



**TO:** Chairman and Board Members  
**FROM:** Mark Foree, General Manager  
**DATE:** October 8, 2012  
**SUBJECT:** Presentation of TMWA Goals and Objectives Results for Fiscal Year 2012

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### Discussion of Results

Please find attached an at-a-glance summary as well as the detailed measurement results for TMWA's corporate and departmental goals for the 2012 fiscal year.

Customer Satisfaction ended the year with an 89% score (totally or mostly satisfied) for residential customers which is in the "outstanding" range and an 88% score (totally or mostly satisfied) for commercial customers, which is in the "excellent" range. The TMWA safety incident rate was low at 1.46 incidents per 200,000 hours worked which is in the "excellent" range. Preventable vehicle accidents showed a marked improvement this year, with an accident rate of .33 per 100,000 miles driven, which is significantly better than the industry average of .5; this is by far the best vehicle accident result in recent years.

Expenses in both capital and O&M spending were significantly under budget - capital spending was approximately \$1.6 million (12%) under budget and O & M spending was approximately \$.7 million (2%) under budget. In the "efficiency" category which includes tracking the number of accounts per employee and MGD delivered per employee compared to national benchmarks, TMWA's scores were once again between the median and the top quartile for the customer accounts/employee benchmark and in the top quartile for the MGD delivered/employee benchmark.

Other summaries highlighting the results of the individual departmental benchmarks are also shown in the summary table. We surpassed the target for treatment cost per million gallons (\$300/MG vs. a goal of \$332/MG). The treatment staff continued to challenge itself by meeting the effluent turbidity total of 0.10 NTU's 100% of the time, which is an "outstanding" rating.

For customer service, we met the speed of answer goal (80% within 35 seconds) with a result of 83.01%, met the average call handle time goal of 4 minutes, 45 seconds with a result of 4 minutes 32 seconds, and also met the write off to revenue goal (.3% or less) with a .27%.

In the Finance area, we met the goal of updating the 5 year funding plan and also met the goal of maintaining or improving our credit ratings, with Fitch removing the negative watch. Over \$1.1

million in cost containment measures were implemented with the savings detailed in the attachment.

In the Natural Resources area all goals were met, with significant progress continuing to be made in the TROA court hearings.

In the Distribution area, we exceeded the goal in Hydro plant availability (99% vs. a goal of 95%), and, while we tracked customer outage hours compared to national benchmarks, at this time we are unable to report on the outcome as the data is not available due to a mid-year transition to a new maintenance management system.

Engineering and New Business markers continue to reflect capital projects completed on time and on budget, as well as meeting new business application goals.

**Truckee Meadows Water Authority**  
**Corporate Goals and Objectives RESULTS for FY2012**

At a Glance

- Customer Satisfaction
- Efficiency
- Safety
- Financial
- Departmental

**TMWA Goals and Objectives RESULTS - FY2012**  
**At a Glance**

**Fiscal Year Results**                      **Met Goal**                      **AWWA Benchmark / Industry Standard / Comments**

**Corporate:**

<b><u>Customer Satisfaction</u></b>	1	Residential Customers Totally or Mostly Satisfied: 71%-81% is good; 82%-86% is Excellent; over 86% Outstanding.	89% Totally or Mostly Satisfied.	yes	
	2	Commercial Customers Totally or Mostly Satisfied: 77%-87% is Good; 88%-90% is Excellent; over 90% Outstanding.	88% Totally or Mostly Satisfied.	yes	
	3	Meet the Vertex contract requirement of 80% of calls answered within 35 seconds.	83.01%	yes	
<b><u>Efficiency</u></b>	1	Track customer accounts per employee and compare to national benchmark.	The number of accounts was 92,964. The number of employees was 154 FTE's. Accounts per employee = 604	between median and top quartile	AWWA Benchmark Top Quartile = 667; Median = 456; Bottom = 333
	2	Track average MGD delivered per employee and compare to national benchmark.	The number of MGD Delivered was 65.25. The number of employees was 154 FTE's. Average = 0.42	top quartile	AWWA Benchmark Top Quartile = 0.33; Median = 0.24; Bottom = 0.15
	3	Analyze costs, benefits and funding opportunities for energy efficiency projects and/or another TMWA site for renewable energy potential and if economical, incorporate in capital budget for FY2013.	Rebate amounts have been reduced, making new projects less economical at this time. Record Hydro production generated more power than used system-wide.	yes	
<b><u>Safety</u></b>	1	TMWA will maintain a Safety Incident Rate (all medical accidents per 200,000 manhours worked) graded on the following scale: Over 5 is Needs Improvement; 4-5 is Good; Less than 4 is Excellent.	1.46 OSHA Incident Rate	yes	Industry Standard Bureau of Labor Statistics = 4.6 Average Incident Rate for Water Utility Systems
	2	Track preventable vehicle accident rate and compare to industry standard	0.33 Vehicle Accident Rate	yes	Industry Standard Average rating is 0.5 per 100,000 miles driven

