



## STANDING ADVISORY COMMITTEE

MINUTES

May 5, 2015

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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 3:03 p.m.

### 1. ROLL CALL

**Members and Voting Alternates Present:** Rebecca Allured, Bob Chambers, Harry Culbert, Bruce Gescheider, Colin Hayes, Neil McGuire, Jonnie Pullman, and Ron Turner.

**Alternates Present:** Mike Heffner, Ken McNeil, Mike Pidlypchak, Mike Schulewitch, and Steve Stegmeir.

**Staff Present:** Robert Charpentier, John Erwin, Scott Estes, Sonia Folsom, Mark Foree, Bill Hauck, Kim Mazeres, Steve Walker and Legal Counsel Debbie Leonard.

### 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 7, 2015 MEETING

**Upon motion duly made and seconded, carried by unanimous consent of the members present, the Committee approved the minutes of the April 7, 2015 meeting.**

## 5. PRESENTATION ON WATER SUPPLY, COMMUNICATION AND CONSERVATION PLAN

Bill Hauck provided a status update on the current water supply. Mr. Hauck stated the snowpack is at zero percent in the Tahoe Basin, with eight percent in the Truckee Basin. He projected that upstream reservoirs will not be able to supply the required rate of flow by Memorial Day at which point TMWA will begin releasing water from drought reserves and increase groundwater production. He reiterated there are no significant weather pattern changes on the horizon and it will be warmer and drier than normal.

Mike Heffner mentioned the irrigation ditches were supposed to shut down by April 20<sup>th</sup> and the Steamboat ditch is still on and they let their customers know it will continue for another couple of weeks. Mr. Hauck replied the reasons the ditches are still on are because the snowmelt run-off has been more productive than originally considered and captured in Boca reservoir as well as the recent rainstorms. However, Steamboat will be the first ditch to turn off in another couple of weeks.

Bob Chambers asked how TMWA replenishes the underground water. Mr. Hauck replied in the months when demand is lower (October through March) they take surface water and re-inject back down into the aquifer at our well sites. Mr. Chambers asked how this is accomplished. Mr. Hauck replied and Scott Estes added that a small amount of pressure head builds up in the well casing as the water is injected into the well/aquifer using system pressure, but the water is not pumped into the well/aquifer.

Jonnie Pullman mentioned people were asking when to start conserving water last year and the response was they could not conserve at that time due to the required rate of flow. Ms. Pullman asked if it was possible to conserve now and inject the wells with the extra water saved. Kim Mazeres replied they are not allowed to do anything with the extra water. Mr. Hauck confirmed what TMWA does not divert goes down river. Mark Foree added TMWA is injecting as much as they can now.

Ms. Mazeres updated the SAC on drought communications, conservation plan and the team of staff members working on developing the messaging. She provided an overview of all media, customer outreach, presentations, social media, website updates and press releases staff has conducted, developed, posted, and/or mailed. The following is a sample of what staff has accomplished: given over 20 media interviews in March and April, distributed Frequently Asked Questions (FAQs) to all television anchors and weather forecasters, partnership with the Nevada Landscaping Association (NLA) and University of Nevada, Reno Cooperative Extension regarding the best messaging for landscaping best practices and working with other local entities such as Homeowners Associations, fire departments and local governments, as well as blogging and setting up a microsite .

Steve Stegmeir mentioned his office received flyers from the property manager that they will not turn on the water features until late-July.

Mike Schulewitch commented on the effluent water use and if Washoe County (the "County") is requiring the reduction on effluent water. Ms. Mazeres replied staff has fielded over 1, 045 water waste complaints in the month of April, and a third of them were on effluent water. She stated they send a message to the County and tell the customer to contact the county as well. Ms. Mazeres added staff continues to work with the County and she does not know if they will be asking for conservation, but they are concerned with running out of effluent water if their customers do not conserve.

## 6. STATUS REPORT ON THE 2015 NEVADA LEGISLATIVE SESSION

Steve Walker, TMWA Lobbyist, reported on the status of the legislative bills TMWA staff is tracking. Mr. Walker addressed the bills that are of interest to TMWA: AB353, AB332, AB 106, SB81, SB311, and SB423.

Ms. Pullman asked if there has been any change to workers compensation, particularly the heart and lung compensation. Mr. Walker replied yes, it has become more strict and defined.

Neil McGuire asked about AB169, the application of graywater for single-family residences. Mr. Walker replied it has moved into the Senate and it has been amended so it does not affect utility companies.

Bruce Gescheider asked about collective bargaining and arbitration process and if it will allow the arbitrator to take a combined proposal rather than going with either extreme. Mr. Walker replied there is a bill that lets the County or public entity to decide whether they want to go to binding arbitration or not.

## 7. PRESENTATION ON WATER PRICING DURING DROUGHTS

Laine Christman provided an overview of water demand management and different ways to promote conservation. Mr. Christman described the different programs and policies used by water utilities to promote conservation and the respective benefits and costs of each option. He went into detail for each, including the educational campaigns, rebate programs, and pricing mechanisms (tiered or drought rates).

