



**TO:** Chairman and Board Members  
**FROM:** Mark Foree, General Manager  
**DATE:** October 12, 2015  
**SUBJECT:** Presentation of TMWA Goals and Objectives Results for Fiscal Year 2015

---

### **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 2015 fiscal year.

Customer Satisfaction ended the year with a 92% score (totally or mostly satisfied) for residential customers which is in the "outstanding" range and a 93% score (totally or mostly satisfied) for commercial customers, which is also in the "outstanding" range.

In the "efficiency" category which includes tracking the number of accounts per employee and millions of gallons per day (MGD) of water delivered per employee compared to national benchmarks, TMWA's scores were in the top quartile. TMWA staff met with solar power providers to determine the feasibility of solar installations at Chalk Bluff Water Treatment Plant and Fish Springs, but discussions did not move past the preliminary stage.

TMWA Safety Goal #1, "Safety Incident Rate", was at 3.68 incidents per 200,000 hours worked which is significantly better than the 5.9 industry standard for average incident rate for water systems; the good news is that most of the injuries were minor. However, the preventable vehicle accidents had a rate of 0.74 per 100,000 miles driven, which is significantly higher than the industry average of 0.5; all vehicle accidents were also minor, with no injuries.

Both capital and O&M spending were under budget – capital spending was approximately \$4.1 million (13.6%) under budget and O & M spending was approximately \$2.2 million (4.8%) under budget.

Other summaries highlighting the results of the individual departmental benchmarks are also shown in the table. Even with the addition of the former Washoe County ("County") and South Truckee Meadows General Improvement District (STMGID) customers, staff was still able to meet the target for treatment cost per million gallons, and 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.

In the Distribution area, we met the goal in Hydro plant availability (97.26% vs. a goal of 97%), and customer outage hours compared to national benchmarks were at the median for outages less than 4 hours in duration and between the median and the top quartile for outages between 4 - 12 hours.

For Customer Service, we met the service level goal of 80% of calls answered within 35 seconds, with a result of 81.41%, but did not meet the average call handle time goal of 4 minutes, 15 seconds with a result of 4 minutes 31 seconds due to the high volume and length of calls regarding the merger and drought. However, we met our remaining goals: with the write off to revenue goal (0.25% or less) with a 0.17%; far exceeded our backflow retrofit goal of 125 with a total of 191 retrofits last year; and, our customer tours and workshops were also more popular than ever with 22 held with record attendance.

In the Finance area, we met the goal of updating the 5-year funding plan for TMWA and on a TMWA consolidated utility basis met the goal of ratings preserved and reaffirmed post-merger. TMWA refunded (refinanced) its 2005A Bonds, and obtained gross savings of approximately \$6.7 million on a \$33 million refunding with net present value savings of 13.9%. TMWA also refunded (refinanced) the Washoe County \$26.1 million 2005 Bonds with Commercial Paper, and achieved \$1.2 million in interest savings in the first year of consolidated operations.

In the Natural Resources area all goals were met, with significant progress made in the Truckee River Operating Agreement (TROA) court hearings and the sale of up to 2,750 acre feet of surplus water rights to the Pyramid Paiute Lake Tribe in order to facilitate the implementation of TROA. TMWA also purchased 76.18 acre feet of water rights in FY2015 for the benefit of Reno, Sparks and Washoe County towards the TROA water quality component, at an average price of \$5,469 an acre foot.

Engineering and New Business goals continue to reflect capital projects completed on time and approximately \$800,000 below budget. TMWA was at 73.6% versus 75% of meeting the 30-day turnaround goal and 100% for the 60-day turnaround goal. This is a good result considering the increase in projects at the close of the merger.

With our first year anniversary as a consolidated entity nearly upon us, TMWA has experienced a smooth transition in managing former County and STMGID customers, handling the increase in new business projects, maintaining credit ratings, and, most importantly, final steps are in process for TROA implementation giving us significantly enhanced drought reserves.