**TMWA Goals and Objectives RESULTS - FY2012**  
**At a Glance**

		<u>Fiscal Year Results</u>	<u>Met Goal</u>	<u>AWWA Benchmark / Industry Standard / Comments</u>
<u>Financial</u>	1	Meet all bond covenants.	All covenants have been met.	yes
	2	Meet or underspend the Capital and O&M Budget Commitments.	O & M spending was \$34.3 million or \$0.7 million under budget. Capital spending was \$11.7 million or \$1.6 million under budget.	yes
	3	Update the 5-Year Funding Plan.	5-Year Funding Plan was updated coincident with the budget preparation and demonstrates TMWA's solvency.	yes
	4	Maintain or improve TMWA's credit ratings.	All ratings reaffirmed. Fitch negative watch removed. TMWA is a AA-rated utility - high investment grade.	yes
	5	Renew liquidity facility that supports TMWA's Tax Exempt Commercial Paper program within market parameters with the result of extending with existing or substitute liquidity provider.	Liquidity Facility with Lloyds TSB was substituted successfully by Wells Fargo and JP Morgan. Remarketings have been reduced significantly.	yes
	6	Continue to work toward merger with Washoe County DWR's water utility as directed by Board. Measure actual financial performance against forecast prepared for purposes of the merger.	Progress was made. Defeasance of DWR debt now appears achievable. Negotiations with State Treasurer's office commenced. DWR called 1997 debt.	partial
	7	Identify and report on cost containment measures.	Over \$1.1 million in savings in FY2012. See Financial Departmental Results for details.	yes

**Departmental:**

<u>Treatment</u>	1	Meet the treatment costs set according to anticipated production.	\$300 per MG for 24,275 MG produced.	yes	
	2	Meet the benchmark of 0 MCL violations.	Met with 0 MCL violations.	yes	
	3	Maintain effluent turbidity 95% of the time at less than: 0.20 NTU is Good; 0.15 NTU is Excellent; 0.10 NTU is Outstanding.	Outstanding - Maintained effluent turbidity 100% of the time at less than 0.10 NTU.	yes	
<u>Distribution</u>	1	Track system reliability by calculating outage hours per 1000 customers and compare to national benchmarks.	Transitioned to another data base in mid-year and no data available at this time.		AWWA Benchmark Top Quartile = 0.89; Median = 2.83; Bottom = 9.10 Top Quartile = 0.13; Median = 0.98; Bottom = 3.22 Top Quartile = 0 Median = 0; Bottom = 0.20
	2	Maintain 95% Hydro plant generation availability based on available River flows.	99%	yes	

**TMWA Goals and Objectives RESULTS - FY2012**  
**At a Glance**

Fiscal Year Results                      Met Goal                      AWWA Benchmark / Industry Standard / Comments

**Departmental Continued:**

<u>Customer Service</u>	1	Customer Call Center will average a call handle time of 4 minutes, 45 seconds or less.	4 minutes, 32 seconds	yes	
	2	Achieve a monthly average of 25 non-weather estimates on all meter reads.	Less than 9 per month (104 estimates total for the year).	yes	
	3	The fiscal year average for disconnect for nonpayment service orders to active accounts will be 0.4% or less.	0.22%	yes	
	4	The write off to revenue will be 0.30% or less at fiscal year end.	0.27%	yes	
	5	Hold a minimum of 12 public workshops and/or tours with a primary focus on responsible water use and education.	14 workshops held.	yes	
	6	Achieve 100% backflow testing compliance for all new construction and TMWA-owned devices, as well as 100% continued notification for backflow testing compliance for all existing customers.	Achieved	yes	
	7	Perform 65 backflow retrofits.	97 retrofits completed.	yes	
<u>Natural Resources</u>	1	Begin hearings in Orr Ditch Court on pending application to amend the Orr Ditch Decree and appeal of Nevada State Engineer Order 6035.	Evidentiary, discovery requests and calendar hearing held in Oct 2011; opposing briefs filed 6/1/2012.	ongoing	
	2	Continue active role in maintaining adequate water rights inventory, analyze purchase opportunities.	No purchases in FY12. Over 6000 af available in Rule. Current price \$9750/af.	ongoing	
	3	Deploy Computerized Maintenance Management System to Distribution and Operations Maintenance personnel.	System deployed: 4Q11 to Distribution and 2Q12 to Operations Maintenance personnel.	yes	
	4	Analyze and develop proposals for rate adjustments.	Rates adjusted in February, 2012.	yes	
	5	Turn around new business application water rights work within 10 days.	Average days: <=3.33	yes	
<u>Engineering &amp; New Business</u>	1	Continue cooperative coordination with Agencies and complete projects on schedule.	Average survey score of 4.35 out of 5.0	yes	
	2	Deliver required in-service dates for major capital projects on/under budget.	One major project delayed to FY 13, all others completed or on schedule and under budget.	yes	
	3	Continue to measure and report new business turnaround times.	All new business projects completed within 30-days.	yes	

