

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE OCTOBER 21, 2015
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, October 21, 2015, at TMWA, 1355 Capital Blvd, Reno, Nevada. Chair Martini called the meeting to order at 9:00 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Naomi Duerr, Neoma Jardon, Vaughn Hartung, Jeanne Herman, Geno Martini and Ron Smith

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Duerr.

3. PUBLIC COMMENT

Janet Phillips stated she was the Director of Water Resources at Sierra Pacific Power Company during the 1987-94 drought, the worst of record. Ms. Phillips pointed out she is not concerned about the current drought compared to 1987-94 because now the region is in a better position with the implementation of the Truckee River Operating Agreement (TROA). She complimented TMWA staff on developing a clear and informative draft of the 2016-2035 Water Resource Plan. Please see *Attachment A* for her full public comment.

Frankie Sue Del Pappa, Reno resident, spoke on behalf of a number of concerned citizens in reference to WC3, Land Use Planning in Balance with Sustainable Water. Ms. Del Pappa reported various attempts of implementation occurred and their concern is 73 percent of the population voted in favor. She stated she would like to attend the November Board meeting to address concerns about the Water Resource Plan and make certain concerns about climate change and drought considerations are considered thoroughly and incorporated in the plan. She asked Board members to look back to what the community has said in the past and consider what happened with WC3, what has happened since, and going forward as part of this consideration.

Jeff DeLong, reporter from the Reno-Gazette Journal (RGJ), mentioned he was leaving the RGJ and thanked TMWA and staff for their collaboration and willingness to work with him on topics related to water supply, drought and conservation.

Chair Martini and Member Duerr thanked Mr. DeLong for what he has accomplished and the caliber of his reporting on behalf of TMWA.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE SEPTEMBER 16, 2015 MINUTES

Upon motion by Member Jardon, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the September 16, 2015 minutes.

6. WATER SUPPLY UPDATE

Bill Hauck, TMWA Hydrologist, provided an overview of the current status of TMWA's water supply as of the end of September, the end of the irrigation season. Mr. Hauck reported customer demands have begun to drop, but the drop occurred later than usual due to a warm September and October, so we ended up using more drought reserves than originally intended. He stated approximately 40 percent of TMWA's privately owned stored water (POSW) was used. If we have another dry winter, we will start next year with at least 22,000 acre feet (AF) of upstream storage which is about 80 percent of what we started with this year. Customer conservation savings was 10.2 percent and drought reserves savings was about 4,700 AF.

Member Brekhuis asked if TMWA had to pump more groundwater supply. Mr. Hauck replied wells are still on and approximately 18,000 AF was pumped this year, but it does not negatively impact levels because more recharge was done this year than in previous years.

Member Hartung inquired as to how long it would take to get the hydroelectric plants back online when flows pick up. Pat Nielson, TMWA Distribution, Maintenance & Generation Manger, replied it would take approximately 4 hours.

7. PRESENTATION OF TMWA'S FISCAL YEAR 2015 CUSTOMER SATISFACTION STUDY

Sara Hart, Director of Research for Infosearch International, presented the results of the FY2015 Customer Satisfaction Survey. Ms. Hart reported Infosearch has conducted this survey for TMWA since 2002. The study is conducted via telephone survey on an ongoing basis throughout the year, where they call about 10-12 people per week for a total sample size of 500 customers polled: 400 residential and 100 commercial customers. The survey assesses the overall level of customer satisfaction and attitudes toward water-related issues including but not limited to, water quality, sufficiency, security and customer service. Ms. Hart stated she and TMWA staff review the questions every April to ensure the questions being asked are still relevant and applicable, and implement any changes starting in July.

Ms. Hart said she was very pleased to announce that TMWA's overall customer satisfaction rating has remained stable at 92-93 percent for the past three years. She pointed out this is an extremely high rating, indicating that TMWA has capped on positive ratings. It is pretty consistent despite the events of this year regarding consolidation, flat-rate conversion to metered billing and the continued drought situation.

Ms. Hart reported 85 percent of respondents rated the quality of drinking water as excellent or good.

