

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE JULY 7, 2011
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Thursday, July 7, 2011, at Sparks Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada. Chairman Carrigan called the meeting to order at 2:31 a.m.

1. ROLL CALL

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

2. PLEDGE OF ALLEGIANCE

Led by Member Breternitz.

3. PUBLIC COMMENT

Coyote gave her viewpoint on lack of public fresh water in the city for birds.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE MAY 19, 2011 MINUTES

Upon motion by Member Breternitz, second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board approved the May 19, 2011 minutes.

6. REQUEST FOR BOARD ADOPTION OF RESOLUTION 176 APPOINTING A CHAIRMAN AND VICE CHAIRMAN FOR FISCAL YEAR 2012

Upon motion by Member Martini, second by Member Cashell, which motion duly carried by unanimous consent of the members present, the Board appointed Mike Carrigan as Chairman and Dave Aiazzi as Vice Chairman for the Fiscal Year 2012.

7. DISCUSSION AND POSSIBLE APPROVAL OF A FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT AMONG THE WESTERN REGIONAL WATER COMMISSION (WRWC), TMWA AND WASHOE COUNTY FOR REIMBURSEMENT OF CERTAIN EXPENSES INCURRED IN EVALUATING AND IMPLEMENTING RECOMMENDATIONS REGARDING CONSOLIDATION

OF THE WASHOE COUNTY'S DEPARTMENT OF WATER RESOURCES (DWR)
AND TMWA

Mr. Foree stated this is an amendment to an existing agreement that provides for the WRWC to reimburse TMWA and Washoe County for a portion of expenses incurred while engaged in the ongoing multi-part analysis, evaluation, planning, recommendations and preliminary implementation of the integration/consolidation of TMWA and the Department of Water Resources (DWR). The proposed amendment extends the agreement through June 30, 2012 and provides for additional WRWC funding of up to \$300,000. The amendment was approved by the WRWC and Washoe County in June, 2011.

Vice Chairman Aiazzi arrived at 2:35 p.m.

Vice Chairman Aiazzi asked why the joint meeting of the TMWA Board and the Board of County Commissioners regarding the integration/consolidation of TMWA and DWR which had been scheduled for today at 1 p.m. had been cancelled. Before he voted to authorize another \$300,000, he wanted assurance that the merger was moving forward and that no one had backed out. Mr. Foree explained that the meeting was cancelled because DWR needed more time to develop and complete their financial forecast and to allow Public Financial Management time to review that analysis. The merger is moving forward and money is being spent. The meeting will be rescheduled, possibly on August 17 which is also the date of the next scheduled TMWA Board meeting.

Upon motion by Member Martini, second by Member Cashell, which motion duly carried by unanimous consent of the members present, the Board approved the first amendment to the Interlocal Agreement among the WRWC, TMWA and Washoe County for reimbursement of certain expenses incurred in evaluating and implementing recommendations regarding consolidation of Washoe County's Department of Water Resources and TMWA.

8. PRESENTATION OF PROPOSED PROJECTS AND REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 177 APPROVING FUNDING FOR PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

Ron Penrose, TMWA Project Manager, presented this item. He stated that the Truckee River Integrated Water Quality Monitoring project was sponsored by the Desert Research Institute and co-sponsored by the Nevada Department of Environment Protection (NDEP), the Water Coordinating Committee, and the Truckee River Flood Management Authority with matching funds of \$155,062. This is a one-time two-year, stop-gap funding request to support the critical Truckee River water quality monitoring needs recently impacted by State and local budget cuts. The budget cuts severely impede the ability to monitor water quality as required under the Clean Water Act (CWA), the ability to collect the data necessary to complete a timely review of

potential Total Maximum Daily Load (TMDL) changes, and the ability to monitor river water quality from a “drinking water beneficial use” perspective. The project entails the development and implementation of an integrated water quality monitoring program for the Truckee River from Tahoe City to the Marble Bluff dam just upstream of Pyramid Lake. The benefits to TMWA are the assurance that long-established beneficial uses (including municipal water supply) of the river will not be compromised which can only be ensured with continued monitoring and testing. It will also provide much needed data concerning the positive environmental impacts of river restoration projects currently under construction. These projects include TMWA’s Glendale Water Supply Improvement Project (which has a streambed restoration component) and the recently completed Pioneer Ditch Diversion Relocation Project, a projected supported by Truckee River Fund monies.

Upon motion by Vice Chairman Aiazzi, second by Member Cate, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution 177 approving funding for the project recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation to fund the project from fund proceeds.

9. DISCUSSION AND DIRECTION TO STAFF ON WATER SERVICE DELIVERY AND BILLING ISSUES WITH RENO SPARKS INDIAN COLONY, INCLUDING CONVERSION TO MASTER METER BILLING AND DELINQUENT ACCOUNT COLLECTIONS

Andy Gebhardt and Mike Pagni, TMWA Legal Counsel, presented this item, which involves TMWA’s efforts to resolve longstanding billing and enforcement issues within the Reno Sparks Indian Colony (Colony). TMWA delivers water to the Reno Sparks Indian Colony. The Colony owns and operates its own water distribution system including mains, services, etc. At the time TMWA purchased the utility from Sierra Pacific, Sierra Pacific had been directly billing the Colony’s customers for water service; although that is not the normal course for TMWA, we initially agreed to continue that billing practice until we could work out another arrangement. TMWA has had significant enforcement and collection issues and recent litigation as a result of this arrangement and entering reservation land. Staff has spent a number of years working with the Colony on alternate billing arrangements, and TMWA has installed two master meters which would enable us to direct bill the Colony for the bulk of the water use. At the Colony’s request, TMWA has delayed on several occasions converting to that master meter billing to give them additional time to prepare for the conversion.

