

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE APRIL 20, 2011
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, April 20, 2011, at Sparks Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada. Chairman Carrigan called the meeting to order at 10:02 a.m.

1. ROLL CALL

Members Present: John Breternitz, Mike Carrigan, Mike Cate, Bob Larkin and Geno Martini.
Members Absent: Dave Aiazzi and Bob Cashell. A quorum was present.

2. PLEDGE OF ALLEGIANCE

Led by Member Martini.

3. APPROVAL OF THE AGENDA

Upon motion by Member Martini, second by Member Cate, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

4. PUBLIC COMMENT

There was no public comment.

5. APPROVAL OF THE MARCH 16, 2011 MINUTES

Upon motion by Member Cate, second by Member Larkin, which motion duly carried by unanimous consent of the members present, the Board approved the March 16, 2011 minutes.

6. DISCUSSION AND DIRECTION TO STAFF REGARDING 2011 LEGISLATIVE ACTIVITIES AND CURRENT BILLS, AND DISCUSSION AND ACTION ON APPOINTMENT OF ADDITIONAL MEMBERS TO THE LEGISLATIVE SUBCOMMITTEE

Mr. Erwin referred to the spreadsheet listing the current bills of interest to TMWA. He said the listing in the Board packet had not been updated with the bills which had died as of April 15, 2011. The Board asked for a recap of those bills. Mr. Erwin also indicated that staff is not requesting any change in the Board's position on the active remaining bills.

Steve Walker, Contract Lobbyist, reported on the bills that had died, and then mentioned the following bills which had passed.

AB 466 seeks definition of "environmentally sound" as it relates to interbasin transfers. This

bill was amended to require the State Engineer to define, by regulation, the term “environmentally sound” for the purpose of making that determination.

SB207, SB208 and SB242 all regarding independent contractors.

SB153 revises determination of beneficial use of municipalities’ water rights. It was amended per TMWA input to extend from 5 years to 10 years the allowed time extensions for permits.

Mr. Foree stated there had been some discussion about the possibility of adding a county commissioner to the Legislative Subcommittee and asked the Board to consider that as part of their deliberation. Chairman Carrigan asked for a volunteer from the county to sit on the legislative subcommittee. Member Breternitz volunteered.

Upon motion by Member Martini, second by Member Larkin, which motion duly carried by unanimous consent of the members present, the Board accepted the report as presented and appointed John Breternitz to the Legislative Subcommittee.

7. UPDATE ON COMMUNICATIONS ACTIVITIES FOR FISCAL YEAR 2011 AND REQUEST FOR BOARD INPUT REGARDING THE CUSTOMER COMMUNICATIONS AND COMMUNITY OUTREACH PLAN FOR FISCAL YEAR 2012

Kim Mazeres and Marlene Olsen, GoodStanding Outreach, presented the annual report as included in the agenda packet. They reviewed the accomplishments of the communication team, which includes TMWA staff, as well as GoodStanding (formerly Olsen & Associates) staff, reporting good results for 2010. When possible, all outcomes are tied to Customer Satisfaction Survey results that involve the following issues: public input and accessibility, awareness of value, awareness of water quality, and understanding Assigned-Day watering. All Customer Satisfaction metrics were either stable or up slightly in 2010. Upcoming events during the next two months to complete the plan will be the Landscape Awards and the Poster Art Contest.

The team stretches to be cost efficient, taking in-house the tactics that TMWA staff can do and using GoodStanding personnel for forecasting and planning. One very cost-effective method used due to the Board’s encouragement was social media, such as Facebook, Flickr and Twitter. All of the various cost-saving measures resulted in expenses for CY2010 at 64% of budget and to date for FY2011, at 47% of budget.

Ms. Mazeres and Ms. Olson outlined the plan for FY2012 and sought input from the Board. Most of the initiatives will continue, including the main messaging which should remain constant to the public. The plan will stress the value and quality of TMWA water, reinforce public access and open communication, and position TMWA staff as the go-to water experts. The main emphasis will be on engaging customers and community through all communications channels, including social media.

Chairman Carrigan said he was impressed with the Earned Media Report, which covers the press releases and resulting news coverage, evaluating the interviews and stories for the main messages important to TMWA. He said he continues to be amazed at the number of customers who say they read the bill inserts, an endorsement of the fact that the contents are about water issues and the water system only.

Chairman Carrigan commented that an upcoming issue will be the proposed merger of Washoe County Department of Water Resources water utility functions into TMWA and where people get their water. Ms. Olsen said that a separate communications plan for that issue will be developed for the Board's approval. Mr. Foree added that, in the financial forecast for merger-related activities, money has been included for the purpose of customer and community education.

Upon motion by Member Breternitz, second by Member Larkin, which motion duly carried by unanimous consent of the members present, the Board accepted the report on Communications activities for FY2011 and approved the Community Outreach Plan for FY2012.

8. REQUEST FOR BOARD APPROVAL OF THE PRIOR REDEMPTION OF THE OUTSTANDING 2001A BONDS MATURING ON JULY 1, 2012, 2015 AND 2016 AND AUTHORIZATION TO THE TRUSTEE TO GIVE CONDITIONAL NOTICE OF SUCH PRIOR REDEMPTION

Mr. Tissier introduced Jennifer Stern with Swendseid and Stern, Bond Counsel for TMWA and Washoe County. He said that TMWA has four remaining outstanding maturities of the original 2001A Bonds that were issued to establish TMWA. These bonds will be callable on July 1, 2011. The economics related to the proposed redemption make a compelling case to move forward with the redemption of two 2012 maturities, the 2015 maturity, and 2016 maturity. TMWA will issue commercial paper on a temporary basis to provide the necessary financial resources to effect this type of redemption. Since interest rates on tax exempt commercial paper are at historic lows of 0.30%-0.40% and the interest rates on the outstanding 2001A Bonds range from 4.65% to 5.5%, TMWA can realize substantial interest expense savings.