Member Hartung asked if the quality of water was in reference to taste only and if they separate new development from old residences. Ms. Hart replied yes, it is in reference to taste, and no they do not differentiate between old and new buildings.

Member Duerr asked if the survey asked how long the customers have lived in the region. Ms. Hart replied, yes.

Ms. Hart reported the usage of bottled water has stabilized at 50 percent in the last four years. Member Hartung asked if they clarified the terms regarding the 'use of bottled water', in particular reverse osmosis (RO) or filtration systems. Ms. Hart replied no.

Ms. Hart noted the concern levels regarding drought, sufficient water supply and community growth have increased significantly, while concerns about rate increases fell, and the rating for 'price to quality' went down significantly from 79 percent in 2014 to 70 percent in 2015, the same rating given in 2010.

Member Jardon asked if Ms. Hart's staff review data and question customers who give negative answers. Ms. Hart replied they do an analysis of comments which assists them to modify the questions, but they have not reached out to customers when they give particular answers. They have conducted focus groups with TMWA staff with particular customer groups.

Ms. Hart reported 92 percent of respondents were aware of having an assigned watering day and 91 percent modify their sprinkler usage based on weather. She also noted 23 percent reported they were aware of TMWA's not-for profit status, while 26 percent thought it was for-profit. The percentage who reported they "don't know" the profit status has grown from 34 percent in 2009 to 51 percent in 2014.

Member Hartung asked what could be fixed since this is a negative perception. Kim Mazeres, TMWA Customer Relations Director, replied they have worked on this perception for numerous years, but this is not an issue of concern and people are simply not interested. Chair Martini agreed.

Member Brekhus pointed out it may be presumptions tied to the message, "Quality. Delivered". She suggested TMWA represents a public policy goal and we need to move away from a private utility and business mindset, and establish TMWA as an agency operating regionally.

Key drivers of overall satisfaction, in addition to water quality, for Commercial Customers: having a low level of concern about rate increases; Residential Customers with Lawns: Perceiving that TMWA responds to problems quickly and effectively; Residential Customers without Lawns: Perceiving that the water bill is easy to read and understand.

Finally, 25 respondents were former Washoe County (the "County") or South Truckee Meadows General Improvement District (STMGID) customers who are now TMWA customers; 50 percent were

“mostly” rather than “totally” satisfied with TMWA and 50 percent rated TMWA’s drinking water quality as “good” rather than “excellent”. Ms. Hart referred back to the survey results of the previous year in 2014, and it showed their satisfaction and water quality rating is higher today than the previous year in relation to their former water providers.

Member Duerr suggested Ms. Hart and TMWA staff contact the Board before they review the questions in preparation for any changes to next year’s survey.

8. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2015

Mark Foree, TMWA General Manager, acknowledged staff both at TMWA and the County for working hard together to complete the consolidation. We were able to meet the financial projections in the first six months of consolidated operations, and we were immediately able to take advantage of conjunctive use opportunities by moving surface water into the former County and STMGID groundwater systems. We were able to shut off 15 wells in that five-six month period and provided approximately 3,000 AF of surface water, which allowed us not to have to pump groundwater in those areas. The region is suitable for conjunctive use because of the big surface water system in the middle of the basin which is connected to the groundwater systems on the perimeter.

Mr. Foree proceeded to give an overview of TMWA’s 2015 goals and objectives results and referred to the staff report which outlined each department’s results in detail. Overall, the results were very good having met or exceeded their benchmark or industry standards. With the exception of the preventable vehicle accidents where we had 0.74 per 100,000 miles driven, which was above the industry average of 0.5 per 100,000 miles driven, and the average call handle time goal of 4 minutes, 15 seconds which was not met due to the volume and duration of calls regarding the merger and drought with a result of 4 minutes, 31 seconds.

TMWA has maintained excellent standards of water quality delivered, having received the President’s Award from the Partnership for Safe Water which has been received by only 18 other utilities in the country. Member Hartung asked how many utilities are in the country; Mr. Foree estimated there to be thousands.

Member Hartung voiced his lack of concern with not meeting the call-handle goal of 4 minutes and 15 seconds; it is more important to answer customer concerns than it is to get customer off the phone quickly. Ms. Mazeres agreed and confirmed call-center representatives are directed to provide the best customer service, but still do it efficiently.