# **TRUCKEE MEADOWS WATER AUTHORITY**

## **GOALS & OBJECTIVES**

**FY 2015**

**RESULTS**

## Organization Goals Results for FY2015

### At-a-Glance

Organization		FY Results	Met Goal	AWWA Benchmark/Industry Standard/Comments
<b>Customer Satisfaction</b>	<b>Goal 1:</b> Residential Customers Totally or Mostly Satisfied: 71%-81% is good; 82%-86% is Excellent; over 86% Outstanding.	<b>92%</b>	<b>Outstanding</b>	Percentage of residential customers who were totally or mostly satisfied in FY15
	<b>Goal 2:</b> Commercial Customers Totally or Mostly Satisfied: 77%-87% is Good; 88%-90% is Excellent; over 90% Outstanding.	<b>93%</b>	<b>Outstanding</b>	Percentage of commercial customers who were totally or mostly satisfied in FY15
	<b>Goal 3:</b> Meet the Vertex contract requirement of 80% of calls answered within 35 seconds	<b>81.41%</b>	<b>Met</b>	
<b>Efficiency</b>	<b>Goal 1:</b> Track customer accounts per employee and compare to national benchmark	<b>614.47</b>	<b>Met</b>	Same
	<b>Goal 2:</b> Track average MGD delivered per employee and compare to national benchmark	<b>0.4</b>	<b>Met</b>	Same
	<b>Goal 3:</b> Analyze costs, benefits and funding opportunities for energy efficiency projects and/or alternate / alternative energy sources	<b>0%</b>	<b>Not Met</b>	TMWA met with several representatives of proposed solar power generation plants to determine the feasibility of solar installations at Chalk Bluff and Fish Springs. Discussions did not move past the preliminary stages.
<b>Safety</b>	<b>Goal 1:</b> TMWA will maintain a Safety Incident Rate (all medical accidents per 200,000 manhours worked) graded on the following scale: Over 6 is Needs Improvement; 5-6 is Good; Less than 5 is Excellent.	<b>3.68 accidents/ 200,000 manhours worked</b>	<b>Met</b>	Industry Standard Bureau of Labor Statistics = 5.9 Average Incident Rate for Water Utility Systems
	<b>Goal 2:</b> Track preventable vehicle accident rate and compare to industry standard.	<b>0.74 accidents/ 100,000 miles driven</b>	<b>Not Met</b>	Industry Standard: Average rating is 0.5 per 100,000 miles driven

## Organization Goals Results for FY2015

### At-a-Glance (Continued)

Organization		FY Results	Met Goal	AWWA Benchmark/Industry Standard/Comments
<b>Financial</b>	<b>Goal 1:</b> Comply with all debt covenants.	N/A	<b>Met</b>	All covenants complied with
	<b>Goal 2:</b> Meet or underspend Capital Commitments	N/A	<b>Met</b>	Underspent capital budget by \$4.1 million
	<b>Goal 2:</b> Meet or underspend O&M Budget Commitments	N/A	<b>Met</b>	Underspent O & M budget by \$2.2 million
	<b>Goal 3:</b> Update Five Year Funding Plan.	N/A	<b>Achieved</b>	Five-year projection completed
	<b>Goal 4:</b> Preserve or improve TMWA's excellent credit ratings by the three major credit rating bureaus (AA-stable) pre- and post-merger.	N/A	<b>Achieved</b>	Rating preserved with positive outlook by S & P
	<b>Goal 5:</b> Complete merger for accounting/finance and financial reporting purposes.	N/A	<b>Met</b>	Completed
	<b>Goal 6:</b> Create combined utility five year financial projection , for credit rating, and for future debt issuance/restructuring purposes.	N/A	<b>Achieved</b>	Five year budget and forecast completed and used for refunding of TMWA's 2005 Revenue Bonds and underpin 2015 DWSRF loan authorization
	<b>Goal 7:</b> Investigate debt restructuring opportunities from a consolidated water utility perspective that can bring significant measurable savings from a long term perspective.	N/A	<b>Met</b>	Restructured Washoe County 2005 G.O./Revenue Bonds for approximately \$1.2 million in interest savings over one calendar year. TMWA 's 2015-A Refunding Bond issue saved budgetarily approximately \$6.7 million over life of new bonds





