



STANDING ADVISORY COMMITTEEMINUTES
May 1, 2012

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

Kim Mazeres introduced Amanda Duncan who will be the new staff liaison and thanked Lora Rose Richards for her work as staff liaison.

1. ROLL CALL

Members Present: Kevin Bloomgren, Robert Chambers, Colin Hayes, Ben Hutchins, Denise Jacobsen*, Neil McGuire, Jonnie Pullman, Susan Ralphe, Ron Turner and Greg Vorreyer

Alternates Present: Harry Culbert, Bruce Gescheider, Mike Heffner, Jim Maass (voting), Paul Rose and Jim Smith

Staff Present: Amanda Duncan, John Erwin, Scott Estes, Mark Foree, Kim Mazeres, Shawn Stoddard, Jeff Tissier 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 APRIL 3, 2012 MEETING

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the minutes of April 3, 2012.

6. VACANT PREMISE STATISTICS (taken out of sequence)

In response to a request from the Committee made at the April meeting, Ms. Mazeres reviewed a graph of the number of vacant properties. Ms. Mazeres noted that the trend is for the number of vacant premises to increase in the winter and decrease in the summer. She said the trend is also

starting to show fewer vacant premises. Statistics are only available since 2009 when tracking of this statistic began.

Dr. Stoddard said that in reviewing the statistics he keeps, that there has been a slight increase in the active number of water services which is consistent with the graph presented by Ms. Mazerres.

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

Mr. Foree said work continues with DWR on land and easement issues and preparing schedules to the addendums to the interlocal agreement, such as included and excluded liabilities. Staff anticipates that a joint meeting will occur in the fall between the TMWA Board and the Board of County Commissioners to obtain direction and final approval to proceed with the merger. After that meeting, negotiations with the labor unions will commence. Both agencies are presently in labor negotiations with their own labor groups, and those labor negotiations should be completed before the start of negotiations with the labor groups in relation to the merger. Job descriptions and seniority will most likely be the biggest part of those negotiations. The earliest target date for a merger is July 1, 2013. Ms. Mazerres added that work has begun with outside contractors on various billing system requirements.

5. PRESENTATION OF TENTATIVE BUDGET FOR FISCAL YEAR 2013 AND DRAFT CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2013 THROUGH 2017, DISCUSSION AND POSSIBLE RECOMMENDATION

Mr. Tissier presented the tentative budget for FY2013 and the draft Capital Improvement Plan for FY2013-2017 (CIP) stating that the one change to the budget that was presented in March was the addition of one pump station rehabilitation project. In answer to Mr. Schmidt's comment last month regarding an increase in operations and maintenance salaries, he said this was due basically to a few employees being moved from the engineering group into the operations group. With employees retiring, cross-training is critical especially in the hydro-generation area. An engineering technician was transferred out of Engineering to the SCADA (Supervisory Control and Data Acquisition) modernization project, one of the line items in the budget, which is a very complex and extensive multi-year project. SCADA is the brain of the water system so it is very important that these modernizations go forward in a managed way.

Mr. Tissier noted that the rate increases approved by the Board in January were factored into the budget so actual financial performance can be compared to the budget more clearly.

The Committee discussed various line items with Mr. Tissier clarifying project descriptions and the need for these projects. Among those discussed were:

- TROA Drought Storage/Implementation: Install additional gauging and monitoring devices to increase TMWA's ability to monitor and control river flows. This information is shared with other parties in TROA.
- Main replacements and reconstruction projects: These projects are done in conjunction with repaving efforts by the City of Reno, the City of Sparks and the Regional

Transportation Commission. In addition to repaving projects, TMWA coordinates water main replacements with sewer main replacements in areas where TMWA also has old water lines.

- Cloud Seeding: Desert Research Institute has not yet given the Board its report. There were not many storms this year and storms are necessary in order to do cloud seeding; however, they did do some seeding this year, especially in the month of March. The overall annual budget for cloud seeding is \$250,000 to \$275,000. \$100,000 is funded by the Western Regional Water Commission. In the past, TMWA funded the remaining amount through the Truckee River Fund, but the Fund Advisors were reluctant to continue funding. It is a high priority of the TMWA Board to preserve the Cloud Seeding program, so the decision was made to decrease funding to the Truckee River Fund and fund the Cloud Seeding program directly out of the TMWA budget by the same amount.
- Highland Canal Upgrades: Improvements to the Highland Canal continue to be made. This project is to rebuild and stabilize the section on Burke Drive above the old River Inn and US 40.
- Glendale Expansion – Laboratory Remodel: This project is extensive as no significant renovations have been made to the plant laboratory since the treatment plant was built in 1976.

The Committee discussed if action was needed on this item and decided that, since there have not been any significant changes in the Budget or the five-year Capital Improvement Plan, and at the last meeting the Committee had taken action to recommend that the Board approve the tentative budget, there was no need for further action.