**Corporate Goals Results for FY2012 - Customer Satisfaction**

**Goal 1** Using the results of the Customer Satisfaction Survey TMWA will report the percentage of its residential customers that are totally or mostly satisfied with the overall performance of the Company on the following scale:

- A rating of 71% - 81% equates to a Good Performance
- A rating of 82% - 86% equates to an Excellent Performance
- A rating over 86% equates to an Outstanding Performance

**Results:** *OUTSTANDING: 89% of residential customers are totally or mostly satisfied with TMWA's overall performance.*

**Goal 2** Using the results of the Customer Satisfaction Survey TMWA will report the percentage of its commercial customers that are totally or mostly satisfied with the overall performance of the Company on the following scale:

- A rating of 77% - 87% equates to a Good Performance
- A rating of 88% - 90% equates to an Excellent Performance
- A rating over 90% equates to an Outstanding Performance

**Results:** *EXCELLENT: 88% of commercial customers are totally or mostly satisfied with TMWA's overall performance.*

**Goal 3** Meet the Vertex revised contract requirement of 80% of calls answered within 35 seconds.

**Results:** *83.01% of calls were answered within 35 seconds.*

**Corporate Goals Results for FY2012 - Efficiency**

**Goal 1** Track customer accounts per employee and compare to national benchmark. Use most recent Amercian Waterworks Association Benchmark Survey. AWWA  
Benchmark Top Quartile = 667; Median = 455; Bottom = 333

*Results: 92,964 accounts and 154 FTEs = 604 accounts/employee. Result between median and top quartile.*

**Goal 2** Track average MGD delivered per employee and compare to national benchmark. Use most recent Amercian Waterworks Association Benchmark Survey.  
AWWA Benchmark Top Quartile = 0.33; Median = 0.24; Bottom = 0.15

*Results: 65.25 average MGD and 154 FTEs = 0.42 MGD/employee. Result is in top quartile.*

**Goal 3** Analyze costs, benefits and funding opportunities for energy efficiency projects and/or another TMWA site for renewable energy potential and if, economical, incorporate in capital budget for FY2013

*Results: Rebate amounts have been reduced, making new projects less economical at this time.  
Record Hydro production generated more power than used system-wide.*

**Corporate Goals Results for FY2012 - Safety**

**Goal 1** TMWA will maintain a Safety Incident Rate graded on the following scale:

*Definition: A safety incident is any incident listed on the OSHA300 log. This excludes incidents that only required first aid treatment.*

*Manhours by all employees is the sum of hours worked by full time, part time, temporary and seasonal employees during the reporting period.*

Needs Improvement: Incident rate over 5

Good Incident rate of 4 - 5

**Excellent: Incident rate of less than 4**

*Calculation:* 
$$\frac{\text{Number of incidents} \times 200,000 \text{ manhours}}{\text{Manhours by all employees}}$$

**Results:** *3 accidents x (200,000/409,753) = 1.46 accidents/200,000 manhours worked.*

**Goal 2** Track preventable vehicle accident rate and compare to industry standard

*Definition: number of preventable vehicle accidents per 100,000 miles driven*

**Results:** *2 accidents x (100,000/609,304) = 0.33 accidents/100,000 miles driven.*

**Corporate Goal Results for FY2012 - Finance**

**Goal 1** Meet all bond covenants

*Results: All covenants have been met.*

**Goal 2** Meet the Capital and O&M Budget Commitments with a variance of plus or minus 5 percent.

*Results: O & M spending was \$34.3 million or \$0.7 million under budget. Capital spending was \$11.7 million or \$1.6 million under budget.*

**Goal 3** Update the 5 Year Funding Plan

*Results: Five-Year Funding Plan was updated coincident with the budget preparation and demonstrates TMWA's solvency.*

**Goal 4** Maintain or Improve Current Credit Ratings

*Results: All ratings reaffirmed and Fitch removed negative watch. TMWA is AA- rated utility - high investment grade.*

**Goal 5** Renew liquidity facility that supports TMWA's Tax Exempt Commercial Paper program within market parameters with the result of extending with existing or substitute liquidity provider. New cost to be within reasonable market terms.

