



STANDING ADVISORY COMMITTEE
MINUTES
February 7, 2017

The Standing Advisory Committee (SAC) met at Truckee Meadows Water Authority (TMWA) in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Chair McGuire called the meeting to order at 3:10 p.m.

1. ROLL CALL

Members and Voting Alternates Present: Bob Chambers, Harry Culbert, Bruce Gescheider, Kevin Haddock, Colin Hayes, Mike Heffner, Don Kowitz, Carol Litster, Neil McGuire, Ken McNeil, Mike Pidlypchak, Fred Schmidt, Mike Schulewitch and Jerry Wager.

Alternates Present: Fred Arndt, Ken Becker, Jordan Hastings, Bill Hughes, Karl Katt, Scot Munns, Dale Sanderson, and Jim Smith.

Members Absent: Kevin Haddock, and Jonnie Pullman.

Staff Present: Jack Byrom, Tabitha Carlisle, John Enloe, Scott Estes, Andy Gebhardt, Sonia Folsom, Mark Foree, Bill Hauck, Joe Petrelli, Shawn Stoddard, Michele Sullivan, Sandra Tozi, Steve Walker, Marci Westlake, John Zimmerman, and Legal Counsel Debbie Leonard.

2. PUBLIC COMMENT

Mary Savoy, Sparks resident, commented she is against the proposed rate adjustment.

3. ELECTION OF CHAIR AND VICE CHAIR FOR 2017

Debbie Leonard, TMWA SAC Legal Counsel, noted Chair Neil McGuire is up for re-election of the SAC and the Vice Chair is vacant due to Ron Turner retiring from the SAC. Ms. Leonard recommended electing the Vice Chair first and have the Vice Chair run the nomination for the Chair.

**Upon motion by Member Gescheider and second by Member Hayes,
and carried by unanimous consent of the members present, the
Committee nominated and approved Fred Schmidt as Vice Chair.**

Upon motion by Member Schmidt and second by Member Chambers, and carried by unanimous consent of the members present, the Committee nominated and approved Neil McGuire as Chair.

4. APPROVAL OF THE AGENDA

Upon motion by Member Gescheider and second by Member Hayes, and carried by unanimous consent of the members present, the Committee approved the agenda.

5. APPROVAL OF THE MINUTES OF THE DECEMBER 6, 2016 MEETING

Ken McNeil noted Member Kevin Haddock was listed in both the “Present” list and “Absent” list and Member Haddock was absent at the last meeting.

Upon motion by Member Wager and second by Member Hayes, carried by unanimous consent of the members present, the Committee approved the minutes of the December 6, 2016 meeting with the correction that Member Haddock was absent.

6. PROPOSED AMENDMENTS TO SAC GOVERNING RULES

Ms. Leonard presented the amendments to the TMWA SAC governing rules.

Vice Chair Schmidt suggested the amendments be presented to the TMWA Board of Directors for their approval. Ms. Leonard noted that the Board does not require presentation of SAC governing rules amendments for Board approval, but staff could do so for informational purposes. Mark Foree, TMWA General Manager, added that the amendments can be included in his general manager’s report.

Upon motion by Member Culbert and second by Member Litster, carried by unanimous consent of the members present, the Committee approved the amendments to the SAC governing rules.

7. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist, reported that both precipitation and snowpack are about 200% above average, and Lake Tahoe is almost two and a half feet above the natural outlet. Mr. Hauck expects Lake Tahoe and all the upstream reservoirs to fill in 2017, and that we should have normal Truckee River flows in 2017, and potentially through 2019.

Vice Chair Schmidt inquired if it will be problematic if the rate of precipitation and snow storms continue into March/April. Mr. Hauck replied no, there is a mechanism in place to handle the situation. The Army Corps of Engineers has guidelines in place for all federal reservoirs, which allow for additional storage if storm events continue and account for anticipated snowmelt.

Member Wager asked if aquifer storage recovery (ASR) is continuing. Mr. Hauck replied not currently.

Chair McGuire clarified for the new SAC members that TMWA’s wells are injected with treated surface water through the winter months, which is referred to as ASR.

Member Gescheider inquired if the cloud seeding program is completed for the season. John Enloe, TMWA Director of Natural Resources, replied yes the cloud seeding program stops when the snowpack is over 150% or due to the threat of avalanches.

Member Chambers asked what the ASR effects are on sub surface water as far as natural replenishment. Mr. Hauck replied TMWA's hydrogeologists continue to monitor the water table levels and can report on the recovery results in the next few months.

Member McNeil inquired what the turbidity was in the water at the treatment plants and did it make processing the water difficult. Andy Gebhardt, TMWA Director of Operations and Water Quality, replied the water was at 270 turbidity, but staff was able to treat it and process it.

Member Hastings inquired how stable is the snowpack and what are the chances of quick melt. Mr. Hauck replied its stable and he does not anticipate a quick melt occurring.

Chair McGuire asked how many acre feet (AF) of storage is in one foot of depth in Lake Tahoe. Mr. Hauck replied 122,000 AF of storage per foot.

