



STANDING ADVISORY COMMITTEE WORKSHOP
DRAFT MINUTES
December 6, 2011

The Standing Advisory Committee met at Truckee Meadows Water Authority in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Chairman Vorreyer called the meeting to order at 3:03 p.m.

1. ROLL CALL

Members Present: Kevin Bloomgren, Ernest Buchner, Colin Hayes, Neil McGuire, Susan Ralphe, Ron Turner, Greg Vorreyer and Barry Winzeler

Alternates Present: Robert Chambers, Bruce Gescheider, Mike Heffner and Jim Smith

Staff Present: Scott Estes, Mark Foree, Kim Mazeris, Lora Rose Richards, Shawn Stoddard and Debbie Leonard, Legal Counsel

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE NOVEMBER 1, 2011 MEETINGS

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the minutes of November 1, 2011.

Bruce Gescheider arrived at 3:10 p.m.

5. STATUS REPORT ON THE MERGER OF THE WASHOE COUNTY DEPARTMENT OF WATER RESOURCES WATER UTILITY FUNCTIONS INTO TMWA, INCLUDING A 5-YEAR FINANCIAL UPDATE AND REVENUE SUFFICIENCY REPORT

Mark Foree presented this item. The second reading of the Washoe County Bond Bank Ordinance, which is limited to water authorities only and will ultimately help the merger in terms of refinancing the Washoe County Department of Water Resources (DWR) publicly-issued debt with more favorable terms, will be heard at the December 13, 2011 meeting of the Board of County Commissioners (BCC). At that same meeting, the BCC will also address and possibly provide direction to staff on the issue of the South Truckee Meadows General Improvement District (STMGID). DWR staff recommendation is to merge STMGID into DWR.

6. STATUS REPORT ON PROPOSED RATE ADJUSTEMENT, REVIEW AND DISCUSSION

Mark Foree presented this item. A public workshop was held on the evening of November 9. Five customers (one being a SAC member) attended the meeting. After presenting the same information that was presented to the SAC on November 1 and to the Board on October 19, questions and discussion ensued on a range of topics including debt management, effective date of rate adjustments, implementation of 3-day-a-week watering and its effects on system operation/revenues, load characteristics of the different customer classes, revenue degradation, reinvestment in the water system, and tiering/rates for the metered classes. Two customers suggested the Board consider eliminating the third tier usage rate to simplify the metered rate schedules and reduce the implication to customers that the third tier is viewed as a “penalty”. At the Board meeting on November 16, there was no public comment. Only a few inquiries were received via “Tell the Board” submissions from www.tmwa.com and a handful of telephone calls were received expressing opinions of the proposal.

The second reading of the proposal is scheduled for the January TMWA Board meeting – January 18, 2012 at 6 p.m. An evening meeting was scheduled to allow easy access for the public to attend and make comment if they so choose. Mr. Gescheider commented that it was very good to keep the percentage of the increase low. If approved, the rate adjustment is proposed to go into effect the first billing cycle of February, 2012.

There was a discussion on how the adjustment is being handled by the media, both in print and on the radio.

There was some clarification as to how the shortfall of \$8.9 million between anticipated revenue and costs would be remedied by this increase. Mr. Foree explained that the increase is proposed to generate approximately \$6 million from revenue and the organization needs continued diligence on the expense side with, hopefully, some help from the economy and a positive change in weather patterns.

Mr. Foree also clarified the use of unrestricted cash. Four years ago, the unrestricted cash balance was at \$95 million. A number of causes have resulted in the reduction to that balance: heavy construction on the Mogul Bypass, the Highland Canal improvements, and coverage of the deficiency between revenues from rates and expenses. At the end of FY2011, there was a balance of \$48.4 million in unrestricted cash. He said it is vitally important for TMWA to keep a healthy balance in unrestricted cash so as to be able to take advantage of the market, when and if the opportunity presents itself, for refinancing debt.

7. PRESENTATION OF 2012 MEETING SCHEDULE

Lora Rose Richards presented the 2012 meeting schedule. The meetings will remain on the first Tuesday of each month at 3:00 p.m. There could be some changes; such as, July 3 as it is the day before a holiday and November 6 because it is Election Day. These changes will be made as needed during the preceding month's meeting.

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee accepted the meeting schedule as presented with the caveat that meetings can be changed as needed.

8. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP.

Lora Rose Richards presented this item. At the end of each December, half of the member terms expire. Ms. Richards has contacted everyone whose term is set to expire and each person has expressed an interest in continuing in their current role with the exception of Ernest Buchner, Senior Representative, who resigned effective at the end of this meeting. Mr. Chambers, currently the Alternate Senior Representative, has agreed to serve as the primary Senior Representative.

There are presently two vacancies on the SAC: the Senior alternate and the Multi-Family alternate. There will be no formal recruitment to fill these positions but Ms. Richards encouraged everyone to let her know about anyone who might be interested in serving in either position.

The Consumer Advocate's office has appointed Denise H. Jacobson as its representative for the next term. The seat has been vacant since Mr. Williamson left in 2009.

The Wholesale Customer Class seat alternates each term between Sun Valley General Improvement District (SVGID) and Washoe County Department of Water Resources (DWR). The wholesale seat has been filled by SVGID for the past two years with Fred Schmidt as the SVGID representative. Next term, the wholesale seat will be filled by DWR with Rosemary Menard and Ben Hutchins as the DWR representatives. Their proposed wholesale alternate will be Fred Schmidt.