## Department Goals Results for FY2015

### At-a-Glance (Continued)

Department	FY Results	Met Goal	AWWA Benchmark/Industry Standard/Comments	
<b>Customer Service (Continued)</b>	<b>Goal 9:</b> Collaborate with TMWA Board of Directors, the Regional Planning Agency, the Cities of Reno and Sparks and Washoe County to reduce turf in parkways and common areas, and the elimination of the mandate for turf in front yards.	N/A	<b>Ongoing</b>	Staff has held initial meetings with the partnering agencies and all parties have agreed to set a maximum limit on turf in order to remove the mandate for turf in yards.
	<b>Goal 10:</b> Develop and implement the 2015 Drought Communications Plan	<b>100%</b>	<b>Met</b>	
<b>Natural Resources</b>	<b>Goal 1:</b> TROA: Complete Orr Ditch hearings on motion to amend the Orr Ditch Decree; defend appeals of Nevada State Engineer (NSE) Order 6035 and California State Water Resource Control Board Order 1651.	N/A	<b>Ongoing</b>	Still awaiting District Court rulings on pending appeals.
	<b>Goal 2:</b> TROA: Complete ILA with WRWC to purchase water rights for TROA water quality component for the benefit of Reno, Sparks and Washoe County.	N/A	<b>Met</b>	FY15: purchased 71.88 af. Since 7/2013 purchased 452.86 af. Program completed as water quality water rights satisfied.
	<b>Goal 3:</b> Continue active role in maintaining adequate water rights inventory, analyze purchase opportunities.	<b>Purchases: 0 Net sales: 208.52 af Balance Rule 7 (6/30/15): 7410.75 af</b>	<b>Met</b>	
	<b>Goal 4:</b> Prepare portions of 2015-2035 Water Resource Plan for publication in 2QFY16.	N/A	<b>Ongoing</b>	
	<b>Goal 5:</b> Turn around new business application water rights work within 10 days.	<b>FY15 turnaround time: 4.43 days under review</b>	<b>Outstanding</b>	
<b>Engineering &amp; New Business</b>	<b>Goal 1:</b> Continue cooperative coordination with Agencies and complete projects on schedule.	<b>The average score received was 4.73 out of 5.00.</b>	<b>Met</b>	Responses were averaged on a 5 point scale. Satisfaction surveys were received from four entities.
	<b>Goal 2:</b> Deliver required in-service dates for major capital projects on/under budget.	<b>Expenditures for major projects were \$5.93 million</b>	<b>Met</b>	In-service goals for major projects were met. Expenditures for major projects were \$5.93 million vs. a budget of \$6.80 million.
	<b>Goal 3:</b> Continue to measure and report new business turnaround times.	<b>73.6% 100%</b>	<b>Not Met Met</b>	75% <= 30 days 100% <= 60 days



## Organization Goals Results for FY2015

### Customer Satisfaction

	<b>Goals</b>	<b>Benchmarks/ Ratings</b>	<b>Results/ Comments</b>	<b>Met Goal</b>
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:	<ul style="list-style-type: none"> <li>• A rating of 71% - 81% equates to a Good Performance</li> <li>• A rating of 82% - 86% equates to an Excellent Performance</li> <li>• A rating over 86% equates to an Outstanding Performance</li> </ul>	<ul style="list-style-type: none"> <li>• 92% totally or mostly satisfied for residential customers in FY15</li> </ul>	Outstanding
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:	<ul style="list-style-type: none"> <li>• A rating of 77% - 87% equates to a Good Performance</li> <li>• A rating of 88% - 90% equates to an Excellent Performance</li> <li>• A rating over 90% equates to an Outstanding Performance</li> </ul>	<ul style="list-style-type: none"> <li>• 93% totally or mostly satisfied for commercial customers in FY15</li> </ul>	Outstanding
3	Meet the Vertex revised contract requirement of 80% of calls answered within 35 seconds.	80% of calls answered within 35 seconds	81.41%	Met



