625
155	2	Customer Rates	Galvanized / Poly Service Line Replacements	250	250	250	250	250	1,250
156	1	Customer Rates	Automated Meter Infrastructure (AMI)	2,650	2,650	2,650	2,650	2,650	13,250
157			Total Customer Service Outlays	3,200	3,125	3,125	3,125	3,125	15,700
158			Administrative Outlays						
159	2	Customer Rates	GIS / GPS System Mapping Equipment	20	20	20	20	20	100
160	2	Customer Rates	IT Server Hardware and Equipment	10	20	20	-	-	50
161	2	Customer Rates	IT Network Security Upgrades	10	10	10	-	-	30
162	2	Customer Rates	IT Physical Access Security Upgrades	15	10	10	-	-	35
163	1	Customer Rates	IT Palo Alto Firewall	53	-	-	-	-	53
164	2	Customer Rates	Printer / Scanner Replacement	10	10	10	-	-	30
165	2	Customer Rates	Crew Trucks / Vehicles	1,500	1,500	1,500	1,500	1,000	7,000
166	1	Customer Rates	Replacement HCM System	1,000	-	-	-	-	1,000
167	1	Customer Rates	Corporate Office Expansion	500	3500	1,000	-	-	5,000
168	1	Customer Rates	Glendale Office Expansion	500	2,000	-	-	-	2,500
169	1	Customer Rates	Corporate HVAC Improvements	100	-	-	-	-	100
170	1	Customer Rates	Emergency Management Projects	150	150	150	150	150	750
171	2	Customer Rates	Emergency Operations Annex Design / Construction	-	250	250	200	200	900
172	1	Customer Rates	Physical Site Security Improvements	500	500	350	350	350	2,050
173			Total Administrative Outlays	4,368	7,970	3,320	2,220	1,720	19,598
174			Total Capital Spending Outlays	102,188	168,035	171,525	105,845	59,910	607,503
175			Special Projects Funded by Development						
176	3	Developer Fees	Water Right Purchases	3,500	3,500	3,500	3,500	3,500	17,500

TMWA 5 Year Draft Capital Plan Summary				FY	FY	FY	FY	FY	Five Year
				2025	2026	2027	2028	2029	CIP Total
177			Total Special Projects Funded by Development	3,500	3,500	3,500	3,500	3,500	17,500
178			Total Including Projects Funded By Development	105,688	171,535	175,025	109,345	63,410	625,003
				FY	FY	FY	FY	FY	Five Year
			Summary of Funding Sources	2025	2026	2027	2028	2029	CIP Total
			Customer Rates	65,995	61,567	63,451	61,856	46,704	299,573
			Hydroelectric	2,000	11,865	10,275	290	300	24,730
			Developer Fees	14,353	27,491	31,189	14,747	16,156	103,936
			Reimbursements	16,460	62,240	59,700	28,900	-	167,300
			Sustainability	880	7,872	8,410	3,552	250	20,964
			Grants	6,000	500	2,000	-	-	8,500
			Total	105,688	171,535	175,025	109,345	63,410	625,003

TMWA Fiscal Year 2025 (Tentative) Budget

FY 25 Operating Budget and FY 25-29 CIP

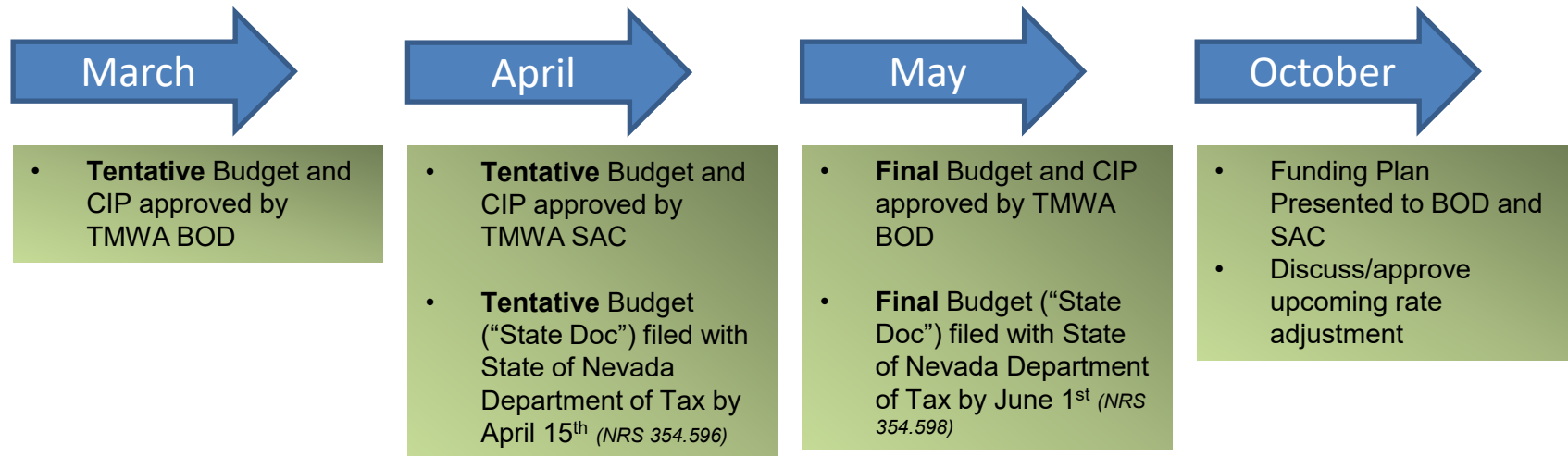
*Presentation by Truckee Meadows Water Authority
March 20, 2024*



Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Budget *(amounts in millions)*

Fiscal Planning Timeline



Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Summary – Year over Year Budgets

	FY 2025	FY 2024	Change \$	Change %
Operating Revenue	130.3	123.3	7.0	5.7%
Operating Expense	132.6	125.0	7.6	6.1%
Operating Income	(2.3)	(1.7)	(0.6)	35.3%
Nonoperating Revenues (Expenses)	(5.2)	(7.8)	2.6	-33.3%
Capital Contributions	46.0	55.3	(9.3)	-16.8%
Change in Net Position	38.5	45.8	(7.3)	-15.9%
Net Change in Cash	(22.3)	(23.0)	0.7	-3.0%

- Change in Operating Income year over year is consistent with prior year due to stabilizing inflation, cost reductions and increased revenue.
- Capital contributions are less primarily due to a projected lower rate of spend on the American Flat APW Facility.

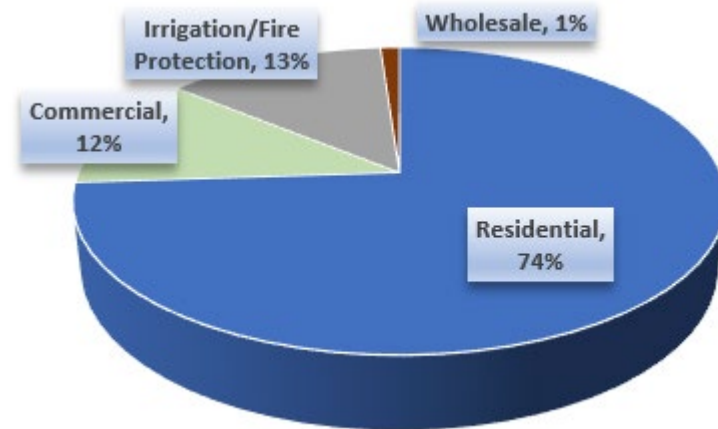
Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Operating Revenue

	FY 2025	FY 2024	Change \$	Change %
Charges for Water Sales	123.7	116.7	7.0	6.0%
Hydroelectric Sales	3.0	3.3	(0.3)	-9.1%
Other Operating Sales	3.6	3.3	0.3	9.1%
Total Operating Revenue	130.3	123.3	7.0	5.7%

- Water sales model assumptions
 - Rate increases of 4.5% in June 2024 and 4.0% in June 2025
 - Average weather year with all history/data available
 - Growth of ~1.5%



Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Operating Expenses

	FY 2025	FY 2024	Change \$	Change %
Salaries and Wages	35.1	31.7	3.4	10.7%
Employee Benefits	15.8	13.9	1.9	13.7%
Services and Supplies	46.1	44.0	2.1	4.8%
Operating Expenses Before Depreciation	97.0	89.6	7.4	8.3%
Depreciation	35.6	35.4	0.2	0.6%
Total Operating Expenses	132.6	125.0	7.6	6.1%

