



## STANDING ADVISORY COMMITTEE

### MINUTES

October 6, 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 3:08 p.m.

#### 1. ROLL CALL

**Members and Voting Alternates Present:** Bob Chambers, Harry Culbert, Colin Hayes, Carol Litster, Neil McGuire, Jonnie Pullman, Fred Schmidt, Steve Stegmeir, Ron Turner, and Jerry Wager.

**Alternates Present:** Mike Heffner, Karl Katt, Carol Litster, Ken McNeil, Mike Pidlypchak, and Mike Schulewitch.

**Staff Present:** Laine Christman, John Enloe, John Erwin, Scott Estes, Sonia Folsom, Mark Foree, Bill Hauck, Christian Kropf, Shawn Stoddard, Jeff Tissier, Randy Van Hoozer, Nick White 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 JUNE 2, 2015 MEETING

**Upon motion duly made and seconded, carried by unanimous consent of the members present, the Committee approved the minutes of the June 2, 2015 meeting.**

## 5. PRESENTATION ON TROA STATUS, WATER SUPPLY AND DROUGHT OEPRAITONS

Bill Hauck, TMWA Senior Hydrologist, updated SAC members on the status of the Truckee River Operating Agreement (TROA) and reported TMWA anticipates implementation by November 2015. Mr. Hauck provided a final status of the 2015 irrigation season and stated the drought situation was in its fourth consecutive year with it being the four driest years on record. A total of 40 percent, 11,000 acre feet (AF), of drought reserves was used and if it is another dry winter in 2015/16, drought storage will be refilled up to 80 percent with or without TROA. Through September, TMWA customers saved 4,700 acre feet (AF), almost meeting their drought savings goal of 5,000 AF and customer conservation savings was 10.2 percent.

Fred Schmidt asked how TROA would affect drought storage and if water needed to be reserved in specific reservoirs. Mr. Hauck replied yes, the water would be held in specific reservoirs, first to Prosser and Stampede Reservoirs, and TMWA has plenty of unexercised agricultural rights, more than it can divert on a daily basis. TROA would allow TMWA to divert these water rights when customer demands are low and store in upstream reserves for use in the winter, which would allow for continued accrual of drought reserves in Stampede Reservoir while meeting customer demands.

Mark Foree, TMWA General Manager, added that in the 5-year projection model using 5 more consecutive years with 2015 hydrology (worst on record), assuming TROA is in place, TMWA will have approximately 34,000 AF in upstream storage at the beginning of spring the following year, where in the last two-years it started with about 27,000 AF in upstream storage. This model shows the importance of TROA.

Jerry Wager asked if customer demand was worse (higher) this year in September compared to last year. Mr. Hauck replied that is correct due to the extended warm weather.

Mike Schulewitch inquired why 2013 was used as the baseline year and if, due to the merger, 2015 was a true comparison. Mr. Hauck replied 2013 was the last normal year we had before we had to ask customers to conserve and the numbers represent TMWA's pre-merger system and customers only.

Mr. Wager asked if it was possible to compare conservation efforts for all three entities, Washoe County, South Truckee Meadows Improvement District (STMGID) and TMWA. Mr. Hauck replied yes they have been monitoring, but they were excluded for the purposes of comparison to 2013.

Discussion followed regarding the supply to new areas inherited through the merger. Surface water supplied these areas until TMWA started releasing drought reserves, at which time they could be supported by former Washoe County wells. Mr. Foree reported TMWA supplied treated surface water between January and May to Spanish Springs, South East Truckee Meadows, South West Truckee Meadows, and STMGID in order to rest the wells and maximize the benefits from conjunctive use management from the consolidated system.

Mr. Schmidt asked if former STMGID and Washoe County customers were not conserving as much as TMWA customers. Mr. Hauck replied they have the data, but weren't using it for comparative purposes. Mr. Miller and Mr. Hauck added the issue was with the production meters on the wells and

they are being corrected. Shawn Stoddard, TMWA Senior Resource Economist, added once the season is over they will pull the billing data and conduct the analysis to see what the response was.

#### 6. PRESENTATION AND DISCUSSION OF THE BUREAU OF RECLAMATION DROUGHT GRANT AND REQUEST FOR PARTICIPATION ON THE DROUGHT TASK FORCE

Laine Christman, TMWA Resource Economist, provided a brief overview of the staff report, explaining the Bureau of Reclamation (BOR) has instituted a grant under their Water Smart Initiative that is designed to create a drought contingency plan through an inner agency effort to combat the effects of climate change. TMWA applied for, and was awarded, the grant with the purpose to test its drought response plan against potential climate change. Part of the requirements of the grant is to create a Drought Planning Task Force comprised of TMWA staff, government representatives, and stakeholders within the TMWA service area. Mr. Christman requested volunteers from the SAC to represent their respective customer classes at the Task Force meetings.

