



## STANDING ADVISORY COMMITTEE

### AGENDA

**Tuesday, June 4 2024 at 3:00 p.m.**  
**Truckee Meadows Water Authority**  
**Independence Room, 1355 Capital Blvd., Reno, NV**

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#### 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 Chair and Vice-Chair are absent, the remaining SAC members may elect a temporary presiding officer to preside over the meeting until the Chair or Vice-Chair 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 April 2, 2024 meeting (**For Possible Action**)
5. Presentation of Fiscal Year 2024 Q3 year to date financial results — Matt Bowman\*
6. Presentation on the final budget for the Fiscal Year ending June 30, 2025 and the 2025-2029 Five-Year Capital Improvement Plan — Matt Bowman and David Diegle\*
7. Informational update on TMWA's rate study — Matt Bowman and Shawn Stoddard\*
8. Presentation on TMWA's cybersecurity program — Sean Feeney\*

9. Discussion and possible recommendation to the Board on promoting Alex Talmant from Senior Citizen alternate representative to primary representative — Sonia Folsom (**For Possible Action**)
10. Discussion and possible direction to staff regarding agenda items for future meetings (**For Possible Action**)

**NEXT REGULAR SAC MEETING: October 1, 2024**

11. Staff Items\* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
12. Committee Items\* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
13. Public Comment — limited to no more than three minutes per speaker\*
14. Adjournment (**For Possible Action**)



## STANDING ADVISORY COMMITTEE

### **DRAFT** MINUTES

June 4, 2024

The Standing Advisory Committee (SAC) met at TMWA, 1355 Capital Blvd, Reno, NV. Chair Krmptic called the meeting to order at 3:03 p.m.

#### 1. ROLL CALL

**Primary Members and Voting Alternates Present:** Brian Bosma, Jordan Hastings, John Krmptic, Justin McDougal, Neil McGuire, Ken McNeil, Chris Melton, Dale Sanderson, \*Jonnie Pullman, Kevin Ryan, Alex Talmant, Ryan Greenhalgh, and Jerry Wager.

**Primary Members and Alternates Absent:** Fred Arndt, Robert Chambers, Colin Hayes, Connor Naisbitt.

**Staff Present:** Matt Bowman, Chris Briscoe, Sophie Cardinal, Robert Charpentier, David Diegle, Sean Feeney, Sonia Folsom, Levi Kleiber, Dan Nubel, Danny Rotter, Shawn Stoddard, Sandra Tozi, John Zimmerman, and Legal Counsel Justina Caviglia (PBL).

*\*Member Pullman arrived at 3:07 p.m.*

Chair Krmptic welcomed Member Greenhalgh to the Committee.

#### 2. PUBLIC COMMENT

Chair Krmptic informed the Committee that Ken Becker, At-Large 2 Customer Class Alternate Representative passed away on May 19, 2024 peacefully after battling pancreatic cancer. A moment of silence was held out of respect.

John Zimmerman, TMWA General Manager, noted that Member Becker was an engaged member and always asked questions regarding financials, rates, etc. Staff valued his input and support of TMWA. He will be missed.

Matt Bowman, TMWA Chief Financial Officer, added that Member Becker always read the financial statements, Annual Comprehensive Financial Report cover-to-cover and even caught a few errors that he brought to their attention, but he was always very insightful and had positive feedback.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE MINUTES OF APRIL 2, 2024 MEETING

**Upon motion duly made by Member Hastings, and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved the minutes of April 2, 2024.**

5. PRESENTATION OF FISCAL YEAR 2024 Q3 YEAR TO DATE FINANCIAL RESULTS

Mr. Bowman presented the third quarter financial results for FY 2024. He noted that there were no unexpected expenses, the revenue was behind the budget due to lower water sales, and the operating expenses were 6% (\$5.2m) below budget.

Member McNeil inquired about the decrease in salaries and wages, and what was meant by developer infrastructure contributions. Mr. Bowman explained that funds are allocated for positions, but staffed as needed and the developer infrastructure contributions are non-cash, but are given to TMWA as an asset on the books.

6. PRESENTATION ON THE FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2025 AND THE 2025-2029 FIVE-YEAR CAPITAL IMPROVEMENT PLAN (CIP)

Mr. Bowman presented the final FY 2025 budget and FY 2025-29 CIP.

Member Pullman complimented him and staff on a very easy to understand CIP with pictures for those who are not experts in the field.

7. INFORMATIONAL UPDATE ON TMWA'S RATE STUDY

Mr. Bowman and Shawn Stoddard, Ph.D., TMWA's Senior Resource Economist, introduced the study.

Dr. Stoddard provided a brief background regarding his work and academic experience since joining TMWA in 2001 from Sierra Pacific Power Company. He highlighted two ongoing studies: one analyzing cost of service and another aiming to simplify the company's schedules. In addition, he stated TMWA has engaged a consultant to help with the cost of service study and he has two new interns working on updating and analyzing data sets, with a focus on water agency's rate structures and potential for consolidation.

Member McNeil inquired about other water agencies having and if TMWA's structure was unique. Dr. Stoddard replied, no TMWA's is not unique and there are other agencies with similar structures.

