



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Michele Sullivan, Chief Financial Officer
DATE: September 21, 2016
SUBJECT: Discussion and action on adoption of Resolution No. 245, a resolution to approve the first budget augmentation and budget revisions JULY 1, 2016 THROUGH SEPTEMBER 30, 2016

RECOMMENDATION

Staff recommends that the Board of Directors of the Truckee Meadows Water Authority approve the resolution adopting the proposed budget augmentation/revisions, and direct staff to forward the approved resolution and attachment to the Department of Taxation for the State of Nevada pursuant to NRS 354.615; and, record these changes in the minutes of the board meeting.

SUMMARY

The Board approved final budget was submitted to the State of Nevada in June 2016 and an adjustment is requested for changes as discussed further in this report. The augmentation request is for a net increase in capital expenditures of \$4.3M (see details in Attachment A). New projects added to CIP for FY17 total \$3.8M and include Verdi Main Extension \$1.7M, Mogul Booster Pump Station Upgrade \$0.5M, Mesa Park Drainage \$0.8M, a construction water fill station \$0.4M, and Spanish Springs Nitrate Project \$0.3M. Estimated cost for several projects already included in the FY17 budget have increased by \$3.2M and include main replacements \$2.0M, Fleish Penstock replacement \$0.5M (Hydroelectric Improvements), Double Diamond Well #3 Pumping Facilities \$0.3M, and corporate office expansion design \$0.3M. Offsetting are \$2.7M in projects that will be deferred until FY18 and include West Hidden Valley main replacement \$1.0M, Air Guard Well Pumping Facilities \$0.9M, and Sunrise Well #3 Replacement \$0.8M.

DISCUSSION

The total augmentation requested is for \$4.3M and includes new project spending, adjustments to estimated costs for projects in the original FY17 budget, offset by deferral of projects to FY18. This augmentation will increase annual capital expenditures for fiscal year 2017 from \$43,485,000 to \$47,820,000.

Due to new priorities and information, several projects were not anticipated in the original FY17 budget, and total \$3.8M in additional CIP spending. To allow consolidation of two private water systems and to set the stage for further extension of water facilities to Boomtown and downtown Verdi, a main extension is proposed which will cost \$1.7M, as well as a booster pump station upgrade in Mogul costing \$0.5M. In the Mesa Park area, drainage issues will be addressed to avoid stormwater discharge into the Highland Canal. Costs are estimated at \$0.8M to augment funding obtained by the City of Reno through the Truckee River Fund. Due to an increase in construction, a water fill station will be constructed for \$0.4M. Another \$0.3M is requested to address Nitrate in Spanish Springs wells.

Cost estimates for several projects in the original FY17 budget have increased by a total of \$3.2M. In order to capitalize on street repairs planned by the cities and county, an additional \$2.0M in spending on main replacements is estimated. This brings the FY17 budget from \$6.2M to \$8.2M for main replacements. We were under budget in FY16 for main replacements by \$3.0M, so this additional spending in FY17 is not unusual. Costs related to the Fleish Penstock replacement were originally budgeted with the expectation that the steel would be purchased in FY16, and the Penstock would be constructed in FY17. The steel will be purchased in FY17, therefore the project costs are higher by \$0.5M in FY17, for a total of \$2.0M. Construction of pumping facilities at Double Diamond Well #3 to better serve peak demands in that area were originally estimated at \$1.0M. Estimated cost of construction is now \$1.3M or \$0.3M higher than budget. Architectural plans for the future expansion of TMWA corporate offices will cost \$0.3M to complete. As these plans are currently in process, completing them for functional use in the future is prudent. Based on bid results, it is anticipated that the existing budget for the Truckee Canyon Water Treatment Plant Expansion project will require augmentation by \$0.1M.

Projects included in the FY17 budget which will be deferred total \$2.7M. Main replacement in West Hidden Valley of \$1.0M will be deferred to FY18 as there are other main replacements with higher priority. Air Guard Well Pumping Facilities costs of \$0.9M can be deferred since TMWA plans to maximize supply from the Fish Springs groundwater system and Sunrise well #3 replacement costs of \$0.8M will be deferred to FY18 since it is anticipated that a well site will probably not be acquired until late in FY17.

