

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE MARCH 20, 2013
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, March 20, 2013, at Sparks Council Chambers, 745 Fourth Street, Sparks, Nevada. Chairman Carrigan called the meeting to order at 10:01 a.m.

1. ROLL CALL

Members Present: Mike Carrigan, Mike Cate, Vaughn Hartung, Neoma Jardon, Kitty Jung, Geno Martini and Sharon Zadra*. Members Absent: None. A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Martini.

3. PUBLIC COMMENT

Mark Foree, TMWA General Manager, announced the retirement of current TMWA Executive Assistant, Corinne Cassell, effective on May 3rd and introduced new Executive Assistant Cara Rives.

There was no public comment.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE JANUARY 16, 2013 MINUTES

Upon motion by Member Cate, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the January 16, 2013 minutes.

Member Sharon Zadra arrived at 10:13 a.m.

6. PRESENTATION OF FINANCIAL PERFORMANCE FOR THE FIRST HALF FISCAL YEAR 2013

Jeff Tissier, TMWA Chief Financial Officer, reported that the financial performance for the first six months of the fiscal year was very good. Total operating revenues were 8.8 percent, or \$4.1 million, ahead of budget. Hydroelectric generation performance has been excellent, producing

more revenue than expected. Operating spending is 2.4 percent, or \$0.4 million, higher than budget. The additional spending was due to overtime costs related to an unusually high number of water main leaks during freezing weather affecting water services, emergency improvements at the Independence Lake Dam, and legal costs related to defending against a contractor lawsuit. Health care expenses were lower than expected, and investment income was essentially on budget. Developer activity was slightly ahead of expectations with a concentration on small, commercial activities and limited residential projects. Spending on capital outlays and construction projects was approximately \$6.0 million and was significantly less than budget but many projects are just getting started. TMWA's first-half cash position was healthy, with sufficient funds on hand to meet both operating and maintenance expenses and service of bond-principal and interest payments.

7. INFORMATIONAL REPORT ON ISSUES WITH ICE REMOVAL AT HYDRO FACILITIES

Mr. Foree explained that, during the first six months of this year, TMWA generated 1.7 million in hydro revenue, which is on pace to meet or exceed the record of \$3.5 million set last year. The hydroelectric facilities have enabled TMWA to produce more energy than was consumed in the entire operation, which means the organization is better than carbon neutral. In accomplishing this, there have been a number of challenges, especially in the winter. He gave introductory information on a video detailing the process used to keep the hydroelectric facilities operational during freezing temperatures. Robert Charpentier, TMWA Communications Specialist, produced the video about the Ice Removal procedures which was then shown to the Board. After viewing this video, Member Jung asked if the video could be placed for viewing by the general public. Mr. Foree assured the Board that it would be made available on the TMWA website, as well as working with the Cities of Reno and Sparks and Washoe County to get it on their websites and/or public access channels.

8. PRESENTATION OF AUGMENTED AND AMENDED BUDGET FOR FISCAL YEAR 2013 AND REQUEST FOR ADOPTION OF RESOLUTION NO. 190: A RESOLUTION TO AUGMENT AND AMEND THE BUDGET FOR FISCAL YEAR 2013.

Mr. Tissier presented the augmented and amended budget for FY2013. He stated that water sales are expected to be higher than budgeted and have been adjusted to assume a cool weather pattern in the spring. Hydroelectric revenue also is expected to be higher than budgeted. Spending projections are based on very conservative assumptions. Wages and Salaries are greater than originally budgeted due to increased overtime and service calls during January. Labor negotiations completed just prior to the start of the budget year resulted in a wage increase that has increased that budget category. Benefits increased modestly. Capital spending is expected to decrease by approximately \$4.6 million since water main replacements and Highland Canal improvement spending has been less than expected. Amortization of bond and note issuance is projected to increase by \$2.1 million for FY2013, with decreases in this expense category in future years. This increase is due to the early adoption of Governmental Accounting Standards Board (GASB) 65. Future plans to deleverage the organization as fast as possible over the next

five years has led to a request to not draw on the Drinking Water State Revolving Fund (DWSRF) loan since TMWA has healthy cash reserves and will pay 3.25% on this loan while reinvestment rates are much lower.

