



STANDING ADVISORY COMMITTEE

MINUTES

January 6, 2015

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

1. ROLL CALL

Members and Voting Alternates Present: Rebecca Allured, Robert Chambers, Harry Culbert, Bruce Gescheider, Colin Hayes, Carol Litster, Neil McGuire, Jonnie Pullman, and Fred Schmidt.

Alternates Present: Mike Heffner, Larry Hunt, Karl Katt, Ken McNeil, Mike Pidlypchak, Jim Smith, Steve Stegmeir, and Jerry Wager.

Staff Present: Jack Byrom, Robert Charpentier, John Erwin, Scott Estes, Sonia Folsom, Mark Foree, Bill Hauck, Kim Mazeris, Pat Nielson, Shawn Stoddard, Jeff Tissier, and Legal Counsel Debbie Leonard.

2. PUBLIC COMMENT

There was no public comment.

3. WELCOME TO NEW STANDING ADVISORY COMMITTEE MEMBER

Chairman McGuire welcomed Steve Stegmeir, the new Reno-Sparks Chamber appointee to the Standing Advisory Committee.

4. APPROVAL OF THE AGENDA

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the agenda.

5. APPROVAL OF THE MINUTES OF THE DECEMBER 2, 2014 MEETING

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the minutes of the December 2, 2014 meeting.

6. PRESENTATION OF SAC HISTORY, PURPOSE AND GOVERNING RULES

Debbie Leonard presented the history of SAC, purpose and governing rules. Ms. Leonard stated since there are new members, it is a good time to provide a refresher or introduction of the SAC and governing rules. Ms. Leonard reviewed the summary of the SAC history that accompanied the agenda. In 2004, the TMWA Board formed the Rate Making Review Committee to obtain customer input on proposed rate increases. The Rate Making Review Committee subsequently recommended to the TMWA Board to form a standing advisory committee to represent the various customer classes and other community organizations to provide input on rate-making. The Board looks to the SAC specifically on rate-making.

Jonnie Pullman asked why absentee members who call in cannot vote on an action item. Ms. Leonard replied she did not recall specifically why the decision was made, but that was the decision of the SAC members at the time. She said that the rules can be amended. Fred Schmidt replied that at the time SAC was formed many people wanted to be involved and that allowed alternates who were present to vote.

Ms. Leonard continued with the overview of the governing rules.

Mr. Schmidt inquired about Rule #3, what constitutes a quorum. He asked if it was okay to have a one-to-one discussion with another member. Ms. Leonard replied yes, so long as it does not become a serial conversation with other members which may lead to a discussion by a quorum of SAC members on a future agenda item. She stated it is important to adhere to the Open Meeting Law.

Mr. Schmidt stated Ms. Leonard has done a very good job on keeping the committee on track. He said when he was Chair he would have discussions with the Vice Chair to make sure the meetings go well. Ms. Leonard replied that was acceptable and not a violation of the Open Meeting Law, but to keep in mind when emailing each other not to “reply all” or forward emails to other members.

Ms. Pullman commented on Rule #5, Agenda Items. She stated it was good to vote on future agenda items, but her preference is to allow staff the flexibility to add items to the agenda which are brought to their attention in between SAC meetings. Mr. Schmidt commented that staff should have flexibility in adding agenda items not voted on and proposed that the SAC amend the Rules. Ms. Leonard replied that is correct and proposed amendment of the governing rules could be put on a future agenda.

Ms. Leonard explained if an Alternate Member is present, he/she has voting rights only if the

Primary Member is not present. Mike Heffner appreciated the clarification.

Ken McNeil asked if alternates were to abstain from discussions. Ms. Leonard replied no, only from taking action.

Ms. Leonard continued with explaining the governing rules. She reviewed Rule #8, Uses of staff. She remarked to SAC members to consider staff's time and effort to present information requested by SAC and ensure it is within the purview of SAC purpose, governing rules and functions of rate review purposes.

Mr. McGuire added that the SAC has been good about not stretching a meeting and not overburdening staff with requests. Ms. Leonard replied that she will keep the committee on track to stay within the scope of SAC Rules.

Mr. Schmidt stated that the main purpose of the SAC is to make recommendations to the TMWA Board and not voting for or against a rate increase. If you are opposing a rate increase, business or customers, and there is a direct financial benefit of that, it is not a conflict of interest because the vote is simply a recommendation. Plus, the rate increase affects everyone. Ms. Leonard said the members are customer representatives and the members recommend action to the Board.