Mr. Schmidt asked if this grant was related to the Governor's Drought Forum. Dr. Stoddard replied that they are separate; they are testing the resiliency of TMWA's Drought Plan against a scenario that has not yet been developed on the latest science.

Ron Turner asked how much money did TMWA receive and will spend on this grant. Mr. Christman replied \$150,000 was allocated as in-kind support to account for staff time and in return asked for a grant amount of \$108,000 to fund a graduate student who will recalibrate the support system.

Ms. Pullman asked for more information and the required time commitment prior to making a decision, as well as to delay volunteering until the November meeting to allow SAC members to review the information and assess the commitment. Mr. Christman replied there would be little time required outside of the meetings and he can send them the additional information requested. In the second year, the Task Force can have deeper discussions on the types of actions they need to take to manage through the different drought scenarios. Mr. Christman added he estimates scheduling the first meeting at the beginning of 2016.

Chair McGuire agreed this can be put on the November agenda and staff can give SAC members additional information in the meantime.

It was decided that Mr. Christman would draft a letter with detailed information and send it to SAC members within the week. If anyone was interested in participating, they should inform Sonia Folsom prior to the SAC November 3<sup>rd</sup> meeting.

*\*Mike Heffner left at 3:30 p.m.*

#### 7. PRESENTATION OF UNAUDITED FINANCIAL REPORT FOR FY2015

Jeff Tissier, TMWA Chief Financial Officer, provided a brief overview of the unaudited financial report for FY2015. Preliminary preview of the financial report for FY15 does not include the adoption of new

pension liability of Public Employer's Retirement System of Nevada (NVPERS), which will be included in the final Comprehensive Annual Financial Report (CAFR) as it is material and significant to TMWA's financial statements, but not related to the consolidation. The accounting balances for Washoe County (County) and STMGID audit is being consolidated and the remaining Washoe County treasury of approximately \$9.7 million will be transferred at a later date.

Mr. Tissier reported operating revenues were met, hydroelectric revenues were well-under budget due to low river flows, and operating expenses were \$2.1 million under budget, which is evidence of staff's hard work in transferring all the operating and customer service elements into TMWA. The capital program was underspent by approximately \$4.1 million. TMWA's treasury is extremely robust and will fund ongoing capital projects over the next five years. The final performance was excellent and met all financial expectations presented in the audited budget of 2015. Operations of the consolidated water utility were stabilized in the last half of fiscal year 2015. Financially the consolidation was a success.

Mr. Schmidt inquired how water sales revenue exceeded the budget and whether the developer contributions increased due to growth. Mr. Tissier replied April was extremely warm and water sales were \$1.4 million more than budgeted. Then conservation activities started in May/June which reduced water sales by approximately \$900,000. He added the developer contributions line item were pretty conservative about projecting out growth and TMWA does not rely on developer contributions for revenue.

8. CONSIDERATION AND POSSIBLE RECOMMENDATION TO THE TMWA BOARD FOR THE THIRD BUDGET AUGMENTATION AND BUDGET REVISIONS FOR FISCAL YEAR 2015

Mr. Tissier reported they had two prior budget augmentations -- the first one was to establish merger related expenditure authority for both operating and capital spending that was adopted in December 2014 and the second augmentation was for various accounting adjustments that occurred post-consolidation. The third budget augmentation reflects the refunds for STMGID customers, which were approved by the STMGID Board of Trustees as well as the TMWA Board at the close of the merger. TMWA will absorb the cost of the refunds on consolidated financials and treat the refunds as a non-operating expense. Part of the STMGID treasury that was transferred to TMWA on December 31, 2014 was used to for the refunds.

**Upon motion duly made and seconded, carried by unanimous consent of the members present, the Committee recommended approval the third budget augmentation and budget revisions for Fiscal Year 2015.**

John Erwin, TMWA Director of Natural Resources, requested agenda items 10 and 11 move ahead of agenda item 9.

## 10. INFORMATIONAL REPORT ON THE GOLDEN VALLEY RECHARGE PROGRAM

John Enloe, TMWA Operational Strategies Manager, reported that the information in the media regarding the Golden Valley Recharge Program was incorrect. Golden Valley residents receive water from TMWA and recharge three wells in the County system to help supply water to an area in Golden Valley that is on domestic wells. They are changing their service to a firm standby partial requirements service contract. They will contract for a maximum delivery of 88 AF/yr and maximum flow rate of 50 gallons/minute. This change in delivery service will remove them from the interruptible rate schedule as they do not want to be interrupted. The new agreement will be presented to the Board at a future meeting.