## Organization Goals Results for FY2015

### Efficiency

	Goals	Benchmarks/ Ratings	Results/ Comments	Met Goal
1	Track customer accounts per employee and compare to national benchmark. Use most recent American Waterworks Association Benchmark Survey.	<b>AWWA Benchmark:</b> <ul style="list-style-type: none"> <li>• Top Quartile = 613</li> <li>• Median = 433</li> <li>• Bottom = 313</li> </ul>	614	Met
2	Track average MGD delivered per employee and compare to national benchmark. Use most recent American Waterworks Association Benchmark Survey.	<b>AWWA Benchmark</b> <ul style="list-style-type: none"> <li>• Top Quartile = 0.3</li> <li>• Median = 0.2</li> <li>• Bottom = 0.1</li> </ul>	0.40	Met
3	Analyze costs, benefits and funding opportunities for energy efficiency projects and/or alternate/alternative energy sources.	TMWA met with several representatives of proposed solar power generation plants to determine the feasibility of solar installations at Chalk Bluff and Fish Springs. Discussions did not move past the preliminary stages.		

**Notes:**

**Goal 1 Calculation:**  $\frac{107,532 \text{ Customer Accounts}}{175 \text{ Employees}}$

**Goal 2 Calculation:**  $\frac{69.29 \text{ Average MGD}}{175 \text{ Employees}}$



## Organization Goals Results for FY2015

### Safety

	Goals	Benchmarks/ Ratings	Results/ Comments	Met Goal
1	TMWA will maintain a Safety Incident Rate graded on the following scale: Needs Improvement: Incident rate over 6 Good: Incident rate of 5-6 Excellent: Incident rate of less than 5	<b>Industry Standard Bureau of Labor Statistics 2013:</b> <ul style="list-style-type: none"> <li>5.9 Average Incident Rate for Water Supply &amp; Irrigation Systems (50-249 employees)</li> </ul>	3.68 Accidents/ 200,000 Manhours worked	Met Excellent Rating
2	Track preventable vehicle accident rate and compare to industry standard.	<b>Industry Standard:</b> <ul style="list-style-type: none"> <li>Average rating is 0.5 per 100,000 miles driven*</li> </ul>	0.74 Accidents/ 100,000 miles driven	Did not meet. Preventable vehicle accident rate higher than industry standard.

**Notes:**

**Goal 1 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.

**Calculation:** 
$$\frac{6 \text{ Accidents} \times 200,000 \text{ Manhours}}{325,677 \text{ Total Manhours}}$$

**Goal 2 Definition:** number of preventable vehicle accidents per 100,000 miles driven.

**Calculation:** 
$$\frac{7 \text{ Accidents} \times 100,000}{936,242 \text{ Miles Driven}}$$



## Organization Goals Results for FY2015

### Financial

Goals		Results/ Comments	Met Goal
1	Meet all bond covenants.	All covenants complied with	Met
2	Meet or underspend the Capital Commitments.	Underspent capital budget by \$4.1 million	Met
	Meet or underspend the O&M Budget Commitments.	Underspent O & M budget by \$2.2 million	Met
3	Update the 5 Year Funding Plan.	Five year projection completed	Met
4	Preserve or improve TMWA's excellent credit ratings by the three major credit rating bureaus (AA- stable) pre- and post-merger.	Rating preserved with positive outlook by S & P	Met
5	Complete merger for accounting/finance and financial reporting purposes.	Completed	Met
6	Create combined utility five year financial projection, for credit rating, and for future debt issuance/restructuring purposes.	Five year budget and forecast completed and used for refunding of TMWA's 2005 Revenue Bonds and underpin 2015 DWSRF loan authorization	Met
7	Investigate debt restructuring opportunities from a consolidated water utility perspective that can bring significant measurable savings from a long term perspective	Restructured Washoe County 2005 G.O./Revenue Bonds for approximately \$1.2 million in interest savings over one calendar year. TMWA's 2015-A Refunding Bond issue saved budgetarily approximately \$6.7 million over life of new bonds	Met