Mr. McGuire asked who subsidizes the customers for the turf conversion program and if the funds are taken from the education program fund. Mr. Christman replied it is the water utility and it depends on how the water utility is structured, but it could be funded by new growth, developer fees, etc.

Mr. Stegmeir commented that turf rebate programs become an education issue. If it is possible to educate customers on how to water xeriscape landscape, it would be possible to educate customers on how better to water their lawns. Mr. Christman agreed.

Mr. McGuire pointed out the water company will have to increase the cost on water if everyone conserves. Mr. Christman stated it is an issue that needs be considered.

Mr. Christman mentioned issues with the conversion program are low acceptance as well as having to work with the homeowners associations (HOA's) and municipal codes.

Ms. Pullman asked if there had been any studies regarding the use of mulch or chipped bark, if it reduces water use and achieves better results, and if it is part of the education for xeriscape. Mr. Christman replied it should be part of the education program, but it goes back to the administrative costs and there is no standardization of how to xeriscape.

Mr. McGuire asked how much Southern Nevada Water Authority (SNWA) spent on their rebate program. Mr. Christman replied he had contacted SNWA, but has not heard from them.

Mr. Walker added SNWA had asked him why TMWA did not have a turf rebate program. He said SNWA was doing well until the economic boom crashed. The reason TMWA cannot create a rebate program is because any water saved goes to Pyramid Lake or drought storage in Stampede Reservoir, therefore it does not create a revenue stream to fund the program nor allow for re-commitment of the saved water.

Ken McNeil asked if TMWA increased their rates, would they put the extra revenue towards conservation, similar to what is being done in California, and it would make the customers feel more comfortable with a rate increase if TMWA did the same. Mr. Christman replied they would most likely pay down TMWA's debt or fund capital improvement projects, but it is about revenue neutrality and promoting interties between the groundwater and surface water so they can have a more aggressive recharge program and be more drought resilient.

Shawn Stoddard added one of the fundamental problems when operating a company is rates provide necessary revenue to cover cost, but when there is a scarcity and people need to reduce water use by certain amounts, there are two options: go with a quota or constraint or increase the rate. The short-term result is collecting revenue above cost, which some customers may construe as a water utility making a profit. Mr. Foree added they can avoid that issue if they design a rate increase for cost neutrality. Also, 95 percent of TMWA's costs are fixed and five percent is variable (power and chemicals.)

John Erwin added to target a seasonal or drought rate will only affect that component of consumption that is most likely irrigation-related. To raise the price on apartment water usage is an ineffective use of the tool, but rather to target water usage in a seasonal period, June thru September, and apply it to outside usage.

Mr. McNeil asked if it would not affect everyone and the rate increase would be targeting all customers. Mr. Erwin replied the first tiered pricing would not be increased rather it will be usage above the first tier.

Mr. McNeil reiterated it would make sense that any temporary surcharge implemented that the extra revenue would go towards conservation because it would justify the rate increase and fund water conservation program.

Mike Schulewitsch added if TMWA is incentivizing people to conserve water, only some people will be affected. But if TMWA set a flat consumption surcharge to make up for the reduced water usage (e.g. 10 percent), and reduced water production, people would understand the need to pay for the surcharge during the peak time to off-set the reduced water production.

Mr. Gescheider mentioned that there is a tiered pricing system and TMWA must have the data to answer the question for a pricing mechanism. Mr. Stoddard replied they do have, and use, the data.

Mike Heffner stated that his HOA replaced over 500,000 square feet of grass and replaced it with xeriscape. They have saved on average 75 percent on their water bill.

Mr. McGuire added as the plants mature the plants and trees will need more water.

Ms. Pullman inquired if an implementation date had been set for TROA. Mr. Foree replied they assume it will happen before the end of the year.

Mr. McGuire mentioned an educational class "Guiding Principles of Rates" Mr. Erwin gave in previous years and hoped they would conduct the class at some point in the future with all the new members.

Mr. Schulewitsch asked about the possibility of upstream storage in Dog Valley, which was considered many years ago, and if staff has since considered it a possibility for the region. Mr. Erwin replied no, but they have looked at other potential sites and are considering using existing reservoirs more efficiently as contemplated under the Truckee River Operating Agreement (TROA).

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

1. Water supply and conservation communication
2. Legislative Session update
3. Post-merger status update
4. Report on the Cloud Seeding program
5. Presentation on use of reclaimed water use

## 9. STAFF ITEMS

There were no staff items.

10. COMMITTEE ITEMS

There were no committee items.

11. PUBLIC COMMENT

There was no public comment.

12. ADJOURNMENT

With no further items for discussion, Chairman McGuire adjourned the meeting at 4:36 p.m.

Approved by the Standing Advisory Committee in session on June 2, 2015.

Respectfully submitted,

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Sonia Folsom, Recording Secretary