Member Wager stated he has seen water use decrease by smart meters and inquired if they will relook at where the tiers are and looking at lowering tiers to increase income. Dr. Stoddard replied yes and Mr. Bowman added the purpose of the study is not to increase income rather to have revenue collected correctly based on the cost of service.

#### 8. PRESENTATION ON TMWA'S CYBERSECURITY PROGRAM

Mr. Zimmerman introduced Sean Feeney, the newly promoted TMWA Director of Technology.

Mr. Feeney gave an overview on TMWA's cybersecurity program explaining the organization's efforts to enhance cybersecurity and physical security, which will make it more challenging for attackers, including building defense in depth, segmenting and separating critical operational technology from the business network, and implementing the concept of zero trust. He also referenced the risks of ransomware and operational technology compromise, and highlighted that the cost of cybersecurity measures is difficult to predict due to emerging threats like AI.

#### 9. DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD ON PROMOTING ALEX TALMANT FROM SENIOR CITIZEN ALTERNATE REPRESENTATIVE TO PRIMARY REPRESENTATIVE

Sonia Folsom, TWMA Executive Assistant, presented the staff report, confirming Member Talmant has agreed to being primary.

**Upon motion duly made by Member Wager and seconded by Member McNeil, and carried by unanimous consent of the members present, the Committee approved the recommendation to the Board on promoting Alex Talmant from Senior Citizen alternate representative to primary representative.**

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

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

#### **Next meeting:**

1. Update on the rate/cost of service study
2. Q4 FY 2024 financial update
3. FY2025 funding plan
4. Update on American Flat project
5. Water supply update
6. Election of chair and vice chair for 2025

11. STAFF ITEMS

Ms. Folsom mentioned scheduling tours of both TMWA's Verdi Hydroelectric Power Plant and Chalk Bluff Water Treatment Plant at the end of the month for Committee members to attend.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment.

14. ADJOURNMENT

With no further items for discussion, Chair Krmpotic adjourned the meeting at 4:22 p.m.

Approved by the Standing Advisory Committee in session on \_\_\_\_\_.

Sonia Folsom, Recording Clerk

*\*Member Pullman was present for agenda items 5 thru 14 only.*



**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, Chief Financial Officer  
**DATE:** September 9, 2024  
**SUBJECT:** Presentation of Fiscal Year 2024 Q4 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 %
<b>CHANGE IN NET POSITION</b>	<b>\$ 46,124,331</b>	<b>\$ 45,846,430</b>	<b>\$ 277,901</b>	<b>1 %</b>

Change in net position was \$0.3m or 1% higher than budget through Q4 2024. This was driven by higher operating income due to lower operating expenses, higher unrealized investment earnings and grant revenue.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>CHANGE IN NET POSITION</b>	<b>\$ 46,124,331</b>	<b>\$ 30,224,075</b>	<b>\$ 15,900,256</b>	<b>53 %</b>

Change in net position was \$15.9m or 53% higher than the prior year. This was primarily due to higher operating income and a net increase in fair value of investments compared to a net loss in the prior year. In the second quarter, interest rates dropped sharply leading to unrealized gains in TMWA's investment portfolio. Capital contributions were higher from grant revenue related to the Advanced Meter Infrastructure project, offset by lower developer infrastructure contributions due to less assets placed in service during the year compared to the prior year.

Revenue

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	113,961,589	116,653,419	(2,691,830)	(2)%
Hydroelectric Sales	4,193,494	3,355,681	837,813	25 %
Other Operating Sales	4,220,374	3,322,025	898,349	27 %
Total Operating Revenues	122,375,457	123,331,125	(955,668)	(1)%

Operating revenue was \$1.0m or 1% lower than budget through Q4 2024. This was mostly driven by lower water sales. Water consumption was lower than budget due to high precipitation through the summer and into fall with lower temperatures (fiscal Q1 and Q2). Although the variance in water sales remains, there was a significant improvement from Q1, which was 8% lower than budget. Warm and dry weather during Q4 led to increased irrigation and water use. Q4's water sale revenue was 9% higher than budget for the quarter. TMWA's hydroelectric sales remain strong with the Hydro team achieving record revenue in the fiscal year.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	113,961,589	107,098,581	6,863,008	6 %
Hydroelectric Sales	4,193,494	2,928,163	1,265,331	43 %
Other Operating Sales	4,220,374	3,122,397	1,097,977	35 %
Total Operating Revenues	122,375,457	113,149,141	9,226,316	8 %

Total operating revenues were higher than prior year by \$9.2m or 8% due to higher water and other operating sales. Hydroelectric sales hit a new record this year with all three plants online the duration of the fiscal year allowing for optimization of river flows. Washoe plant was offline in Q3 of the prior year due to low river flows and inspections and repairs.