Attachment A

TRUCKEE MEADOWS WATER AUTHORITY
CAPITAL IMPROVEMENT PLAN
Original v Augmented Budget 2017
(Amounts in thousands of dollars)

Summary of Capital Expenditures by Function	Original Budget	Augmented	Proposed
	FY 2017	FY 2017	Augmentation
Raw Water Supply Improvements	800	\$ 1,650	\$ 850
Ground Water Supply Improvements	5585	4,595	(990)
Treatment Plant WQ Improvements	7080	7,180	100
Distribution System Improvements	22615	25,785	3,170
Potable Water Storage Improvements	1050	1,050	-
Hydroelectric Improvements	2075	2,600	525
Customer Service Outlays	1800	1,800	-
Administrative Outlays	2030	2,710	680
Sub-Total TMWA Construction Spending & Outlays	43,035	47,370	4,335
Water Meter Retrofit/ Water Right Purchases	450	450	-
Total Projected Capital Spending	\$ 43,485	\$ 47,820	\$ 4,335

SUMMARY OF PROJECTS

	Original Budget	Augmented	Proposed
	FY 2017	FY 2017	Augmentation
Raw Water Supply Improvements			
Highland Canal-Upgrades-Downstream	\$ 225	\$ 225	\$ -
Highland Canal-Upgrades-Diversion to CB	225	225	-
Donner Dam Improvements	150	150	-
Indirect Potable reuse	50	50	-
TROA Drought Storage/Implementation	150	200	50
Mesa Park Drainage		800	800
Subtotal -Raw Water Supply	800	1,650	850
Ground Water Supply Improvements			
Well Rehabilitation Improvements	925	925	-
Well Bypass and Chlorine Room Improvements (former STMGID)	110	110	-
Double Diamond (#3 Equip)	1,000	1,260	260
Air Guard Well Replacement	900		(900)
Sunrise #3 Replacement	750	-	(750)
Bedell Flat Water Bank	50	50	-
STMGID Well #1 Replacement	1,500	1,500	-
Well Fix & Finish	350	350	-
Spanish Springs Nitrate Treatment		300	300
Fish Springs Ranch		100	100
Subtotal-Groundwater Development	5,585	4,595	(990)
Treatment Plant WQ Improvements			
Treatment Plants- General Fix & Finish	2,210	2,210	-
Eagle Canyon Transmission Main Phase 2	100	100	-
Truckee Canyon Water Treatment Improvements	400	500	100
Lightening W Treatment Improvements	500	500	-
SCADA Rehab/Plant Operating Software	1,370	1,370	-
Glendale Clearwell # 2 Install		-	-
Orr Ditch PS Improvements			-
Mt Rose Surface Water Treatment Plant	2,500	2,500	-
Subtotal Treatment Improvements	7,080	7,180	100
Distribution System Improvements			
Pressure Improvements			
Pressure Regulator Rehabilitations	650	650	-
Pressure Reducing Valve (Roll Seal) Removal & Replace (25% RSRV)	400	400	-
Land Acquisitions	500	500	-
Desert Springs Pressure Improvements		-	-
Paloma BPS/PRS/Main		-	-
Longley/BPS/double R Capacity		-	-
Pump Station Oversizing	100	100	-
Pump Station Fix & finish	1,800	1,800	-
D'Andrea #3 Pump station	100	100	-
Truckee River Highlands PS # 1		-	-
NAC Deficiencies-Saddlehorn, Upper Toll Road, STMGID East	340	340	-
Mount Rose Well #3 Pump Station Replacement		-	-
Standby Generator Replacements	650	650	-
Idlewild BPS Improvements		-	-
Mogul Booster Pump Station		500	500
Sub-Total Pressure Improvements	4,540	5,040	500

