



STANDING ADVISORY COMMITTEE
DRAFT MINUTES
September 4, 2012

The Standing Advisory Committee met at Truckee Meadows Water Authority in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Vice Chairman McGuire called the meeting to order at 3:05 p.m.

1. ROLL CALL

Members and Voting Alternates Present: Robert Chambers, Harry Culbert, Bruce Gescheider, Colin Hayes, Ben Hutchins, Denise Jacobsen, Neil McGuire, Jonnie Pullman, and Ron Turner

Alternates Present: Paul Rose, Fred Schmidt, and Jim Smith

Staff Present: Corinne Cassell, Amanda Duncan, John Erwin, Mark May, Kim Mazeres, Shawn Stoddard, and Jeff Tissier

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 MAY 1, 2012 MEETING

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the minutes of May 1, 2012.

5. STATUS REPORT ON THE MERGER OF SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) AND WASHOE COUNTY DEPARTMENT OF WATER RESOURCES (DWR) WATER UTILITY

Ben Hutchins, Washoe County, stated that the STMGID Board of Trustees (BOT) approved \$450,000 for a feasibility study at the request by the STMGID Local Managing Board (LMB). A feasibility plan will be developed from a legal, financial, operational and engineering perspective to assess if an independent water utility can be established. He noted this is a community-driven process; the process is not driven by DWR. It is anticipated that the study will be completed by the end of October and presented to the LMB who will then make a formal recommendation to the BOT on Tuesday, November 13, 2012.

Fred Schmidt asked about outreach efforts. Dwayne Smith, Senior Engineer, Washoe County, who was present at the meeting, stated that GoodStanding was engaged for consulting services for public outreach and communications for the study. DWR is providing education and data on the current system and its operations. Mr. Hutchins said the merger option between STMGID and DWR is still on the table; it has been tabled until after the feasibility study is completed.

Bruce Gescheider asked if anything has been learned from this process. Mr. Hutchins responded that there are lessons to be learned from every situation and communications is a key component in the process. He said the merger of STMGID and DWR had been discussed in open meetings from the onset and added that STMGID and Washoe County have done earlier studies and it was the opinion of Washoe County that a merger would be in the best interest of STMGID customers, DWR and TMWA. The BOT will make a final decision after reviewing the feasibility study and hearing the recommendation of the LMB.

Vice Chairman McGuire said he thought that TMWA should be proactive and provide information about the merger to the community. Ron Turner said he thought that TMWA should provide information to prevent TMWA as being blamed for the situation and also to let STMGID customers know what their rates would be after the merger.

Mr. Tissier said that TMWA staff is neutral about the decision on the merger between STMGID and DWR. The decision will be made by the BOT after completion of the feasibility study and TMWA staff will be able to work with any decision that is made.

6. STATUS REPORT ON THE MERGER OF THE WASHOE COUNTY DEPARTMENT OF WATER RESOURCES WATER UTILITY FUNCTIONS (DWR) INTO TMWA

Mr. Tissier reported that the Washoe County Ordinances pertaining to Water and TMWA's Rules of Service have been reviewed for consistency, completing TMWA's final task in the due diligence phase. The next step is for TMWA and DWR to meet to discuss those details. The proposed changes significantly impact the Washoe County Ordinances, but the concept is for both utilities to apply the same customer care requirements and rules and for both utilities to ensure developer charges, rates, and fees are adequate for recovering investment in the water system.

Mr. Tissier said his next charge is to update the five-year financial forecast to be presented to the TMWA Board of Directors and the Board of County Commissioners (BCC) at a joint meeting

for their consideration. If, at that joint meeting, a decision is made to proceed with the merger of DWR into TMWA, that financial forecast will a) be used in the offering memorandum for the Washoe County bond defeasance; and, b) be provided to the State Treasurer's office to ensure TMWA can assume the Drinking Water State Revolving Fund loan without any impact to coverage ratios.

The joint meeting of the Board and the BCC is anticipated for late November or early December for a decision regarding the merger. It is unclear at this time how the situation with STMGID will impact that meeting.