**Operating Expenses**

**Budget to Actual**

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	30,637,686	31,654,292	(1,016,606)	(3)%
Employee Benefits	16,283,832	13,865,891	2,417,941	17 %
Services and Supplies	37,552,454	44,029,570	(6,477,116)	(15)%
Total Operating Expenses Before Depreciation	84,473,972	89,549,753	(5,075,781)	(6)%
Depreciation	36,500,513	35,460,610	1,039,903	3 %
Total Operating Expenses	120,974,485	125,010,363	(4,035,878)	(3)%

Total operating expenses were \$4.0m or 3% lower than budget through Q4 2024. Salaries and wages were lower due primarily to position vacancies. Employee benefits were higher than budget due to primarily to PERS expense. This expense is recognized at the end of the fiscal year following the NV PERS GASB 68 Audit Report which allocates overall PERS expenses to each participating entity. PERS expense for TMWA was approximately \$3m higher than in FY 2023. Services and supplies were \$6.5m or 15% lower than budget. This was mostly due to lower chemical costs of approximately \$1.9m 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. Electric power costs ended the year within 1% of budget.

**Year over Year**

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	30,637,686	27,309,513	3,328,173	12 %
Employee Benefits	16,283,832	13,905,722	2,378,110	17 %
Services and Supplies	37,552,454	38,311,560	(759,106)	(2)%
Total Operating Expenses Before Depreciation	84,473,972	79,526,795	4,947,177	6 %
Depreciation	36,500,513	34,848,532	1,651,981	5 %
Total Operating Expenses	120,974,485	114,375,327	6,599,158	6 %

Year over year operating expenses were \$6.6m 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 are lower due primarily to a decrease in chemical costs.



Non-Operating Expenses

Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	1,761,755	4,870,030	(3,108,275)	(64)%
Net Increase (Decrease) in FV of Investments	7,185,606	—	7,185,606	— %
Gain (Loss) on Disposal of Assets	(3,544,836)	(1,643,000)	(1,901,836)	116 %
Amortization of Bond/note Issuance Costs	(499,000)	—	(499,000)	— %
Interest Expense	(10,181,533)	(11,028,721)	847,188	(8)%
Total Nonoperating Revenues (Expenses)	(5,278,008)	(7,801,691)	2,523,683	(32)%

Nonoperating expenses were \$2.5m or 32% lower than budget in 2024. Investment earnings were lower than budget due to cash optimization financing which was finalized in January 2024. As part of this transaction, 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. Loss on asset disposal was higher than budget due to two capital projects which were written off during the year - the Spring Creek 9 well and HR/Payroll implementation project.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	1,761,755	3,576,888	(1,815,133)	(51)%
Net Increase (Decrease) in FV of Investments	7,185,606	(1,626,597)	8,812,203	(542)%
Gain (Loss) on Disposal of Assets	(3,544,836)	(1,261,500)	(2,283,336)	181 %
Amortization of Bond/note Issuance Costs	(499,000)	—	(499,000)	— %
Interest Expense	(10,181,533)	(11,522,905)	1,341,372	(12)%
Total Nonoperating Revenues (Expenses)	(5,278,008)	(10,834,114)	5,556,106	(51)%

Nonoperating expenses were lower than prior year by \$5.6m or 51%, primarily due a net increase in fair value of investments compared to a net loss in the prior year. In November and December 2023 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 %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	9,658,905	2,687,700	6,971,205	259 %
Water Resource Sustainability Program	1,097,584	1,128,328	(30,744)	(3)%
Developer Infrastructure Contributions	9,962,594	15,344,792	(5,382,198)	(35)%
Developer Will-serve Contributions (Net of Refunds)	5,507,199	5,214,000	293,199	6 %
Developer Capital Contributions - Other	6,026,121	—	6,026,121	— %
Developer Facility Charges (Net of Refunds)	12,874,933	16,852,539	(3,977,606)	(24)%
Contributions from Others	73,095	—	73,095	— %
Contributions from Other Governments	4,800,936	14,100,000	(9,299,064)	(66)%
Net Capital Contributions	50,001,367	55,327,359	(5,325,992)	(10)%

Capital contributions were \$5.3m or 10% lower than budget. Lower contributions from other governments were a result of lower spending on the American Flat APW project. Lower developer infrastructure contributions also led to the variance and were caused by less assets placed into service. Primarily, less linear feet of water main were completed during the year. These decreases were offset by an increase in grant revenue. TMWA recognized \$9.4m 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 %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	9,658,905	88,724	9,570,181	10,786 %
Water Resource Sustainability Program	1,097,584	798,007	299,577	38 %
Developer Infrastructure Contributions	9,962,594	19,884,818	(9,922,224)	(50)%
Developer Will-serve Contributions (Net of Refunds)	5,507,199	3,620,779	1,886,420	52 %
Developer Capital Contributions - Other	6,026,121	1,846,641	4,179,480	226 %
Developer Facility Charges (Net of Refunds)	12,874,933	14,631,602	(1,756,669)	(12)%
Contributions from Others	73,095	—	73,095	— %
Contributions from Other Governments	4,800,936	1,413,804	3,387,132	240 %
Net Capital Contributions	50,001,367	42,284,375	7,716,992	18 %

Year over year, capital contributions are \$7.7m or 18% higher than the prior year primarily due to an increase in grants offset by a decrease in developer infrastructure contributions. The decrease in developer infrastructure costs is due to a decrease of \$6.3m or 55% in mains and a decrease in water storage of \$1.3m related to Desert Springs Tank 4, which was placed in service in the prior year.

