

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

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The Board of Directors met on Wednesday, October 15, 2014, at Truckee Meadows Water Authority, 1355 Capital Blvd., Reno, Nevada. Chairman Carrigan called the meeting to order at 9:00 a.m.

1. ROLL CALL

**Members Present:** Mike Carrigan, Mike Cate, Vaughn Hartung, Neoma Jardon, Kitty Jung, Geno Martini,

**Members Absent:** Sharon Zadra. A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Cate.

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 SEPTEMBER 17, 2014 MINUTES

**Upon motion by Member Cate, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the September 17, 2014 minutes.**

6. PUBLIC HEARING ON RATE AND RULE AMENDMENTS, ADOPTION

A. PUBLIC COMMENT — LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER\*

There was no public comment.

B. NON-MERGER RELATED RATE AND RULE AMENDMENTS

- I. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF RESOLUTION NO. 209 TO AMEND TMWA RULE 5
- II. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF RESOLUTION NO. 210 TO AMEND TMWA SCHEDULE WSF

Chairman Carrigan opened agenda items B.I and B.II concurrently. Member Vaughn requested a brief overview for the record.

Scott Estes, TMWA Director of Engineering, reported on this agenda item. Mr. Estes stated that the two main changes, for residential subdivision development only, are deferral of payment of WSF charges until time of meter set and allowing supply treatment credits to be portable throughout the existing TMWA system. He stated the WSF charges can be deferred until 10 days before time of meter set is requested and there is a two-year sunset provision that will apply. Finally, TMWA will analyze any financial impact of the tracking system and institute appropriate charges.

**Upon motion by Member Hartung second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 209 to amend TMWA Rule 5 and Resolution No. 210 to amend TMWA Schedule WSF and to adopt the amendments to TMWA Rule 5 and TMWA Schedule WSF as set forth in such resolutions.**

Member Vaughn thanked the Board for moving forward with these changes.

C. MERGER RELATED RATE AND RULE AMENDMENTS AND POSSIBLE ADOPTION OF RESOLUTION NO. 211, RESOLUTION NO. 212, RESOLUTION NO. 213, RESOLUTION NO. 214, AND RESOLUTION NO. 215

- I. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF AMENDMENTS TO TMWA TABLE OF CONTENTS, INTRODUCTION, RULES 1, 5, 7, 9, REPEAL OF RULE 10 AND AMENDMENTS TO RATE SCHEDULES FSPR & LVS
- II. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF AMENDMENT TO RATE SCHEDULE WSF
- III. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF NEW RULE 10 – SPECIAL CONDITIONS AND PROGRAMS, INCLUDING MT. ROSE-GALENA FAN DOMESTIC WELL MITIGATION PROGRAM

- IV. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF NEW RATE SCHEDULES FRMSGID – FORMER STMGID CUSTOMER RATES
- V. SECOND AND FINAL READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF NEW RATE SCHEDULES FRMWC – FORMER WASHOE COUNTY CUSTOMER RATES

Chairman Carrigan opened agenda items C.I through C.V concurrently. John Erwin, TMWA Director of Natural Resources, reported on this agenda item. Mr. Erwin stated that this is the second reading for all the rules and rate changes necessary for the consolidation of Washoe County’s water division into TMWA. He commented that the edits are contingent upon the success of the merger.

**Upon motion by Member Hartung second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 211, Resolution No. 212, Resolution No. 213, Resolution No. 214 and Resolution No. 215, and adopted the amendments to TMWA Rules and Rate schedules set forth in such resolutions.**

D. CLOSE PUBLIC HEARING

7. DISCUSSION AND POSSIBLE APPROVAL OF ADDENDUM TO THE INTERLOCAL AGREEMENT GOVERNING THE CONSOLIDATION OF THE WASHOE COUNTY DEPARTMENT OF WATER RESOURCES WATER UTILITY INTO THE TRUCKEE MEADOWS WATER AUTHORITY DATED JANUARY 29, 2010

Michael Pagni, TMWA Legal Counsel, reported on this agenda item. Mr. Pagni stated that the Interlocal Agreement required the parties to put together an addendum upon completion of due diligence. He mentioned that the addendum sets forth all assets to be transferred as well as allocations of liabilities. He added the schedules contained in the addendum will be reviewed at the Closing and updated if needed.