## Department Goals Results for FY2015

### Treatment

Goals		Benchmarks/ Ratings	Results/ Comments	Met Goal
1	Meet the treatment costs set according to anticipated production	<ul style="list-style-type: none"> <li>If Production is at or near 23,000 MG, TMWA will meet a cost of \$435/MG</li> <li>If Production is at or near 24,000 MG, TMWA will meet a cost of \$416/MG</li> <li>If Production is at or near 25,000 MG, TMWA will meet a cost of \$400/MG</li> <li>If Production is at or near 26,000 MG, TMWA will meet a cost of \$384/MG</li> </ul>	\$392/MG	Met
2	Meet the benchmark of 0 (Zero) MCL violations.	0 (Zero) MCL violations	0 violations	Met
3	Maintain effluent turbidity 95% of the time.	At less than: <ul style="list-style-type: none"> <li>0.20 NTU is Good;</li> <li>0.15 NTU is Excellent;</li> <li>0.10 NTU is Outstanding</li> </ul>	100% <0.10 NTU	Outstanding

*Notes:*

**Goal 1 Calculation:** 25,292 MG produced at a cost of \$392/MG



## Department Goals Results for FY2015

### Distribution

Goals	Benchmarks/ Ratings	Results/ Comments	Met Goal
1	Track system reliability by calculating outage hours per 1000 customers and compare to national benchmarks.	<b>AWWA Benchmark – A:</b>  Top = 0.38 Median = 2.23      < 4 hrs Bottom = 3.90	2.28  Met
		<b>AWWA Benchmark – B:</b>  Top = 0.18 Median = 0.75      4-12 hrs Bottom = 1.57	0.37  Met
2	Maintain 97% Hydro Plant Generation availability when river flow is available for generation (excluding planned maintenance and rehab, weather limitations and catastrophic failures).	97.26%	Met

**Notes:**

**Goal 1 A Calculation:**  $\frac{(1,000) 270 \text{ Total Outage Hours}}{118,481 \text{ Total Customers}}$

**Goal 1 B Calculation:**  $\frac{(1,000) 44 \text{ Total Outage Hours}}{118,481 \text{ Total Customers}}$



## Department Goals Results for FY2015

### Customer Service

Goals		Results/ Comments	Met Goal
1	Customer Call Center will have an average call handle time of 4 minutes, 15 seconds or less per call.	4 minutes, 31 seconds / Goal not met due to higher call volumes and longer calls due to merger and drought	Not met
2	Achieve a monthly average of 4 non-weather estimates on all meter reads.	0.58 non-weather estimates; 7 TOTAL estimated bills for the entire year.	Met
3	The fiscal year average for disconnect for non-payment service orders to active accounts will be .30% or less.	Average of 202 orders a month on an average of 107,532 active accounts is 0.19%	Met
4	The write off to revenue will be 0.25% or less at fiscal year-end.	0.17% write-off to revenue for FY15	Met
5	Hold a minimum of 18 public workshops and/or tours with a primary focus on responsible water use and education.	We held 11 Workshops and 11 tours, for a total of 22.	Met
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.	100%	Met
7	Perform 125 backflow retrofits.	We Retrofit 191 backflows last year.	Met
8	Determine and implement plan for transitioning the remaining 6,142 flat-rate customers to the metered rate	Customer open house and public meetings held in Spring 2015. Original implementation date was set for June 1, 2015, but later moved by the Board of Directors to October 1, 2015. Currently on schedule to move all eligible flat-rate customers to the metered rate on October 1 <sup>st</sup> .	Met
9	Collaborate with TMWA Board of Directors, the Regional Planning Agency, the Cities of Reno and Sparks and Washoe County to reduce turf in parkways and common areas, and the elimination of the mandate for turf in front yards.	Staff has held initial meetings with the partnering agencies and all parties have agreed to set a maximum limit on turf in order to remove the mandate for turf in yards.	Ongoing
10	Develop and implement the 2015 Drought Communications Plan	100%	Met