8. UPDATE ON THE 2017 LEGISLATIVE SESSION

John Zimmerman, TMWA Water Resources Manager, and Steve Walker, TMWA Lobbyist, presented on the status of the 2017 Legislative Bill Draft Requests (BDRs) and the new bills introduced as of the start of the legislative session. Mr. Walker provided an overview of key bills related to water and any potential impacts to TMWA and its customers.

Discussion followed on proposed bills regarding TMWA's vested water rights, metering domestic wells, and the newly introduced BDR regarding the fluoridation of water in Washoe County.

Vice Chair Schmidt inquired if TMWA is promoting or has submitted any BDRs. Mr. Walker replied no, TMWA tends to be more reactive during the legislative session.

Member Wager strongly opposed the fluoride BDR.

Member Gescheider inquired who the sponsor was of the BDR. Mr. Foree replied one of the sponsors is Assemblywoman Amber Joiner. Mr. Foree also mentioned staff has been working with a third party to determine the cost impact on TMWA and customers.

9. PRESENTATION OF PUBLIC OPEN HOUSE SCHEDULE FOR PROPOSED RATE ADJUSTMENT

Mr. Gebhardt presented the public open house schedule for the proposed rate adjustment. There will be a total of four open houses.

Member Schmidt noted the information provided did not include the reason for the rate adjustment and asked that a handout of any information being presented to the public be sent to the SAC members. Mr. Gebhardt replied yes, handouts will be sent out as soon as they are available.

10. PRESENTATION ON THE FIRST HALF FY 2017 FINANCIAL PERFORMANCE

Tabitha Carlisle, TMWA Financial Controller, presented on the first half FY 2017 financial performance. Ms. Carlisle noted total operating revenues are \$5.4 million more than the revised budget and operating spending is \$2.3 million under budget; water sales were up due to a dry summer and normal conservation efforts; hydroelectric revenues were \$0.1 million higher than budgeted due to high river flows; and investment returns have increased slightly. TMWA received the last portion of the Truckee River Operating Agreement (TROA) grant from the Bureau of Reclamation for \$1.2 million.

Member Schmidt confirmed revenues were up \$5.4 million and expenditures was down \$2 million and asked if staff is considering reevaluating the need for a rate adjustment since the financials looked positive. Ms. Carlisle replied yes, the outlook is positive, but it is only half year and this does not take into account the debt service that is coming up in the next couple of years.

Michele Sullivan, TMWA Chief Financial Officer, added that certain components of the budget are covered by recurring revenue. With operating expenses, the capital improvement plan and debt service there is \$13 million funding gap. Mr. Foree added Ms. Sullivan's projections saw a 3% rebound in water sales and reminded the members that the last three years of the proposed rate adjustment can be revisited.

Member Gescheider also asked for a handout on financials, debt service and capital expenditures to better explain the details of the budget. Mr. Foree replied yes, a handout will be provided. Ms. Sullivan replied they are being prepared for the open houses to show all the financial information for the public.

Member Chambers noted a few months ago staff mentioned that if there was no rate adjustment it looked bad to the rating agencies. Mr. Foree replied yes and it is really an inflationary adjustment.

Member Wager asked whether staff is explaining what happened with demand and the conservation efforts. Mr. Gebhardt and Ms. Sullivan both replied yes.

Chair McGuire asked if staff is expecting above average hydroelectric revenues due to the extreme winter. Mr. Foree replied yes, expect to see a little more than \$3 million in revenues in a good year. Currently, we have one hydroelectric plant running and the other two are under different stages of construction.

Member Pidlypchak inquired if TMWA obtained the Lahontan hydroelectric power plants. Mr. Foree replied no, Truckee-Carson Irrigation District (TCID) owns them.

11. PRESENTATION ON THE RATE OF GROWTH AND NEW CONNECTIONS

Shawn Stoddard, TMWA Senior Resource Economist, presented on the staff report. Currently, the average increase in active water services is 176 services per month, which has increased by 6.3% since 2012.

Mr. Foree noted that Ms. Sullivan's projection in the 5-year funding plan was approximately 200 services per month and Mr. Stoddard's results are 176 per month.

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

March meeting:

1. Water supply update
2. Update on the 2017 Legislative Session
3. Presentation on the water table recovery
4. Presentation on the tentative budget
5. Presentation on the open house public comments
6. Presentation on the fluoride bill

13. STAFF ITEMS

Sonia Folsom, TMWA SAC Liaison, noted SAC members received a draft contact list for members to review and let her know of any changes to their contact information. Ms. Folsom also mentioned the recruitment for the irrigation customer alternate representative is open until March 3rd and included in their agenda packet is the SAC orientation presentation and an updated SAC member map for their information.

14. COMMITTEE ITEMS

Request to be provided with an updated map of all SAC members.

15. PUBLIC COMMENT

There was no public comment.

16. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:37 p.m.

Approved by the Standing Advisory Committee in session on March 7, 2017.

Sonia Folsom, Recording Secretary