Member Duerr added that it is good to track call handle time, but questions if it is necessary as a goal.

Member Jardon added it may impact the ability to answer calls that are waiting in cue. Ms. Mazeres replied yes, it can and it is more expensive the longer the representatives are on the phone. The current goal is a reasonable goal to answer typical questions, but the ones that took longer were related to the merger, which was to be expected; the typical wait time before speaking to a representative is approximately 30 seconds.

Member Brekhus mentioned she is on a committee where it was pointed out TMWA is not responsive to new business submittals. She asked for staff to find out what the issues may be and suggested for TMWA and the City of Reno to meet and decide upon ways to improve the process.

Member Brekhus inquired how TMWA was able to underspend \$4.1 million in capital budget. Mr. Foree replied it was the timing of projects, as a few projects were delayed due to permits and other outliers.

Public Comment:

Neil McGuire, Chair of TMWA's Standing Advisory Committee (SAC), stated he and his co-members have spent many hours, since the inception of the SAC, providing input to the Board. He pointed out they see the same presentations at the SAC as the Board sees. They have reviewed the budget with the full support of all SAC members, which is a representative of various expertise. He praised staff for being informative and transparent.

Member Duerr commented on the value and breadth of the results, adding a new dimension to, and level of understanding of, the organization. She suggested TMWA add a goal measuring public participation and input.

9. PRESENTATION OF PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2016, DISCUSSION AND POSSIBLE ACTION AND DIRECTION TO STAFF

Mr. Foree reported many goals would remain the same, with a few exceptions in particular department areas. Many of the goals have also been updated to reflect AWWA (American Water Works Association) benchmark standards. He emphasized the goals regarding the Truckee River Operating Agreement (TROA) and its imminent implementation.

Discussion followed regarding the desire to add goals concerning public input process, measuring participation, policy and organizational development given TMWA's role in the region, as well as having a more formalized General Manager review process.

Member Herman commented she is thankful with all the work that was accomplished this past year. However, it is difficult to get people to attend meetings, but they will attend if they are interested.

Member Hartung stated people do not want to participate because they feel they are being heard, which makes it difficult to get people involved.

Member Duerr stated people may feel they may not be heard and need to include and listen to what the public has to say.

Member Smith confirmed people do not show up to meetings unless it affects them.

Public Comment

Mr. McGuire remarked on the FY16 goals, and now TMWA has approximately 120,000 customers. The customers would benefit going to the website to get more information. The Board has to decide how

much money it will spend on public participation. He stressed that there is plenty of information readily available, and if people took the time find to out, there would be less discontent.

Member Jardon pointed out the website is great, but need to realize many in the senior population do not have computer or website access. More can be done to ensure customers are getting the message.

Upon motion by Member Brekhus second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the proposed TMWA goals and objectives for Fiscal Year 2016 and to add new goals regarding measuring public participation and input for approval by the Board at the next scheduled Board meeting.

Chair Martini called for a legal briefing at 10:36 a.m.

Chair Martini reconvened the meeting at 11:11 a.m.

10. PRESENTATION OF PROPOSED TRUCKEE RIVER FUND PROJECTS AND DISCUSSION AND ACTION ON RESOLUTION NO. 233: A RESOLUTION TO APPROVE FUNDING FOR THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

John Enloe, TMWA Operational Strategies Manager, presented this agenda item. He stated the advisors met on August 21 where they reviewed nine proposals, and they are recommending funding approval for seven projects for a total of approximately \$400,000. The projects for funding are:

1. Watershed Education Initiative

Organization: Sierra Nevada Journeys

Amount Recommended: \$28,484, **Organizational Match:** \$6,250 (Cash); \$7,200 (In-Kind)

2. Johnson Canyon Westside Restoration

Organization: Truckee River Watershed Council (TRWC)

Amount Recommended: \$25,000, **Organizational Match:** \$79,000 (Cash); \$6,000 (In-Kind)

3. Rosewood and Third Creeks Invasive Weed Removal

Organization: Nevada Tahoe Conservation District

Amount Recommended: \$7,350, **Organizational Match:** \$9,850 (Cash); \$2,500 (In-Kind)