Ms. Leonard said revisions to the Governing Rules can be put on a later agenda.

Robert Chambers thanked Ms. Leonard for her presentation.

7. CONSOLIDATION PROGRESS REPORT (STANDING ITEM) - REPORT AND UPDATE ON STATUS OF MERGER WITH WASHOE COUNTY COMMUNITY SERVICES DEPARTMENT AND SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) WATER UTILITIES

Jack Byrom stated that closing of the merger, on December 31, 2014, was completed without any problems. Over the last couple of months, everything came together very smoothly due to the fact that all parties worked together to close the merger. Mr. Byrom mentioned Michael Pagni, TMWA Legal Counsel, deserves praise for his efforts in putting all the merger documents together and keeping track of all the tasks that were essential to the merger.

Mr. Byrom said there was an all-employee breakfast meeting on Monday January 5th welcoming new employees, and welcome letters to new customers are at the printers and will be sent out shortly.

Mr. Schmidt congratulated Mr. Byrom for doing a great job, providing summary of updates to the SAC and his outstanding management skills in keeping the project moving forward. Mr. Byrom thanked him, but expressed his deep appreciation to all who worked on the merger.

Neil McGuire asked if TMWA will have to pay property taxes on assets that are being

transferred . Jeff Tissier replied that, like STMGID and the County, TMWA is exempt from property tax so TMWA will not need to pay property tax on properties that the County or STMGID deeded to TMWA. Mark Foree added that there are only a few properties left to be deeded over.

8. REPORT FROM THE BOARD REGARDING THE FLAT RATE AND METERED RATE ISSUE

Ms. Pullman said they have the staff report which was done very well and asked for the result of the Board's action.

Mr. Schmidt said the staff report was very thorough as well and would like for staff to report on the Board's decision.

Kim Mazeres reported the TMWA Board voted to proceed with the public process. Ms. Mazeres said this does not mean the Board will convert to meter rates as of June 1, 2015, but will work towards that as a possibility and will vote on it at the Board's April and May meetings. Staff will have a customer workshop on this issue, which is tentatively scheduled for March 10, 2015 at the California building at Idlewild Park.

Mr. McNeil asked if there were major objections from customers. Kim Mazeres replied the majority of complaints received were from residential customers, but that there could be a large apartment or condo complex or multi-family units who would pay more. Customers, who use tens of thousands of dollars of water who do not currently pay the metered rate for are the ones who tend to complain. She said the Board had a split vote, 4 – 2, to move ahead with the faster timeline.

Jerry Wager asked whether the customers who use more do so due to landscaping. Ms. Mazeres replied that is correct and also those who have pastures and ponds.

Mr. Schmidt asked if staff is comfortable with customers who use thousands of gallons of water but do not convert by June 1 and if it will have a negative impact on revenue. Mr. Erwin replied if that is the case TMWA will see a revenue loss of \$400,000 to \$600,000, and in the context of TMWA's entire budget, that amount is not an issue.

Mr. Wager asked if staff was able to calculate potential water savings. Mr. Erwin replied there is an example in the staff report.

9. PRESENTATION OF REPORT ON THE FIRE HYDRANT MAINTENANCE PROGRAM

Pat Nielson provided an overview of the current fire hydrant maintenance program between TMWA and the City of Sparks. Mr. Nielson stated the Board asked staff to discuss the option to extend the program to the City of Reno and staff is waiting to hear back from them.

Mr. McGuire asked if there was any preference regarding maintenance with the Cities of Reno and Sparks and Washoe County. Mr. Nielson replied that TMWA prefers to maintain the fire hydrants because when staff goes out to maintain the fire hydrants, they consider water quality and the customers, and minimize the disturbance in the distribution system. Mr. Byrom added that each entity has to provide a monthly report to the Nevada Division of Environmental Protection (NDEP) for water discharge.

Mr. Schmidt inquired whether, upon closing of the merger, TMWA will take over function of maintaining the fire hydrants from Washoe County (County) and South Truckee Meadows General Improvement District (STMGID). Mr. Nielson replied that the Truckee Meadows Fire Protection District will be responsible. Mr. Foree added there are different functions for the County than the City of Sparks, but discussions are ongoing.