*Results: Liquidity Facility with Lloyds TSB was substituted successfully by Wells Fargo and JP Morgan. Remarketings have been reduced significantly.*

**Goal 6** Continue to work toward merger with Washoe County DWR's water utility as directed by Board. Measure actual financial performance against forecast prepared for purposes of the merger.

*Results: Progress was made. Defeasance of DWR debt now appears achievable. Negotiations with State Treasurer's office commenced. DWR called 1997 debt.*

**Corporate Goal Results for FY2012 - Finance**

**Goal 7** Identify and report on cost containment measures

**ENGINEERING**  
*Travel for training limited to attendance of conferences by active chairman and committee members; savings \$12,000.*

**CUSTOMER SERVICE**  
*1) Two servicemen who retired in FY11 & were not replaced (\$70,000 annual salary not including associated benefits).  
2) One serviceman who moved positions was replaced by a service utilityman (\$12,626 decrease annual salary, not including associated benefits).  
3) One part-time water conservation coordinator who retired was not replaced. (\$24,733 annual salary, not including associated benefits).  
4) One part-time water conservation coordinator who left the agency was not replaced. (\$22,703 annual salary, not including associated benefits).  
5) Continued optimization of service orders via Field Service Automation has seen decreased overtime and increased productivity. This is not readily quantifiable.*

**OPERATIONS**  
*Planning engineers in conjunction with system operators continue to develop pumping plans that save energy and money. Operations continue to monitor and evaluate all cost containment measures associated with power that have been implemented over the past several years. This year's power savings was \$493,000.*

**FINANCE**  
*Reduced interest expense by approximately \$550,000 by defeasing \$11.7 million in 2001 bonds by issuing a comparable amount of commercial paper; the interest rate on the bonds was slightly above 5% and the interest rate on the commercial paper was 0.19%.*

**DISTRIBUTION & GENERATION**  
*1) TMWA crews were utilized for work typically contracted for in previous years. This is not readily quantifiable.  
2) Warehouse inventory was lowered with some of the burden put on vendors. This is not readily quantifiable.  
3) Vehicle standards for Inspector vehicles were changed resulting in a savings of \$4,000 per vehicle going forward. Savings in 2012 was \$4,000.*

**Departmental Goals Results for FY2012 - Treatment**

**Goal 1** Meet the treatment costs set according to anticipated production:

If Production is at or near 22,000 MG, TMWA will meet a cost of \$362/MG  
If Production is at or near 23,000 MG, TMWA will meet a cost of \$346/MG  
If Production is at or near 24,000 MG, TMWA will meet a cost of \$332/MG  
If Production is at or near 25,000 MG, TMWA will meet a cost of \$319/MG

*Results: Met the goal with cost at \$300 per MG for 24,275 MG produced.*

**Goal 2** Meet the benchmark of 0 MCL violations

*Results: Met the benchmark with 0 MCL violations.*

**Goal 3** Maintain effluent turbidity 95% of the time at less than: 0.20 NTU is Good; 0.15 NTU is Excellent; 0.10 NTU is Outstanding.

*Results: Outstanding - Maintained effluent turbidity 100% of the time at less than 0.10 NTU.*

**Departmental Goals Results for FY2012 - Distribution**

**Goal 1** Track system reliability by calculating outage hours per 1000 customers and compare to national benchmarks

*Results: Transitioned to another data base in mid-year and no data available at this time.*

**Goal 2** Maintain 95% Hydro Plant Generation availability when river flow is available for generation (excluding planned maintenance and rehab, weather limitations and catastrophic failures).

*Results: 99% availabiilty - goal met.*

**Departmental Goals Results for FY2012 - Customer Service**

**Goal 1** Customer Call Center will have an average call handle time of 4 minutes, 45 seconds or less per call.

*Results: Average call handle time was 4 minutes, 32 seconds.*

**Goal 2** Achieve a monthly average of 25 non-weather estimates on all meter reads.

*Results: Less than 9 per month (104 estimates total for the year).*

**Goal 3** The fiscal year average for disconnect for non-payment service orders to active accounts will be .40% or less.

