

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MAY 15, 2014
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Thursday, May 15, 2014, at Sparks Council Chambers, 745 Fourth Street, Sparks, Nevada. Vice Chairman Cate called the meeting to order at 10:00 a.m.

1. ROLL CALL

Members Present: Mike Cate, Vaughn Hartung, Neoma Jardon and Geno Martini. Members Absent: Mike Carrigan, Kitty Jung and Sharon Zadra. A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Hartung.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

Upon motion by Member Hartung, second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

5. APPROVAL OF THE APRIL 16, 2014 MINUTES

Upon motion by Member Jardon second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board approved the April 16, 2014 minutes.

Vice Chairman Cate opened the public hearing on the 2014-2015 Budget and Resolution #203.

6a. PUBLIC COMMENT ON ITEM 6b

There was no public comment.

6b. DISCUSSION AND REQUEST FOR ADOPTION OF RESOLUTION #203: A RESOLUTION TO ADOPT THE FINAL BUDGET FOR FISCAL YEAR 2014-2015 AND THE 2015-2019 FIVE-YEAR CAPITAL IMPROVEMENT PLAN.

Mark Foree, TMWA General Manager, presented this item since Jeff Tissier, TMWA Chief Financial Officer, was absent. Mr. Foree stated that there were only a few changes from the

tentative budget that had been presented to the Board in March, and referred to the staff report, giving a brief overview of those changes. Hydroelectric revenue has been adjusted approximately \$500,000 higher based on updated river flow information. Operating expenses are also adjusted higher since additional maintenance has been planned on the hydros since lower river flows later in the summer will mean they cannot operate; this provides a good opportunity for maintenance that cannot be done while they are in operation. An additional \$500,000 in consolidation expenses has been added to the budget since both boards (TMWA and Washoe County) approved the implementation of the consolidation in March.

The capital budget was increased by \$5.7 million with the largest item being the acceleration of the Fleish tunnel construction, again taking advantage of the lower river flows this summer. This project was accelerated by one year. Additionally, a \$1.8 million expansion of the warehouse has also been accelerated as a needed component of the consolidation.

Upon motion by Member Hartung, second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board approved Resolution #203, A Resolution to Adopt the Final Budget for Fiscal Year 2014-2015 and the 2015-2019 Five-Year Capital Improvement Plan.

Vice Chairman Cate closed the public hearing on the FY2014-2015 Budget.

7. REPORT AND UPDATE ON STATUS OF MERGER WITH WASHOE COUNTY COMMUNITY SERVICES DEPARTMENT AND SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT WATER UTILITIES.

Mark Foree also presented this item to the board. He referred to the staff report and attached schedule of tasks. He stated that there are approximately 296 line items for completion on the schedule. The consolidation is a large task, and one that he is pleased to report is already well underway. Mr. Jack Byrom, TMWA Supervising Project Manager, has been appointed to oversee the consolidation. Mr. Byrom had been expected to be at the meeting today but was unable to attend.

Giving the board a brief overview, Mr. Foree stated that several areas have had especially good progress. In the area of Communications, teams from Washoe County and TMWA had been formed and have made extensive plans for communicating to customers about the consolidation and what it entails. In Human Resources (HR), excellent progress is reported and HR is actually looking to complete the majority of their portion of the consolidation work by the end of June 2014, which is three months ahead of schedule. Selection of personnel for open positions will occur in mid-June – with onboarding scheduled for September; which is a great accomplishment and was possible only because of remarkable cooperation on the part of the IBEW Local 1245 during negotiations with TMWA.

The target completion date for all merger activities remains December 31, 2014.