Mr. Pagni commented Washoe County (“County”) will be hearing this agenda item at their October 28<sup>th</sup> meeting and this is one of the last steps that is needed to finalize the merger. He also added that terms have been agreed upon by both parties to cooperate after the Closing if any further actions need to be taken.

Mark Foree, TMWA General Manager, thanked TMWA and County staff for their hard work in putting together the addendum.

**Upon motion by Member Martini second by Member Hartung, which motion duly carried by unanimous consent of the**

**members present, the Board approved the Addendum to the Interlocal Agreement Governing the Consolidation of the Washoe County Department of Water Resources Water Utility into the Truckee Meadows Water Authority.**

**8. DISCUSSION AND POSSIBLE APPROVAL OF INTERLOCAL AGREEMENT REGARDING ADMINISTRATION OF WATER FINANCIAL ASSISTANCE PROGRAM BETWEEN TMWA AND WASHOE COUNTY**

Jeff Tissier, TMWA Chief Financial Officer, reported on this agenda item. Mr. Tissier stated this item is to extend the benefits of AB 54 to TMWA which is linked to agenda item 6.c.iii, New Rule 10. It will allow TMWA to provide assistance to domestic well owners whose wells are failing, including plugging of those wells by allowing funding for infrastructure from the home to point of connection to the municipal water supply. The County will continue to administrate the loans for the Program, but TMWA will adjudicate the necessity of the loans.

Mr. Foree stated that the County approved this agenda item at their meeting on Tuesday October 14, 2014.

**Upon motion by Member Jung second by Member Hartung which motion duly carried by unanimous consent of the members present, the Board approved the Interlocal Agreement regarding administration of Water Financial Assistance Program between TMWA and Washoe County.**

**9. CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION NO. 216 OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER AUTHORITY, NEVADA, PROVIDING FOR THE ISSUANCE OF ITS WATER REVENUE BOND, SERIES 2014, IN THE PRINCIPAL AMOUNT OF \$9,109,436.74; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF; AND PROVIDING OTHER MATTERS RELATING THERETO**

Mr. Tissier reported on this agenda item. Jennifer Stern and Ryan Henry from Sherman and Howard were present for any questions. This is a resolution to assume the balance of the Drinking Water State Revolving Fund Loan from Washoe County that was issued for the construction of the Longley Lane Water Treatment Plant.

Mr. Tissier thanked the State Treasurer's office for allowing TMWA to take over the County's loan. This will allow TMWA to assume the loan upon Closing and it will then become the responsibility of TMWA. The interest rate on the loan will be 2.81%, the same rate that the County has, which is excellent.

**Upon motion by Member Jung, second by Member Hartung, which motion carried unanimously by the members present, the Board approved Resolution No. 216 providing for the**

**issuance of TMWA's Water Revenue Bond as set forth in the resolution.**

**10. CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION NO. 217 OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER AUTHORITY PROVIDING FOR THE APPROVAL OF THE CONSOLIDATION OF THE WASHOE COUNTY WATER UTILITY AND THE MERGER OF THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT INTO THE TRUCKEE MEADOWS WATER AUTHORITY; PROVIDING AUTHORIZATIONS NECESSARY TO EFFECTUATE THE IMPLEMENTATION OF AND CONSUMMATION OF THOSE TRANSACTIONS; AND PROVIDING OTHER MATTERS RELATED THERETO**

Mr. Pagni reported that all the necessary steps to move forward with the consummation of the merger have been completed. He stated that there will be one more resolution for bond issuance to be brought before the board next month and there will also be an Interlocal Agreement for cross-services. The purpose for this Resolution is to recognize everyone is ready to go forward with the Closing scheduled for December 31, 2014 and provides authority to the General Manager to execute closing documents consistent with the ILA and Addendum the Board approved.

Chairman Carrigan thanked the staff and all entities for completing the merger.