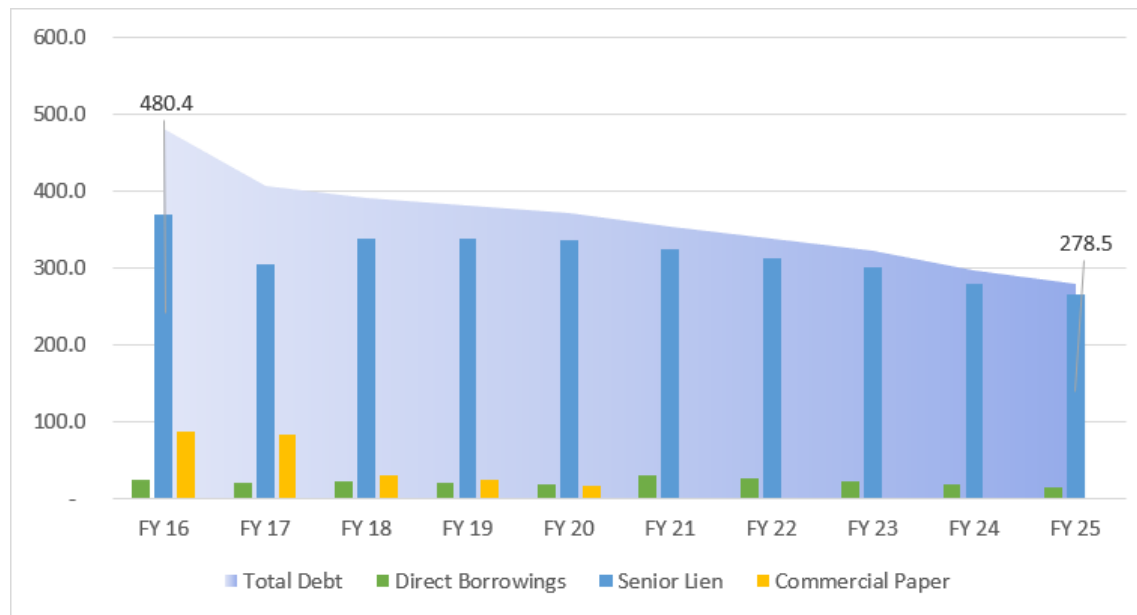
- Headcount additions include 11 employees
 - 5 employees added for advanced preventative maintenance of TMWA's assets.
 - 6 employees added across distribution and administrative departments.
 - 2 additions have been postponed, these may be brought forward if budget allows in FY 2025
- Expecting continued price increases during FY 2025. Notable items include:
 - Generally, price increases across the board
 - Supplies, electric power, contracts, etc.
 - Increased spending on preventative maintenance.
 - Approximately \$0.7m cut following first draft

Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Nonoperating Revenues and Expenses

	FY 2025	FY 2024	Change \$	Change %
Investment Earnings	5.1	4.8	0.3	6.2%
Loss on Disposal of Assets	(1.4)	(1.6)	0.2	-12.5%
Interest Expense	(8.9)	(11.0)	2.1	-19.1%
Nonoperating Expenses	(5.2)	(7.8)	2.6	-33.3%

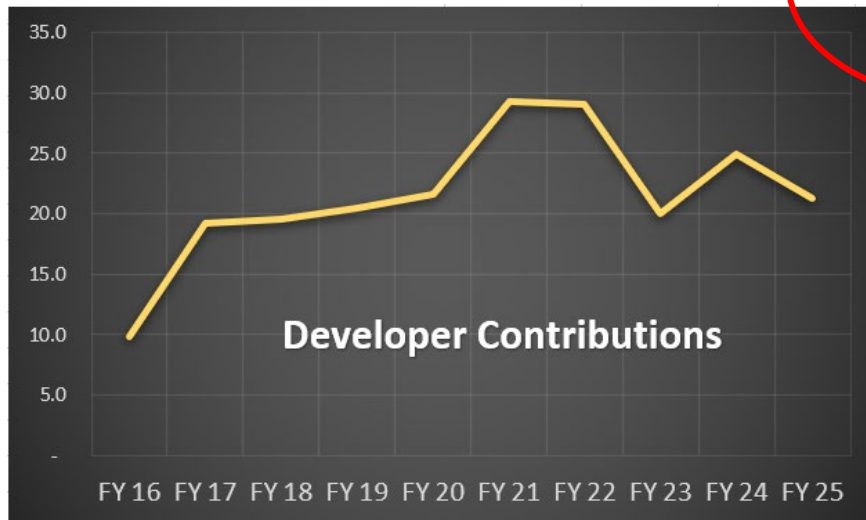


Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Capital Contributions

	FY 2025	FY 2024	Change \$	Change %
Grants	3.1	2.7	0.4	14.8%
Water Resource Sustainability Program	1.0	1.1	(0.1)	-9.1%
Developer Infrastructure Contributions	14.8	15.3	(0.5)	-3.3%
Developer Will-serve Contributions	5.2	5.2	-	0.0%
Developer Facility Charges	16.1	16.9	(0.8)	-4.7%
Contributions from Other Governments	5.7	14.1	(8.4)	-59.6%
Total Capital Contributions	45.9	55.3	(9.4)	-17.0%

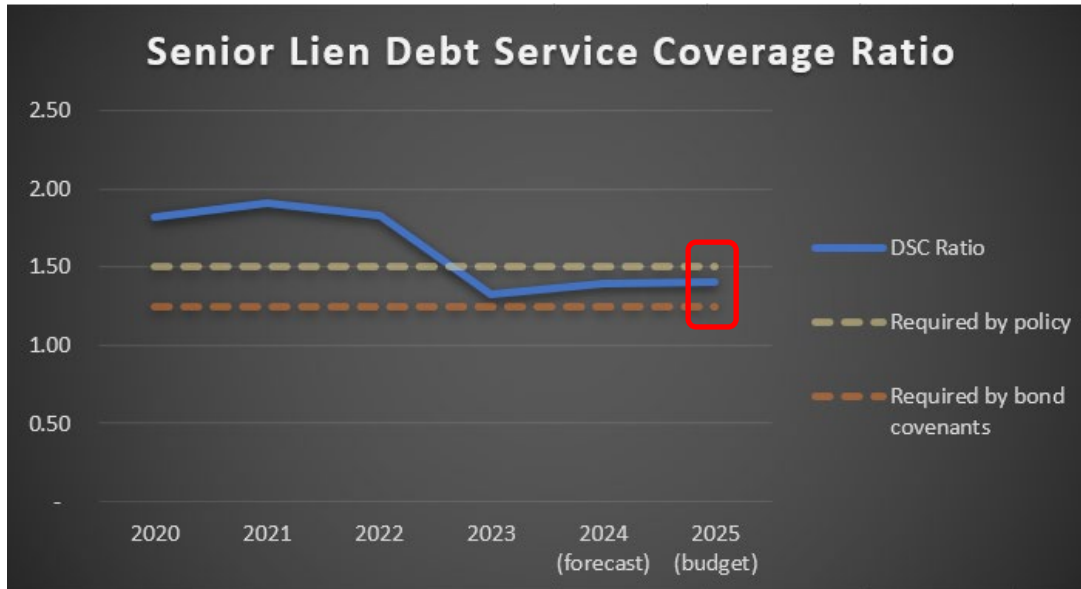


Includes contribution from City of Reno for 70% of construction costs for APW Facility at American Flat expected during FY 25.

Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Debt Service Coverage Ratio



Calculation of DSC Ratio

(+) *Operating Revenues*

(-) *Operating Expenses*

(=) *Net Revenues*

(/) *Sr. Lien Debt Service*

(=) *Sr. Lien DSC Ratio*

Senior Lien DSC Ratio FY 2025 Budget = 1.40x

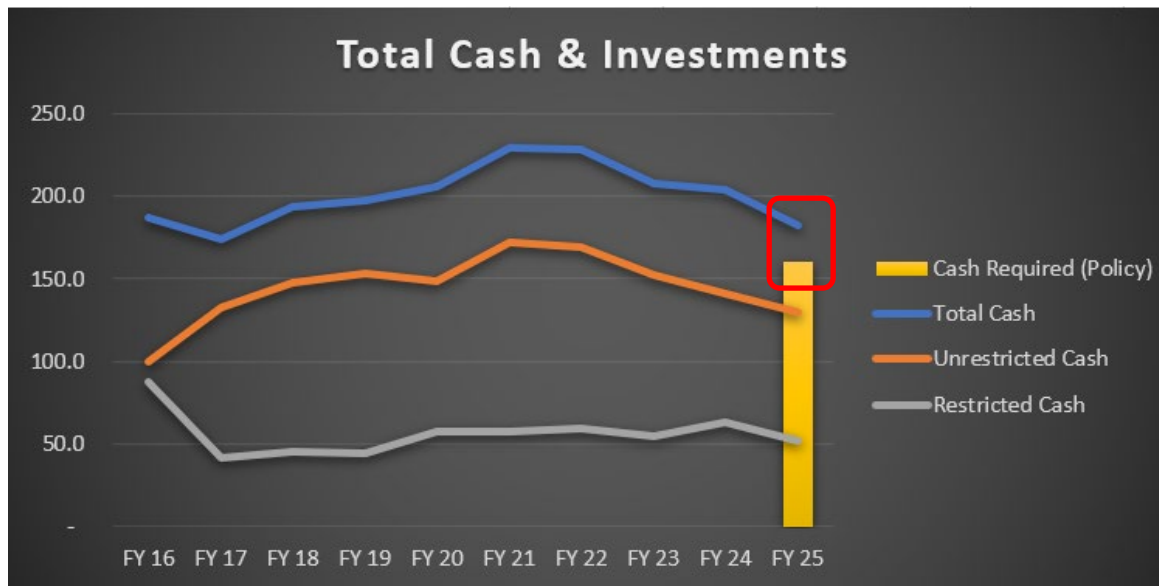
- Consistent with recent funding plan projections
- Risks
 - Continued rising inflation
 - Lower than budgeted water sales
- Upside
 - Higher than budgeted water sales

Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Operating Budget *(amounts in millions)*

Cash Flows

	FY 2025	FY 2024	Change \$	Change %
Cash Flow from Operations	33.3	33.8	(0.5)	-1.5%
Cash Flow from Capital and Financing	(60.7)	(61.7)	1.0	-1.6%
Cash Flow from Investing	5.1	4.9	0.2	4.1%
Net Change in Cash	(22.3)	(23.0)	0.7	-3.0%



Cash balance at FYE 2025 projected to be \$182.0m; total cash required by policy* is \$161.2m

**Restricted cash + Rate Stabilization Fund + Unrestricted Reserve = Total cash required by policy*

Truckee Meadows Water Authority (TMWA)

Capital Improvement Plan FY 2025 – 2029 (tentative) *(amounts in millions)*

Summary of Funding Sources	2025	2026	2027	2028	2029	CIP Total	CIP %	PY CIP	CIP %	Change \$	Change %
Customer Rates	66.0	61.6	63.5	61.9	46.7	299.6	47.9%	233.2	52%	66.33	28%
Hydroelectric	2.0	11.9	10.3	0.3	0.3	24.7	4.0%	17.7	4%	7.03	40%
Developer Fees	14.4	27.5	31.2	14.7	16.2	103.9	16.6%	76.2	17%	27.72	36%
Reimbursements	16.5	62.2	59.7	28.9	-	167.3	26.8%	89.3	20%	78.03	87%
Water Meter Retrofit/Developer Fees	-	-	-	-	-	-	0.0%	5.2	1%	(5.21)	-100%
Sustainability	0.9	7.9	8.4	3.6	0.3	21.0	3.4%	11.0	2%	10.00	91%
Farad Insurance Settlement (Orr Ditch Hydro)	-	-	-	-	-	-	0.0%	7.0	2%	(7.01)	-100%
Grants	6.0	0.5	2.0	-	-	8.5	1.4%	6.0	1%	2.50	42%
Total	105.7	171.5	175.0	109.3	63.4	625.0	100.0%	445.6	100%	179.4	40.3%

Customer Rates

- Tank Rehabilitation and Improvements - \$29.6m
- Treatment Plant Rehabilitations - \$16.6m
- Pressure Regulators Rehabilitation - \$5.5m
- South Hills Booster Pump Station - \$4.3m
- 7th Street High & Low Booster Pump Station Replacement - \$3.0m

Developer Fees

- Water Right Purchases \$17.5m
- Highland Reservoir Tank (mixed funding) - \$7.0m
- South-East Sparks Feeder Main Phase 1 - \$4.5m
- Boomtown Water System Improvements - \$3.0m
- Lazy 5 Low Head Pump Station and Main - \$3.0m
- Spring Creek Well #10 - \$2.2m

**Project is funded through an ILA with City of Reno. TMWA's portion is 30% - of that, 95% is Developer Fee Funded and 5% is Grant Funded.*

Reimbursements

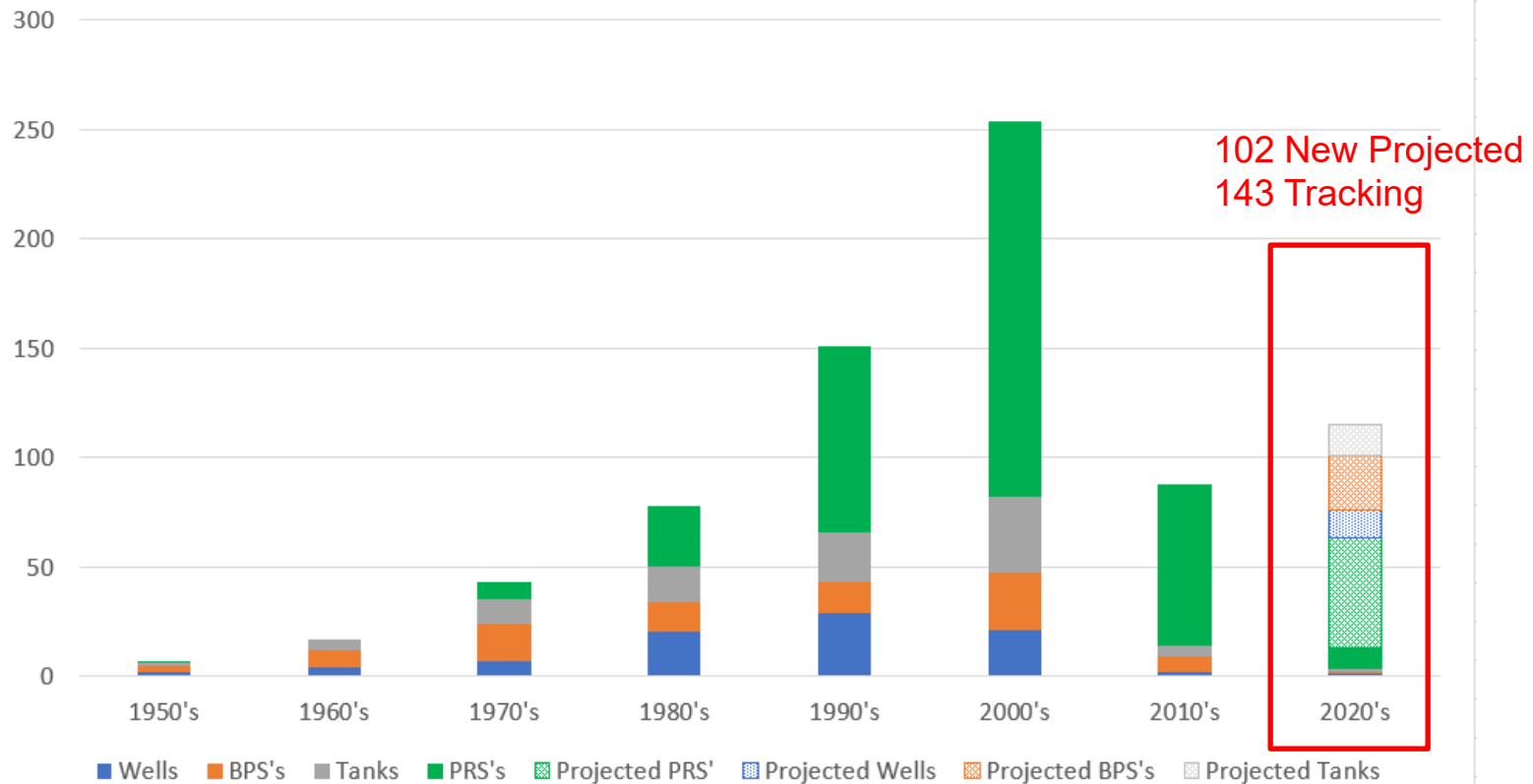
- APWF at American Flat - \$8.0m in 2025, \$212.0m total*
- Santerra Quilici 1 Booster Pump Station - \$3.7m
- Talus Valley Booster Pump Station - \$3.7m
- Santerra Quilici 2 Booster Pump Station - \$3.2m
- Silver Hills Booster Pump Station - \$3.0m
- Verdi 1 Booster Pump Station - \$3.0m
- Ascente Booster Pump Station - \$2.5m



Truckee Meadows Water Authority (TMWA)

Capital Improvement Plan FY 2025 – 2029 (tentative) *(amounts in millions)*







Tanks / Wells / BPS's By Decade



Truckee Meadows Water Authority (TMWA)

FY 2025 (Tentative) Budget *(amounts in millions)*

Summary/Take-aways

- Water Sales 
 - 1.5% increased services
 - 4.5% rate increase
- Operating Expenses 
 - Increase to employee headcount
 - Step increases
 - Inflationary price impacts
- Nonoperating Expenses 
 - Lower interest expense following cash optimization refunding in 2024
 - Higher investment income
- Capital Contributions 
- Net Change in Cash 
 - Consistent with prior year, capital spending will likely be less.
- 5 Year Capital Spending 
 - American Flat APW Facility

Thank you!
Questions?