4. Truckee River Watershed AIS Prevention and Control

Organization: Tahoe Resource Conservation District

Amount Recommended: \$112,000, **Organizational Match:** \$50,000 (Cash)

5. Cemetery Drain Water Quality, Erosion Control and Drainage Project

Organization: City of Reno

Amount Recommended: \$77,500, **Organizational Match:** \$37,971 (Cash); \$15,000 (In-Kind)

6. Truckee River Cleanup/Invasive Weeds 2016

Organization: Keep Truckee Meadows Beautiful

Amount Recommended: \$48,325, **Organizational Match:** \$40,500 (Cash); \$68,500 (In-Kind)

7. Virginia Lake Water Quality Improvements

Organization: City of Reno

Amount Recommended: \$100,000, **Organizational Match:** \$150,000 (Cash); \$47,420 (In-Kind)

Member Duerr asked what the quality of applications were. Mr. Enloe replied he would have made the same recommendations regarding what to fund and what not to fund as the TRF Advisory Committee.

Member Brekhus questioned how the projects truly benefit TMWA; if there was a policy that identified the benefits. Mr. Enloe replied the TRF has a guidance document to which the Advisory Board adheres.

Member Brekhus asked how much money has been spent in the Tahoe Basin and who the water purveyor in Incline Village is. Mr. Enloe replied money has been granted in the Tahoe Basin in the past, which is routine, and it is the Incline Village General Improvement District (IVGID).

Upon motion by Member Smith second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved funding for the projects recommended by the Truckee River Fund Advisory Committee.

11. PRESENTATION, DISCUSSION AND ACTION REGARDING THE BUREAU OF RECLAMATION DROUGHT GRANT

Laine Christman, TMWA Resource Economist, provided a brief overview of the staff report. Mr. Christman stated he is looking for volunteers to participate in the Drought Task Force from various stakeholder groups. Mr. Christman reported staff has reached out to members of TMWA's Standing Advisory Committee and local agencies.

Member Brekhus asked who would be able to participate and how many volunteers would there be on the Drought Planning Task Force. Mr. Christman replied he is looking for one volunteer from each agency and/or customer class, but there is no limit on who and how many, and there would be opportunity for others to attend the smaller meetings to have specific discussions.

Member Duerr asked if it included the topic of conservation. Mr. Christman replied yes.

Member Jardon asked who would make the final decision of volunteers to serve on the Drought Task Force. Mr. Christman replied the agencies who provide the volunteers would make the decision.

Upon motion by Member Smith second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board accepted the report.

12. REQUIRED COMMUNICATION FROM EIDE BAILLY IN REGARDS TO TMWA'S ANNUAL FINANCIAL AUDIT

Mr. Tissier reported the required communication from Eide Bailly which is a requirement of auditing standards for external auditors to send this letter to the TMWA Board of Directors. The communication defines the roles and responsibilities of TMWA's management, Eide Bailly and the TMWA Board of Directors as well as setting the expectations for conducting and completing the audit for fiscal year ending June 30, 2015.

13. DISCUSSION AND ACTION ON REQUEST FOR APPROVAL OF RESOLUTION NO. 234 – THIRD BUDGET AUGMENTATION AND BUDGET REVISIONS FOR FY 2015

Mr. Tissier reported there were two prior budget augmentations related to the consolidation of the water utilities in FY 2015. This third budget augmentation reflects the refund of monies to STMGID customers which was approved by the TMWA and STMGID Boards prior to the consolidation and charged TMWA to refund customers a certain amount of money for customers of record. STMGID audit report did not reflect this decision in the audited financial statements because the trigger for recognition of the obligations was the moment the water utility consolidation occurred so TMWA must reflect the refunds in TMWA's financial statements. As of June 30, 2015 there were 24 former STMGID customers who have yet to cash their refund checks.

Upon motion by Member Hartung second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved Resolution No. 234 – Third Budget Augmentation and Budget Revisions for FY 2015.