Mr. McNeil asked if TMWA, or the fire department, monitors fire flows for new construction. Mr. Nielson replied it is the responsibility of the fire department. Scott Estes confirmed that is correct, it is the responsibility of the fire department to set the fire flows and it is TMWA's responsibility to design the system.

There was further discussion regarding fire flows and national standards on setting fire flows.

10. PRESENTATION OF FIRST QUARTER FY2015 FINANCIAL REPORT

Mr. Tissier reported on this agenda item. He reported the first quarter financials were very good and he can answer any questions.

Ms. Pullman congratulated Mr. Tissier and staff on a job well done.

Mr. Gescheider asked if other operating income will increase. Mr. Tissier replied yes.

Mr. McNeil asked if TMWA will consider a rate increase after the one year of consolidated operations. Mr. Tissier replied that, as staff presented to the Board, due to the merger, staff will wait for one year of consolidated operations and then revisit the issue.

Mr. Foree added that the TMWA Board accepted the SAC recommendation to eliminate the Phase 3 rate adjustment.

11. REPORT ON THE WATER SUPPLY

Bill Hauck presented the update on the water supply and on the operations this year. Mr. Hauck stated the hydroelectric plants are online due to recent precipitation which generated approximately \$140,000 in December. He reported that the precipitation totals are doing better than snowpack levels, but Lake Tahoe is still below the rim. He mentioned his last projections showed TMWA would have normal river flows through September based on normal weather patterns, but it is still too early to predict what the river flows will be.

Mr. Wager asked if soil moisture is considered and if it is significant. Mr. Hauck replied yes, soil moisture is measured, but it does not factor into run off.

Mr. Wager mentioned that at previous meetings, staff presented there is a difference between storage expectations for Boca and Stampede Reservoirs and Lake Tahoe. Mr. Hauck replied yes, the expectations are for Donner and Independence Lakes to fill before next summer, but not necessarily Lake Tahoe.

12. ELECTION OF OFFICERS FOR CALENDAR YEAR 2015

Ms. Pullman nominated Neil McGuire as Chairman and Mr. Gescheider nominated Ron Turner as Vice Chairman of the SAC for 2015.

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee nominated Neil McGuire as Chairman of the Standing Advisory Committee for Calendar Year 2015.

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee nominated Ron Turner as Vice Chairman of the Standing Advisory Committee for Calendar Year 2015.

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

1. Presentation on Legislative Update Report
2. Report on Water Supply
3. Amendments to SAC Governing Rules

Ms. Litster inquired if there was any communication sent out to County customers. Ms. Mazeris replied that the welcome letters are at the printers and will be sent out by the end of the week.

Mr. McGuire inquired if an agenda item regarding the state wanting to create a water planning group could be put on a future agenda. Mr. Foree and Ms. Mazeris stated that it is actually a bill draft and can be discussed as part of the legislative updates.

14. STAFF ITEMS

Mr. Chambers asked staff about budget billing for customers who are struggling with making payments. Ms. Mazeris replied they do offer budget billing.

Mr. Schmidt asked out of the 24,000 Washoe County customers how many use the budget billing. Ms. Mazeres replied approximately 500 utilize it.

Mr. Gescheider inquired about the status of Fish Springs. Mr. Tissier replied it is operational.

15. COMMITTEE ITEMS

Mr. Schmidt mentioned the editorial in the Reno-Gazette Journal (RGJ) and asked if staff was part of drafting it. Mr. Foree replied no, but they do have regular meetings with the editorial staff at the RGJ.

Mr. Schmidt asked what TMWA's position is on the development of a statewide water panel. Ms. Leonard stated that when the water planning group issue was raised earlier in the meeting the understanding was that it would be discussed as part of the legislative update on the next agenda. Mr. Schmidt agreed, but he would like to know what staff's position is on it. Mr. Erwin replied that they cannot discuss matters prior to the TMWA Board deciding on their direction.

Ms. Pullman inquired if it was possible to put it on the agenda about the potential implications of a regional water consolidation and if they can have discussion at a future meeting as part of the legislative updates. Mr. Foree replied discussion can occur when Mr. Walker presents the legislative updates in his report.

16. PUBLIC COMMENT

There was no public comment.

17. ADJOURNMENT

With no further items for discussion, Chairman McGuire adjourned the meeting at 4:28 p.m.

Approved by the Standing Advisory Committee in session on February 3, 2015.

Respectfully submitted,

Sonia Folsom, Recording Secretary