STAFF REPORT

TO: Standing Advisory Committee
THRU: John R. Zimmerman, General Manager
FROM: Matt Bowman, CFO
Danny Rotter, Director of Engineering
David Kershaw, Engineering Manager
DATE: April 2, 2024
SUBJECT: **Presentation of proposed revisions to the Water System Facility (WSF) Charges Rate Schedule, and possible recommendation to the Board**

Summary:

Water System Facility Charges (new business connection fees) were last updated in 2022. Staff has recently completed the 2020-2040 Water Facility Plan Update and is recommending revisions to Rate Schedule Water System Facility (WSF) Charges as discussed herein. Staff provided public notice at the October 2023 TMWA Board Meeting of the proposed schedule to complete the analysis and implement potential revisions to the WSF Charges to become effective July 1, 2024.

Background:

Rate Schedule WSF contains Area Fee and Facility Charge Unit Costs which are used to calculate fees that TMWA collects from new development to reimburse the utility for regional facility improvements installed by TMWA to meet the demands of new growth. Area Fee Unit Costs, Supply and Treatment Facility Unit Costs, and Storage Facility Unit Costs apply only to developers applying for new or expanded water service, and do not affect the costs or rates to serve existing customers. In other words, pursuant to Board direction on customer rates: growth pays for growth.

Area Fee Unit Costs are applied on a maximum day demand and geographic basis based on the cost to expand the capacity of the water system in specific areas where growth is occurring.

The process to update the Developer Fees are as follows:

1. Utilize the most recent updated Water Facility Plan (2020-2040 WFP) to determine if recommended improvements are still applicable and/or if new/additional improvements are required.
2. Incorporate facility construction costs from projects completed since the last fee update.

3. Based on recent bid results, economy and market trends, refine future facility cost estimates used in updating of fees.
4. Update Facility Charges and Area Fees collected.
5. Update the GPM added/sold in each Area.
6. Calculate New Unit Costs as follows:

Actual Costs Allocated to Growth	
+ Applicable Finance Charges	
+ Estimated Cost of Future Facilities	Expected Growth (GPM)
- <u>Fees Collected</u>	- <u>GPM Added/Sold</u>
= Remaining Cost of Growth	= Remaining GPM

$$\text{Remaining Cost of Growth} \div \text{Remaining GPM} = \text{Unit Cost } (\$/\text{GPM})$$

$$\text{Actual Fee Paid } \$\$ = \text{Unit Cost } (\$/\text{GPM}) \times \text{Max Day Demand (GPM)}$$

Results – WSF Fees:

The primary factor influencing the proposed revisions are apparent construction cost increases. A list of historical facility costs is attached to this report. The construction cost increases highlighted in the table are significant with some of the higher increasing occurring since 2020. Staff has generally used the construction unit costs highlighted at the bottom of the historical facility costs list to update future facility construction cost estimates unless more accurate data was available for specific facility. Facility cost estimates include engineering and construction management costs, overheads and construction contingencies to arrive at a total project cost estimate. Another component of an Area Fee is a finance charge or carrying charge to ensure that growth does pay for growth. Finance charges for the current update cycle (2022-2024) were approximately \$2.5 million.

A summary of existing fees compared to the proposed fees is attached. The results are mixed with increases ranging from 0% to 120%; a few fees decreasing; and the majority of increases ranging from 10%-60%. The largest increases were a result of a significant amount of future construction needed that have also significantly increased in cost with limited new demands available to recover costs. Other areas with increases on the order of 20%-30% are generally associated with the increased cost of future projects with a reasonable quantity of predicated new demands to recover those costs. The lower increases are associated with minimal new facilities and recovery of another two years of financing costs. Decreases in unit fees are associated with changes in recommended facility improvements based on predicted changes in the location of future demands in the system and allocation of facility costs between new business and user rates given associated benefits.

Included in the attachment is a summary of how the proposed change in the WSF Charges impact typical Single Family Residential (SFR) and Multi-Family Residential (MFR) units for specific areas where the majority of TMWA system growth is occurring. Based on the seven WSF Fee Areas presented in the attached table, the average cost increase of a SFR unit is \$1,447 and for MFRs it increases by \$405 per unit.

The attachment also includes proposed modifications to TMWA rate schedules.

Public Outreach:

Since the initial discussion at the October 2023 TMWA Board meeting, staff held a public workshop on March 20, 2024 at TMWA corporate offices, and made a presentation to the NAIOP Commercial Real Estate Developers Association Governing Board on March 21, 2024. TMWA is planning on holding at least one publicly noticed virtual meeting prior to the April Board meeting. TMWA has contacted the Builders Association of Northern Nevada (BANN) twice but has not been able to schedule a presentation to that group yet. Review and action by the TMWA Board is scheduled as follows:

Virtual TMWA Workshop:	April 4, 2024
First Reading – TMWA Board Meeting:	April 17, 2024
Second Reading – TMWA Board Meeting:	May 23, 2024
Implementation of Revised Rates:	July 1, 2024

RECENT HISTORICAL FACILITY COSTS - 2024 UPDATE CYCLE

Water Mains:

<u>Project Name</u>	<u>Year</u>	<u>Diameter</u>	<u>Length</u>	<u>Cost</u>	<u>\$/in-LF</u>	
Caughlin-Mayberry Tie	2013	20	3460	\$1,317,402	\$19.04	
Lemmon Drive	2016	24	27630	\$9,635,646	\$14.53	
North Valleys Integ.	2016	18	2550	\$798,328	\$17.39	
Stead Ph. 2	2017	20	11880	\$3,311,905	\$13.94	
Arrowcreek Prkwy	2019	16	8100	\$2,508,370	\$19.35	
Verdi Main Extn.	2019	18	2700	\$1,444,052	\$29.71	no river xing
California-Marsh	2020	24	3500	\$2,332,324	\$27.77	
Boomtown Intertie	2021	16	1660	\$795,751	\$29.96	no J&B, no BPS
S Virginia 24" Main Kumle	2022	24	1800	\$2,039,433	\$47.21	
				AVG =	\$33.66	per in-LF

Pump Stations:

<u>Project Name</u>	<u>Year</u>	<u>(gpm)</u>	<u>Hp</u>	<u>Cost</u>	
Sutro #2	2016	2450	125	\$992,901	
Satellite Hills	2017	1500	90	\$1,748,788	
D'Andrea #3	2018	1750	240	\$1,184,438	
Gulling (K-Row#1 Repl.)	2020			\$2,144,289	no pipeline costs
Disc Drive	2021			\$2,719,450	low bid + 20%, no pipeline costs
Kinglet	2021			\$1,726,000	low bid + 20%, no pipeline costs
Silver Hills BPS	2022			\$3,331,116	low bid + est. soft costs, not awarded
7th Street BPS	2023			\$4,609,349	low bid + est. soft costs, in const
SQ 1 BPS	2023			\$3,173,588	low bid + soft costs
				AVG =	\$2,950,632

Wells:

<u>Project Name</u>	<u>Year</u>	<u>Hp</u>	<u>(gpm)</u>	<u>Cost</u>	<u>\$/gpm</u>	
Huffaker PI Well	2016	60	600	\$1,303,284	\$2,172	equipping only - no drilling/casing
Innovation Well	2016	100	600	\$1,941,701	\$3,236	equipping only - no drilling/casing
Double Diamond 3 Well	2016	250	1800	\$1,733,427	\$963	equipping only - no drilling/casing
Springs Creek 8 Well	2021	125	750	\$1,305,382	\$1,741	equipping only - no drilling/casing
Brush Well	2023		800	\$3,280,327	\$4,100	equipping only - no drilling/casing + est. soft costs, in const
				AVG =	\$1,912,824	(drilling varies from \$750K-\$1M)