**Upon motion by Member Martini second by Member Jardon which motion duly carried by unanimous consent of the members present, the Board approved Resolution No. 217 of the Board of Directors of the Truckee Meadows Water Authority providing for the approval of the consolidation of the Washoe County water utility and the merger of the South Truckee Meadows General Improvement District into the Truckee Meadows Water Authority.**

**11. PRESENTATION OF TMWA'S FISCAL YEAR 2014 CUSTOMER SATISFACTION STUDY**

Sara Hart, Director of Research for InfoSearch International, presented the results of the FY2014 Customer Satisfaction Survey. Ms. Hart stated that InfoSearch has conducted this survey for TMWA since 2002, assessing customers' overall level of satisfaction and attitudes toward water-related issues, including water quality, sufficiency, security and customer service. The study is conducted via telephone survey on an on-going basis throughout the year. The total sample size is 500: 400 residential and 100 commercial customers polled.

Member Hartung inquired as to how many calls Ms. Hart and her staff had to make to get a sample of 500. Ms. Hart replied that it was approximately one out of two or three.

Ms. Hart said she was very pleased to announce that TMWA's overall customer satisfaction rating was again at 93 percent for a second year in a row, indicating that we have probably hit the

ceiling on favorable ratings. Since 2008, the favorable ratings have been consistent at 85 percent or higher, and represent again that TMWA has scored significantly above in ALL of the benchmarks studied.

Other highlights of the report were comments from those surveyed saying, “Pleasantly surprised with the quality of our water” and “They are always willing to work with us”. Ms. Hart reported findings that the use of bottled water is at its lowest ever at 44 percent, and its use is an issue of convenience and not quality.

Ms. Hart commented that the communication initiative to increase awareness for opportunities for public input saw its strongest rating since 2005 at rating of 8.2. She also stated that the rating on the quality of drinking water has held at 87 percent for the last three years.

Mr. Erwin asked when the survey had taken place. Ms. Hart replied that the survey is ongoing, but the results shown are for the period between July 2013 and June 2014 (FY2014).

Member Hartung asked if they had clarified the terms regarding ‘use of bottled water’. Ms. Hart replied that was the question asked and if the respondents clarified their use, they took note.

Ms. Hart reported that the gender gap narrowed significantly when respondents were asked about the price relative to value of quality and service; price ratings remained stable for women at 79 percent, but increased significantly, from 71 percent to 78 percent, for men.

Member Hartung asked if there is a difference between genders for TMWA for reading the messaging in their bill inserts. Ms. Hart replied that there is no difference.

When compared to previous years regarding potential concerns, in 2014 respondents showed an increase in concern about rate increases, drought and sufficient water supply, with concern about drought at a five-year high. Ms. Hart also reported on a new question; 91 percent of respondents stated that they modify their sprinkler usage based on the weather. She also noted that the rating for awareness of TMWA’s not-for profit status was the lowest it has seen since 2009 at 21 percent.

Member Jardon asked approximately how many customers were enrolled in auto pay. Ms. Mazeris replied there are approximately 11,000 customers who are on auto pay. Ms. Mazeris stated that the auto pay is linked to their bank accounts not their credit cards.

Member Hartung asked if this was due to credit card fees. Ms. Mazeris replied that is correct.

Ms. Hart reported on a one-time study of current County Department of Water Resources (DWR) customers and STMGID customers which was conducted in April/May 2014. She stated that 71 percent and 16 percent of respondents, respectively, knew who their water company was; overall customer satisfaction was 87 percent and 82 percent respectively; and TMWA rated higher than either of the two in water quality versus value; and only four percent total mentioned the merger.

Member Hartung stated there would probably be a different perception if the survey had been conducted now as it related to the merger for STMGID customers.

With no further comment, Ms. Hart ended her presentation.

## 12. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2014

Mr. Foree first thanked Chairman Carrigan for his leadership and direction in regards to the Farad Agreement. TMWA was able to reach a settlement agreement with NV Energy in regards to the Farad Dam issue which will provide many benefits for TMWA going forward, including a new time of use tariff. Mr. Foree proceeded to give an overview of TMWA's 2014 goals and objectives results. He referred to the staff report which outlined each department's goal results in detail. Overall, the results were very good, with all goals having met or exceeded their benchmarks or industry standards. TMWA safety goals saw a significant improvement this year over last year. The safety incident rate was at 3.78 incidents per 200,000 hours worked which is better than the 4.6 industry standard for average incident rates. He clarified that none of the incidents were serious with no lost work time. Preventable vehicle accidents were also well below the industry average of 0.5 at 0.17 per 100,000 miles driven; all vehicle accidents were also minor, with no injuries.