Ms. Richards will present this item to the Board on December 21 as all SAC members, other than those appointed by the Builder's Association of Northern Nevada, Reno-Sparks Chamber of Commerce, Northern Nevada Water Planning Commission and Consumers Advocates Office, must be confirmed by the Board.

Darrin Price, General Manager of SVGID, was in the audience and commented that he would like included in the item brought before the Board to have SVGID represent the wholesale group if the merger takes place within the two years that DWR holds the seat. There are only two wholesale customers, DWR and SVGID; and, if the merger takes place while DWR holds the seat, that seat should revert to SVGID as the only wholesale customer remaining after the merger.

Ms. Leonard said as this is not an action item, it would not be appropriate at this meeting for the committee to take any action on this particular item. This is an update only on the status of the SAC membership. As it is the TMWA Board who takes action on SAC membership, that might be an appropriate question or suggestion to propose directly to the Board. TMWA staff assured Mr. Price that when the merger takes place, the TMWA Board will be advised of any impacts to the SAC.

Ms. Leonard asked everyone to put some thought into an officer slate before electing officers in January, especially since, as an alternate, Mr. Schmidt will not be able to serve as the Vice Chairman.

Mr. Buchner wished everyone the best, saying that it has been a pleasure to serve on the SAC and was great working with everyone. He said that after 42 years associated with the utility business, 36 with a telecommunications company and 6 with the SAC, he is going to enjoy his good health while fishing and traveling.

9. DISCUSSION ON THE DATE FOR THE NEXT MEETING AND FUTURE SAC AGENDA ITEMS

Mr. McGuire asked for an information item on bonds, elaborating on how they work, how they are structured, how they are discounted, etc. This could be done in February.

Chairman Vorreyer said he would like to have an update on the activities of the Northern Nevada Water Planning Commission. It was suggested to ask Jim Smitherman, staff member for the Western Regional Water Commission and the Northern Nevada Water Planning Commission, to make the presentation.

Mr. Price asked if a discussion could be held on the status of the Wholesale Representative between SVGID and DWR on the SAC, particularly as to when it would be appropriate to take this matter to the Board.

Ron Turner said he was interested in a discussion on the Truckee River Operating Agreement (TROA) particularly since it is supposedly in the implementation phase. He wanted to know if there was a check list of items to be completed and what progress is being made.

Mr. Turner also wanted to know about Water Conservation and how TROA dictates that. He said that he read where TMWA's conservation programs were designed to achieve a 10% annual water savings as part of the conservation goal from the 1996 Water Conservation Agreement between Sierra Pacific Power Company, the Pyramid Lake Paiute Tribe and the United States; and he would like an understanding of that and what TMWA is doing with that as well. Both might be future agenda items. Ms. Richards said that she and Mr. Erwin publish an Annual TROA report which is due the end of January so the February meeting would a good time to share that information. She said she would discuss with Mr. Erwin and get a timeline as his staff compiles the water supply and demand update as well as the TROA report.

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee set

the date of the next meeting as Tuesday, January 3, 2012 at 3 p.m.

1. **Update on Standing Advisory Committee Membership**
2. **Election of Officers**
3. **Status report on the merger of the Washoe County Department of Water Resources water utility functions into TMWA**
4. **Presentation on water supply and demand**

and requested the following items be placed on future agendas:

5. **Informational Item on Bonds**
6. **Update on the activities of the Northern Nevada Water Planning Commission**
7. **Discussion on the status of the Wholesale Representative between Sun Valley General Improvement District and the Washoe County Department of Water Resources on the SAC**
8. **Presentation on implementation phase of the Truckee River Operating Agreement TROA**
9. **Presentation on how TROA dictates water conservation**

10. COMMITTEE ITEMS

Mr. Gescheider asked for clarification on the statement made in the November minutes “*studies throughout the water industry have shown that weather and economics play a much greater role in demand than conservation or price.*” Later the minutes stated that “*The committee discussed the increase to flat rate customers compared to metered residential customers that, as a class, are using roughly twice as much water as the average metered-residential customer.*” He said he thought these were conflicting statements and that price is the determinant.

Shawn Stoddard said this discussion would fit into the water supply update agenda for the January meeting; but the short answer is they are all determinants; however, it has been shown that while price is important, it is just not as important as weather and economics.

Mr. Gescheider asked this be put into the consumption information in January.

9. STAFF ITEMS

Mr. Foree gave a report on the excellent job TMWA staff and distribution system did with handling the Caughlin fire on November 18. TMWA’s response was really great. The loss of

power to half the pumping facilities made it challenging to provide water flow and pressure to those fighting the fire. Staff was in continual conversation with the fire department and there was never an issue with any kind of a water outage. We had to reroute water from different sources and keep generators running. TMWA has spent more than \$30 million over the last 10 years on improved fire protection in the system, i.e., the Ridgeview tank, and we saw the benefit of that during the Caughlin Fire.

Ms. Richards distributed Christmas cookies and staff wished everyone a Merry Christmas and a Happy New Year.

10. PUBLIC COMMENTS

There were no public comments.

11. ADJOURNMENT

With no further items for discussion, Chairman Vorreyer adjourned the meeting at 4:17 p.m.

Approved by the Standing Advisory Commission in session on _____

Corinne Cassell, Recording Secretary