*Results: Non-payment service orders to active accounts was .22%.*

**Goal 4** The write off to revenue will be 0.30% or less at fiscal year end

*Results: Write-off revenue was .27% at year end.*

**Departmental Goal Results for FY2012 - Customer Service (continued)**

**Goal 5** Hold a minimum of 12 public workshops and/or tours with a primary focus on responsible water use and education

<i>Results:</i>	<u><i>Times/Dates</i></u>	<u><i>Workshop Title</i></u>	<u><i>Host/Lead</i></u>
	<i>TWO - 7/9, 7/16</i>	<i>Xeriscape Principles</i>	<i>Conservation</i>
	<i>THREE - 9/23, 9/24</i>	<i>Chalk Bluff Water Treatment Plant Tour</i>	<i>Operations</i>
	<i>TWO - 4/4, 4/12</i>	<i>Irrigation System Start-up &amp; Setting Your Irrigation Controller</i>	<i>Conservation</i>
	<i>TWO - 10/19, 10/25</i>	<i>Winterization</i>	<i>Conservation</i>
	<i>ONE - 11/9</i>	<i>Public Workshop on Potential Rate Adjustment</i>	<i>Natural Resources</i>
	<i>TWO - 4/25, 5/1</i>	<i>Tree Watering Workshop</i>	<i>TMCF &amp; Conservation</i>
	<i>ONE - 5/10</i>	<i>Know What's In Your Drinking Water</i>	<i>Water Quality</i>
	<i>ONE - 6/12</i>	<i>Adjusting &amp; Repairing Your Irrigation System</i>	<i>Conservation</i>

**Goal 6** Achieve 100% backflow testing compliance for all new construction and TMWA-owned devices, as well as 100% continued notification for backflow testing compliance for all existing customers.

*Results: 100% compliance achieved for backflow testing for new construction and TMWA-owned devices; 100% notification achieved for backflow testing compliance.*

**Goal 7** Perform 65 backflow retrofits

*Results: 97 backflow retrofits completed.*

**Departmental Goals Results for FY2012 - Natural Resources**

**Goal 1**            Begin hearings in Orr Ditch Court on pending application to amend the Orr Ditch Decree and appeal of Nevada State Engineer Order 6035

*Results: 10/24/11: Evidentiary, discovery requests and calendar hearing; 3/9/12: order issued. denying discovery; 6/1/12: protestants file opposing briefs*

**Goal 2**            Continue active role in maintaining adequate water rights inventory, analyze purchase opportunities

*Results: No purchases in FY12; over 6000 af available in Rule; current price \$9750/af.*

**Goal 3**            Deploy Computerized Maintenance Management System to Distribution and Operations Maintenance personnel

*Results: System deployed: 4Q11 to Distribution and 2Q12 to Operations Maintenance personnel.*

**Goal 4**            Analyze and develop proposals for rate adjustments

*Results: Rates adjusted in February, 2012.*

**Goal 5**            Turn around new business application water rights work within 10 days

*Results: <=3.33 days per new business application.*

**Departmental Goals Results for FY2012 - Engineering and New Business**

**Goal 1** Continue cooperative coordination with Agencies and complete projects on schedule

*Survey the satisfaction of the appropriate coordinators at the City of Reno, City of Sparks, Regional Transportation Commission, NVEnergy and Washoe County with TMWA's Street & Highway Program.*

**Results:** *A total of 4 surveys returned. Average score of 4.35 (out of 5.0).*

**Goal 2** Deliver required in-service dates for major capital projects on/under budget

**Results:** *Burkes Ave Reinforced Concrete Box Project was delayed into FY 2013 due to issues with both the Union Pacific Railroad signal cable relocation and the Nevada Department of Transportation permitting; these issues pushed the bidding period out too far, which would have resulted in the Highland Ditch not being ready for use when needed this spring. All other projects were completed or on schedule. Final budget results for major projects is \$7,0046,480 expended vs. \$8,575,000 budgeted, which is 18% under budget (underspent).*

**Goal 3** Continue to measure and report new business turnaround times and maintain communication with builders and developer associations.

<u>Project Category</u>	<u># Projects</u>	<u>Goals - Calendar Days</u>		
		<u>&lt;=30 days</u>	<u>&lt;=60 days</u>	<u>&lt;=90 days</u>
Comm w/Main	3	75	100	
Main Only	43	100		
Subdivision	5	75	100	

➔ **Note:** # of calendar days from application complete to first red-line review complete.

**Results:** *All new business projects completed within 30-days; most completed within one week.*