### Capital Spending

Cash spent on capital outlays and construction projects through Q4 2024 was approximately \$72.1m. Total budgeted capital spend for fiscal year 2024 is \$103.7m, which included \$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 during the fiscal year is listed below:

Orr Ditch pump station and hydro facility	\$ 18.6m
Tank Improvements	\$ 7.3m
American Flat APW Facility	\$ 6.7m

### Cash Position

At June 30, 2024 total cash and investments was \$187.8m or \$19.5m lower than at the beginning of the fiscal year. Of the total cash and investments, \$132.9m was unrestricted to be used to meet upcoming and future operating and maintenance expenses, principal and interest payments and construction project payments. The remaining \$54.9m 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 fourth quarter ended June 30, 2024

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	\$ 113,961,589	\$ 116,653,419	\$ (2,691,830)	(2)%
Hydroelectric Sales	4,193,494	3,355,681	837,813	25 %
Other Operating Sales	4,220,374	3,322,025	898,349	27 %
Total Operating Revenues	122,375,457	123,331,125	(955,668)	(1)%
<b>OPERATING EXPENSES</b>				
Salaries and Wages	30,637,686	31,654,292	(1,016,606)	(3)%
Employee Benefits	16,283,832	13,865,891	2,417,941	17 %
Services and Supplies	37,552,454	44,029,570	(6,477,116)	(15)%
Total Operating Expenses Before Depreciation	84,473,972	89,549,753	(5,075,781)	(6)%
Depreciation	36,500,513	35,460,610	1,039,903	3 %
Total Operating Expenses	120,974,485	125,010,363	(4,035,878)	(3)%
<b>OPERATING INCOME</b>	<b>1,400,972</b>	<b>(1,679,238)</b>	<b>3,080,210</b>	<b>(183)%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	1,761,755	4,870,030	(3,108,275)	(64)%
Net Increase (Decrease) in FV of Investments	7,185,606	—	7,185,606	— %
Gain (Loss) on Disposal of Assets	(3,544,836)	(1,643,000)	(1,901,836)	116 %
Amortization of Bond/note Issuance Costs	(499,000)	—	(499,000)	— %
Interest Expense	(10,181,533)	(11,028,721)	847,188	(8)%
Total Nonoperating Revenues (Expenses)	(5,278,008)	(7,801,691)	2,523,683	(32)%
Gain (Loss) Before Capital Contributions	(3,877,036)	(9,480,929)	5,603,893	(59)%
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	9,658,905	2,687,700	6,971,205	259 %
Water Resource Sustainability Program	1,097,584	1,128,328	(30,744)	(3)%
Developer Infrastructure Contributions	9,962,594	15,344,792	(5,382,198)	(35)%
Developer Will-serve Contributions (Net of Refunds)	5,507,199	5,214,000	293,199	6 %
Developer Capital Contributions - Other	6,026,121	—	6,026,121	— %
Developer Facility Charges (Net of Refunds)	12,874,933	16,852,539	(3,977,606)	(24)%
Contributions from Others	73,095	—	73,095	— %
Contributions from Other Governments	4,800,936	14,100,000	(9,299,064)	(66)%
Net Capital Contributions	50,001,367	55,327,359	(5,325,992)	(10)%
<b>CHANGE IN NET POSITION</b>	<b>\$ 46,124,331</b>	<b>\$ 45,846,430</b>	<b>\$ 277,901</b>	<b>1 %</b>

# Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position  
 For the fourth quarter ended June 30, 2024

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	\$ 113,961,589	\$ 107,098,581	\$ 6,863,008	6 %
Hydroelectric Sales	4,193,494	2,928,163	1,265,331	43 %
Other Operating Sales	4,220,374	3,122,397	1,097,977	35 %
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Employee Benefits	16,283,832	13,905,722	2,378,110	17 %
Services and Supplies	37,552,454	38,311,560	(759,106)	(2)%
Total Operating Expenses Before Depreciation	84,473,972	79,526,795	4,947,177	6 %
Depreciation	36,500,513	34,848,532	1,651,981	5 %
Total Operating Expenses	120,974,485	114,375,327	6,599,158	6 %
<b>OPERATING INCOME</b>	<b>1,400,972</b>	<b>(1,226,186)</b>	<b>2,627,158</b>	<b>(214)%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	1,761,755	3,576,888	(1,815,133)	(51)%
Net Increase (Decrease) in FV of Investments	7,185,606	(1,626,597)	8,812,203	(542)%
Gain (Loss) on Disposal of Assets	(3,544,836)	(1,261,500)	(2,283,336)	181 %
Amortization of Bond/note Issuance Costs	(499,000)	—	(499,000)	— %
Interest Expense	(10,181,533)	(11,522,905)	1,341,372	(12)%
Total Nonoperating Revenues (Expenses)	(5,278,008)	(10,834,114)	5,556,106	(51)%
Gain (Loss) Before Capital Contributions	(3,877,036)	(12,060,300)	8,183,264	(68)%
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	9,658,905	88,724	9,570,181	10,786 %
Water Resource Sustainability Program	1,097,584	798,007	299,577	38 %
Developer Infrastructure Contributions	9,962,594	19,884,818	(9,922,224)	(50)%
Developer Will-serve Contributions (Net of Refunds)	5,507,199	3,620,779	1,886,420	52 %
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## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, Chief Financial Officer  
**DATE:** September 26, 2024  
**SUBJECT:** **Funding Plan for Fiscal Years 2025-2029**

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### Recommendation

Recommendation is to approve the five-year funding plan as presented and proceed with the previously approved 4.0% rate increase to be implemented in May 2025. The TMWA Standing Advisory Committee (SAC) and TMWA Board of Directors (Board) will continue to monitor recurring revenues and the cost of servicing TMWA customers based on the funding plan, annually, considering debt service coverage ratios and minimum unrestricted cash balances.