In February 2001, TMWA provided the Colony with a contract that set forth the terms for master meter billing and resolution of approximately \$145,000 of payment delinquencies. Staff noted that roughly \$20,000 of the delinquent amounts is actual water use charges, the rest being comprised of interest and late fees. TMWA advised the Colony that the current situation is not feasible and if agreement could not be reached on a contract by July 1, TMWA would have to convert to master meter billing in July.

On July 5, TMWA received a letter from the Colony in which the Colony agreed that the master billing arrangement should go forward but again asked TMWA to delay implementation until December 1, 2011 to enable the Colony to implement procedures to take over billing to Colony residents.

Staff is seeking direction from the Board as to the timing of the conversion and resolution of the payment delinquencies. Because of the ongoing enforcement issues, staff indicated it was critical that no further extensions be granted and that a hard date be established on when the master meter billing conversion will occur. Staff also recommended that conversion not be contingent on actions by the Colony and that if conversion is delayed beyond July, safeguards be put in place to mitigate additional non-payment delinquencies that could accrue between now and the implementation date.

The Board discussed the following points to arrive at the motion:

- 1) TMWA needs to be granted immediate rights to enter Colony lands in order to enforce TMWA rules of service pending conversion to master meter billing;
- 2) The Colony has requested additional time to finalize and execute the Contract for Delivery of water presented in February 2011;
- 3) TMWA needs a drop-dead billing conversion date; and
- 4) How to deal with the delinquent charges of \$145,000, of which about \$20,000 is actual water use charges?

Upon motion made by Member Breternitz, with second by Member Martini, and carried by unanimous consent of the members present, the Board instructed staff to:

- 1) delay activating master meters and direct billing the Reno Sparks Indian Colony to December 1, 2011, provided the Colony grant TMWA immediate rights to enter Colony lands to enforce TMWA rules of service prior to December 1st;**
- 2) provide the Colony sixty days from July 7, 2011 to finalize and execute a Contract for Delivery of water on terms consistent with the February 2011 draft;**
- 3) to implement a drop-dead billing conversion date of December 1, 2011, such to occur regardless of whether the Colony has timely executed a Contract or otherwise completed the actions described in the Colony's July 5, 2011 letter; and**
- 4) require the Colony reimburse TMWA for all delinquent payments arising from service to Colony customers before December 1, 2011, unless the Colony provides TMWA immediate rights to enter Colony lands to enforce TMWA Rules and executes the Contract within sixty days, in which events TMWA will waive all late fees and penalties otherwise applicable.**

10. REQUEST FOR APPROVAL OF REVISIONS TO THE VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION PLAN DOCUMENT

Ms. Quitt, TMWA Human Resources Manager, presented revisions to the Voluntary Employee Benefit Association plan document, which the TMWA Post-Retirement Medical Trust Board approved on June 16, 2011. The revisions were primarily administrative in nature and did not increase the financial liability of TMWA or enhance benefits levels. A recent influx of retirees to the Trust stimulated a review of the document during which staff identified some areas that needed clarification. The Board had no questions.

Upon motion made by Vice Chairman Aiazzi, with second by Member Cashell, and carried by unanimous consent of the members present, the Board approved the revisions to the Voluntary Employee Benefit Association plan document.

11. GENERAL MANAGER'S REPORT

Mr. Foree reported on recent events related to TMWA's original acquisition bonds. The majority of the original acquisition bonds issued in 2001 had a 10-year call date. TMWA had done three previous advanced-refunding issues in the last five years in addition to the recently completed tax-exempt commercial paper redemption. Together, these re-financings will save TMWA customers more than \$31 million over the life of the bonds. As of July 1, 2011, TMWA paid \$390 million in cash to the 2001A bond holders based on the full call and defeasance of those bonds.

Mr. Foree asked the Board if there were any questions about the 2011 Legislative Session as TMWA's Lobbyist, Steve Walker, was in the audience and available to answer any questions. The Board had no questions.

Mr. Foree said that the elevation of Tahoe is currently 6228.19 feet above sea level and still rising. It is about 9/10 of a foot from being full. It is a banner water year.

12. PUBLIC COMMENT

Public comment was made by Ms. Coyote regarding material handling, natural resources, fire safety, use of gray water in Paradise Park and the cost of immunization of the homeless population.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

14. ADJOURNMENT

With no further business to discuss, Chairman Carrigan adjourned the meeting at 3:13p.m.

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

Respectfully submitted,

Corinne Cassell, Recording Secretary

*Vice Chairman Aiazzi present for items 7 through 14 only.

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