



STANDING ADVISORY COMMITTEE

DRAFT MINUTES

October 4, 2016

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

1. ROLL CALL

Members and Voting Alternates Present: Bob Chambers, Harry Culbert, Bruce Gescheider, Neil McGuire, Jonnie Pullman, Fred Schmidt, Jim Smith, and Jerry Wager*.

Alternates Present: Bill Hughes, Karl Katt, Ken McNeil, Mike Pidlypchak, and Mike Schulewitch.

Members Absent: Mike Heffner, Kevin Haddock, Colin Hayes, Lee Leighton, Carol Litster, Pat Martinez, and Ron Turner.

Staff Present: Jack Byrom, Robert Charpentier, John Enloe, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauk, Joe Petrelli, Michele Sullivan, Sandra Tozi and Legal Counsel Debbie Leonard.

**Member Wager arrived at 3:05 p.m.*

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 JUNE 7, 2016 MEETING

Upon motion duly made and seconded, carried by unanimous consent of the members present, the Committee approved the minutes of the June 7, 2016 meeting.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist, reported Lake Tahoe fell below the natural rim on September 13; upstream storage will be required to meet customer demands into the first week of October; even with the release of upstream storage, a record amount, 35,000 – 40,000 acre feet (AF) will be carried over into 2017; and customer demand remains near 2015 usage, indicating conservation habits continue.

Fred Schmidt asked when upstream storage releases will stop. Mr. Hauck replied by the end of the week.

Jim Smith inquired about the additional 4,000 AF of storage. Mr. Hauck replied we can start credit storing water at the end of the irrigation season and we project about 4,000 AF.

Jerry Wager asked if the customer usage compared to 2015 is representative of additional customers. Mark Foree, TMWA General Manager, replied that there are many variables to consider, not just one.

Ken McNeil asked why the wells were being run if we have enough upstream storage to release since they are expensive to operate. Mr. Hauck replied we do a combination of well pumping and releasing of upstream storage, and some wells have to run in the summer and we monitor the capacity of the water treatment plant. Mr. Foree added it is ideal to keep upstream storage as high as possible.

6. PRESENTATION ON RATE OF DEVELOPMENT AS COMPARED TO FY 2016 PROJECTIONS

John Enloe, TMWA Director of Natural Resources, stated the differences between the rate of development, number of active water services, and the projections outlined in the FY2016 funding plan projections is 2.6% and 1.2% for 2015 and 2016 respectively.

Mr. Schmidt asked if staff has adjusted the budget and what are the assumptions for next year. Michele Sullivan, TMWA Chief Financial Officer, replied they have not done that at this point and their assumptions are about 200 new connections each month.

Chair McGuire asked how many unoccupied dwellings are there in the service area. Mr. Enloe replied they have to look at the data at the end of the year. Andy Gebhardt, TMWA Director of Customer Relations, added they have to consider the merger as well.

Mr. Schmidt asked if staff track the number of vacancies and inactive accounts. Mr. Foree replied that staff needs to analyze the data, which has not been done since the recession.

7. PRESENTATION OF TMWA'S UNAUDITED FY2016 FINANCIAL PERFORMANCE

Ms. Sullivan reported on the unaudited FY2016 financial report and noted that we had a good year. There was a positive change in net position of \$17.5 million, which was \$20.8 million greater than an expected \$3.3 million decrease in net position.

Mr. McNeil asked why there was a large difference between projected and actual. Ms. Sullivan replied that there was an increase in developer fees of \$11 million, and non-operating expenses were not as high

as expected. Also, as part of the 2016 bond refunding, Bank of America paid TMWA \$4.4 million for the release of their commitment to provide a 5.5% interest rate on a portion of our debt reserves balance.

Jonnie Pullman added when working on government budgets, it is standard practice to over project expenditures because laws and regulations are very strict and make it difficult to make adjustments.

Discussion followed regarding total demand, will-serve commitments and when developers pay their fees. The total demand of 102.3% of 2015 demand is through June, 585 AF has been sold which will serve 1,200 – 1,300 customers, and developers pay for the will-serve letters upfront, but pay the facility charges prior to the meter set, which was a rule change in 2014.

Mr. Schmidt asked about the \$10 million due from other government entities in FY 2015 decreasing down to about \$46,000 in FY 2016. Ms. Sullivan replied that Washoe County owed TMWA just over \$9 million for completion of the treasury transfer related to the merger and that was paid in FY 2016 which accounts for the significant reduction.

8. PRESENTATION ON THE FIRST BUDGET AUGMENTATION AND BUDGET REVISIONS JULY 1, 2016 THROUGH SEPTEMBER 30, 2016

Ms. Sullivan reported the budget augmentation is for the capital improvement plan (CIP), which includes the addition of new projects and adjustments to existing projects in the CIP as well as having a few projects pushed out to 2018.

Mr. McNeil inquired if the Verdi extension was occurring because of development and how was it being paid. Mr. Foree replied the \$1.7 million is being used to extend the pipeline from West Meadows to Riverbelle Mobile Home Park, and TMWA is paying for the extension with the potential assistance of a federal grant. In addition, discussion is ongoing with extending to Boomtown.

Mr. Schmidt asked how many customers TMWA will acquire with the Riverbelle mobile home park. Mr. Foree replied about 80-100 units, but it would be just one wholesale meter, which is our standard practice with mobile home parks.

Chair McGuire inquired if the connection is with the Riverbelle mobile home park or the modular houses in the area. Mr. Foree replied the proposed connection is with the mobile home park.

Mr. McNeil asked if TMWA is paying for the water line improvement as part of the West Meadows development. Mr. Foree replied TMWA paid for the oversizing of the pipe from a 12 inch to 18 inch pipe, which is not uncommon. Mike Pidlypchak added the payment for oversizing is for material and not construction and that it is cost effective to do that versus constructing a second pipeline later.

9. REPORT ON TMWA BOARD OF DIRECTORS DECISION REGARDING THE STANDING ADVISORY COMMITTEE COMPOSITION

Mr. Foree reported to the SAC that the TMWA Board approved the removal of the two appointments made by the Northern Nevada Planning Commission (NNWPC) and the Office of Consumer Advocate. These two vacancies will now be at-large seats on the SAC. Recruitment will begin before the end of the

month, and the list of applicants will be presented to the SAC at the December 6 meeting for possible recommendation to the Board, which will be presented at the December Board meeting.

Debbie Leonard, SAC legal counsel, confirmed that the Board requested that the SAC make recommendations to the Board for the vacancies. Mr. Foree replied yes.

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

November meeting:

1. Water Supply Update
2. Summer 2016 water usage
3. Presentation of the 5-year funding plan

December/January meeting:

1. Informational report on the impact of the flat-rate conversion
2. Update on 2017 Legislative bills

Mr. McNeil requested updates on the Verdi extension project. Mr. Foree replied the SAC would be informed of any pertinent developments.

11. STAFF ITEMS

There were no staff items.

12. COMMITTEE ITEMS

There were no committee items.

13. PUBLIC COMMENT

There was no public comment.

14. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:18 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Secretary

**Member Wager was present for agenda items 5 through 14 only.*