### Summary

At the February 21, 2024 TMWA Board meeting, the Board adopted resolution No. 323, outlining a series of rate increases over three years followed by annual rate adjustments based on CPI-U, subject to annual review based on TMWA's financial position. The approved rate increases for the first three years were 4.5%, 4.0% and 3.5% in May 2024, May 2025 and May 2026, respectively. Following this adoption, TMWA implemented the first rate increase of 4.5% in May 2024.

Each year, the TMWA SAC and Board will review TMWA's five-year funding plan and consider whether the upcoming, scheduled rate adjustment is required to meet certain financial objectives. These objectives include a debt service coverage ratio of 1.50x on TMWA's senior lien debt and a minimum unrestricted cash balance based on certain financial criteria calculated each year.

The proposed funding plan includes rate increases of 4.0% and 3.5% in May 2025 and 2026, respectively and assumed CPI-U based rate increases of 2.5% in years 2027-2029.

**Attachment A** includes a summary of revenue sufficiency, debt service coverage and cash balances over the five years. These three measures are discussed in more detail below. Critical financial goals for TMWA that need to be considered in these funding plans are as follows:

- Maintain recurring revenues sufficient to cover the cost to serve customers.

- Maintain a senior lien coverage (DSC) ratio that not only meets bond covenants of 1.25x, but also meets the board designated goal of 1.50x.
- Maintain sufficient cash balances to facilitate the payment for rehabilitative capital projects on a pay-go basis.
- Maintain high investment grade credit ratings to effectively access credit markets.

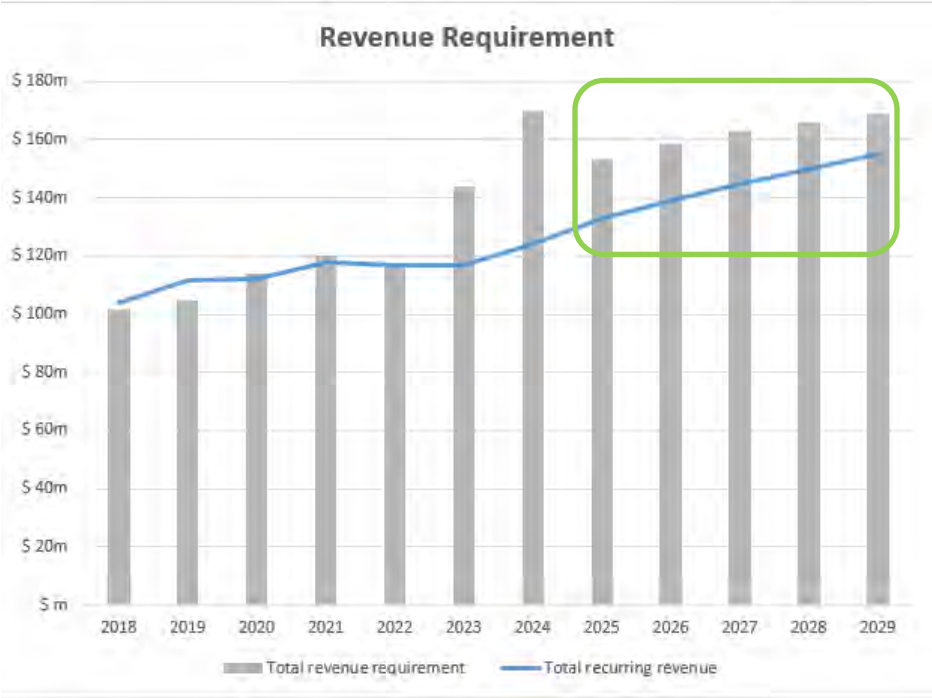
The funding plan analyzes the ability of TMWA to fund the cost to serve customers which includes operating expenses, principal and interest payments on current outstanding debt related to customers, and all capital improvements presented in the TMWA Capital Improvement Plan (CIP) that relate to maintaining service for current customers from recurring revenues. Recurring revenues are comprised of water sales, hydroelectric revenues, other miscellaneous operating revenues and investment income with water sales making up between 90% and 95% of recurring revenues. Critical Risks for TMWA to consider related to this funding plan include:

- This funding plan does not predict any conservation that may occur due to possible drought conditions, and it assumes that there will be sufficient river flows to operate hydroelectric plants in each year of the plan.
- Growth is expected to remain steady throughout the plan. Should the local economy experience a slow-down or recession, growth could slow, which would have a negative effect on cash balances.