Storage Tanks:

<u>Project Name</u>	<u>Year</u>	<u>(MG)</u>	<u>Type</u>	<u>Cost</u>	<u>\$/gallon</u>	
Somerset #1	2005	2	PSC	\$2,499,281	\$1.25	
Pyramid	2007	4	STL	\$4,844,749	\$1.21	
Raleigh #3	2007	4	STL	\$3,722,356	\$0.93	
Hunter Creek Res	2008	4	STL	\$4,260,803	\$1.07	
Peavine	2018	2	STL	\$2,038,961	\$1.02	no excavation, minor sitework
Lemmon Valley 1	2024	0.5	STL	\$2,314,634	\$4.63	low bid + est. soft costs, in const
SQ Tank Verdi	2024	0.5	STL	\$2,080,000	\$4.16	communication with developer contractor
STMGID East	2027	3.7	STL			
Caughlin #2	2027	1	STL			
				AVG =	\$3.27	per Gallon
Ridgeview	2006	1.5	PSC	\$5,531,292	\$3.69	not included in average cost

Summary - Construction Costs:

Pipeline	\$30	/dia in-LF
BPS	\$3,000,000	ea.
Wells	\$3,300,000	ea.
Tanks	\$3.0	gallon

WSF CHARGE (\$/GPM MDD) UPDATE SUMMARY:

<u>Area</u>	<u>Description</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>Increase \$\$</u>	<u>Increase %</u>
1	South Virginia	\$ 3,440	\$ 4,027	\$ 586	17%
2	Sparks-East Reno	\$ 2,811	\$ 105	\$ (2,706)	-96%
3	Northwest Reno-Northgate/Mogul	\$ 3,258	\$ 7,159	\$ 3,901	120%
4	Sparks-Pyramid/Spanish Springs	\$ 4,167	\$ 4,344	\$ 177	4%
5	Sparks-The Vistas	\$ 8,179	\$ 9,311	\$ 1,132	14%
6	Sun Valley-Sullivan	\$ 4,354	\$ 6,795	\$ 2,440	56%
7	Northwest Reno-Verdi	\$ 11,435	\$ 18,130	\$ 6,694	59%
8	Sierra-North Virginia	\$ 11,199	\$ 11,177	\$ (22)	0%
9	Lakeridge-Plumas	\$ 2,878	\$ 3,524	\$ 646	22%
10	Stead-Silver Lake	\$ 6 695	\$ 8,122	\$ 1,427	21%
11	Southeast Truckee Meadows	\$ 5,751	\$ 7,542	\$ 1,790	31%
12	Spanish Springs	\$ 9,097	\$ 12,601	\$ 3,504	39%
13A	Heppner Subdivision	\$ 2,115	\$ 2,291	\$ 175	8%
15	Arrowcreek/Mt Rose	\$ 14,624	\$ 16,039	\$ 1,415	10%
	Truckee Canyon	\$ 7,551	\$ 7,995	\$ 444	6%
<hr/>					
*	Supply-Treatment Fee	\$ 6,957	\$ 7,300	\$ 343	5%
*	Storage Fee	\$ 1,287	\$ 933	\$ (354)	-27%



FEE IMPACT TO A TYPICAL SUBDIVISION LOT

The actual fee paid is the MDD x WSF Charge Unit Cost. The overall impact of the new WSF Charge on the cost of a house on a typical 6,000 SF lot:

<u>Location</u>	<u>Existing Fees Total Per SFR Unit</u>	<u>Proposed Fee Total Per SFR Unit</u>	<u>Change in Cost Per SFR Unit</u>
Area 3 – NW Reno	\$ 5,751	\$ 7,696	\$ 1,945
Area 4 – Kiley Ranch	\$ 6,206	\$ 6,289	\$ 83
Area 7 – Verdi	\$ 9,196	\$ 12,715	\$ 3,519
Area 10 – North Valleys	\$ 6,826	\$ 7,711	\$ 885
Area 11 – Double Diamond	\$ 6,354	\$ 7,421	\$ 1,067
Area 12 – Spanish Springs	\$ 8,027	\$ 9,951	\$ 1,924
Area 15 – Mt Rose	\$ 7,312	\$ 8,019	\$ 707
AVG.	\$ 7,096	\$ 8,543	\$ 1,447

Washoe County Median Home Sales Price

2022 - \$543,000
 2024 - \$570,000

FEE IMPACT TO AN APARTMENT UNIT

The actual fee paid is the MDD x Area Fee Unit Cost. The overall impact of the new facility charges and area fees on the cost of a typical apartment unit:

<u>Location</u>	<u>Existing Fees Total Per MFR Unit</u>	<u>Proposed Fee Total Per MFR Unit</u>	<u>Change in Cost Per MFR Unit</u>
Area 3 – NW Reno	\$ 1,610	\$ 2,155	\$ 545
Area 4 – Kiley Ranch	\$ 1,738	\$ 1,761	\$ 23
Area 7 – Verdi	\$ 2,575	\$ 3,560	\$ 985
Area 10 – North Valleys	\$ 1,911	\$ 2,159	\$ 248
Area 11 – Double Diamond	\$ 1,779	\$ 2,078	\$ 299
Area 12 – Spanish Springs	\$ 2,248	\$ 2,786	\$ 539
Area 15 – Mt Rose	\$ 2,047	\$ 2,245	\$ 198
AVG.	\$ 1,987	\$ 2,392	\$ 405

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGES

APPLICABILITY

Pursuant to procedures set forth in Rule 5, Applicants for new Service or Modified Service to a Service Property(ies) are subject to Water System Facility (WSF) Charges. WSF Charges are based on the Maximum Day Demand estimated in gallons per minute (GPM) by the Authority to serve the Service Property(ies) multiplied by the following Unit Costs. WSF Charges will be assessed where applicable and as identified in the Water Service Agreement.

A. Area Facility Unit Cost by Charge Area

	<u>Charge Area</u>	<u>Old Amount</u>	<u>New Amount</u>	
0	Central Reno	\$0.00	\$ 0.00	per GPM
1	South Virginia Truckee Meadows	\$3,440.00	4,027.00	per GPM
2	Sparks-East Reno	2,811.00	105.00	per GPM
2A	Sparks-Inside McCarran Blvd	1,406.00		per GPM
3	Northwest Reno – Northgate/Mogul	3,258.00	7,159.00	per GPM
4	Sparks – Pyramid/Spanish Springs	4,167.00	4,344.00	per GPM
5	Sparks – The Vistas	8,179.00	9,311.00	per GPM
6	Sun Valley-Sullivan Pump Zones	4,354.00	6,795.00	per GPM
7	Verdi	11,428.00	18,130.00	per GPM
8	Sierra-North Virginia Pump System	11,199.00	11,177.00	per GPM
9	Lakeridge-Plumas Pump System	2,878.00	3,524.00	per GPM
10	Stead–Silver Lake–Lemmon Valley	6,695.00	8,122.00	per GPM
11	South Truckee Meadows	5,751.00	7,542.00	per GPM
12	Spanish Springs	9,097.00	12,601.00	per GPM
13A	Heppner*	2,115.00	2,291.00	per GPM
15	Arrowcreek/Mt. Rose**	14,624.00	16,039.00	per GPM
	Truckee Canyon	7,551.00	7,995.00	per GPM
	Satellite Systems***		0.00	per GPM

Where a Service Property is not located within an established Charge Area described above or where the Area Facility Unit Cost for that Charge Area has not been established, applicable Area Facility Unit Costs shall be determined by Authority on a case by case basis and may include charges for on-site and off-site improvements, including Oversizing Costs, to integrate new Water System Facilities or to connect to, expand, relocate or alter existing water Facilities, determined by the Authority as necessary to facilitate annexation of the Service Property into the Authority's Retail Service Area and/or development of the Charge Area or Charge Area Unit Cost to be established, as set forth in the Annexation Agreement or Water Service Agreement between Applicant and Authority.

* Charge Area 13A is subject to an additional charge of \$5,490.00 per lot for on-site distribution improvements.

** Component of fee includes estimated costs of acquiring supplemental resource supply. Fee may be reduced to ~~\$10,286.00~~ 11,677.00 upon Applicant dedication of an acceptable combination of groundwater and creek water rights to satisfy supplemental conjunctive use supply as determined by the Authority pursuant to its Rule 7.