14 PRESENTATION OF TMWA'S UNAUDITED FY2015 FINANCIAL PERFORMANCE

Mr. Tissier reported staff just finished finalizing the consolidating entries into the financial system, which will be presented in the Comprehensive Annual Financial Report (CAFR). He mentioned public entities now need to take on their proportionate share of the unfunded liability of the Public Employer's Retirement System of Nevada (NVPERS). TMWA's allocation is approximately \$22 million, but our

unrestricted net position will be able to absorb that. The financial report includes all the merger activities and the results were excellent.

Member Hartung inquired whether the merger with the County and STMGID financially damaged TMWA. Mr. Tissier replied no, it was the opposite; TMWA had \$63 million in unrestricted treasury pre-merger and now there is approximately \$105 million with an additional \$9.8 million to be transferred from the County treasury as part of the merger agreement.

Mr. Tissier stated when we refinance the \$148 million 2006 Bonds and meet with the credit agencies, we will be in a good position to be upgraded, especially with the implementation of TROA.

Member Hartung highly praised Mr. Tissier. Mr. Tissier replied it was a testament to staff and commended Vertex, TMWA's billing contractor, in ensuring the new customers were included in TMWA's database in a timely and efficient manner. Also, employees who transferred from the County were instrumental in separating water polling signals from sewer in the SCADA system.

Member Duerr asked Mr. Tissier to clarify "stabilize" and how many employees does TMWA have. Mr. Tissier replied when merging organizations, there is a lot to overcome and address: legal issues, organizational culture, operations, etc. There were over 270 tasks identified to complete the merger effort, it is customary not to think of every detail and after the merger is complete a number of issues arise which require immediate attention. This is what is referred to as stabilizing the combining organizations post-merger. There were approximately 155 employees pre-merger and 187 post-merger.

Member Brekhus asked if the unfilled positions were involved in the new development process. Mr. Tissier replied, no, but they could be filled if needed. Mr. Foree added we can always contract out for assistance.

Mr. Tissier commented on conjunctive use and how the Capital Improvement Plan (CIP) looks at infrastructure to keep improving conjunctive use. Member Duerr agreed that the ability to combine resources to alleviate the drought issue is remarkable.

Mr. Tissier added there was no better decision to acquire the water assets from Sierra Pacific and the second biggest decision was the merger of the water utilities.

15 PRESENTATION, DISCUSSION AND DIRECTION TO STAFF REGARDING TMWA'S 2016-2035 WATER RESOURCE PLAN

Public Comment

Mr. McGuire stated the 2035WRP is a valuable document for the water utility. These plans are done in detail and answer many questions. The past documents hit the target of what followed in 2006-07. It covers conservation, growth, and rates being charged.

John Erwin, TMWA Natural Resources Director, introduced key staff members who contributed to the 2016-2035 Water Resource Plan (2035WRP). Mr. Erwin provided an overview of the key sections of the 2035WRP starting with Chapter 1 then presenting contents of Chapters 4 and 5. He pointed out this comes at a unique time: completion of TROA, the merger, and upcoming financial opportunities, the

groundwork having been laid more than 10 years ago. Not many changes in water planning moving forward since the solutions outlined in the 2035WRP are long-term solutions similar to previous water plan. He encouraged Board members to submit any recommendations and suggestions in writing so as to assimilate with any other comments TMWA receives.

Mr. Erwin pointed out two new terms identified post-merger: Truckee Resource Area (TRA) which includes areas where Truckee River water is used and non-TRA, areas where Truckee River water is not used. He explained the expanded retail service boundary. He further explained the need for boundaries for planning purposes – one of the things about utility planning, how the utility secures its resources for its commitments to deliver water to its customers.

Member Hartung asked if Stampmill was part of the Truckee Meadows Service Area (TMSA). Mr. Erwin replied no.

Member Duerr asked for clarification between TMSA and TRA. Mr. Erwin replied TMSA is outlined in red (outlying boundary in the region) which is determined by Truckee Meadows Regional Planning Agency (TMRPA) and TMWA's TRA (outlined in blue) is within those boundaries.

Member Brekhus questioned the planning context used, the intent of the documents' use, the region's reach of Truckee River water, and securing its resources. She expressed the need to further explain TRA needs and any consequences.