The funding plan is based on detailed financial projections. Assumptions used in these financial projections can be found in **Attachment B**. The funding plan is different from the budget. When Staff prepares the annual budget, we ensure that we have enough expenses projected to cover all reasonable scenarios. Since the funding plan is used to determine whether rate increases are necessary, it is typically less conservative in projecting operating expenses and capital spending.

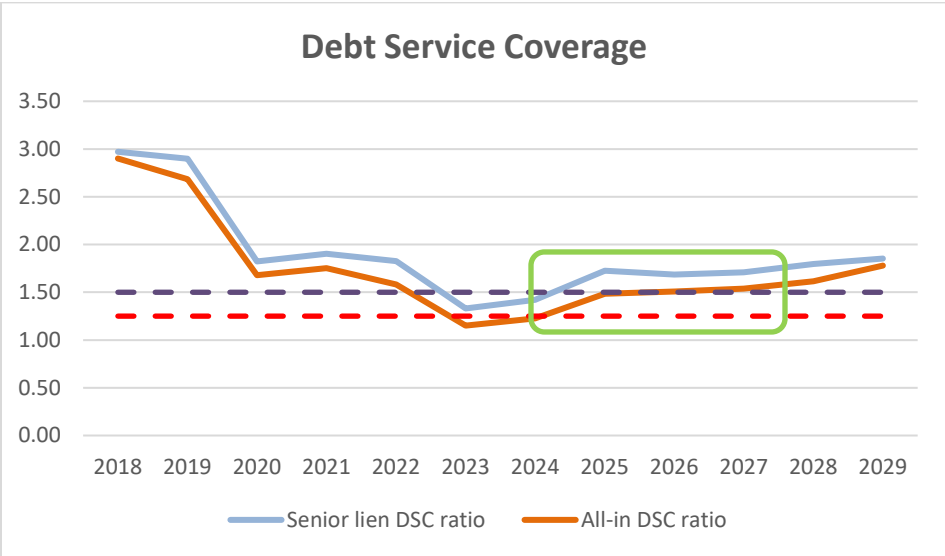
### **Revenue Sufficiency**

TMWA is forecasting a deficiency in revenue requirement and recurring revenues. This is consistent with the funding plan presented for fiscal years 2024-2028 and is largely a function of inflation incurred in fiscal years 2023 and 2024. While the deficiency is present each year, it narrows from \$17.5 million in FY 2025 to \$13.7 million in FY 2029. Revenue requirement and recurring revenue are shown in the chart on the following page.



**Debt Service Coverage**

TMWA is forecasting all-in debt service coverage to be 1.49x which is slightly below the Board goal of 1.50x in fiscal year 2025. However, through use of the rate stabilization fund<sup>1</sup> of only \$0.5 million, the ratio reaches 1.50x. Use of the rate stabilization fund alleviates the need for further rate increases and will have a project balance of \$11.2 million.



<sup>1</sup> The rate stabilization fund was established by the TMWA board through adoption of resolution No. 267. The rate stabilization fund is calculated as three percent of the next three years’ total water sales revenue.

**Cash Balances and Credit Ratings**

TMWA's unrestricted cash balances remain above the minimum required per Board policy. In fiscal year 2027, unrestricted cash reaches a low point of \$111.6 million, which is \$1.5 million above the required minimum. TMWA's credit ratings remain strong, holding at AAA, AA+ and Aa2 from Fitch, Standard and Poor's and Moody's, respectively.

**Recommended Motion**

Move to approve the funding plan as presented.

ATTACHMENT A						
	Forecast FY25	Forecast FY26	Forecast FY27	Forecast FY28	Forecast FY29	Total FY 25-29
<b>Projected Rate Increases</b>	<b>4.00%</b>	<b>3.50%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>	
<b>Revenue Sufficiency</b>						
<b>Revenue Requirement (expenditures)</b>						
Operating Expenses (excluding depreciation)	88,775,935	94,254,136	97,763,790	100,288,648	103,907,177	484,989,686
Principal and Interest on customer related debt	29,091,834	27,776,001	28,869,320	28,704,272	26,889,027	141,330,453
Rehabilitative Capital Spending	35,590,563	36,124,421	36,666,288	37,216,282	37,774,526	183,372,081
Total Revenue Requirement	153,458,331	158,154,558	163,299,398	166,209,202	168,570,730	809,692,219
<b>Recurring Revenues</b>						
Water Sales Revenues	123,715,379	126,957,990	132,816,801	137,761,421	142,741,118	663,992,708
Hydroelectric Sales	2,963,889	3,023,166	3,083,630	3,145,302	3,208,208	15,424,195
Other Operating Sales	4,220,374	4,256,378	4,298,942	4,341,931	4,385,350	21,502,975
Investment Income	5,103,838	4,564,360	4,658,306	4,490,083	4,530,440	23,347,028
Total Recurring Revenues	136,003,480	138,801,894	144,857,678	149,738,737	154,865,117	724,266,906
Surplus (Deficiency)	(17,454,851)	(19,352,664)	(18,441,720)	(16,470,465)	(13,705,614)	(85,425,314)
<b>Debt Service Coverage (DSC)</b>						
Total Revenue	136,003,480	138,801,894	144,857,678	149,738,737	154,865,117	
Operating Expenses	(88,775,935)	(94,254,136)	(97,763,790)	(100,288,648)	(103,907,177)	
Net Revenue	47,227,545	44,547,758	47,093,888	49,450,089	50,957,939	
Senior Lien Debt Service	27,378,971	26,452,875	27,550,625	27,543,375	27,511,750	
Senior Lien DSC	1.72	1.68	1.71	1.80	1.85	
Total Debt Service	31,789,182	29,516,325	30,611,644	30,606,725	28,632,904	
All-in DSC	1.49	1.51	1.54	1.62	1.78	
<b>Total Cash</b>						
Restricted Cash	51,040,469	52,163,257	54,815,801	53,541,966	53,759,643	
Rate Stabilization Fund	11,738,045	11,926,086	12,399,580	12,847,174	13,279,604	
Unrestricted Cash	118,965,207	121,395,126	111,570,749	114,003,950	123,198,094	
Total Cash	181,743,720	185,484,469	178,786,130	180,393,090	190,237,341	
<i>Unrestricted Cash Required by BOD Resolution 266</i>	106,457,036	108,572,980	110,038,538	111,181,746	112,695,541	
Cash Surplus/(Deficiency)	12,508,171	12,822,146	1,532,211	2,822,205	10,502,552	