*** Satellite Systems include Stampmill, Sunrise Estates, Old Washoe Estates and Lightning W.

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10; 06/19/13; 10/15/14; 01/01/15; 05/21/15; 06/16/16; 10/01/19; 1/31/22

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGES

B. Supply and Treatment Facility Unit Cost By Charge Area

“Supply and Treatment Facility Unit Cost” is the unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance supply/treatment improvements identified in the Authority’s facility plan.

	<u>Charge Area</u>	<u>Old Amount</u>	<u>New Amount</u>	
0	Central Reno	\$6,957.00	\$7,300.00	per GPM
1	South Virginia Truckee Meadows	6,957.00	7,300.00	per GPM
2	Sparks-East Reno	6,957.00	7,300.00	per GPM
2A	Sparks-Inside McCarran Blvd	6,957.00	7,300.00	per GPM
3	Northwest Reno – Northgate/Mogul	6,957.00	7,300.00	per GPM
4	Sparks – Pyramid/Spanish Springs	6,957.00	7,300.00	per GPM
5	Sparks – The Vistas	6,957.00	7,300.00	per GPM
6	Sun Valley-Sullivan Pump Zones	6,957.00	7,300.00	per GPM
7	Verdi	6,957.00	7,300.00	per GPM
8	Sierra-North Virginia Pump System	6,957.00	7,300.00	per GPM
9	Lakeridge-Plumas Pump System	6,957.00	7,300.00	per GPM
10	Stead–Silver Lake-Lemmon Valley*	6,957.00	7,300.00	per GPM
11	South Truckee Meadows	6,957.00	7,300.00	per GPM
12	Spanish Springs	6,957.00	7,300.00	per GPM
13A	Heppner	0.00	0.00	per GPM
15	Arrowcreek/Mt. Rose	0.00	0.00	per GPM
	Satellite Systems**	6,328.00	0.00	per GPM

* For Area 10 growth dedicating Fish Springs groundwater resources, the Supply-Treatment Facility Unit Cost is \$0 (zero).

** Satellite Systems include Truckee Canyon, Stampmill, Sunrise Estates, Old Washoe Estates and Lightning W.

Added: 06/18/03 Amended: 10/01/03; 01/21/04; 03/01/05; 10/18/06; 03/01/08; 05/21/09; 05/21/10; 06/19/13; 10/15/14; 01/01/15; 05/21/15; 06/16/16, 10/01/19; 1/31/22;

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGES

C. Storage Facility Unit Cost By Charge Area

“Storage Facility Unit Cost” is the unit cost in dollars per GPM of Maximum Day Demand, representing the cost to construct and finance storage improvements identified in the Authority’s facility plan.

	<u>Charge Area</u>	<u>Old Amount</u>	<u>New Amount</u>	
0	Central Reno	\$1,287.00	\$933.00	per GPM
1	South Virginia Truckee Meadows	1,287.00	933.00	per GPM
2	Sparks-East Reno	1,287.00	933.00	per GPM
2A	Sparks-Inside McCarran Blvd	1,287.00		per GPM
3	Northwest Reno – Northgate/Mogul	1,287.00	933.00	per GPM
4	Sparks – Pyramid/Spanish Springs	1,287.00	933.00	per GPM
5	Sparks – The Vistas	1,287.00	933.00	per GPM
6	Sun Valley-Sullivan Pump Zones	1,287.00	933.00	per GPM
7	Verdi	0.00	0.00	per GPM
8	Sierra-North Virginia Pump System	1,287.00	933.00	per GPM
9	Lakeridge-Plumas Pump System	1,287.00	933.00	per GPM
10	Stead–Silver Lake-Lemmon Valley	0.00	0.00	per GPM
11	South Truckee Meadows	0.00	0.00	per GPM
12	Spanish Springs	0.00	0.00	per GPM
13A	Heppner	0.00	0.00	per GPM
15	Arrowcreek/Mt. Rose	0.00	0.00	per GPM
	Satellite Systems*	0.00	0.00	per GPM

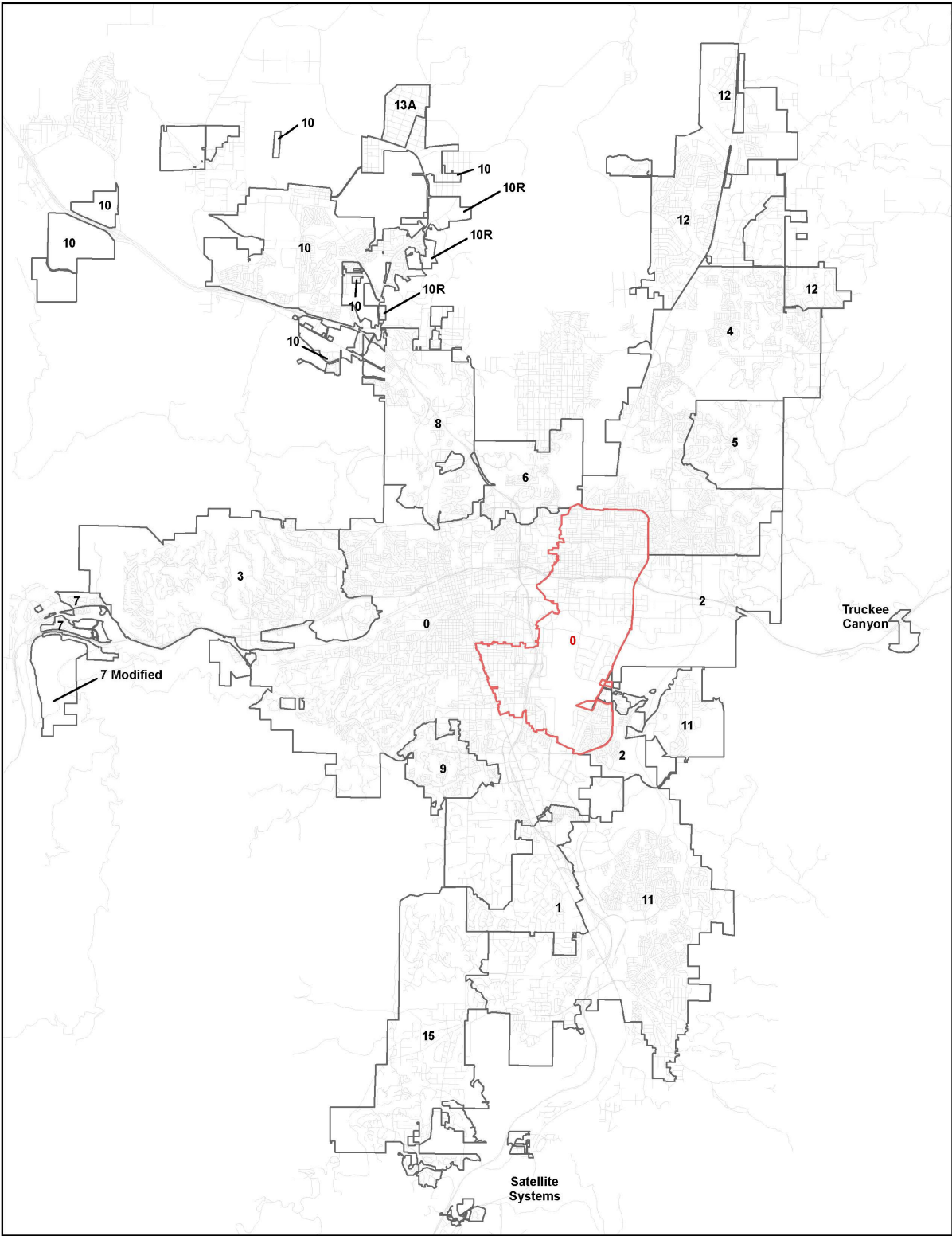
* Satellite Systems include Truckee Canyon, Stampmill, Sunrise Estates, Old Washoe Estates and Lightning W.

NOTE: The following map depicts only approximate boundaries of the Charge Areas because the Authority’s distribution system undergoes frequent modification, Charge Area boundaries are subject to frequent adjustment and the exact boundaries of the Charge Areas shall be maintained by and may be adjusted from time to time by the General Manager of the Authority. The Authority attempts to keep a current map posted on its website, at www.tmwa.com; however, this map may not show sufficient detail to depict Charge Areas precisely. Pursuant to Rule 5 the Authority will determine the Charge Area and associated Area Facility charges to serve the Applicant’s Service Property(ies) at the time of application based on the most current Charge Area boundary information maintained by the General Manager of the Authority.