Mr. Erwin responded to Member Jardon's question about TMWA's role as a utility and projections based on availability.

Member Brekhus inquired about the relationship to other documents and where is the overarching, Rank 1, plan. She believes this is a separate planning document and the history component of the plan need not be included.

Member Duerr pointed out with the merger the focus is on water supply only. She stressed TMWA needs to take an active policy role and highlight it in a separate section in the plan.

Sue Oldham, Legal Counsel for TROA, provided expert opinion on the importance of TROA which will go into effect by end of the month or soon after. Ms. Oldham referred to how broken the system has been these past 30 years or more and implementing TROA in the depths of the drought is an amazing benefit to the community. She confirmed TMWA will be able to replenish water supplies in Independence and Donner Lakes for a total of approximately 7,000 AF and with each year, under TROA, adding another 11,000 AF, we will be able to store 18,000 AF every year. TMWA staff and the Board have worked very hard to finalize the agreement as well as getting agreed to river operations by the 14 main parties on the river. Going forward there will be continuous accrual of drought reserves and if the drought continues into the third year of TROA operations, we will have 35-50,000 AF in storage waiting to be used.

Shawn Stoddard, PhD, TMWA Senior Resource Economist, presented on Chapter 4, the population projection model for the region. TMWA works in conjunction with the State Demographers office, TMRPA, and the County to input the Consensus forecast. For TMWA's planning purposes, a long-term model is needed, including a population forecasting model, which is based on a logistic growth curve

model using a simple regression analysis. Every analysis does have alternate carrying capacity which is estimated at approximately 600,000 people.

Member Duerr confirmed that the WC3 is about the carrying capacity and the numbers are similar to those when WC3 was passed. Dr. Stoddard replied yes, approximately.

Discussion followed regarding the range of the results of the projection model.

Member Smith asked why persons per dwelling is decreasing. Dr. Stoddard replied it is not decreasing rather it is staying flat.

Member Brekhus pointed out those one-individual households are the fastest growing households, but she was surprised that the model is using 2.5 households; questioning how it drills down to water consumption demand. Dr. Stoddard replied the largest component of household demand is the size of the lot.

Member Brekhus asked about the demand created by buildings that are not serviced by TMWA and may have wells going dry; questioning whether they built into the demand model. Dr. Stoddard replied there is no data on conversion from domestic to municipal services; water rights will not change, but facilities may change.

Member Brekhus asked if there will be another merger in the future. Her understanding is there is a million square foot industrial building in Verdi for its system. Mr. Erwin replied there is the Boomtown service area and in Verdi proper there is the mutual water company and we do not have their data nor plan to merge.

Dr. Stoddard concluded there is no issue with sustainability. By 2035 the projection in production levels will be approximately 100,000 AF, which is well within the amount of TROA operations.

Member Hartung asked if this assumes we will always deal with water the same way and makes no assumptions that households will be using water in a completely different way. Dr. Stoddard replied they examine current trends, which are re-examined every two years; this is the third projection model since TMWA's inception.

Mr. Christman presented on the conservation and drought planning sections and TMWA's Conservation Plan in the 2035WRP. Through various programs, education, assigned-day watering, and watering-time restrictions, the conservation plan has been effective with per service water use declining over time.

Member Hartung asked if the decline is due to education or activities. Mr. Christman replied, both.

Mr. Christman reported water use demand is trending down and how the conservation plan is adjusted during the drought. He stated there are three scenarios: Non-Drought Situation, Drought Situation which includes when reserves are released before Labor Day or after Labor Day.

Mr. Erwin expanded on the term, 'Drought Situation'. It is defined by TROA and TMWA operates through this agreement by using these definitions in response to the level of Lake Tahoe to make the determination of drought or non-drought situation.

Member Jardon asked if there was an opportunity to align the different agencies to the definition of 'Drought Situation' and how to notify customers. Mr. Erwin replied, yes, align it to TROA, but the agencies can use their own methods to notify customers on the level of the drought situation.

Mr. Christman continued with the variety of actions, tools, and measures that can be taken during a drought situation. Member Jardon appreciated the list of tools and actions she had requested.