8. GENERAL MANGER'S REPORT

Mr. Foree stated that as of March 14th, Lake Tahoe was 21.4 percent full. The current prediction is that Floriston rates will not be able to be met in the Truckee River after approximately the end of July – which is a change from the previously predicted date of Labor Day. Forecasts are changing and river flows are predicted to drop out by the end of July, with the impact for TMWA being that it will necessitate the release of TMWA's privately stored water reserves. Other reserves, located in Stampede and Boca reservoirs along with those in Donner Lake and Independence Lake, have not been used in 20 years. TMWA is fortunate to have these reserves; Mr. Foree stated that both the Donner and Independence reservoirs are full and available for use this summer. This is especially advantageous given the fact that we have experienced three extremely poor winters in-a-row as far as the snowpack is concerned, but still managed to completely fill the reservoirs. He also explained that TMWA does not use reserves on a year-to-year basis like many other water utilities; they are a true "reserve" in that sense.

Member Jardon asked what the strategy was for messaging relative to water conservation and watering days. Mr. Foree replied that the strategy is to be just a little ahead of the need to use the reserves; but not too far ahead. TMWA has decided it would be most effective to call for a voluntary conservation effort asking for 10 percent reductions in outdoor water use just prior to when drought reserves will be required. And since historically TWMA customers have always responded very well to such requests, the consensus is that our customers and the community at large will be supportive once again.

Member Hartung asked if the new predictions for water reserve usage would affect the ground water supplies. Mr. Foree responded that there would be more ground water pumping. Because when the river flows are low, two things are done: the release of stored water and an increase in the pumping of ground water. In a normal year, up to 16,000 acre feet may be pumped. In a drought year, that amount can be increased up to 22,000 acre feet. Despite that, in normal years, TMWA on average pumps only about 5,000-6,000 acre feet. The policy has always been to leverage the amount of surface water available and minimize groundwater pumping. Additionally, it has also been the practice for many years to inject treated surface water into the ground water aquifers; which has resulted in substantial stores, almost like "money in the bank" only with water.

Marlene Olsen, from GoodStanding Outreach and a member of the TMWA Communications team, then addressed the board. She stated that TMWA's "Campaign for Responsible Water Use" is scheduled to start just before Memorial Day - which is when the watering season starts and when the most impact can be made. She stressed that they are planning to "hit very hard" the responsible water use portion of that message. The campaign is designed to have the ability to change and be very flexible as needed – with messaging that can be updated in even a day's time. Member Jardon asked about messaging similar to the ones used in California on the DOT message signs. Ms. Olsen responded that a number of messaging venues would be used, and that they did feel that both the timing was critical as well as keeping a balance between clear messaging and not "scaring" the public unnecessarily.

Mr. Foree clarified some previously expressed concerns from private well owners from the Mt.

Rose and Galena areas. In regard to whether TMWA would be adopting the Washoe County domestic well mitigation program, he reported that the answer to that is yes, and that item would be brought to the board for official adoption prior to the completion of the consolidation. There are also more options planned to assist with these expressed concerns.

9. PUBLIC COMMENT

Roger Edwards, Vice President of the Golden Valley Homeowners Association, addressed the Board. Mr. Edwards stated that he had met with TMWA several times in the past and was pleased with the discussions, but was concerned that he did not see Golden Valley on the consolidation schedule.

Mr. Foree responded that TMWA was currently working actively with Washoe County on the topic and he was not sure why it was not on the schedule, but it should be. He stated that TMWA was currently providing water for the Golden Valley recharge program and would continue to do so. There are some questions related to billing and the inability of TMWA to place liens on property in the event of unpaid bills; those details are in the process of being worked out. He assured Mr. Edwards that he was aware of the issue and that the Golden Valley concerns are definitely of great importance.

Member Jardon commented that it is still very early in this process and wondered if much of the communications about the details have still yet to be released. Mr. Foree agreed that it was still early and that the communication plans are still being worked out.

12. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

13. ADJOURNMENT

With no further discussion, Vice Chairman Cate adjourned the meeting at 9:55 a.m.

Mr. Pagni also notified the Board that they would reconvene after the Western Regional Water Commission (WRWC) Meeting for a legal briefing.

Approved by the TMWA Board of Directors in session on June 18th, 2014.

Respectfully submitted,
Cara Rives, Recording Secretary