Truckee Meadows Water Authority

RATE SCHEDULES

WSF – WATER SYSTEM FACILITY CHARGES



Added: 01/01/15; 05/21/15; 06/16/16, 10/01/19; 1/31/22 **REVISE MAP – CONSOLIDATE AREA 2A into 0**

Truckee Meadows Water Authority

WATER SYSTEM FACILITY CHARGES REVISIONS

April 2, 2024



History of TMWA Water System Facility Charges

TMWA Board established a policy that no customer class shall be subsidized by another class and that growth should pay for growth.

Water System Facility (WSF) Charges Timeline:

- 2002: Connection fees implemented
- 2003: Supply/Treatment and Storage Facility Charges implemented
- 2005: Update
- 2006*: Update
- 2008: Update
- 2013: Update
- 2019: Update
- 2022: Update
- 2024: Proposed Update 7/1/24

* BANN hired consultants (engineering & accounting) to review the fee calculations and with minor corrections, approved of TMWA methodology.

How Does Growth Pay for Growth at TMWA?

- Supply/Treatment Facility Charges
 - ✓ Wells
 - ✓ Raw Water Supply
 - ✓ Water Treatment Plants
- Storage Facility Charges
 - ✓ Tanks
 - ✓ Reservoirs
- Area Fees
 - ✓ Booster Pump Stations
 - ✓ Transmission Mains
 - ✓ System Interties
- WSF Charges are applied on a maximum day demand (GPM) basis
- WSF Charges are not paid by existing customers and are not included in water rates

WHY ARE REVISIONS NECESSARY?

- Facility cost are not automatically adjusted. Manual update of costs are required on a regular basis for updating of fees.
- Update of 2020-2040 Water Facility Plan (WFP) allows for refinement of fees. Given latest demand projections and considering where growth will occur, staff refines recommended WFP water improvements.
- Incorporate actual facility costs incurred since last update, and update estimated future facility costs based on recent bid results, economy and market conditions to refine WSF fees to allow TMWA to fairly recover capital expenditures benefiting new development.
- Incorporate fees collected and account for system capacity allocated since the last update.

Facility Category	20-Year Cost Allocated To Existing Users	20-Year Cost Allocated To Growth
Supply	\$ 79,500,000	\$ 99,100,000
Storage	\$ 18,700,000	\$ 18,500,000
Distribution	\$125,300,000	\$ 76,500,000
Totals	\$223,500,000	\$194,100,000

2020-2040
WFP
Estimated 20-
Year Costs

WATER FACILITY COSTS

- Average water main cost = \$30/in-LF
 - Cost can vary between \$25-\$45 per in-LF depending on whether it is new construction in the dirt or within existing pavement with extensive traffic control and other utility interference.
- Average pump station cost = \$3.2M (w/generator)
 - Costs can vary depending on capacity, system pressures, site location restrictions, topography, presence of other utilities, etc. Most new pump stations are paid for directly by new development.
- Average well cost = \$3.7M
 - Total cost are highly dependent upon drilling costs (diameter, depth), in addition to other factors listed for pump stations.
- Average tank cost = \$3 per gallon
 - Costs can vary due to size (economies of scale), topography, access, etc.

METHODOLOGY FOR WSF CHARGES UPDATE

- 2020-2040 Water Facility Plan Update Completion. Provides latest system demand projections, allowing TMWA to refine/update proposed facility improvements.
- Incorporate latest construction bid results and historical costs to update facility cost estimates.
- Update estimated costs with actual costs as necessary.
- Update the facility charges collected in each area.
- Update GPM added/sold in each area.

CALCULATION OF WSF CHARGES

Project Expenditures Allocated to Growth
 + Applicable Finance Charges
 + Est. Cost of Future Projects for Growth
 = Total Cost of Growth

Total Cost of Growth
 - Fees Collected
 = Remaining Cost of Growth

Expected Growth, GPM
 - GPM Sold
 = Remaining GPM

Remaining Cost of Growth \div Remaining GPM = Unit Cost \$/GPM

The Calculated Unit Costs are shown in Rate Schedule WSF

The Actual Fee \$\$ = Unit Cost \$/GPM x Max Day Demand (MDD), GPM

WSF CHARGE (\$/GPM MDD) UPDATE SUMMARY:

<u>Area</u>	<u>Description</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>Increase \$\$</u>	<u>Increase %</u>
1	South Virginia	\$ 3,440	\$ 4,027	\$ 586	17%
2	Sparks-East Reno	\$ 2,811	\$ 105	\$ (2,706)	-96%
3	Northwest Reno-Northgate/Mogul	\$ 3,258	\$ 7,159	\$ 3,901	120%
4	Sparks-Pyramid/Spanish Springs	\$ 4,167	\$ 4,344	\$ 177	4%
5	Sparks-The Vistas	\$ 8,179	\$ 9,311	\$ 1,132	14%
6	Sun Valley-Sullivan	\$ 4,354	\$ 6,795	\$ 2,440	56%
7	Northwest Reno-Verdi	\$ 11,435	\$ 18,130	\$ 6,694	59%
8	Sierra-North Virginia	\$ 11,199	\$ 11,177	\$ (22)	0%
9	Lakeridge-Plumas	\$ 2,878	\$ 3,524	\$ 646	22%
10	Stead-Silver Lake	\$ 6,695	\$ 8,122	\$ 1,427	21%
11	Southeast Truckee Meadows	\$ 5,751	\$ 7,542	\$ 1,790	31%
12	Spanish Springs	\$ 9,097	\$ 12,601	\$ 3,504	39%
13A	Heppner Subdivision	\$ 2,115	\$ 2,291	\$ 175	8%
15	Arrowcreek/Mt Rose	\$ 14,624	\$ 16,039	\$ 1,415	10%
	Truckee Canyon	\$ 7,551	\$ 7,995	\$ 444	6%
*	Supply-Treatment Fee	\$ 6,957	\$ 7,300	\$ 343	5%
*	Storage Fee	\$ 1,287	\$ 933	\$ (354)	-27%

FEE IMPACT TO A TYPICAL SUBDIVISION LOT

The actual fee paid is the MDD x WSF Charge Unit Cost. The overall impact of the new WSF Charge on the cost of a house on a typical 6,000 SF lot:

<u>Location</u>	<u>Existing Fees Total Per SFR Unit</u>	<u>Proposed Fee Total Per SFR Unit</u>	<u>Change in Cost Per SFR Unit</u>
Area 3 – NW Reno	\$ 5,751	\$ 7,696	\$ 1,945
Area 4 – Kiley Ranch	\$ 6,206	\$ 6,289	\$ 83
Area 7 – Verdi	\$ 9,196	\$ 12,715	\$ 3,519
Area 10 – North Valleys	\$ 6,826	\$ 7,711	\$ 885
Area 11 – Double Diamond	\$ 6,354	\$ 7,421	\$ 1,067
Area 12 – Spanish Springs	\$ 8,027	\$ 9,951	\$ 1,924
Area 15 – Mt Rose	\$ 7,312	\$ 8,019	\$ 707
AVG.	\$ 7,096	\$ 8,543	\$ 1,447

Washoe County Median Home Sales Price

2022 - \$543,000

2024 - \$570,000

FEE IMPACT TO AN APARTMENT UNIT

The actual fee paid is the MDD x Area Fee Unit Cost. The overall impact of the new facility charges and area fees on the cost of a typical apartment unit:

<u>Location</u>	<u>Existing Fees Total Per MFR Unit</u>	<u>Proposed Fee Total Per MFR Unit</u>	<u>Change in Cost Per MFR Unit</u>
Area 3 – NW Reno	\$ 1,610	\$ 2,155	\$ 545
Area 4 – Kiley Ranch	\$ 1,738	\$ 1,761	\$ 23
Area 7 – Verdi	\$ 2,575	\$ 3,560	\$ 985
Area 10 – North Valleys	\$ 1,911	\$ 2,159	\$ 248
Area 11 – Double Diamond	\$ 1,779	\$ 2,078	\$ 299
Area 12 – Spanish Springs	\$ 2,248	\$ 2,786	\$ 539
Area 15 – Mt Rose	\$ 2,047	\$ 2,245	\$ 198
AVG.	\$ 1,987	\$ 2,392	\$ 405

END OF PRESENTATION

- QUESTIONS?

- DISCUSSION?