Discussion took place on the upcoming WRP workshop schedule and a request to schedule a fifth public open house in central Reno.

No action.

**Member Herman left at 12.14 p.m.*

16 DISCUSSION AND ACTION REGARDING GENERAL MANAGER
PERFORMANCE REVIEW FOR CONTRACT YEAR 2014/2015

Mr. Foree referenced the staff report reviewing his performance goal results for the contract year 2014/2015; in addition he spoke at the Governor's press conference where the Drought Forum was created and also participated as a speaker in the Governor's Drought Forum in September.

Member Smith commended Mr. Foree on accomplishing everything he has done this past year and expressed his pleasure with his performance.

Member Jardon inquired about the history of Mr. Foree's raise and if all employees fall under a similar structure. Mr. Foree replied yes, and the salary structure had increased by about two percent each year over the past few years, which is tracked by a consultant and based on wage inflation.

Member Duerr asked when Mr. Foree became General Manager. Mr. Foree replied in 2009 and the wages stayed flat for about 4 years.

Member Jardon expressed her desire to see an evaluation form for Board members and it would be helpful if they had employee feedback.

Chair Martini commented on the success of the merger and TMWA's financial stability speaks to Mr. Foree's abilities.

Member Duerr agreed it is a great achievement, but they need to look goals that could be added, such as, internal processes, areas of efficiency, innovation, policies and procedures, and organizational issues.

Public Comment

Andy Gebhardt, TMWA Customer Service Manager, agreed with, and thanked Mr. Foree for his compliment on the great staff at TMWA who know the industry and their responsibilities, which could not happen without the great leadership at TMWA. He has worked with Mr. Foree for many years and he is a great leader who remains calm when faced with difficult situations which assists staff in doing so as well.

Member Duerr thanked Mr. Foree for being patient with new Board members, taking the time to meet with them to answer questions and being open to their suggestions.

Member Brekhus agreed with Mr. Foree doing a good job. There is a high level of confidence in the community for the competence of TMWA. She is looking forward to working with staff regarding concerns on climate change and rates. She is certain the organization can meet those challenges.

Member Jardon asked Mr. Foree if he could improve and what he did well. Mr. Foree replied he can improve his communication with the Board members and that they had a great first year post-merger.

Member Jardon agreed with Mr. Foree. She said it has appeared there has been frustration with the questions, but does not want there to be a perception they are stifling operations.

Member Hartung said he personally has not been disappointed with communication. Mr. Foree is willing to help them understand complex issues.

At this point, discussion regarding Mr. Foree's salary increase took place.

Upon motion by Member Smith second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved a 2.1 percent salary increase.

Chair Martini stated the raise is reasonable and he has no issue with giving a bonus.

Member Smith added giving a bonus can be done as a separate motion. Chair Martini agreed.

17 DISCUSSION AND ACTION ON REQUEST FOR BOARD INPUT AND ACCEPTANCE OF GENERAL MANAGER PERFORMANCE OBJECTIVES FOR CONTRACT YEAR 2015/2016

Mr. Foree provided an overview of the proposed FY2016 General Manager performance goals. The most important is the upcoming refinancing of the (\$148 million) 2006 Bonds. Also, Mr. Foree stated three senior leaders are retiring who will be extremely difficult to replace.

Chair Martini confirmed with the Board members to approve these goals and if there are any additional recommendations to be brought forth at the next meeting.

Upon motion by Member Hartung second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the General Manager Performance objectives for contract year 2015/2016.

18 GENERAL MANAGER'S REPORT

Mr. Foree had no comment.

19. PUBLIC COMMENT

There was no public comment.

20. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Duerr requested the Board members be supplied with TMWA's Rules and Regulations in case they need updating. Mr. Pagni replied he can email them directly.

Discussion followed regarding the conflict between TMWA and the City of Reno's November 18th meeting and possibly rescheduling TMWA's Board of Directors meeting.

21. ADJOURNMENT

With no further discussion, Chair Martini adjourned the meeting at 1:00 p.m.

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

Sonia Folsom, Recording Secretary

**Member Herman was present for agenda items 1 thru 15 only.*