Mr. Tissier reported on the financial goals and expenses in both capital and O&M spending. Both were under budget – capital spending was approximately \$4.5 million (21.0%) and O&M spending was approximately \$1.7 million (4.5%) under budget. The five year funding plan was completed and on a consolidated water utility basis TMWA met the goal of preserving credit ratings pre- and post-merger. TMWA was able to replace/expand liquidity facilities on very favorable terms with a cost decrease of 47 percent from 80 basis points to 37 1/2 basis points.

Chairman Carrigan asked what 37 1/2 basis points equate to a percentage. Mr. Tissier replied that it is 0.375 percent.

Mr. Foree reviewed the financial performance for FY2014 with a number of graphs depicting year-over-year performance.

Member Hartung asked if the dip in water production was due to conservation. Mr. Foree replied that conservation could be attributed to this, but TMWA did not request for 10 percent conservation until after FY2014. Member Hartung added that it could possibly be attributed to customers taking the initiative to conserve prior to being asked. Mr. Foree replied that is a possibility since there is a drought.

Mr. Foree continued with TMWA's financial performance for FY2014 reporting on the breakdown of TMWA's revenue stating water sales have remained stable over the last two years. He stated TMWA's hydroelectric generation and revenue are lower this year due to the lower Truckee River flows. He indicated TMWA's energy management has improved dramatically compared to its energy use in FY2010 at approximately \$6.6 million down to approximately \$4.3 million in FY2014.

Member Hartung inquired if TMWA is moving forward with Farad. Mr. Foree replied that TMWA has options they need to consider, but the settlement agreement offers flexibility. Member Hartung added that the energy revenue would be substantially different if Farad had been in operation. Mr. Foree replied that is correct.

The Treatment Department successfully met their production goal of 25,000 MG at a cost of \$318.86/MG, met the benchmark of zero MCL violations, and even more significantly the effluent turbidity goal exceeded the benchmark of 0.10 NTU's 95 percent of the time with a result of 0.05 NTU's 95 percent of the time, giving an overall "outstanding" rating.

Distribution exceeded the goal in Hydro plant availability (98.5% versus the goal of 97%) and customer outage hours compared to the national benchmark were better than the median in both categories for outages less than 4 hours and between 4 – 12 hours.

Ms. Mazeres reported on the Customer Service goals. She stated all goals were met and they far exceeded the goal for monthly average of 12 non-weather estimates on all meter reads with only three for the entire year. The goal of average disconnect for non-payment service orders was 0.20 percent versus the goal of 0.40 percent. They met the goal of write off to revenue at 0.18 percent versus the goal of 0.30 percent. She stated there are no good industry standards, but anything below 0.25 percent is very good.

Mr. Erwin reported that all goals were met and continued progress was made in the Truckee River Operating Agreement (TROA) court hearings. He stated that the goal to acquire water rights for TROA water quality for the benefit of Reno, Sparks and Washoe County was met where approximately 367 AF was purchased on behalf of Western Regional Water Commission; they spent \$2.1 million of \$2.7 million with an average price of \$5488 per AF. He reported that TMWA's goal in maintaining adequate water rights was met with over 7,600 AF at \$7,700 per AF.

Member Hartung asked if the 7,600 AF is groundwater. Mr. Erwin replied that it is a combination with a majority of it being surface water.

Mr. Estes reported on the Engineering and New Business goals. He stated that they received a record number of survey responses from cooperating agencies and utilities with an average score of 4.68 out of 5. He reported that all goals for capital projects were completed on time and on budget with a few missing the original in-service goal, but they were completed prior to the end of the fiscal year without impacting operations. He stated that with just a few exceptions out of the control of TMWA, the goal of new business turnaround times was met as well.

### 13. PRESENTATION OF PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2015, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Mr. Foree reported that all goals will remain the same except the following:

#### **Corporate: Safety**

- Revised Industry Standard Bureau of Labor Statistics for average incident rate has been incorporated into the goals for FY15.