- FOLLOW UP – CONTACTS:

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DAVID KERSHAW 775-834-8201 DKERSHAW@TMWA.COM

- NEXT STEPS:

- TMWA Standing Advisory Committee (SAC) Meeting – Tuesday, April 2, 2024, 3:00 p.m. at TMWA’s corporate office building 1355 Capital Blvd.
- First Hearing of proposed fees – TMWA Board of Directors Meeting, Wednesday, April 17, 2024, 10:00 a.m. at the City of Sparks Council Chambers.
- Any changes will be brought back to the Board at a Second Reading at a date TBD. New WSF fees will go into effect at a date selected by the Board.

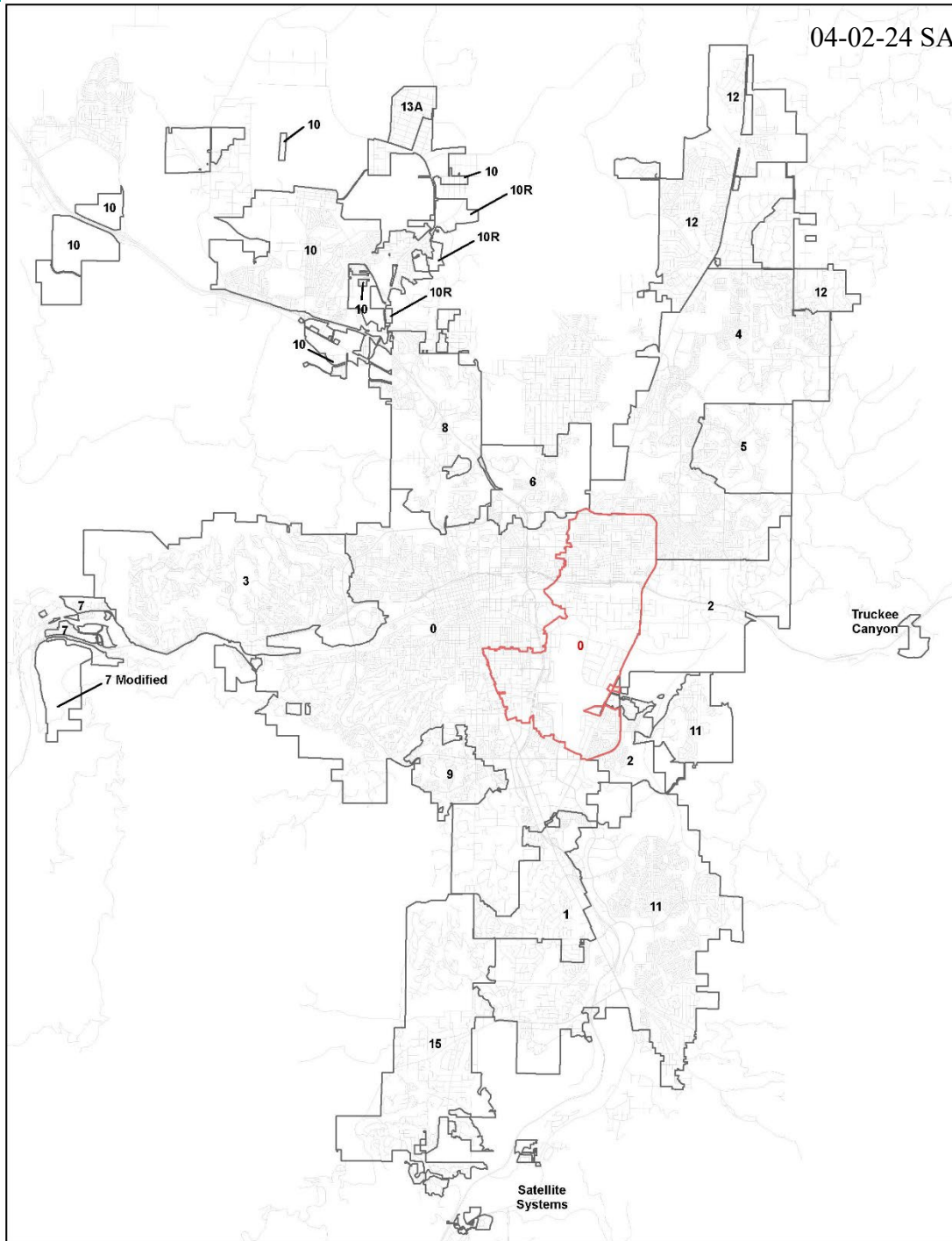
Thank you!

Corporate Office:

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RECENT HISTORICAL FACILITY COSTS - 2024 UPDATE CYCLE

Water Mains:

<u>Project Name</u>	<u>Year</u>	<u>Diameter</u>	<u>Length</u>	<u>Cost</u>	<u>\$/in-LF</u>	
Caughlin-Mayberry Tie	2013	20	3460	\$1,317,402	\$19.04	
Lemmon Drive	2016	24	27630	\$9,635,646	\$14.53	
North Valleys Integ.	2016	18	2550	\$798,328	\$17.39	
Stead Ph. 2	2017	20	11880	\$3,311,905	\$13.94	
Arrowcreek Prkwy	2019	16	8100	\$2,508,370	\$19.35	
Verdi Main Extn.	2019	18	2700	\$1,444,052	\$29.71	no river xing
California-Marsh	2020	24	3500	\$2,332,324	\$27.77	
Boomtown Intertie	2021	16	1660	\$795,751	\$29.96	no J&B, no BPS
S Virginia 24" Main Kumle	2022	24	1800	\$2,039,433	\$47.21	
			AVG =		\$33.66	per in-LF

Pump Stations:

<u>Project Name</u>	<u>Year</u>	<u>(gpm)</u>	<u>Hp</u>	<u>Cost</u>	
Sutro #2	2016	2450	125	\$992,901	
Satellite Hills	2017	1500	90	\$1,748,788	
D'Andrea #3	2018	1750	240	\$1,184,438	
Gulling (K-Row#1 Repl.)	2020			\$2,144,289	no pipeline costs
Disc Drive	2021			\$2,719,450	low bid + 20%, no pipeline costs
Kinglet	2021			\$1,726,000	low bid + 20%, no pipeline costs
Silver Hills BPS	2022			\$3,331,116	low bid + est. soft costs, not awarded
7th Street BPS	2023			\$4,609,349	low bid + est. soft costs, in const
SQ 1 BPS	2023			\$3,173,588	low bid + soft costs
			AVG =	\$2,950,632	

Wells:

<u>Project Name</u>	<u>Year</u>	<u>Hp</u>	<u>(gpm)</u>	<u>Cost</u>	<u>\$/gpm</u>	
Huffaker PI Well	2016	60	600	\$1,303,284	\$2,172	equipping only - no drilling/casing
Innovation Well	2016	100	600	\$1,941,701	\$3,236	equipping only - no drilling/casing
Double Diamond 3 Well	2016	250	1800	\$1,733,427	\$963	equipping only - no drilling/casing
Springs Creek 8 Well	2021	125	750	\$1,305,382	\$1,741	equipping only - no drilling/casing
Brush Well	2023		800	\$3,280,327	\$4,100	equipping only - no drilling/casing + est. soft costs, in const
			AVG =	\$1,912,824		(drilling varies from \$750K-\$1M)

Storage Tanks:

<u>Project Name</u>	<u>Year</u>	<u>(MG)</u>	<u>Type</u>	<u>Cost</u>	<u>\$/gallon</u>	
Somersett #1	2005	2	PSC	\$2,499,281	\$1.25	
Pyramid	2007	4	STL	\$4,844,749	\$1.21	
Raleigh #3	2007	4	STL	\$3,722,356	\$0.93	
Hunter Creek Res	2008	4	STL	\$4,260,803	\$1.07	
Peavine	2018	2	STL	\$2,038,961	\$1.02	no excavation, minor sitework
Lemmon Valley 1	2024	0.5	STL	\$2,314,634	\$4.63	low bid + est. soft costs, in const
SQ Tank Verdi	2024	0.5	STL	\$2,080,000	\$4.16	communication with developer contractor
STMGID East	2027	3.7	STL			
Caughlin #2	2027	1	STL			
			AVG =		\$3.27	per Gallon
Ridgeview	2006	1.5	PSC	\$5,531,292	\$3.69	not included in average cost

Summary - Construction Costs:

Pipeline	\$30	/dia in-LF
BPS	\$3,000,000	ea.
Wells	\$3,300,000	ea.
Tanks	\$3.0	gallon