**(ATTACHMENT B)**

**2025-2029 Draft Funding Plan Assumptions**

**Operational Assumptions**

1. Reliance on surface water will continue with groundwater supplies augmenting the surface water treatment plants.
2. Orr ditch hydro will supply power to the Chalk Bluff treatment plant beginning in fiscal year 2026.

**Revenue/Capital Contribution Assumptions**

1. The Funding Plan anticipates an additional 7,789 service connections over the five-year period, based on the most recent population forecast.
2. Hydroelectric sales projections are based on sufficient river flows in 2025 through 2029, with consideration given for typical planned and unplanned downtime.
3. Weighted average yield on investable cash is estimated to average 2.5% each year.
4. Will-serve sales are expected to be approximately \$24.6 million in FY 2025 through 2029.
5. Developer facility charges are projected to be \$75.8 million over the ensuing period.
6. Construction on the Advanced Purified Water Facility at American Flat is expected to commence in FY 2026 and run through FY 2028.
  - a. Funding for the project will come from three sources: grant proceeds, State Revolving Fund loan proceeds and City of Reno contributions.
  - b. Net impact on cash flow over the life of the project is an outflow of \$17.8 million from FY 2025-2028.
  - c. Operating expenses of \$1.4 million are expected to commence in FY 2029.

**Operating Expense Assumptions**

1. Wages and salaries increase for all employees is projected to be 3.5%, 3.0%, 2.5% and 2.5% in each of the fiscal years 2026 through 2029, respectively.
2. Headcount is projected to increase by 20 employees from the fiscal year 2025 budget, or 7%.
3. Public Employee Retirement System contribution rates are assumed to remain at 33.50% in all years.
4. General annual inflation of 2.0% is assumed for service and supplies.

**Debt Management Assumptions**

1. Drinking Water State Revolving Fund loan to be issued to partially fund APWF at American Flat.
  - a. Amount of loan - \$48.9 million
  - b. Interest rate – 1%
  
2. No other debt is expected to be issued in fiscal years 2025-2029.



## STAFF REPORT

TO: Standing Advisory Committee  
FROM: Sonia Folsom, TMWA SAC Liaison  
DATE: September 16, 2024  
SUBJECT: **Presentation and possible recommendation to the Board, of application to fill the Senior Citizen Alternate Customer Class vacancy, At-Large 1 and 2 Alternate Customer Class vacancies, and Residential Representative 1 and 2 Customer Class Alternate vacancies and other possible vacancies from the following pool of candidates listed in alphabetical order: Peggy Rew**

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### **Recommendation**

Staff is presenting to the Standing Advisory Committee (SAC) for its review, and possible recommendation to the Board, an application submitted to fill one of five vacancies.

### **Background**

The TMWA Board created the SAC 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 (**Attachment 1**). The committee currently consists of Board-appointed representatives of ten customer classes and four other seats held by representatives of community-interest groups (**Attachment 2**). 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 (**Attachment 3**) that may fill any one of the five following vacant positions:

- Senior Alternate – One (1) Vacancy;
- At-Large 1 Alternate – One (1) Vacancy;
- At-Large 2 Alternate – One (1) Vacancy;
- Residential Representative 1 Alternate - One (1) Vacancy; and
- Residential Representative 2 Alternate – One (1) Vacancy

**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).
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 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 Membership. Each member shall have one vote. Members participating telephonically may not vote on action items. An Alternate sitting in for an absent Member has all of the voting rights of the absent Member. Otherwise, an Alternate 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 members.