## 11. UPDATE ON THE GOVERNOR'S DROUGHT SUMMIT

Mr. Foree stated Mr. Turner requested staff to discuss how TMWA participated in the Governor's Drought Forum Summit. He reported it was 3-day forum in September consisting of multiple panels one of which was the Municipal and Public Water Providers panel. On that panel he presented how TMWA is dealing with the drought, drought planning, voluntary conservation efforts, discussion on conjunctive use management and the benefits of TROA. Andy Gebhardt presented on the Communicating the Message panel.

Panels were asked to highlight any particular barriers or obstacles to good water resource management as well as provide recommendations to assist with water resource management and drought management. TMWA staff mentioned indirect potable reuse of treated wastewater emphasizing there are no state regulations that allows this despite there being regulations in several other states that allow this program. In particular, not being able to inject highly purified wastewater into the groundwater aquifer is one of the barriers to resource water management.

Ms. Pullman inquired about the wastewater injection program and requested a report to be presented at a future SAC meeting.

Mr. Wager asked if the issue was due to lack of regulation or if regulation prohibits injections. Mr. Enloe replied the underground injection control regulations were changed several years ago to allow for the injection of effluent, but the state has never done it. The state has formed a Reclaimed Water Steering Committee, which consists of approximately 10-12 technical experts who will provide input on regulations. TMWA staff is encouraged and will make recommendations on particular regulations that would potentially allow for the injection or infiltration of purified wastewater for future use.

Mr. Foree added the Governor's Office will publish a report featuring those comments and recommendations in the near future. He will present it to the SAC at the first possible meeting.

## 9. PRESENTATION AND DISCUSSION OF 2016-2035 WATER RESOURCE PLAN

Mr. McGuire mentioned this is the third water resource plan he has read and the amount of detail and involvement of staff shown in the information provided is incredible. Any questions SAC members may have are answered in the plan.

Mr. Erwin stated he is not looking for action today since the plan is in draft form and he would like for them to wait to take action until they see the results of this upcoming snow season. He said staff is looking to collect comments at this time, assess the comments and incorporate where appropriate. He referred to the appendices which are independent reports that answer questions and address key issues in the 2016-2035 Water Resource Plan (2035WRP). He introduced staff who contributed: Dr. Shawn Stoddard, Bill Hauck, Laine Christman, Nick White, Randy Van Hoozer, John Enloe, and Christian Kropf.

Mr. Erwin reported that the 2035WRP has been provided to Jim Smitherman, Northern Nevada Water Planning Commission (NNWPC) Water Resources Program Manager. The 2035WRP will be the basis for the regional plan as it relates to water supply.

Mr. Erwin presented key components of the 2035 Water Resource Plan (WRP) in particular TMWA's expanded service area due to the consolidation of Washoe County Department of Water Resources and STMGID into TMWA at the beginning of 2015. He highlighted the following:

- Impacts of meteorologic and hydrologic droughts on water resources
- Snowpack levels and variability of snowpack percent
- Weather and climate effects
- Population growth projections and associated risks
- Water levels in Lake Tahoe
- Mt. Rose-Galena Fan area and its domestic well mitigation program
- How groundwater rights now need supporting creek water rights
- Groundwater quality and quantity
- Increase in population, but production levels have decreased

Mr. Erwin stressed TMWA operates a river-based system and the key to making it, and TROA, work is Lake Tahoe. When the water level is below the rim, customer demands still have to be met and conservation measures implemented. Drought cycles or periods may not impact supplies. Meteorological drought means there may have little or no precipitation, whereas hydrological drought refers to supplies and how resources are impacted. TMWA focuses on how meteorologic is transmitted into hydrologic affect. The current drought cycle can be viewed as four years of meteorologic drought and the last two years were a hydrologic drought because that is when supplies were impacted.

Mr. Schulewitch inquired about Lightning W basin and how domestic wells are accounted for on Mt. Rose. Mr. Erwin replied they consider the resources they currently have to expand or meet the commitments as a result of the consolidation. He referred to Appendix 2, which details the issues for both the domestic wells and municipal services. TMWA has permits in the basin area which are important to meet the demand requirements of Lightning W customers. TMWA has to ensure and

preserve the ability to exercise those groundwater rights when needed. During the summertime the focus is on mitigating at risk loss of the river or reducing the groundwater pumping.