Upon motion by Member Martini, second by Member Larkin, which motion carried by unanimous consent of the members present, the Board approved the prior redemption of the outstanding 2001A Bonds maturing on July 1, 2012, 2015 and 2016 and authorization to the Trustee to give conditional notice of such prior redemption.

9. REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 173 APPROVING THE SECOND BUDGET AUGMENTATION AND BUDGET REVISION FOR FISCAL YEAR 2011

Mr. Tissier stated the resolution approving the second budget augmentation and budget revision

for FY2011 is required by law and will help accomplish the bond redemption as approved in Agenda Item 8. It is needed as there have been changes in revenues and expenses versus the existing budget, including a slight increase in interest expenses due to the issuance of the commercial paper and the related cash flow effects.

Upon motion by Member Larkin, second by Member Cate, which motion carried by unanimous consent of the members present, the Board adopted Resolution No. 173 approving the second budget augmentation and budget revision for FY2011.

10. PRESENTATION OF THE TENTATIVE BUDGET FOR FISCAL YEAR 2012, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Mr. Tissier presented the tentative budget for FY2012, soliciting Board input for incorporation into the final budget. The final budget presentation and public hearing will be conducted at the May Board meeting. The tentative budget was filed with the Nevada Department of Taxation and will be presented to the Standing Advisory Committee (SAC) in early May.

Mr. Tissier explained that the tentative budget shows water sales predicated on the existing rate structure. Hydroelectric revenue for FY2012 is expected to be at maximum levels, dependent upon plant availabilities. Developer fees should be slightly lower than the previous fiscal year due to a lack of new residential and commercial construction activities.

Operating expenses for FY2012 are expected to be held at \$36.8 million, which is significantly less than historical experience and current spending is estimated at the FY2005 level. The TMWA staff is doing an excellent job of controlling expenses in every category of our business. This is the last year of a fairly significant capital improvement plan, after which capital improvements will focus on rehabilitation of the water system. There is no requirement for system expansion for the foreseeable future.

For the third consecutive year, there is no provision for any wage increases. The Truckee River Fund has been re-established at the 1.5% level which is a commitment of \$1.1 million. Only \$880,000 was transferred in FY2010 and based on this budget, it will again be at the full commitment level.

Member Larkin noted that Washoe County had successfully negotiated a healthcare package that should only increase its costs by 1.46% and suggested TMWA review closely its negotiations with City of Reno and the health care providers on its healthcare rates.

Chairman Carrigan asked about the \$500,000 set aside for meter retrofit. Mr. Tissier replied that this is the remaining amount of money that had been collected over the years through developer fees for this specific use. The focus for FY2012 will be on the remaining multi-tenant units.

Upon motion by Member Martini, second by Member Larkin, which motion carried by unanimous consent of the members present, the Board approved the tentative budget as presented.

11. REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 174 SUPPORTING THE WEEK OF MAY 1-7, 2011 AS NATIONAL AND LOCAL DRINKING WATER WEEK

Paul Miller, Manager of Operations and Water Quality, presented this item. The request for a declaration supporting National Drinking Water Week and a report on water quality was initiated by the Board of County Commissioners (BCC). The report was requested because of the continued misrepresentation of local drinking water quality by the Environmental Working Group (EWG). Mr. Miller reassured everyone that this area has excellent water quality and should be thankful for such a great water source as Lake Tahoe and the Truckee River. He said TMWA has never had a water quality violation and that the community water resource is worth celebrating. Mr. Miller will attend the BCC meeting next week as part of a more in-depth report. Chairman Carrigan commented that responding to EWG, which is an irresponsible organization, has been tiring.

The Board approved the resolution unanimously.

Upon motion by Member Larkin, second by Member Breternitz, which motion carried by unanimous consent of the members present, the Board approved Resolution 174 supporting the week of May 1 – 7, 2011 as National and Local Drinking Water Week.

12. GENERAL MANAGER'S REPORT

Mr. Foree reported that this year has had the seventh highest winter snowpack since records have been kept—more than 100 years. Reservoirs in the Truckee River system are all expected to fill completely. This should guarantee a good water supply and good hydroelectric generation for the next three to four years. He said it appears that Lake Tahoe will come close to filling.

Mr. Foree asked the Board to mark their calendars for the TMWA's ten-year anniversary celebration on Saturday, June 11 at the Verdi Hydroelectric Facility.

13. PUBLIC COMMENT

There was no public comment.

14. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Martini relayed a message from Vice Chairman Aiazzi who requested that the Board meeting to approve tentative budgets on May 19, 2011 begin about 30 minutes after the Western Regional Water Commission meeting. Mr. Foree agreed that could be done.

15. ADJOURNMENT

With no further business to discuss, Chairman Carrigan adjourned the meeting at 10.42 a.m.

Approved by the TMWA Board of Directors in session on _____.

Respectfully submitted,

Corinne Cassell, Recording Secretary

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