Water Main-Distribution-Service line Improvements			
Street & Highway Main Replacements	6,200	8,170	1,970
Stead Main Replacement Phase II (75/25)	5,000	5,000	-
Hidden Valley Intertie Pumping Capacity	500	500	-
California-Marsh 24" Main Replacement	100	100	-
Booth, Sharon Way, Monroe 24" Main Replacements		-	-
Verdi 18" Main oversizing	375	375	-
South Virginia 24" Main (Kumle to Peckham)		-	-
NE Sparks Feeder Main Relocation	900	900	-
Spanish Springs -SC South Zone Conversion	700	700	-
West Hidden Valley, Surge St., Piping Rock Main Replacements	1,000	-	(1,000)
Spanish Springs Main Replacement		-	-
Bonnie Ln., Snow Flower, Main Extensions		-	-
South Truckee Meadows Capacity Improvements		-	-
Stead Golf Course Main Replacement		-	-
Plumb/Arlington/Urban 24" Main		-	-
STMGID Conjunctive Use Facilities	1,500	1,500	-
Arrowcreek-Mt. Rose Conjunctive Use Ph 2	1,200	1,200	-
Arc Flash Improvements	100	100	-
General Waterline Extensions	100	100	-
Galv/Poly Service Line Replacements	400	400	-
Verdi Main		1,700	1,700
	Subtotal Main-Distribution Improvements	18,075	20,745
			2,670
Potable Water Storage Improvements			
Peavine Tank Replacement	100	100	-
Sun Valley #2 Tank (67/33)		-	-
Rattlesnake Ring Addition		-	-
Zone 11 Tank		-	-
Fish Springs Ranch #2		-	-
Former STMGID Tank Recoats	170	170	-
Storage Tank Recoats; Access; Drainage improvements	780	780	-
Highland Reservoir Tank (4MG) (50/50)		-	-
	Subtotal Storage Improvements	1,050	1,050
			-
Hydroelectric Improvements			
Flume, Forebay, Diversion, and Canal Improvements	2,075	2,600	525
Hydro Plant Generator Rewinds		-	-
	Subtotal Hydroelectric Improvements	2,075	2,600
			525
Customer Service Outlays			
Meter Reading Equipment	-	-	-
New Business Meters	350	350	-
Mueller Pit Replacements former Washoe County	125	125	-
Mueller Pit Replacements former STMGID	75	75	-
Meter -ERT-RTR Replacements	1,250	1,250	-
	Subtotal Customer Service	1,800	1,800
			-
Administrative Outlays			
GIS System Mapping Equipment	40	40	-
Desktop Computer Upgrades	100	100	-
Network Server/Storage upgrades	275	275	-
Network Security Upgrades	150	150	-
Computer/Network Licensing	150	150	-
Furniture -Office Equipment	50	50	-
Dump trucks/Vac Trucks/Backhoe Replacements	125	125	-
Crew Trucks / Vehicles	690	690	-
Security-ER Projects	150	150	-
Emergency Operations Annex-Design	150	550	400
Corporate Office Expansion-Design	150	430	280
	Subtotal Administrative-Outlays	2,030	2,710
			680
		43,035	47,370
			4,335
Special Projects Funded by Development			
Water Meter Retrofits	300	300	-
Water Right Purchases	150	150	-
	450	450	-
	Total Projected Capital Spending	\$ 43,485	\$ 47,820
		\$	\$ 4,335

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 245

A RESOLUTION TO APPROVE THE FIRST BUDGET AUGMENTATION AND REVISION TO THE FINAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2017.

WHEREAS, TMWA prepared and presented the final Budget for Fiscal Year 2017 at a public hearing in May 2016;

WHEREAS, TMWA expects an increase in project spending from additional capital projects and/or adjustments to estimated costs for projects in the 2017-2021 Capital Improvement Plan;

WHEREAS these changes are currently occurring or are expected to occur in fiscal year 2017;

WHEREAS the expenditures are necessary to rehabilitate and/or improve TMWA’s hydroelectric generating facilities and TMWA’s water supply, treatment and distribution facilities;

WHEREAS, the TMWA Board has determined the augmentation and revisions described in the staff report attached hereto as Exhibit 1 and incorporated herein by reference are appropriate and justified;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority: that the first budget augmentation and revisions to the final annual Budget for Fiscal Year ending June 30, 2017 described in the Staff Report attached as Exhibit 1 is hereby approved and staff is directed to submit such information as necessary and appropriate in connection with the augmentation and revisions to the Nevada Department of Taxation.

Upon motion of _____, seconded by _____, the foregoing Resolution was passed and adopted this 21st day of September, 2016, by the following vote of the Board:

Ayes: _____
Nays: _____
Abstain: _____ Absent: _____

Approved this ____ day of _____, 2016

Geno Martini, Chairman

Truckee Meadows Water Authority
Resolution 245 (continued)

STATE OF NEVADA,)
 : ss.
COUNTY OF WASHOE.)

On this 21th day of September, 2016, Geno Martini, Chairman of the Board of Truckee Meadows Water Authority, personally appeared before me, a Notary Public in and for said County and State, and acknowledged that he executed the above instrument freely and voluntarily and for the purposes therein mentioned.

Notary Public