## Department Goals Results for FY2015

### Natural Resources

Goals		Results/ Comments	Met Goal
1	TROA: Complete Orr Ditch hearings on motion to amend the Orr Ditch Decree; defend appeals of Nevada State Engineer (NSE) Order 6035 and California State Water Resource Control Board Order 1651.	Still awaiting District Court rulings on pending appeals	Ongoing
2	TROA: Complete ILA with WRWC to purchase water rights for TROA water quality component for the benefit of Reno, Sparks and Washoe County.	FY15: purchased 76.18 af at \$5469/af. Since 7/2013 purchased 452.86 af. Program completed as water quality water rights satisfied.	Met
3	Continue active role in maintaining adequate water rights inventory, analyze purchase opportunities.	Purchases: 0 Net sales: 208.52 af Balance Rule 7 (6/30/15): 7410.75 af	Met
4	Prepare portions of 2015-2035 Water Resource Plan for publication in 2QFY16.		Met
5	Turn around new business application water rights work within 10 days.	FY15 turnaround time: 4.43 days	Outstanding



## Department Goals Results for FY2015

### Engineering & New Business

Goals		Benchmarks/ Ratings	Results/ Comments			Met Goal	
1	Continue cooperative coordination with Agencies and complete projects on schedule.	Responses were averaged on a 5 point scale.	Satisfaction surveys were received from four entities. The average score received was 4.73 out of 5.00.			Met	
2	Deliver required in-service dates for major capital projects on/under budget.	In-service goals for major projects were met. Expenditures for major projects were \$4.1 million vs. a budget of \$6.80 million.			Met		
3	Continue to measure and report new business turnaround times.  <b>Project Category</b> Commercial with Main Main Only Subdivision	<b>Primary Goal:</b> 75% <= 30 days  <b>Secondary Goal:</b> 100% <= 60 days	<b>Project Category</b>	<b>No. of Projects</b>	<b>Average Days Turnaround</b>	<b>Comp. &lt;30 d</b>	<b>Comp. &lt;60 d</b>
			Comm. w/Main	7	24.1	71%	100%
			Comm. Services	45	13.8	87%	100%
			Subdiv.	30	24.8	63%	100%

#### NOTES:

**Goal 1:** Survey the satisfaction of the appropriate coordinators at the City of Reno, City of Sparks, Regional Transportation Commission, NV Energy and Washoe County with TMWA's Street & Highway Program.

**Goal 2:** See page 12.

**Goal 3:** # of calendar days from application to first red-line review complete. We did not meet the primary 30-day turnaround goal for Commercial w/Main or Subdivision categories of 75% complete, but the secondary goal was met for all categories. Technically, we only met 50% of the overall goal, but this should be considered a good result considering the large number of projects that were submitted to TMWA at the close of merger. TMWA did respond to the workload by hiring an additional planning engineer (the position was supposed to be filled from DWR) and a temporary contract Project Coordinator


**GOAL #2 - Deliver required in-service dates for major capital projects on/under budget.**
**Schedule**

		Orig. Goal	Revised	Actual	
<u>Project</u>	<u>Project #</u>	<u>In- Service</u>	<u>Goal</u>	<u>In-Service</u>	<u>Comments/Status</u>
<b>PS &amp; PRS Rehabs</b>	various	6/1/15		6/1/15	Sutro #2 PS cont. into FY16
<b>Highland Res. Liner/Cover</b>	14-0003	5/1/15		5/1/15	substantial (in-service)
<b>Warehouse Expansion</b>	21-0004	4/4/15		4/9/15	weather days added

**Budget**

	<u>Project #</u>		<u>FY Budget</u>	<u>Actual Expended</u>	<u>(Over)/ Under %</u>	<u>Comments</u>
<b>PS &amp; PRS Rehabs</b>	various		\$ 2,300,000	\$ 1,738,095	24.4%	
<b>Highland Res. Liner/Cover</b>	14-0003		\$ 2,500,000	\$ 2,262,558	9.5%	
<b>Warehouse Expansion</b>	21-0004		\$ 2,000,000	\$ 1,932,156	3.4%	
<b>Totals:</b>			\$ 6,800,000	\$ 5,932,809	12.8%	

***Overall Capital Spending = \$25.49M vs. Budget = \$30.32M (84% of budget spent)***