Upon motion by Member Martini, second by Member Hartung, which motion duly carried by unanimous consent, the Board adopted Resolution 190 and approved the Augmented and Amended Budget for Fiscal Year 2013.

9. REQUEST FOR BOARD APPROVAL OF AGREEMENT WITH THE CITY OF RENO WITH RESPECT TO THE GRANT OF RIGHTS OF WAY FOR FACILITIES ON CITY PROPERTY

Scott Estes, TMWA Director of Engineering, presented a request for the approval of an agreement for the Grant of Rights of Way for facilities within City of Reno public Right of Way. He also requested that the TMWA General Manager be allowed to execute the agreement.

Upon motion by Member Jardon, second by Member Zadra, which motion duly carried by unanimous consent, the Board approved the agreement and authorized the General Manager to execute the agreement.

10. PRESENTATION OF PROPOSED PROJECTS AND DISCUSSION AND ACTION ON RESOLUTION NO. 191: A RESOLUTION TO APPROVE 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 and Truckee River Fund Liaison, provided background information stating that to date Fund advisors have approved 86 projects related to water quality and watershed improvement, and have funded \$8.1 million towards these projects. Grantees have provided approximately \$16 million in matching funds. Prior to the Advisory Committee meeting, the fund balance was \$475,000, with the current request for approval being \$282,000. Mr. Penrose presented seven projects recommended for funding by the Truckee River Fund Advisors at their meeting on February 22, 2013. The projects are as follows

1. **The Truckee River Watershed Restoration/Forest Thinning at Independence Lake:** Amount Requested: \$41,300, Amount Recommended: \$41,300. This project supports protection of water quality and the watershed of Independence Lake, which is a major source of drought protection for TMWA. Completion of this project will reduce the risk of catastrophic fire and erosion/sediment deposition into the lake.
2. **Middle Martis Wetland Restoration-Planning and Design:** Amount Requested: \$170,000, Amount Recommended: \$120,000. Completion of this project will significantly reduce sediment loading on the Middle Martis Creek, a tributary of the Truckee River, thus providing a direct benefit to water quality upstream of TMWA's water treatment intakes.

3. **Truckee River Bank Stabilization at Crooked Mile:** Amount Requested: \$18,175, Amount Recommended: \$18,175. Completion of the project will reduce erosion and sediment deposition in the Truckee River upstream of TMWA's Glendale Water Treatment Plant.
4. **Hazardous Tree Removal at Oxbow Park:** Amount Requested: \$32,250, Amount Recommended: \$32,250. Restoration of the area will prevent erosion of the river bank and sediment deposition in the River upstream of TMWA's Glendale Water Treatment Plant.
5. **Truckee River Big Chief Corridor Implementation:** Amount Requested: \$100,000, Amount Recommended: \$11,000. This project will reduce sediment loading on the River upstream of TMWA's water treatment facilities.
6. **Truckee River Eurasian Milfoil Removal:** Amount Requested: \$43,062, Amount Recommended: \$43,062. Eurasian Milfoil is an aquatic invasive species which has become established in the Truckee River and some locations in Lake Tahoe. The species can clog water treatment plant intakes and fish screens. Control and eventual eradication of the species from the Truckee River is a long term goal of TMWA. TMWA supports these efforts.
7. **Sierra Nevada Journey's Watershed Education Initiative:** Amount Requested: \$16,050, Amount Recommended: \$16,050. TMWA supports public outreach, educational programs, and stewardship programs that increase the level of awareness and environmental importance of the watershed and tributaries.

Member Hartung asked for clarification about who would do the thinning for the Forest Thinning project and asked if there was any potential liability in this project. Mr. Penrose stated that TMWA has no liability and that the entire project was to be managed by the Nature Conservancy.