#### **Corporate: Financial**

- Add goal to complete consolidation for accounting/finance and financial reporting purposes.
- Update Goal #6 to include “restructuring purposes” for credit rating.
- Update Goal #7 to include “consolidated water utility” in order to investigate debt restructuring opportunities.



### **Department: Treatment**

- Updated cost production goal to reflect increased well-pumping costs due to drought.

### **Department: Customer Service**

- Lower monthly average non-weather estimates on all meter reads from 12 to four.
- Reduce disconnect for nonpayment service orders to active accounts from 0.40% to 0.30%.
- Reduce write off to revenue from 0.30% to 0.25%.
- Increase the number of public workshops and/or tours conducted from 12 to 18.
- Increase the number of backflow retrofits completed from 100 to 125.

### **Department: Natural Resources**

- Include in Goal #1 “California State Water Resource Control Board Order 1651”.
- Add two new natural resources department goals: 1) “TROA: Complete ILA with WRWC to purchase water rights for TROA water quality component for the benefit of Reno, Sparks and Washoe County; and, 2) “Prepare portions of 2015-2035 Water Resource Plan for publication in 2QFY16.”

Chairman Carrigan asked at what stage is TMWA at with purchasing water rights for TROA water quality. Mr. Erwin replied that approximately 3000 AF still need to be acquired between Reno, Sparks and Washoe County to meet their 6700 AF water quality obligation under TROA.

Member Hartung asked if this amount was amongst the three entities. Mr. Erwin responded that is correct. Member Hartung asked if staff knew what the split is between the three entities. Mr. Erwin replied that he was unable to answer that question, but explained the purpose of the Interlocal Agreement with WRWC allowed TMWA to buy water rights for the benefit of the three entities thereby reducing the 6700 AF obligation by approximately 400 AF which TMWA has purchased under the agreement.

Member Hartung stated he asked this question because he had asked County staff recently to get him this information

### **Department: Engineering and New Business**

- Update new business turnaround times “complete 100% of projects within 60 days or less.”

Member Jardon asked if there could be another column added related to outreach and conservation efforts or if it is incorporated in TMWA’s natural resources section. She asked if the public’s perception is correct if water that is conserved here can help with improving water reserves. Mr. Foree replied the reason TMWA waited as long as they did to request conservation this year is because all the drought reserves were at full capacity and there was nowhere to put the water saved.

Member Jardon asked if there should be a goal with the assumption if the drought continues that there is an expansion in conservation efforts. Mr. Erwin replied that many of Member Jardon’s

points are covered in the Water Resource Plan, and TMWA plans activities as it relates to intensifying conservation messaging. He explained how the water system works and the requirements tied to releasing drought reserves.

There was discussion amongst Chairman Carrigan, Member Jardon and Ms. Mazeres with regards to educating the public on the complex water system, public's perception on the drought, TMWA's conservation efforts and promoting the free water audit more effectively.

Andy Gebhardt, TMWA Customer Service Manager, added that staff actively reviews high water users every winter as it is easier to see if there is an issue. Mr. Gebhardt stated that this winter staff will be looking at all water users with higher than normal indoor use and reaching out to those customers.

Member Jardon asked if this could be done in the summer. Mr. Gebhardt replied they could, but it would be hard to know once customers start their outdoor watering.

Member Jardon stated this helped clarify conservation efforts TMWA already has in place because the public wants to know what TMWA is doing proactively that gets put into effect in the event of a non-wet winter.

Chairman Carrigan commented that TMWA will be revising the Water Resource Plan next fiscal year and that could be something staff can look into for next year.

There was discussion amongst Chairman Carrigan, Member Hartung, Member Jardon, Member Martini, Mr. Foree and Ms. Mazeres regarding improving policies affecting industrial and commercial landscaping, Homeowners Associations usage of green belts and the use of effluent water for irrigation in the City of Sparks and City of Reno.

Chairman Carrigan asked Member Jardon if she would like for a goal regarding public outreach and education. Member Jardon replied yes, she would like to see a goal included for FY2015.

Member Hartung added that he has directed his staff to not only work with the two entities (City of Reno and City of Sparks), but TMWA as well, on the homeowner association issue.

