

**STANDING ADVISORY COMMITTEE****DRAFT** MINUTES

August 6, 2013

The Standing Advisory Committee (SAC) met at Truckee Meadows Water Authority in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Chairman McGuire called the meeting to order at 3:02 p.m.

1. ROLL CALL

Members and Voting Alternates Present: Rebecca Allured, George Ball, Harry Culbert, Colin Hayes, Larry Hunt, Ben Hutchins, Neil McGuire, Jonnie Pullman, and Ron Turner

Alternates Present: Mike Heffner, Karl Katt, Ken McNeil, Mike Pidlypchak, Paul Rose, Fred Schmidt and Jerry Wager

Staff Present: Jack Byrom, Robert Charpentier, John Erwin, Mark Foree, Scott Estes, Kim Mazeres, Paul Miller, Cara Rives, Jeff Tissier, Legal Counsel Debbie Leonard

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 SAC approved the agenda.

4. APPROVAL OF THE MINUTES OF THE MAY 7, 2013 MEETING

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the SAC approved the minutes of the June 4, 2013 meeting.

5. REPORT ON STATUS OF THE PROPOSED MERGER OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) INTO TMWA

General Manager Mark Foree and Chief Financial Officer Jeff Tissier introduced this item to the committee. Mr. Tissier stated that a term sheet was presented by the STMGID Board to TMWA in December of 2012 and that, in response, the TMWA Board had directed staff to begin due diligence based on the conditions of the term sheet. This due diligence was completed in May

of 2013, and an assessment report was given to STMGID in June; the report is currently posted on the STMGID website. In addition, TMWA representatives attended the STMGID Board of Trustees meeting on August 1, 2013 to inform them that TMWA is able to work within the terms that were requested.

Mr. Tissier also outlined some of the details of the due diligence report and answered questions from members of the SAC. The STMGID system is made up of 3,700 customers, predominantly metered residential, with some still on a flat rate. Current rates are 20 to 30 percent lower than TMWA's average rate.

According to Paul Miller, TMWA's Manager of Water Operations and Quality, TMWA inspected STMGID's wells for arsenic and only Well #9 had levels over the maximum contaminant level. This well has an arsenic treatment system, but the system is costly to operate. As a result, if TMWA takes over the STMGID system, that well will be abandoned. Mr. Tissier also discussed STMGID's assets, which include "Unrestricted/restricted cash." Mr. Tissier stated that the restrictions for use of these funds would remain intact. In answer to questions regarding the cost to operate the STMGID system, TMWA reviewed the STMGID Budget for 2014. Mr. Tissier felt that the budget was reasonable when compared to prior year expenditure levels. He also felt that the revenue was sufficient to operate the system going forward, given normal operations. There does not appear to be any urgent major infrastructure needs or rehabilitation required, and no immediate need for main replacements. The oldest main in the STMGID system is about 50 years old. Some minor corrosion in the wells was noted, and a few minor well discharge to waste issues were noted. There will be a need to replace and upgrade some of the meter pits as the old ones fail.

Operating expenses were estimated to be about \$1.5 to 1.6 million per year. Contract billing was estimated to be about \$150,000 per year to maintain. The cost to move approximately 200 million gallons of surface water into the system annually was estimated to be \$392,000 which is about \$26,000 more than pumping an equivalent amount of groundwater. The cost to operate all wells as reflected in the fiscal year 2014 STMGID budget was estimated to be approximately \$615,000. TMWA estimated a requirement of 5,700 man-hours of labor to operate the STMGID water system using various classes of skills and, when fully burdened with benefits, total labor and benefits amounted to approximately \$340,000 per year. Other expenses include vehicle costs and apportionment of administrative overhead.

In response to a question about the nature of the merger, Mr. Foree explained that if the merger goes through, STMGID would dissolve and TMWA would assume all assets and liabilities. Additionally, all water rights would transfer over as well.

A question was asked about any advantages to TMWA in this merger. Mr. Foree stated that the Western Regional Water Commission (WRWC) Act of 2007 set forth the regional goal of studying consolidation and one of the main reasons for that was to improve and expand

conjunctive use of water resources. This translates into a goal of better water resource management. Consolidation offers the ability to move surface water more effectively and will reduce the use of wells. So the benefit to TMWA is best seen when taking a more “holistic” view in that it is a step toward better water resource management for the entire region.

Mr. Foree also mentioned that a workshop will be held on August 29, 2013 at STMGID to review the due diligence report and TMWA representatives have been invited to attend.

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

Mr. Tissier also spoke on the status of the merger between DWR and TMWA. He stated that most of management’s attention has been directed at the STMGID merger; however of the three main issues in the DWR merger as voiced by the TMWA Board, only one remains (the STMGID issue), with two having been resolved. Another issue that TMWA staff has identified is the Fish Springs/Honey Lake Project, which still has unresolved infrastructure utilization concerns.

7. PRESENTATION OF “TMWA AT WORK” VIDEOS

Robert Charpentier, TMWA Communications Specialist, showed two videos to the Committee which are both a part of the “TMWA at Work” series of videos. The “Haskell Street Main Break” video and the “Fleish Bridge Repair” video were both shown. These videos are also available for public viewing on the TMWA website and TMWA YouTube channel.

10. 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 SAC set the date of the next meeting as Tuesday, October 1, 2013, at 3 p.m. and requested the following items be placed on the agenda:

- 1. Update on merger of STMGID and TMWA**
- 2. Update on merger of DWR and TMWA**
- 3. Presentation on the regional watershed hydrology**

11. STAFF ITEMS

Member Schmidt asked if there are currently any vacancies on the SAC and Cara Rives replied that there is one opening in the multi-family category. Member Heffner also asked if the 2014 increase would be automatic. Mr. Foree responded that the Board voted to implement the second phase in February 2014 instead of February 2013 (delayed implementation by one year); so the second phase has already been authorized and will occur in February of 2014 unless the Board decides to reconsider that decision. The third phase was originally scheduled for implementation in February 2014 - the Board has not taken action on that phase yet but will have the opportunity to do so in the December/January timeframe.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment.

17. ADJOURNMENT

With no further items for discussion, Chairman McGuire adjourned the meeting at 4:51 p.m.

Approved by the Standing Advisory Commission in session on

Cara Rives, Recording Secretary