There was a discussion on how the November elections with the resulting changes to the Board and the BCC will affect discussions of, and decisions on, the merger. Mr. Tissier said the reason for holding the meeting in the late November or early December timeframe was to allow for completion of the analysis of the STMGID/DWR merger and an informed decision be made by STMGID and Washoe County about STMGID's existence. Mr. Schmidt expressed his concern about the timeframe because this decision affecting the future will be made by politicians who will not be in office when the proposed merger is completed. Ms. Mazeris said the item regarding the joint meeting and the potential merger will be on the October 17 agenda of the TMWA Board's Strategic Planning Workshop and the Board will, at that time, make a decision whether or not to move forward with a joint meeting.

7. STATUS REPORT ON THE CITY OF RENO RIGHT-OF-WAY TOLL IMPLEMENTATIONS

Ms. Mazeris reported the City of Reno's decision to increase the Right-Of-Way toll (toll) two percent was implemented on September 1, 2012 and will be included on the September billing. She distributed and reviewed the bill inserts from TMWA for August and September which read "The Right-of-Way Toll for City of Reno residents is increasing in September from three percent to five percent. This toll is a fee charged to utilities and telecommunication companies for the right to use property owned by the government, such as the property underneath the streets. TMWA has no control or discretion over this fee – it is a charge collected by TMWA and passed on to the local governments." She also reviewed the blue bill insert from the City of Reno about the toll.

During the ensuing discussion, Ms. Mazeris said she would report back to the Committee with the number of calls received regarding this issue. TMWA personnel are instructed to tell the customer the toll is a pass-through charge from the City of Reno and if they need additional information, to call the City of Reno at 334-INFO. In answer to a question from the Committee regarding toll fees from the other entities, she said that the City of Sparks has already imposed the maximum five percent toll and to date, Washoe County has not imposed any right of way toll on TMWA customers.

8. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING AGENDA ITEMS FOR FUTURE MEETINGS

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, October 2, 2012 at 3 p.m. and requested the following items be placed on future agendas:

1. Update on merger of STMGID into DWR
2. Update on merger of DWR into TMWA
3. Presentation of the Unaudited Financial Report for FY2012
4. Update on Vacant Premises
5. Update on summer water consumption

9. STAFF ITEMS

Mr. Erwin gave an update on the status of the following issues:

Truckee River Operating Agreement (TROA)

- California State Water Resources Control Board (SWRCB). Applications were filed to change the reservoir storage licenses and permits to enable TMWA to store Nevada Water Rights in upstream reservoirs in 2006; hearings were held in July 2010; a favorable draft order was issued in July 2012 to which TMWA had submitted comments so the resulting order will be consistent with TROA regulations; and SWRCB will have public comment meeting on the draft order on September 17, 2012 prior to the issuance of the final order sometime later this year.
- Orr Ditch Hearings. Answering briefs were filed by TMWA in response to briefs filed by Truckee Carson Irrigation District (TCID) in the Orr Ditch hearings. Judge George, the Orr Ditch Court Judge, has full briefs by the parties, and it is anticipated that he will either be making a decision from the bench or setting a date for a hearing in the near future.

Drought

- Although the State of Nevada has declared a state of emergency for drought conditions, this is done for the State to get in the funding queue for federal dollars. The Truckee Meadows is not being impacted by the drought situation. Upstream reservoirs are relatively full this year and the drought has not impacted the Truckee Meadows. There was a discussion on how TMWA plans for varying weather and snowpack conditions and water runoff to meet drought conditions. Mr. Erwin said that TMWA does have contingency plans in place to handle a drought lasting as long as nine years.

Mr. Tissier introduced Mark May who joined TMWA two months ago as Financial Controller. His immediate responsibility is spearheading the financial conversion project, a significant undertaking which will automate numerous manual processes. In the future, he will also be responsible for preparing the Comprehensive Annual Financial Report and will be giving the

financial reports to the Committee.

10. COMMITTEE ITEMS

A number of members were interested in attending the STMGID and/or Washoe County meetings regarding the possible merger of STMGID into Washoe County. Ms. Mazeres suggested that if anyone wants to attend, they email Ms. Duncan and if enough members expressed interest, a notice of possible quorum would be posted. Below are the websites for Washoe County and for STMGID:

<http://www.co.washoe.nv.us/bcc/agendas.html>

<http://www.co.washoe.nv.us/water/stmgid.htm>

11. PUBLIC COMMENT

There were no public comments.

12. ADJOURNMENT

With no further items for discussion, Vice Chairman McGuire adjourned the meeting at 4:08 p.m.

Approved by the Standing Advisory Commission in session on _____