Mr. Foree commented that a goal can be included such as the development of a communications plan around drought supply/issues. He stated that staff met every few weeks to discuss drought this year. Member Jardon responded that she is confident TMWA has a plan, but is not sure it has been communicated effectively to the public.

Member Hartung added that an important part of the conversation is to say that if water can be conserved, then the region can grow more effectively without the need for additional resources.

Member Jung asked if there could more discussion. She commented that the survey data did not survey anyone during the awareness of the drought; she does not think the public was really aware of the drought. Because she has received many calls from the public with concerns, she thinks TMWA can get ahead of explaining what the water reserves are.

Discussion with Chairman Carrigan, Members Hartung, Jung and Jardon followed regarding how best to reach out to the community to relay what TMWA is, what it has done and continues to do to with respect to water conservation. Chairman Carrigan suggested buying a page in the newspaper to tell TMWA's story and everyone agreed this is the best way to reinforce the story.

Ms. Mazeres added that people assume TMWA plans the way California plans and the message to get across is how well this region has planned for a drought.

**Upon motion by Member Hartung second by Member Jardon which motion duly carried by unanimous consent of the members present, the Board approved the proposed TMWA goals and objectives for Fiscal Year 2015 and to add new goals regarding conservation efforts on public outreach and education for approval by the Board at the next meeting on November 19, 2014.**

**14. PRESENTATION OF TMWA'S UNAUDITED FY2014 FINANCIAL PERFORMANCE**

Mr. Tissier reported that most of the FY2014 financial performance was covered under the FY2014 goals and objectives results. He stated that when we start to see growth in the community we can recover investments in water rights. Also, at some time in the future TMWA will begin to redeem their commercial paper.

Member Vaughn and Member Martini commended Mr. Tissier on his financial acumen.

**15. STATUS REPORT ON THE TRUCKEE RIVER OPERATING AGREEMENT IMPLEMENTATION**

Mr. Erwin reported on this agenda item. He stated that an action of significance occurred on September 30, 2014 when TMWA received the order from Orr Ditch Court accepting TMWA's petition motion to substitute TROA for the Truckee River Agreement.

Chairman Carrigan asked if it will take two years instead of six to implement. Mr. Erwin replied that it may take about 12 months to implement.

Ms. Mazeris asked what this agreement does in regards to drought supply. Mr. Erwin responded it can increase TMWA's drought supply from 25,000 AF up to 75,000 AF.

Chairman Carrigan added that due to federal regulation TMWA was unable to increase its storage capacity until now. Mr. Foree added that the drought storage increases as demand increases.

Mr. Tissier added that TMWA has received an additional \$2 million from a Bureau of Reclamation grant to assist with implementing TROA.

**16. GENERAL MANAGER PERFORMANCE REVIEW FOR CONTRACT YEAR 2013/2014 AND DISCUSSION AND POSSIBLE ACTION ON TERMS FOR EXTENSION OF GENERAL MANAGER CONTRACT**

Chairman Carrigan stated for the record that the Board is conducting this agenda item in public.

Mr. Foree stated the staff report summarizes the accomplishments in regard to the General Manager goals that were established by the Board in 2013. He mentioned that the accomplishments would not have been possible without the work and support of the outstanding

leadership team and TMWA's skilled and dedicated employees. He highlighted all the work done in preparation for the merger which is on schedule to be completed by December 31, 2014, strong financial performance and the successful settlement with NV Energy regarding the Farad Dam that will provide TMWA with many benefits.

Member Cate commented on the issues with the merger, change in Board members due to elections, and other variables that can disrupt the flow of TMWA. He indicated it is very important that TMWA's upper management and employees and the public are secure knowing there will be continuity for at least the next three years. He observed it is important to continue with Mr. Foree as General Manager, where the Board will continue to evaluate his performance, with no need to renew his contract every year. He stated that the Board should extend Mr. Foree's contract for an additional three years.

Chairman Carrigan agreed with Member Cate's comments, and recommended to increase Mr. Foree's salary by two percent.

Member Hartung commended Mr. Foree on the consistency of his message to the public and TMWA staff, between him and the Chairman it has been a constant guiding force and it gives the public comfort around the different perceptions. He agreed with the Chairman.