Upon motion by Member Jung, second by Member Hartung, which motion duly carried by unanimous consent, the Board adopted Resolution 191 and approved funding for the projects recommended by the Truckee River Fund Advisory Committee and authorized the Community Foundation to fund such projects from Fund proceeds.

11. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING 2013 LEGISLATIVE ACTIVITIES AND CURRENT BILLS AND DISCUSSION AND POSSIBLE APPOINTMENT OF A THIRD MEMBER TO THE LEGISLATIVE SUBCOMMITTEE

Mr. Erwin began by presenting a proposal to add a third member to the TMWA Legislative Subcommittee, an idea which was suggested in the Legislative Subcommittee meeting of March 8, 2013. Mr. Carrigan agreed that Mr. Vaughn Hartung be added as an alternate.

Upon motion by Chairman Carrigan, and second by Member Jung, which motion duly carried by unanimous consent of the

members present, the Board approved the motion to add Vaughn Hartung as an alternate to the TMWA Joint Legislative Subcommittee.

Mr. Erwin, TMWA Director of Natural Resources, distributed a new Legislative Report dated March 20, 2013. He said several hundred new bills have been introduced, with approximately twenty being of interest to TMWA. Mr. Erwin requested that, since the Legislative Subcommittee had already taken action and recommended positions on the first twenty listed bills, the Board review only the bills which had not as yet been acted upon. He also recommended that the Board review only the bills which had recommended positions other than “*watch*.” He introduced Mike Pagni, TMWA Legal Counsel, and Steve Walker, TMWA lobbyist, who jointly presented information on legislation currently of interest to TMWA.

After discussion, the Board confirmed staff recommendations on the following bills:

AB220 “Not Support”
AB267 “Support if Amended”
AB257 and AB285 “Oppose”
AB342 and AB396 “Not Support”

Two bills, after discussion, had motions made to clarify the final decisions as follows:

Upon motion by Member Cate, second by Member Vaughn, and carried by a vote of six to one with Member Jung opposed, the Board changed the position on AB283 from “Watch” to “Not Support”.

Upon motion by Member Cate, second by Member Jardon, and carried by a vote of six to one, with Member Jung opposed, the Board affirmed the staff decision of “Support” for AB318.

After review and discussion on the Senate Bills, the Board confirmed the positions on the following bills: SB2, SB55, SB 79, SB 96, SB 127, SB 133, SB 134, SB 161, SB 168, SB 228, SB 232, SB 266, SB 272, SB 316, SB 360, SB 404 as “Watch”, SB 36, SB 62, SB 87, SB 283, SB 289 as “Neutral” and SB 74 as “Not Support”, SB 90 and SB 145 as “Neutral/Watch”, SB 171 as “Support if Amended”, SB 65 as “Support” and changed the position of SB 353 from “Not Support” to “Watch”.

Upon motion by Member Martini, second by Member Hartung, which motion carried by six to one the Board

approved staff recommendations on the Legislative Activities Report. Member Jung voted to approve subject to her dissent on AB283 and AB318.

Mr. Walker thanked TMWA for its presentation at the recent State Legislature Joint Meeting of the Natural Resources Committees. Mr. Walker mentioned that the slide which outlined and detailed TMWA's customer satisfaction rating improving from 70 percent in 2001 to 90 percent in 2012 was especially valuable and impressive.

12. GENERAL MANAGER'S REPORT

Mr. Foree presented the General Manager's report to the Board. He stated that the snowpack is currently 68 percent of normal in the Truckee Basin and 57 percent of normal in the Tahoe Basin. Lake Tahoe is close to 50 percent full, which should result in normal river flows through the end of the calendar year. Based on that, operations should be business as usual this year.

13. PUBLIC COMMENT

There were no board comments.

12. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There was no public comment.

13. ADJOURNMENT

Upon motion by Member Hartung, second by Member Zadra, which motion duly carried by unanimous consent, the Board adjourned the meeting at 11:10 a.m.

With no further discussion, Chairman Carrigan adjourned the meeting at 11:10 a.m.

Member Zadra present for items 6 through 13 only.

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

Respectfully submitted,

Cara Rives, Recording Secretary