As amended, February 7, 2017



## TMWA Standing Advisory Committee History

### Bullet Points for SAC history

- 2004: The Truckee Meadows Water Authority (TMWA) Board formed a Rate Making Review Committee (RMRC) for the purpose of reviewing and providing customer input on the proposed second and third phases of the current rate case that was going before the Board in 2005. At the time the RMRC was formed, the Board did not foresee a permanent role for it.
- The initial RMRC recommended that the Board form a committee that serves in an advisory capacity on a permanent basis. Staff supported the recommendation for a standing committee.
- January 2005: Staff first approached the Board to recommend formation of the Standing Advisory Committee (SAC).
- March 2005: The Board established a SAC consisting of eleven (11) members: one (1) each of the following customer types – commercial, irrigation, multi-family, senior citizen, and wholesale; three (3) residential users all appointed by the TMWA Board; one (1) member appointed by the Builders Association of Northern Nevada; one (1) member appointed by the Reno-Sparks Chamber of Commerce; and one (1) member appointed by the Regional Water Planning Commission. Duties of the SAC include budget and rate increase review and recommendations and other matters the Board may assign.
- July 2005: The Board appointed a subcommittee to select applicants.
- September 2005: The Board appointed the first SAC members.
- August 2007: The State of Nevada Consumer Advocates Office appointed a member to the SAC.
- The SAC reviewed rate proposals in 2009, 2010 and 2012.
- December 31, 2014: The consolidation of Washoe County Department of Water Resources and South Truckee Meadows General Improvement District into TMWA.
- September 2016: The Board eliminated the Northern Nevada Water Planning Commission (formerly the Regional Water Planning Commission) and the State of Nevada Consumer Advocates Office appointments and created two At-Large positions.
- The SAC reviewed rate proposals in 2016, 2017, 2019, and 2023.

**TMWA Standing Advisory Committee**  
Term Appointments  
Membership List

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

**M. Peggy A. Rew**

[REDACTED] - residential

**Sparks, NV 89436**

Dear Sonia -

Thank you for responding to my 'interest' email regarding TMWA's Standing Advisory Committee Vacancy. As I said, I saw the newsletter and was intrigued by its content. I am open to any position, although I am a senior.

**HOAs & PTAs** - Since 1990, I have spoken at many City Council & County Commission meetings.

**Washoe County Regional Animal Services Animal Rescue Team** -  
Disasters, Hoarding Situations, etc. 2007-present

**Canine Rehabilitation Center and Cat Sanctuary** - Volunteer since inception 15 years ago when we approached Washoe County Commission to approve the use permit for the old Cattleman's.

**Res-Que** Dog Rescue and Rehoming - Volunteer since 2008

**Dog & Cat First Aid & Disaster Preparedness** - community wide since 2008

**Wild Women on Poetry** - facilitator 2004-2006

**Unnamed Writers' Group** - President, Facilitator, Mentor, Newsletter Editor  
1998-2014

**Step 2** Donation Drives with ALice 96.6 - 10 years with Bill & Connie

**Sierra Nevada Girl Scouts** - Staff member, Camp & Troop Leader 1985-89

**Nevada PTA** 1982-98

Personal references or references from my community involvement experiences upon request.

Thank you for your time.

*M. Peggy A. Rew*



**STAFF REPORT**

**TO:** Standing Advisory Committee  
**FROM:** Sonia Folsom, SAC Liaison  
**DATE:** September 16, 2024  
**SUBJECT:** **Update on Standing Advisory Committee Membership**

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Please find attached the 2025-26 Standing Advisory Committee (SAC) membership. Those whose term-limits expire on December 31, 2024 have been notified. The final SAC membership list will be presented to the Board of Directors for approval at the December Board meeting.

**TMWA Standing Advisory Committee**  
Term Appointments  
2025-2026 Membership List

<b>Customer Class</b>	<b>Primary Representative</b>	<b>Member Since</b>	<b>Term Ends</b>	<b>Alternate Representative</b>	<b>Member Since</b>	<b>Term Ends</b>
<b>Wholesale (Sun Valley)</b>	Chris Melton	2020	12/31/2025	<i>Vacant</i>		
<b>Irrigation</b>	Neil McGuire	2005	12/31/2024	<i>Vacant</i>		
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<b>Residential:</b>						
<b>Representative 1</b>	Dale Sanderson	2017	12/31/2024	<i>Vacant</i>		
<b>Representative 2</b>	Fred Arndt	2017	12/31/2024	<i>Vacant</i>		
<b>Representative 3</b>	Jerry Wager	2014	12/31/2024	Kevin Ryan	2021	12/31/2025
<b>Appointments:</b>						
<b>BANN</b>	Colin Hayes	2010	12/31/2025	Justin McDougal	2024	12/31/2025
<b>Reno-Sparks Chamber</b>	Brian Bosma	2024	12/31/2025	Conner Naisbitt	2024	12/31/2025



## STAFF REPORT

**TO:** Standing Advisory Committee  
**FROM:** Sonia Folsom, SAC Liaison  
**DATE:** September 16, 2024  
**SUBJECT:** **Presentation and possible approval of 2025 meeting schedule**

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The TMWA Standing Advisory Committee meets quarterly on the first Tuesday at 3:00 p.m. The schedule of proposed meeting dates for 2025 is:

- Tuesday, February 4
- Tuesday, April 1
- Tuesday, June 3
- Tuesday, October 7

Meetings that appear on this schedule may be cancelled or changed due to lack of agenda items or other considerations. Also, a meeting may be called upon if an emergency arises.