Member Martini added he agreed with the two percent increase in salary, but to also add a one-time lump sum award of approximately \$5,000. He stated that everything that has been done in the past year has been exceptional and all the goals have been met and/or exceeded.

Member Jardon commented that she sits on many boards, but this Board operates very smoothly and it is a joy to be on it, working with all the professionals that are doing great work at TMWA.

**Upon motion by Member Cate second by Member Jung which motion duly carried by unanimous consent of the members present, the Board approved the extension of the General Manager contract for three additional years, with a 2% salary increase and a \$5,000 lump sum award.**

Mr. Foree thanked the Board and commented that it is an honor to be in this position. He stated that the Board has always provided TMWA with outstanding leadership and direction. He thanked them for their support, and he appreciates his team.

**17. REQUEST FOR BOARD INPUT AND ACCEPTANCE OF GENERAL MANAGER PERFORMANCE OBJECTIVES FOR CONTRACT YEAR 2014/2015**

Mr. Foree stated many of the proposed goals remain the same, but a few highlights of the proposed changes include:

- The Legislature will be in session and that goal has been updated;
- The merger goals have been updated to complete the merger by December 31, 2014 and to complete post-merger reconciliations by approximately March 31, 2015;
- Analyze TMWA's financial position and make a recommendation to the Board in regards

to the Phase III rate adjustment previously approved by the Board in January 2012 but which has been delayed a few times;

- Define/refine strategies to optimize conjunctive use for the consolidated water utility;
- Work with TROA signatory parties towards the successful implementation of TROA; and
- Work collaboratively with cities and other agencies with regard to regional water issues and regional economic initiatives.

**Upon motion by Member Jardon second by Member Jung which motion duly carried by unanimous consent of the members present, the Board approved the General manager performance objectives for contract year 2014/2015.**

#### 18. RECOGNITION OF DEPARTING BOARD MEMBERS

Mr. Foree presented Member Zadra's gift of appreciation. Member Jardon accepted the gift in her absence and offered to deliver it to Member Zadra.

Mr. Foree thanked Chairman Carrigan for his leadership and contributions to the TMWA Board, who has done an outstanding job in supporting and providing clear direction to TMWA. He stated that Chairman Carrigan will be missed and presented to Chairman Carrigan a gift of appreciation.

Chairman Carrigan commented that TMWA's board is one of the best he has been associated with and he wants to thank Mr. Foree, the management team, and all the employees. He stated he sits on most regional boards, but TMWA's board is the one he enjoys the most. He mentioned that when they bought the water company, they said they would run it like a company and leave the political component out. They have succeeded at doing just that and he hopes that the board members continue to do so. He stated this is the most important board they sit on in the Truckee Meadows and he has had the greatest time and thanked everyone.

#### 19. GENERAL MANAGER'S REPORT

Mr. Foree reported on this agenda item. He stated that Lake Tahoe is right at the rim and we are hoping for a big rain/snow season.

#### 20. PUBLIC COMMENT

There was no public comment.

#### 21. BOARD COMMENTS

Chairman Carrigan requested that after the merger, the Board consider the flat rate customer conversion to the metered-rate; because of the drought and merger it would be a perfect time for them to do so.

Member Jardon agreed with Chairman Carrigan and that it is timely and appropriate and it should be a part of the overall outreach. She added that it is important to expand the free water audit program, to send out another letter to the high water use customers and incorporate it into the new water conservation goals.

Member Hartung added that as part of the public service to possibly think about extending the audit program to anyone in the County whether they are TMWA customers or not in order to help them manage their water more effectively. Ms. Mazeres stated this may be something the WRWC could undertake. Chairman Carrigan agreed that may be the more effective route to take since they have more funding sources.

Member Cate added that the conservation messaging should always be to conserve water whether it can be stored for future use; it is a good practice to use water responsibly. Ms. Mazeres further added that staff has done this over the years and TMWA has 15 percent lower overall water use now than ten years ago even with increased population.

Member Hartung added that it is important for the Board to convey that for future generations that water is the most important resource.

## 22. ADJOURNMENT

With no further discussion, Chairman Carrigan adjourned the meeting at 11:14 a.m.

Approved by the TMWA Board of Directors in session on November 19, 2014.

Respectfully submitted,

Sonia Folsom, Recording Secretary