7. INFORMATION RELATED TO SUCCESSION PLANNING

John Erwin presented this item. TMWA senior leadership is continually looking at concepts and processes to determine how to deal with or mitigate the results of the following developments, which will affect TMWA over the next four to five years:

- There will be a change in the membership of the Board as six members will reach term limits on their respective City Councils or the County Commission by the end of 2014 and new members will replace them.
- The upcoming merger with DWR could result in a number of changes in the organizational structure of TMWA.
- TMWA must continue to be managed responsibly through cost-containment measures, customer service issues, a laboratory remodel, vulnerabilities in the SCADA system and ongoing process improvement initiatives with new computer applications that touch every part of the agency. With reduction in personnel, these initiatives seek to answer: how can things be done better, how can things be done more cost efficiently, how can technology be maximized, what is that technology, etc.?
- A portion of TMWA's more experienced work force is getting ready to retire. A number of employees, including some in the senior leadership team plan to retire. These employees will take a significant amount of information and experience with them as

they leave. Senior leadership is working to identify who will assume these leadership roles and pinpoint potential deficiencies that can only be corrected by hiring from outside. A training program has been started to begin to help with some of these issues.

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

At the April 3, 2012 meeting, the Committee asked Ben Hutchins with DWR and Barry Winzeler with the South Truckee Meadows General Improvement District to present a status report on the merger of DWR and STMGID. Mr. Winzeler was unable to attend this meeting so Mr. Hutchins presented this item.

Washoe County will hold a community meeting on Thursday, May 3 to discuss this issue with the STMGID members. At the meeting the County will present STMGID with information as to the reasons for the proposed merger and various options open to members of STMGID. They will listen to the concerns of the STMGID members. The County is interested in reaching a solution that is fair and reasonable not only to the members of STMGID but to the customers of DWR.

He explained that Washoe County had sent a flier on the issues to all members of STMGID. Ms. Pullman recommended that a handout be furnished at the meeting with the relevant information so attendees would have something to refer to.

Mr. Hutchins issued the SAC members an invitation to the meeting on Thursday, May 3 at 6:30 p.m. at Galena High School.

There was a discussion on the implications for STMGID if its customers do not approve the merger. Mr. Hutchins said that during the process of looking into this issue, the County has discovered there have been unintentional subsidies over the years resulting in lower rates to STMGID customers than they should have had and those will need to be corrected. Also DWR and STMGID water infrastructure is intertwined and very difficult to untangle. He mentioned that although some members of STMGID might want to manage their own water system, it is very difficult to run a water system, and he did not think the Board of Trustees would want to run a water system on their own. A lot of the issues can only be decided by the STMGID Local Managing Board and the Board of Trustees. Again, he reiterated that he is hoping to have a good turnout so that the citizens get the right information, get accurate information, and know what options are available to them (as much as can be provided) so that they can make an informed decision.

Mr. Gescheider commented that he lives in the district and received the letter from the County. He said his impression after reading the letter was that the merger is a done deal.

Denise Jacobson arrived at 3:06 p.m. during item #6

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

Mr. McGuire asked for information on right-of-way fees. Mr. Foree said the right-of-way toll, originally called a franchise fee, is part of the cooperative agreement that formed TMWA. Each entity can charge up to five percent of the water bill for the right-of-way toll. The cities of Reno and Sparks both started at 2 percent. Sparks raised their fee to five percent about five years ago and Reno raised their fee 1 percent and now wants to raise their fee another 2 percent. This is a “pass through,” in that TMWA collects the money and remits it directly to the entity. It is up to the entity as to how much they want to assess up to five percent; TMWA has no say. It is directly per the cooperative agreement that formed TMWA. TMWA and Sparks did negotiate an agreement that gave TMWA some benefits when Sparks raised its fee from 2 percent to 5 percent and staff is trying to negotiate something similar with the Reno. Ms. Mazeres said that she would give the Committee a status report at their next meeting.

There are no pressing business issues to discuss in the next few months except for the ongoing items such as an update on the merger between STMGID and DWR and the merger between TMWA and DWR. Chairman Vorreyer noted that the Committee had taken the summer off in prior years except in 2011 when they were in full rate-making review mode. There was a discussion about having a short meeting, if needed in August, prior to the Appreciation Barbeque on Friday, August 3, but there could be an issue with public access.

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee canceled the meetings scheduled for June 5 and July 3, 2012; and asked the Chairman and staff to determine if a meeting on August 7 is necessary and if not to cancel that meeting; set a meeting on Tuesday, September 4, 2012 at 3 p.m. and requested the following items be placed on future agendas:

1. Status report on merger of STMGID and DWR
2. Status report on merger of TMWA & DWR
3. Status report on Right-of-Way Tolls

11. STAFF ITEMS

There were no staff items.

12. COMMITTEE ITEMS

Mr. McGuire brought in some items to show how irrigation systems can be negatively impacted by poor maintenance and root and plant growth.

13. PUBLIC COMMENT

There were no public comments

14. ADJOURNMENT

With no further items for discussion, Chairman Vorreyer adjourned the meeting at 4:32 p.m.

Approved by the Standing Advisory Commission in session on September 4, 2012.

Corinne Cassell, Recording Secretary

*Ms. Jacobsen present for items 6 through 14 only.