Mr. Erwin introduced the two areas identified after the merger: Truckee Resource Area (TRA), which uses Truckee River water, and non-TRA, which does not use Truckee River water. TMWA has now become a regional water planner. For example, Lightning W is a non-TRA because no Truckee River water services that area. TRA has the advantage of everything that comes with TRA which includes Truckee River water rights, water rights converted from irrigation to municipal and industrial (M&I) supply, and includes benefits from TROA.

Mr. Erwin referred to the 1944 Orr Ditch Decree, which set the number of water rights, 225,000 AF, available on the Truckee River. There is approximately 46,000 AF available for conversion from irrigation to M&I supply. TROA has solved the supply-side of the issue mitigating the risk of problems associated with dry years and allows continuous accrual of drought reserves and wintertime storage.

Mr. Schmidt asked if it is all surface water storage or stored underground. Mr. Erwin replied that is just the surface he is referring to, but in reference to underground storage, 2,500 up to 6,000 AF can be stored annually.

Mr. McNeil expressed his concern regarding the issue with meeting demands of future development since there is a set amount of water rights available. Mr. Erwin replied the issue may not be the availability of water rights (4/10 of an AF is needed for each home) but rather the lack and cost of developable land in the region to put new homes and businesses.

Ms. Pullman asked if the use of water rights is required if treated effluent water is used. Mr. Erwin replied it depends on the source of the effluent water. If the source is surface water, which normally returns to the Truckee River, a water right is needed to make up for the return flow that was removed.

At this point discussion began regarding growth, outlying areas not in TMSA and TMWA's planning purview, and the Truckee River Industrial Center (TRIC), as well as reclaimed water from the Truckee Meadows Reclaimed Water Facility. TRIC is a competing interest for water rights along the Truckee River system. However, nothing prevents TRIC from buying Truckee River water rights since they have their own induction wells which are drilled close to the river and they have groundwater wells as well.

Mr. Wager asked about the continuation of the drought and long-term planning to 2020. Mr. Erwin replied the planning criterion is to mitigate risk when the Truckee River is low and TROA mitigates this risk substantially more than the current operation. At this point to change the drought criteria to be more restrictive is not in the best interest of the community or the utility, especially now with the implementation of TROA, which increases water supply availability and privately owned storage water (POSW) that mitigates the risk of low-flow periods.

Mr. McGuire suggested Mr. Erwin stop at this point and bring further discussion of the draft 2035WRP back at the next meeting. He added that TROA is extremely important and it will give us more insurance. Mr. Erwin agreed.

Mr. Erwin wrapped up with the changes to service area and being a more regional water planner now than before. TMWA now has more groundwater rights, but it does not change planning within the TRA. Finally, TROA is the most significant water planning event that has happened in the community in decades. They are waiting to close escrow on a water rights sale and after filing a dismissal action and a waiting period of 30-60 days, all conditions will have been satisfied for implementing TROA.

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

### **November Meeting:**

1. 2016-2035 WRP wrap-up
2. Discussion of 2016 meeting schedule
3. Election of officers for 2016
4. Bureau of Reclamation Drought Task Force Volunteers
5. Governor's Drought Summit Report (if available)

### **Future Meeting:**

1. Audited Financial Performance Report
2. Water Use by individual systems
3. TRIC Waste Water pipeline

## 13. STAFF ITEMS

Kim Mazeres, TMWA Director of Customer Relations, reported that the remaining flat rate customer who could be switched to the metered rate was accomplished as of October 1, 2015. Staff received several calls from customers who had questions about the timing of the switch.

Ms. Mazeres informed the SAC that the Reno-Gazette Journal (RGJ) requested from staff a timeline at which point would conservation efforts impact the decision to raise rates. Ms. Mazeres confirmed that TMWA is not planning to raise rates in the next 12 months and one of the main reasons is to have at least one year of consolidated operations as a foundation prior to making that assessment.

Ms. Mazeres announced to the SAC that the TMWA Board of Directors will meet on October 21 for their annual Strategic Planning Workshop and any SAC member is invited to attend.

## 14. COMMITTEE ITEMS

Mr. Schmidt congratulated staff on the FY2015 budget.

## 15. PUBLIC COMMENT

There was no public comment.

16. ADJOURNMENT

With no further items for discussion, Chairman McGuire adjourned the meeting at 5:07 p.m.

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

Respectfully submitted,

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Sonia Folsom, Recording Secretary

***\*Mike Heffner was present during agenda items 1 through 6 only.***